

xprimm MOTOR INSURANCE REPORT

by XPRIMM

Year IX - No. 1/2021(9)

Market Results

● CEE ● CIS ● SEE



CEE Motor insurance in 2020

Coping with unprecedented challenges

Russia & ex-USSR countries 2020

Motor insurance performed better despite pandemics challenges

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DON'T WANNA
LOSE HER?**

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as new.

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Driver coaching based on data to improve drivers' performance behind the wheel

Swiss Re & Movingdots introduce My Scores in their telematics app Coloride



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The crux of self-overestimation

In psychology, we talk about illusory superiority when we refer to individuals overestimating themselves, in reference to their driving skills, for example. According to a study, 80% of all drivers think they are better than average when it comes to actual driving behaviour.

The main goal of Coloride is to advance road safety by supporting drivers on a journey of improving their own behaviour behind the wheel. It records every car journey that is made, mapping out not only the location and the route itself, but also keeping track of risky maneuvers, smartphone distractions and excessive speeds. It gives us a chance to see what really happens behind the wheel. After each trip, drivers can then look at the app and see exactly how well or poorly their journey is rated.

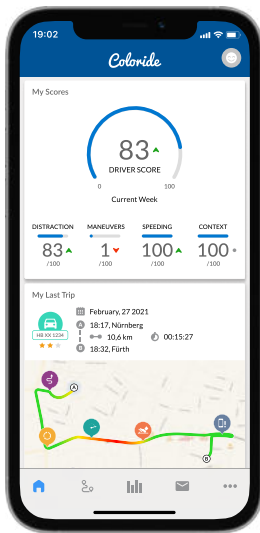
The Swiss Re Driver Score

Driving behaviours, summarised in one score

Coloride provides multiple ways for drivers to keep track of their driving behaviour.

Apart from several factors, which can influence their performance, the road characteristics and the surroundings are also taken into account.

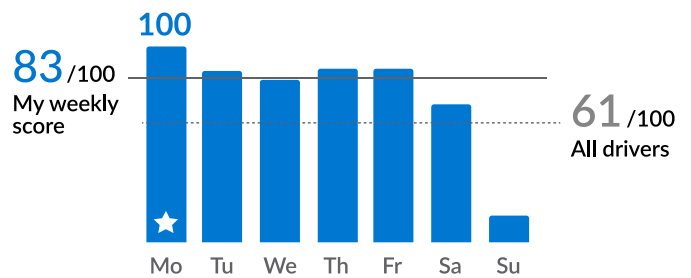
Our team of experienced data scientists and actuaries develop sophisticated algorithms and smart mathematical approaches



My Scores: how a number makes even more sense

How we make it transparent

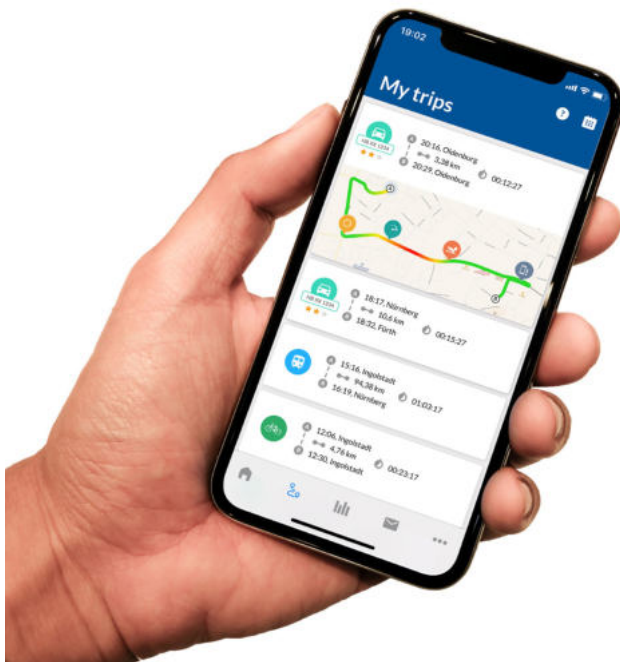
The idea of developing My Scores originated from the need to provide drivers with more transparency. Through a targeted breakdown of the individual components, we enable drivers to see every single aspect and to study their development over weeks and months. With My Scores, users do not only see that they have a score of X% or that they record "a lot of maneuvers". We provide insights. For example, someone is driving too fast on the curves, speed limits are usually exceeded or whether the risk of accidents increases due to more journeys at rush hours.



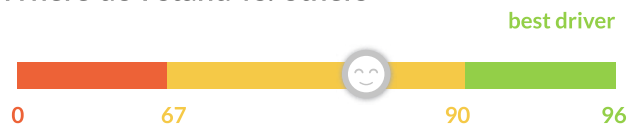
that can summarise all of the above into one score – the Swiss Re Driver Score. This score plays an important role in translating the nuances of someone's own driving style into a measure that is simple for the driver to interpret.

In fact, we have also improved Coloride's home screen: drivers can now check their own driver score for the current week, track progress from the previous week, and quickly identify critical factors affecting the score - all from one dashboard.

One of the Swiss Re Driver Score's strengths is its flexibility in terms of its time window. In addition to weekly scores, Coloride provides scores over shorter or longer periods as well, including daily and/or monthly ones. Moreover, if the driver wants to dig even deeper, we can assign a score to each one of the trips, the trip score. By looking at the trip list, it's possible to identify the best or worst trips with the help of stars displayed next to them. It takes quite an effort to conclude a perfect trip!



Where do I stand vs. others



Drivers' comparison

Along with detailed driving insights, with My Scores, Coloride introduces new ways of comparing someone's driving scores with others.

Every chart tracking the driver's progress through time comes with an additional measure, representing a summary of other people's driving behaviour. By doing this, we can provide drivers with immediate and clear feedback on how well they are doing with respect to general driving trends.

Coloride also expands on this feedback with more granular statistics. Where does the driver stand with respect to the general population? Can they be considered a role model for others? Or should they work on cornering trajectories to be in the ranks of the best? This is where our comparative charts come into play. Drivers have a chance to dig deep into each aspect of their driving behaviour and identify any strong points that make them stand out. Conversely, where there are improvements to be made, focused driving tips will point drivers in the right direction. Sometimes, a simple suggestion can go a long way.

One challenge we faced when building comparative charts emerged from cross-cultural differences in driving behaviour. When on a trip outside of their home country, drivers act differently. This can be attributed to the fact that they might face different regulations in terms of where road signs are positioned,

Speeding score

You were speeding more. Does your car have a limiter or cruise control? Use these functions to gain better control of the speed of your car.

February 22 - 28



February 15 - 21



Speed limits help save lives! This section tracks how well you keep within those limits.

or country-specific signs, and even varying levels of driving aggressiveness (road rage).

It then makes sense that drivers can compare themselves with a consistent population within the same country.

Individual coaching helps drivers to improve

In order to provide the user with the best possible support and coaching, we uncover their greatest weaknesses and help them improve in these areas. We send weekly reports that show the extent to which the driving behaviour has changed, compared to the previous week, and in which areas it has improved or worsened. We give drivers tips on how to improve in their worst performing categories. As a result, drivers not only learn to drive more carefully, but at the same time also to save money through lower fuel consumption and therefore achieve lower CO2 emissions. Recent studies confirm that a circumspect driver can save up to 40% fuel compared to a more impulsive driver.

A user-centred effort

As mentioned, in recent months our efforts have focused on how to improve transparency and the interpretation of the scoring system that powers our telematics offering. Hence, all the exciting features we have just covered: a clearer home dashboard, an entirely new My Scores module with in-depth statistics and comparative data, weekly driving reports, and tailored coaching tips.

Since the user perspective is paramount here, how do they feel about Coloride's fresh face?

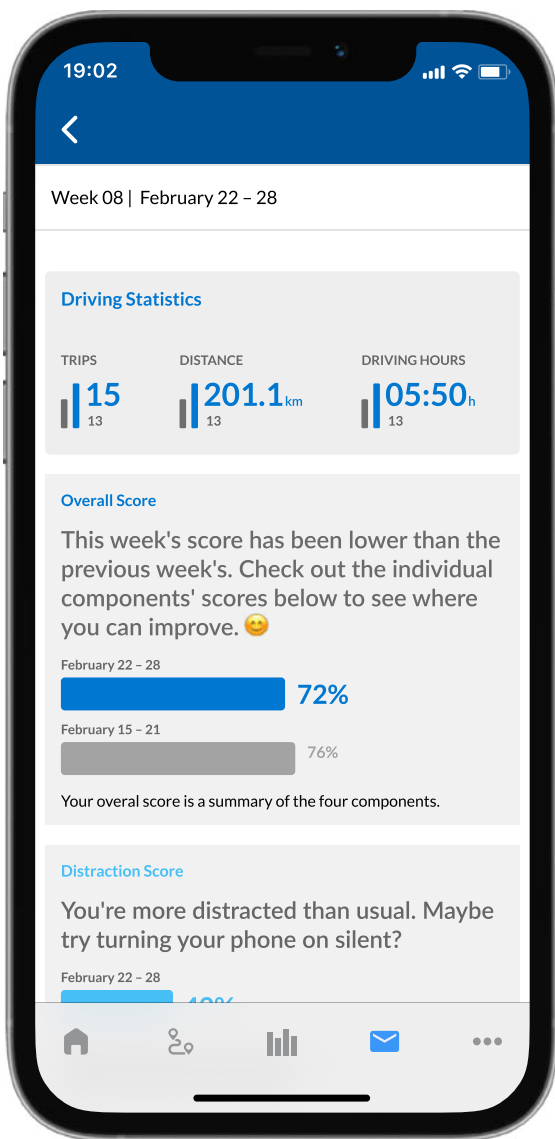
Good news: both new and long-term Coloride users reported an increased perceived clarity on what scores refer to, which factors concretely affect their driving performance, and how to avoid them in the future. This confirms the outcome of a lot of in-depth research highlighting how raising awareness about poor driving habits and investing in driver coaching really works: costs remain under control and the roads stay safer for everyone.

For a specific client, where policyholders were given an economic incentive to drive better, after 4 months we observed a 15% average reduction in the number of dangerous maneuvers as detected by Coloride.

What's on the horizon?

Due to the high number of people thinking that their driving score is above average, it is important to demonstrate the reality to the driver.

Our solution is not about providing invasive feedback that could distract even more – like those co-pilots that know better! Our team of experts from different areas such as data science, behavioural economics and UX/UI is developing a solution that allows drivers to experience individual driver coaching in a whole new way. Stay tuned – more is coming next!



www.movingdots.com/automotive-coloride

2020 - changing driving habits

Throughout 2020, a significant change in how people are using their cars has developed, driven by the lockdown and the subsequent travel restrictions, as well as by the new remote working style or the avoidance of using public transportation means. Yet, if the empty roads in the spring have justified the expectation that the number of accidents and the size of the damages resulting from them will decrease significantly, the reality has only partially confirmed it. Most markets have reported an increase of speeding, a trend developed throughout the lockdown periods but not enough discouraged by the return of road congestion once the activity returned to a rather normal intensity.

Just to get a feel of the trend's intensity, here are the findings of a study performed by Arity, an US mobility data and analytics company, on how the COVID-19 pandemic is influencing driving patterns:

- » The percentage of confirmed collisions occurring at speeds greater than 110 km/h increased by half during the pandemic;
- » People are speeding more, both on side streets and highways, including driving over 160 km/h more frequently than they did pre-COVID-19;
- » In June 2020, the rate of death per 100 million miles (160 million km) driven jumped a staggering 34.4% compared to June 2019 - indicating that the lack of traffic did not make the roads safer.

The same behavior was found also on the European roads, including the CEE. A survey conducted by the Polish Chamber of Insurance in 2020 showed that *most drivers think that they are not the ones who cause dangerous situations on the road because it is others who drive dangerously. Meanwhile, one-third of the drivers surveyed considered that exceeding the speed limit by 20 km/h in built-up areas is safe. As many as 22% of drivers admitted that exceeding the speed limit by 30 km/h in urban areas is safe. More than half of those asked believe it is possible to drive safely and quickly at the same time. 38% think that overtaking another car on a continuous double line can be justified in some cases. One in five drivers believes that reckless overtaking may be justified in some cases. So, the explanation is the mentality of drivers, the fact that they took advantage of the opportunity of empty roads.*

Similarly, when asked how often they exceed the speed limit, almost 9 out of 10 Romanian drivers say they do so at least from time to time: 36% - almost daily, 27% - several times a month, and 23%, a few times a year. Most drivers usually exceed the legal speed outside the locality (66%), but 1 in 4 drivers (26%) say they do so when the opportunity arises, whether in the locality or outside it. The main "reason" for exceeding the legal speed, chosen by 40% of respondents, is the fact that "speed limits are too low".

However, besides speeding and, in some cases, driving like there are no other cars on the road, driving habits have also changed in other respects, in line with the changing work arrangements and commuting preferences. According Amodo, the digital solutions provider specialized in mobile based insurance

telematics, while during the lockdown the road traffic decreased dramatically, there was still a category of drivers - 10-12% of the Amodo portfolio -, that were driving even more than usually. In comparison with the periods before the lockdown, the distance driven increased, in average, by 24%, showing a change in the way people are using different means of transportation, i.e. a clear preference for the use of their own car, as they are reluctant to take public transportation. The number of trips and journeys has also increased by 58%. Most probably due to the new work arrangements, there is a large category of drivers that no longer need to travel at all - about 34% in the Amodo portfolio. On the other hand, the active drivers are driving more, a trend visible especially in the urban areas, and less for the highways. That shows that people are using their cars rather for home to work commuting, than for inter-city traveling or even for trips outside of the country.

Less traffic doesn't mean that drivers should start drag-racing at traffic lights

Edmund King, Automobile Association President (UK)

Clearly some of habits changed and along them also changed the capability of insurers to predict the risk. I would say that to certain extent it has diminished. We have seen looking at our data a different nature of claims arising in this period, Marijan Mumdziev, CEO of Amodo said. Significant changes have also occurred in the distribution of this claims ratio across different types of products in 2020. Overall, the effect is that the claim ratio is going down. It spiked up in the days right before the lockdown, probably because of the shopping rush, reaching 3.85% for our portfolio and after that went down to 0.78% or even lower, in the following months. This is something that will disturb the more or all less predictive history of the claims for the drivers in the insurance data. Insurers will need other sources of data to compensate the changes in their customers base behavior and also that leads to a higher relevance of the UBI products.

Whether driving habits will return to the pre-crisis "normality" or not, depends on several factors: persisting or not of the remote working arrangements, persisting need of social distancing depending on the future possible waves of pandemics etc. Yet, even in the pandemics would be completely mastered and people would be safe to return in their offices and to using the crowded public transportation means, it is clear that of the new habits and mobility preferences developed during the crisis will remain in place. That being said, it is still to be evaluated the impact that the change will have on the motor insurers' business.

(D.G)

Dealing with ageing fleets, aiming to e-mobility

Central and Eastern European (CEE) economies absorbed the COVID-19 shock relatively well, thanks to strong macroeconomic fundamentals and flexible policy settings, read a S&P Global analysis of the economic developments throughout 2020, "the Covid year" par excellence. The output contraction was smaller than in many other regions, external profiles remained resilient, the fiscal fallout has been moderate, and the banking systems remained stable, says the rating agency, endorsing the conclusion

reached by many other analysts that saw CEE economies faring better than expected, as well as better than other EU ones.

As everywhere else, in the CEE the year 2020 was absolutely dominated by the Covid-19 pandemic that overshadowed all other issues. Most countries in the region have gone through two main pandemic waves. While the first one, in March/April 2020 was managed rather well by all CEE countries, with timely adopted and very restrictive lockdowns, the second one proved

New Passenger cars registrations FY2020 vs FY2019

Country/region	New Passenger cars - units		%Change
	2020	2019	20/'19
Bulgaria	22,368	35,371	-36.8
Croatia	36,005	62,975	-42.8
Cyprus	10,061	12,220	-17.7
Czech Rep.	202,971	249,915	-18.8
Estonia	18,750	26,589	-29.5
Greece	80,977	114,109	-29.0
Hungary	128,021	157,900	-18.9
Latvia	13,864	18,692	-25.8
Lithuania	40,232	46,200	-12.9
Poland	428,347	555,598	-22.9
Romania	126,351	161,562	-21.8
Slovakia	76,305	101,568	-24.9
Slovenia	53,694	73,193	-26.6
EUROPEAN UNION (EU)	9,942,509	13,028,948	-23.7
EU14*	8,785,540	11,527,165	-23.8
WESTERN EUROPE (EU14 + EFTA + UK)	10,804,213	14,303,875	-24.5

SOURCE: NATIONAL AUTOMOBILE MANUFACTURERS' ASSOCIATIONS

*Member States before the 2004 enlargement

New Passenger cars registrations 1H 2021/2020/2019

Country/region	New Passenger cars - units			% change	
	1H2021	1H2020	1H219	1H21/1H20	1H21/1H19
Bulgaria	12,926	10,161	18,323	27.21	-29.45
Croatia	25,975	17,423	38,216	49.08	-32.03
Cyprus	5,794	4,913	6,578	17.93	-11.92
Czech Republic	112,805	95,029	128,498	18.71	-12.21
Estonia	12,940	9,133	13,933	41.68	-7.13
Greece	58,362	36,570	65,557	59.59	-10.98
Hungary	64,794	55,674	74,541	16.38	-13.08
Latvia	7,684	6,569	9,485	16.97	-18.99
Lithuania	18,648	16,821	23,374	10.86	-20.22
Poland	243,113	179,821	278,332	35.20	-12.65
Romania	47,169	49,615	71,620	(4.93)	-34.14
Slovakia	38,449	34,015	52,075	13.04	-26.17
Slovenia	31,009	28,001	41,122	10.74	-24.59
EUROPEAN UNION	5,361,857	4,281,618	6,915,760	25.23	-22.47
EU14²	4,740,551	3,774,443	6,159,663	25.60	-23.04
WESTERN EUROPE (EU14 + EFTA + UK)	5,865,045	4,594,563	8,427,639	27.65	-30.41

New Commercial vehicles registrations FY2020 vs FY2019

Country/Region	Commercial vehicles - Units		%Change
	FY2020	FY2019	20/'19
Bulgaria	7,295	9,606	-24.06
Croatia	7,798	10,732	-27.34
Cyprus	1,920	2,543	-24.50
Czech Republic	25,863	31,508	-17.92
Estonia	4,006	5,637	-28.93
Greece	7,733	8,764	-11.76
Hungary	25,947	32,184	-19.38
Latvia	2,909	3,906	-25.52
Lithuania	7,362	12,091	-39.11
Poland	81,806	100,660	-18.73
Romania	18,661	25,371	-26.45
Slovakia	8,604	12,295	-30.02
Slovenia	9,414	13,636	-30.96
EUROPEAN UNION	1,716,073	2,117,106	-18.94
EU14	1,514,488	1,856,937	-18.44
WESTERN EUROPE (EU14 + EFTA + UK)	1,924,151	2,377,478	-19.07

SOURCE: NATIONAL AUTOMOBILE MANUFACTURERS' ASSOCIATIONS

New Commercial vehicles registrations 1H 2021/2020/2019

Country/Region	Commercial vehicles - Units			% change	
	1H2021	1H2020	1H2019	1H21/1H20	1H21/1H19
Bulgaria	5,105	3,335	5,225	+53.1	-2.30
Croatia	5,024	3,662	6,084	+37.2	-17.42
Cyprus	1,017	960	1,198	+5.9	-15.11
Czech Republic	14,372	11,276	16,926	+27.5	-15.09
Estonia	3,015	2,015	3,310	+49.6	-8.91
Greece	5,635	3,644	4,506	+54.6	25.06
Hungary	14,797	11,839	16,698	+25.0	-11.38
Latvia	2,123	1,272	2,062	+66.9	2.96
Lithuania	6,966	3,475	7,861	+100.5	-11.39
Poland	55,760	33,451	53,384	+66.7	4.45
Romania	11,243	8,560	13,509	+31.3	-16.77
Slovakia	5,687	3,952	6,732	+43.9	-15.52
Slovenia	6,334	4,516	7,449	+40.3	-14.97
EUROPEAN UNION	1,024,200	748,203	1,128,681	+36.9	-9.26
EU14	892,757	659,890	988,243	+35.3	-9.66
WESTERN EUROPE (EU14 + EFTA + UK)	1,149,271	822,085	1,266,465	+39.8	-9.25

Passenger cars 2015–2019 in CEESEE countries

	Number of passenger cars					Passenger cars per 1000 inhabitants				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Albania	na	na	na	na	na	na	na	na	na	na
Bosnia	na	na	na	na	na	na	na	na	na	na
Bulgaria	3,162,037	3,143,568	2,770,615	2,773,325	2,829,946	442	443	393	396	407
Croatia	1,499,802	1,552,904	1,596,087	1,666,413	1,724,900	358	374	389	409	425
Czechia	5,115,316	5,307,808	5,538,222	5,747,913	5,924,995	485	502	522	540	554
Estonia	676,596	703,151	725,944	746,464	794,926	514	534	550	563	598
Hungary	3,196,856	3,313,206	3,471,997	3,641,823	3,812,013	325	338	355	373	390
Kosovo	na	na	168,759	256,880	309,509	na	na	94	na	na
Latvia	679,048	664,177	689,536	707,841	727,164	345	341	356	369	381
Lithuania	1,244,063	1,298,737	1,356,987	1,430,520	1,498,688	431	456	483	512	536
Montenegro	na	na	na	na	na	na	na	na	na	na
North Macedonia	383,833	394,934	403,316	415,062	426,045	185	190	194	200	205
Poland	20,723,423	21,675,388	22,503,579	23,429,016	24,360,166	546	571	593	617	642
Romania	5,155,059	5,472,423	5,998,194	6,452,536	6,902,984	261	279	307	332	357
Serbia	na	na	na	na	na	na	na	na	na	na
Slovakia	2,034,574	2,121,774	2,223,117	2,321,608	2,393,577	375	390	408	426	439
Slovenia	1,078,737	1,096,523	1,117,935	1,143,150	1,165,371	523	531	541	549	556
Cyprus	487,692	508,284	526,617	550,695	572,501	575	595	609	629	645
Greece	5,107,620	5,160,056	5,235,928	5,282,695	5,406,551	474	479	487	na	504
Turkey	10,589,337	11,317,998	12,035,978	12,398,190	12,503,049	134	142	149	151	150

Sources: EUROSTAT

in many cases more dramatic and harder to control, the region becoming a global focal point of the pandemic in autumn when Czechia temporarily led the global infection ranking. 2021 brought another two waves of raising infections. The spring one – the third since the pandemic's beginning, was followed by a rather calm summer and most countries in the region managed to cope with it without imposing drastic restrictions. Yet, as many of them failed of using this respite to increase their vaccination rates to a satisfactory level, the fourth wave hit strong in the autumn of 2021, with Romania setting a black record of deaths, followed by Bulgaria, Ukraine and other countries in the region.

Overall, 2020 and 2021 offered a picture of perpetual alternation of ups and downs. In some respects, as for example the industrial production, the second and following waves of the pandemics found the countries better prepared and adapted to the difficult lockdown conditions, so that the downsize effect was milder. In other respects, as retails sales, the impact remained rather strong, especially in the countries that saw in the autumn of 2020 renewed, very restrictive, lockdowns like Czechia or Poland. Yet, throughout the first half of 2021, the pandemics seemed to slow down, becoming less challenging and encouraging more optimistic expectations and an improving economic outlook.

The economic environment remained volatile, with labour market indicators worsening and rather prudent spending behaviour and weakening domestic consumption. While in 1H2021 a strong economic recovery seemed to be well underway, high inflation rates were accompanying it almost everywhere across the region. The increasing prices of fuels and energy that became very visible in Q3 2021 are expected to put a high pressure on households' budgets, adding to the overall perceived volatility.

In this context, cars sales, usually one of the main growth drivers for the motor insurance business lines, have suffered visibly. In 2020, the EU passenger car market contracted by 23.7% to 9.9 million units as a direct result of the COVID-19 pandemic, an unprecedented impact on car sales across the European Union. According to the Automobile Manufacturers' Association (ACEA), 2020 saw the biggest yearly drop in car demand since records began, with new-car registrations falling by 3 million units compared to 2019. All 27 EU markets recorded double-digit declines throughout 2020. Over the first half of 2021, EU demand for new cars grew by 25.2% to reach almost 5.4 million units registered in total. However, this is still 1.5 million units below the pre-COVID volume recorded over the first six months of 2019.

The 11 CEE markets belonging to the EU have seen, overall, a 23% decline in the number of new passenger cars sold in 2020 vs. 2019, with Croatia and Bulgaria experiencing a well above average decrease. Despite the pronounced positive trend seen in the first half of 2021, when the entire group of countries – except for Romania, recorded double-digit growth rates of the number of new passenger cars registered, none of the said markets managed to return to the pre-crisis sales level. In average, the sales of new cars are still by over 17% under the 1H2019 state. As far as commercial vehicles are concerned, the overall situation and dynamics look a little better for the EU, but significantly less good for the CEE countries. The sector has lost at EU level almost 19% in 2020 and by mid-year 2021 was still lagging behind the 1H2019 by about 9%. However, for the 11 CEE EU countries, the fall in commercial vehicles sales was of about 31% in 2020 and in June 2021, the sales were still lower by about 28% as compared with the pre-crisis year.

Goods vehicles 2015–2019 in CEESEE countries

	Goods vehicles <= 3.5 tonnes					Goods vehicles > 3.5 tonnes				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Albania	na	na	na	na	na	na	na	na	na	na
Bosnia	na	na	na	na	na	na	na	na	na	na
Bulgaria	na	na	na	na	na	396,582	405,217	372,851	387,186	401,823
Croatia	107,381	116,001	125,731	137,049	147,501	29,473	30,229	30,993	32,126	33,173
Czechia	425,142	429,780	436,241	441,303	444,203	221,650	237,925	253,127	264,959	275,484
Estonia	65,986	71,435	77,118	83,313	90,759	24,974	25,417	25,795	26,102	27,366
Hungary	386,629	404,204	423,252	444,588	468,274	45,166	44,757	46,696	49,017	50,957
Kosovo	na	na	7,033	7,074	7,534	na	na	4,887	11,927	13,363
Latvia	53,421	53,266	55,557	57,146	59,291	19,198	17,260	17,274	17,283	17,134
Lithuania	57,345	59,293	61,142	64,345	68,003	20,770	21,965	23,483	25,409	27,461
Montenegro	na	na	na	na	na	na	na	na	na	na
North Macedonia	33,237	34,669	35,912	na	na	na	na	35,912	37,010	38,048
Poland	2,447,764	2,515,751	2,574,312	2,649,198	2,733,004	650,612	663,904	674,226	688,968	703,180
Romania	na	na	na	753,029	797,135	na	794,578	846,472	142,414	145,927
Serbia	na	na	na	na	na	na	na	na	na	na
Slovakia	302,455	308,952	318,027	na	na	302,455	308,952	318,027	328,063	332,486
Slovenia	na	na	na	na	na	na	na	na	na	na
Cyprus	92,726	94,673	95,705	98,533	101,528	9,473	9,826	10,162	10,511	10,940
Greece	na	na	na	na	na	na	na	na	na	na
Turkey	3,255,299	3,442,483	3,642,625	3,755,580	3,796,919	589,426	599,735	608,523	609,390	605,813

Sources: EUROSTAT

Road tractors & Motor coaches, buses and trolley buses 2015–2019 in CEESEE countries

	Road tractors					Motor coaches, buses and trolley buses				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Albania	na	na	na	na	na	na	na	na	na	na
Bosnia	na	na	na	na	na	na	na	na	na	na
Bulgaria	47,809	51,660	50,396	51,142	50,660	24,010	23,365	21,018	20,818	20,687
Croatia	9,329	10,443	11,334	12,229	12,976	5,276	5,513	5,698	5,877	6,041
Czechia	5,283	4,488	4,132	4,360	3,991	20,667	20,876	21,442	22,027	22,206
Estonia	10,813	11,365	11,867	12,197	12,990	4,845	4,901	5,022	5,026	5,221
Hungary	64,442	68,117	72,579	76,870	79,379	18,135	18,482	18,705	19,134	19,454
Kosovo	na	na	947	1,965	2,346	na	na	1,595	2,583	3,091
Latvia	13,379	13,541	14,312	14,782	14,886	5,066	4,986	4,955	4,885	4,808
Lithuania	24,781	28,138	30,914	35,923	40,404	7,286	7,326	7,570	7,925	8,142
Montenegro	na	na	na	na	na	na	na	na	na	na
North Macedonia	5,451	5,640	5,778	5,613	5,610	3,243	3,230	3,188	3,201	3,144
Poland	329,589	361,681	390,445	420,007	447,313	110,186	113,483	116,351	119,471	122,879
Romania	105,760	118,212	128,728	138,881	146,946	47,347	48,803	50,309	51,802	53,771
Serbia	na	na	na	na	na	na	na	na	na	na
Slovakia	29,928	31,016	31,090	30,769	29,416	9,270	9,091	9,241	9,363	9,262
Slovenia	11,326	12,981	14,330	15,928	16,751	2,631	2,679	2,782	2,834	2,884
Cyprus	1,637	1,805	1,878	1,998	2,076	2,712	2,842	2,991	3,084	3,151
Greece	21,799	22,301	22,160	22,599	na	26,942	26,897	26,835	26,743	26,833
Turkey	214,893	225,599	230,195	236,072	238,668	666,269	684,294	700,503	706,050	706,731

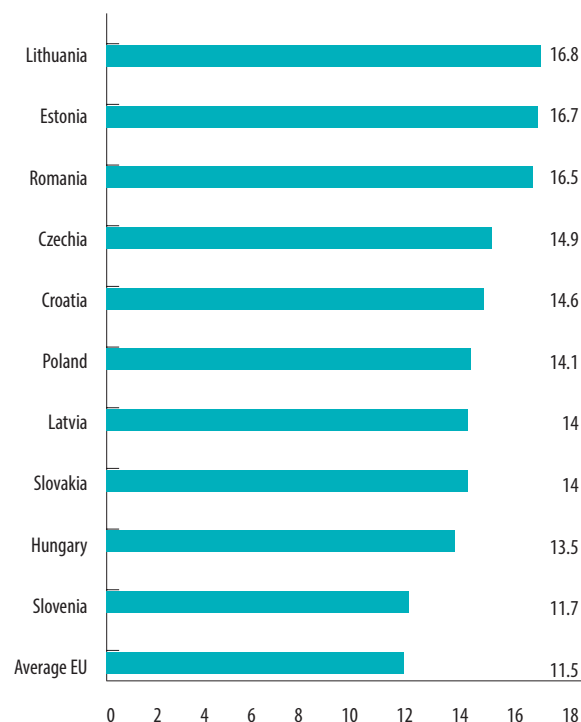
Sources: EUROSTAT

Passenger cars, by age in CEESEE countries -2019

	Less than 2 years	From 2 to 5 years	From 5 to 10 years	From 10 to 20 years
Albania	na	na	na	na
Bosnia	na	na	na	na
Bulgaria	na	na	na	na
Croatia	137,671	166,027	309,730	884,817
Czechia	701,637	592,268	994,353	3,636,737
Estonia	48,268	71,208	117,711	307,633
Hungary	327,883	273,898	441,683	2,198,488
Kosovo	6,397	11,188	38,642	177,887
Latvia	31,021	44,529	88,242	411,012
Lithuania	48,404	71,330	154,849	885,780
Montenegro	na	na	na	na
North Macedonia	8,953	12,681	29,922	374,489
Poland	1,412,619	1,323,901	2,631,518	9,762,461
Romania	289,520	348,305	790,612	3,952,075
Serbia	na	na	na	na
Slovakia	na	na	na	na
Slovenia	99,481	167,482	292,847	520,564
Cyprus	26,056	54,956	117,417	284,668
Greece	na	na	na	na
Turkey	727,985	2,258,968	3,116,496	3,179,794

Sources: EUROSTAT

Average age of passenger cars in the CEE in 2020 (years)

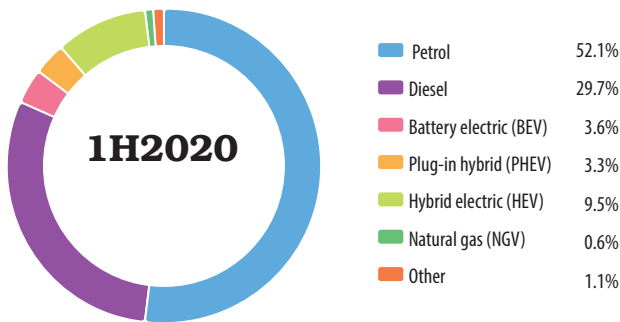


Total length of motorways & E-roads in CEESEE countries 2015-2019 (Km)

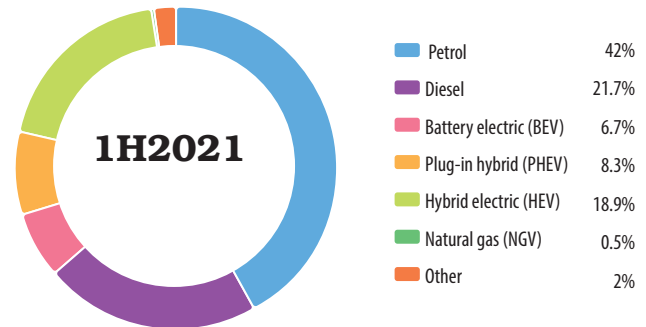
	Length of motorways					E-roads				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Albania	na	na	na	na	na	na	na	na	na	na
Bosnia	na	na	na	na	na	na	na	na	na	na
Bulgaria	734	734	734	757	790	2,926	2,953	2,953	2,981	2,984
Croatia	1,310	1,310	1,310	1,310	1,310	2,251	2,251	2,255	2,255	2,255
Czechia	776	1,223	1,240	1,252	1,276	2,628	2,628	2,631	2,630	2,629
Estonia	147	145	154	154	161	953	953	953	953	953
Hungary	1,884	1,924	1,937	1,982	1,723	2,348	2,339	2,335	2,332	2,471
Kosovo	na	na	109	119	137	na	na	250	250	250
Latvia	na	na	na	na	na	202	202	202	202	202
Lithuania	309	314	324	324	403	1,639	1,639	1,639	1,639	1,742
Montenegro	na	na	na	na	na	na	na	na	na	na
North Macedonia	259	259	259	287	335	553	553	553	553	553
Poland	1,559	1,637	1,637	1,637	1,676	5,500	5,500	5,818	na	na
Romania	747	747	763	823	866	6,193	6,200	6,200	6,194	6,176
Serbia	693	741	963	na	na	1,887	2,150	2,150	na	na
Slovakia	463	463	482	482	495	1,520	1,521	1,524	1,524	1,529
Slovenia	610	610	618	623	623	588	588	588	594	594
Cyprus	257	257	257	257	257	na	na	na	na	na
Greece	na	na	na	na	na	na	na	na	na	na
Turkey	2,282	2,542	2,657	2,842	3,060	9,353	9,353	na	na	na

Sources: EUROSTAT

New passenger cars by fuel in the EU



New passenger cars by fuel in the EU



Of course, new cars are not the only ones purchased in the CEE countries – one might say that the haemorrhage of used card flowing from the Western countries to the Eastern ones is far from being exhausted. As more and more Western Europeans are selling their diesel and petrol vehicles, dealing with stricter local emission standards, countries where car regulations are rather lax remain an end-destination for them. If lately Hungary or Romania have become a little less friendly, other markets as Serbia or Albania continue to pile up used cars imported from Germany or other Western countries. Besides the environmental issues, the phenomenon is also very important for the increasing average age of the national fleets in the CEE markets which leads to lots of road safety and insurability issues. All in all, between lower new cars sales and the constant flow of used imported cars, the average age of the CEE countries' fleets is increasing and takes value significantly higher than the EU average.

Finally, one should also consider the changing purchasing preferences by fuel type. At EU level, the popularity of hybrid electric (HEV) cars surged in 2021, so that out of total new cars registered, HEV accounted for almost 19%, compared with 9.5%

the year before. With decreasing weights in the sales portfolio, petrol and diesel cars still account for the largest shares (42% petrol in 1H2021 vs. 52.1% in 1H2020; 21.7% diesel in 1H2021 vs. 29.7% in 1H2020). The percentage points lost by the two categories went only to HEVs, but also to battery electric cars (BEV) and plug-in hybrid cars (PHEV), two types that both doubled their share in the sales portfolio at EU level.

Electric cars are increasingly popular, but the overall figures are still rather modest. For example, electric cars sales jumped from 4,003 units in 2019, to 8,125 units in 2020, but despite the doubling quantity, electric cars still account for less than 2% of the new passenger cars registrations. In fact, according to the International Council on Clean Transportation, many countries in southern and eastern Europe experienced much lower electric vehicles registrations, of less than 5% of the new car registrations. Among the main factors driving CEE's lagging behind in the e-mobility race, there are the low level of dissemination of governmental policies incentivizing the acquiring of electric cars, as well as the insufficient infrastructure (charging points, hydrogen stations etc.). (D.G)

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Covid-19 pandemics eased the death toll on the CEE roads

In April 2021, the European Commission published preliminary figures on road fatalities for 2020. An estimated 18,800 people were killed in a road crash last year, an unprecedented annual fall of 17% on 2019. This means almost 4,000 fewer people lost their lives on EU roads in 2020 compared to 2019. Lower traffic volumes, as the result of the COVID-19 pandemic, had a clear, though unmeasurable, impact on the number of road fatalities. While the figures qualify European roads as the safest in the world, as emphasized by the EC representatives, "we are behind our target for the last decade and joint action is needed to prevent a return to pre-COVID levels."

Over the previous decade between 2010 and 2020, the number of road deaths dropped by 36%. This was short of the target of 50% fewer deaths that had been set for that decade. However, with 42 road deaths per 1 million inhabitants, the EU remains the continent with the safest roads in the world. As a comparison, the world average lies at more than 180.

Based on preliminary figures, 18 Member States registered their lowest ever number of road fatalities in 2020. EU-wide, deaths fell by an average of 17% compared to 2019 though the reduction was far from uniform. Out of the 11 CEE EU member states, only

a few have recorded decreases of over 20%: Bulgaria, Croatia, Hungary and Slovenia. In contrast, Estonia joined a group of other four member states that recorded an increase in fatalities.

While the unprecedented developments in 2020 led to some changes in the ranking of countries' fatality rates, the safest roads remain in Sweden (18/million) while Romania (85/million) reported the highest rate in 2020. The EU average was 42/million.

Lower traffic volumes, as the result of the COVID-19 pandemic, had a clear, though unmeasurable, impact on the number of road fatalities. However, evidence in some EU countries points to an increase in risk-taking behavior, in particular speeding, during lockdown periods. This trend is adding to the arguments in favor of further reduction of the speeding limits, especially in the urban area. As unpopular as speeding restriction are, the potential benefits in lives saving are not to be ignored. According to the Thematic Speed Safety Report, 2,000 lives could be saved each year if we could reduce the average speed on all roads in the European Union by 1 km / h. (D.G)

Road traffic deaths as rate & numbers 2015-2020 in CEESEE countries

	Rate of road traffic deaths per 100 000 persons						Number of road traffic deaths					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
Albania	na	na	na	na	8.0	6.3	270	269	222	213	227	181
Bosnia	na	na	na	na	7.4	6.9	341	321	298	277	264	244
Bulgaria	9.9	9.9	9.6	8.7	9.0	6.7	708	708	682	610	628	466
Croatia	8.3	7.4	8.0	7.7	7.3	5.8	348	307	331	317	297	237
Czechia	7.0	5.8	5.4	6.2	5.8	4.8	734	611	577	656	618	518
Estonia	5.1	5.4	3.6	5.1	3.9	4.5	67	71	48	67	52	60
Hungary	6.5	6.2	6.4	6.5	6.2	4.6	644	607	625	633	602	460
Kosovo	na	na	na	na	6.0	4.3	129	110	137	129	113	81
Latvia	9.5	8.1	7.0	7.7	6.9	7.4	188	158	136	148	132	111
Lithuania	8.3	6.7	6.8	6.2	6.7	6.3	242	192	191	173	186	175
Montenegro	na	na	na	na	7.6	7.7	54	65	63	48	47	48
North Macedonia	na	na	na	na	6.3	6.0	148	165	155	155	132	125
Poland	7.7	8.0	7.5	7.5	7.7	6.5	2,938	3,026	2,831	2,862	2,909	2,909
Romania	9.6	9.7	10.0	9.6	9.6	8.5	1,893	1,913	1,951	1,867	1,864	1,646
Serbia	na	na	na	na	7.7	7.1	599	607	579	548	534	492
Slovakia	5.7	5.1	5.1	4.8	5.0	4.5	310	275	276	260	270	na
Slovenia	5.8	6.3	5.0	4.4	4.9	3.8	120	130	104	91	102	na
Cyprus	6.7	5.4	6.2	5.6	5.9	5.4	57	46	53	49	52	47
Greece	7.3	7.6	6.8	6.5	6.4	5.4	793	824	731	700	688	629
Turkey	9.6	9.2	9.2	8.2	na	na	7,530	7,300	7,427	6,675	5,473	4,866

Sources: EUROSTAT



Regulatory changes 2020/1H2021 in the motor insurance field

While the CEE insurance markets belonging to EU member states the motor insurance regulation is fully aligned with the EU standard, there are countries in the CEE or the ex-USSR where the regulatory harmonization is still an ongoing process. Whether is about the transition to a fully liberalized MTPL market by removing the state control on prices, or about other aspects of the motor insurance business or even about the most basic issues – as simply establishing a MTPL insurance system in the country-, the process continued everywhere despite the challenging moment all the markets have passed through. Yet, in some cases, mostly to avoid putting an additional pressure on citizens' finances, the enforcement of new regulations was postponed. Here are some highlights on the regulatory changes undergone in the surveyed countries:



Albania

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

Also, according to the provisions of this Law, the AFSA further drafted and adopted the regulations "on the online electronic register of sales of compulsory insurance contracts" and "for

determining the rules and methodology of calculating the compensation covered from the compulsory insurance contract in the transport sector".

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



Bosnia & Herzegovina

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

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

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



Kosovo

Kosovo and Montenegro have signed an agreement on the abolition of border security between the two countries. Thus, starting 1 July, for cross border traveling by car there is no need to acquire border insurance, the Memorandum provisions being similar to those applied in MoUs concluded by Kosovo with Macedonia and Serbia.

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



Montenegro

Montenegro entered under the scope of the recently adopted Implementing Decision of the European Commission no. 2021/1145 of 30.6.2021 which provides for the drivers of locally registered cars the possibility of crossing the borders of EU states without being checked for existence of a valid MTPL insurance.



Turkey

The Insurance and Private Pensions Regulation and Supervision Agency (SEDDK) decided to maintain for another year (2021) the ceiling on MTPL premiums' value introduced in 2017. Adopted as a response to the significant premium hikes in the previous years, the ceiling is applied to premiums for high-risk drivers, including drivers of cabs, minibuses, commercial buses and trucks. While appreciated by consumers, the ceiling on MTPL prices is one of the main reasons behind the large technical losses seen by the motor insurance segment in the last years.

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



Belarus

Since the restrictions associated with the pandemic have led to a nearly halving of the number of concluded Green Card insurance contracts and border insurance contracts, in order to cover losses of insurers, it was decided to reduce the size of monthly contributions from insurers - associate members of the Bureau to the guarantee funds to support their financial condition in the current difficult situation. For the period from April 1, 2020 to July 1, 2021, the size of monthly contributions of organizations to the funds was reduced to 0.05%.



Georgia

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



Moldova

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



CEE MOTOR INSURANCE 2020

Coping with unprecedented challenges

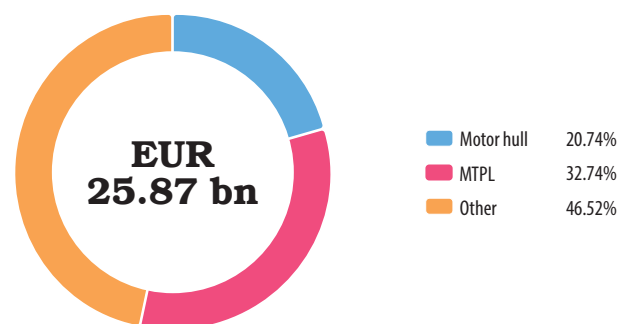
CEE insurers wrote gross premiums amounting to EUR 8.47 billion for MTPL and EUR 5.37 billion for Motor Hull in 2020, by 3.5% and respectively 1.36% less y-o-y. Motor insurance accounted, all together, for 53.5% of the non-life insurance portfolio, with MTPL holding a leading share of 32.74%.

Claims paid decreased by about 7.5% for both lines, in particular thanks to the travel restrictions that led to a visible reduction in the number of road accidents. Yet, out of the total non-life paid claims, they account for about 60.73%, the largest part in again belonging to the MTPL insurance line (36.22%).

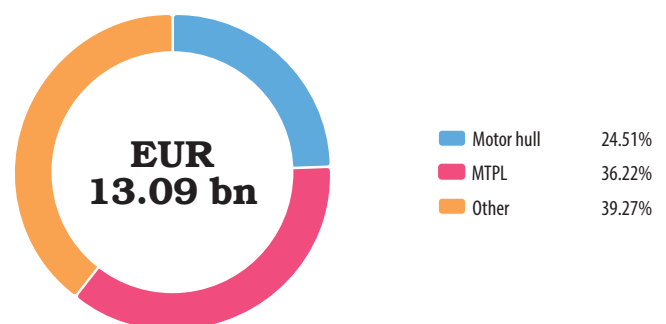
Poland, the Czech Republic and Romania are the Top-3 markets in the region for both motor insurance lines, but the 4th and 5th ranks the situation was different: on the Motor Hull line Slovakia and Bulgaria are completing the Top-5, while on the MTPL line the last two ranks are held by Hungary and Bulgaria. All in all, on both line, the Top-5 markets account together for about 75% of the regional business.

The main difference yet is coming from the share motor insurance lines are holding in each market's national non-life insurance portfolio: while for Poland the share of the motor

CEE non-life GWP portfolio, 2020



CEE non-life claims portfolio, 2020



Breakdown of non-life GWP in 2020

	Non-life GWP (in EUR m)				Non-life GWP portfolio (%)			
	Total	All motor ins. (MTPL+Motor hull)	Motor hull	MTPL	All motor ins. (MTPL+Motor hull)	Motor hull	MTPL	Other
CEE countries								
ALBANIA	124.84	92.88	7.19	85.69	74.40%	5.76%	68.64%	25.60%
BOSNIA	306.81	234.38	36.81	197.57	76.39%	12.00%	64.39%	23.61%
BULGARIA	1,246.75	885.96	333.97	551.99	71.06%	26.79%	44.27%	28.94%
CROATIA	1,038.57	517.54	173.13	344.41	49.83%	16.67%	33.16%	50.17%
CZECH REP.	4,425.19	1,969.01	908.87	1,060.14	44.50%	20.54%	23.96%	55.50%
ESTONIA	383.30	209.14	119.08	90.06	54.56%	31.07%	23.50%	45.44%
HUNGARY	1,845.25	977.08	300.47	676.61	52.95%	16.28%	36.67%	47.05%
KOSOVO	97.92	61.62	na	61.62	62.93%	-	62.93%	37.07%
LATVIA	556.73	215.11	126.96	88.14	38.64%	22.81%	15.83%	61.36%
LITHUANIA	664.13	391.48	154.37	237.12	58.95%	23.24%	35.70%	41.05%
MACEDONIA	134.95	80.40	13.35	67.05	59.58%	9.89%	49.68%	40.42%
MONTENEGRO	73.95	42.01	5.97	36.04	56.80%	8.07%	48.73%	43.20%
POLAND	9,247.62	5,076.82	1,906.32	3,170.50	54.90%	20.61%	34.28%	45.10%
ROMANIA	1,905.98	1,355.87	495.79	860.08	71.14%	26.01%	45.13%	28.86%
SERBIA	712.31	399.55	93.22	306.33	56.09%	13.09%	43.00%	43.91%
SLOVAK REP.	1,286.45	734.85	371.52	363.33	57.12%	28.88%	28.24%	42.88%
SLOVENIA	1,820.35	592.31	319.29	273.02	32.54%	17.54%	15.00%	67.46%
Total CEE countries	25,871.10	13,836.01	5,366.31	8,469.70	53.48%	20.74%	32.74%	46.52%
SEE countries								
CYPRUS	506.87	182.01	na	na	35.91%	-	-	64.09%
GREECE	2,105.91	931.13	223.72	707.42	44.22%	10.62%	33.59%	55.78%
TURKEY	7,461.37	3,418.91	1,175.68	2,243.23	45.82%	15.76%	30.06%	54.18%

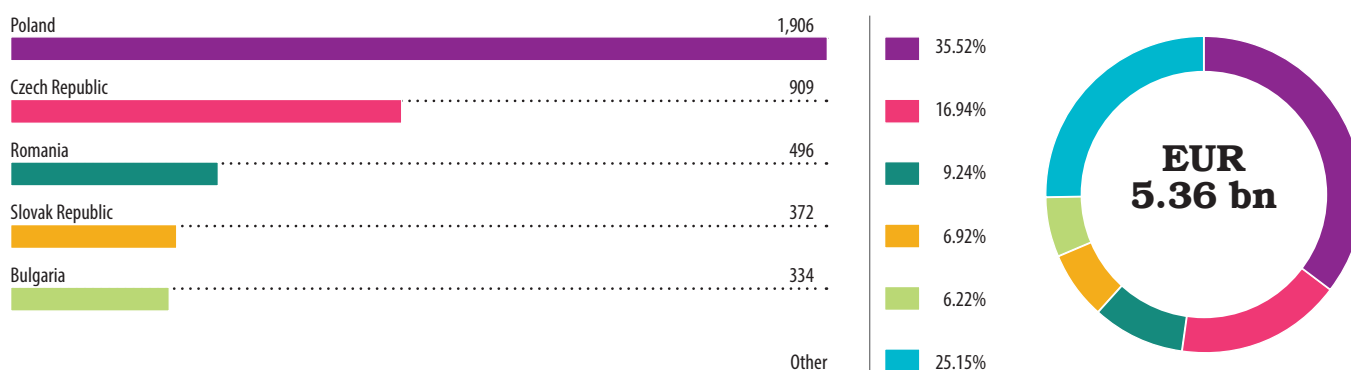
Breakdown of non-life claims in 2020

	Non-life CLAIMS (in EUR m)				Non-life CLAIMS portfolio (%)			
	Total	All motor ins. (MTPL+Motor hull)	Motor hull	MTPL	All motor ins. (MTPL+Motor hull)	Motor hull	MTPL	Other
CEE countries								
ALBANIA	59.04	27.41	5.10	22.31	46.42%	8.64%	37.79%	53.58%
BOSNIA	121.51	93.87	27.88	65.99	77.25%	22.94%	54.31%	22.75%
BULGARIA	517.59	436.54	152.37	284.17	84.34%	29.44%	54.90%	15.66%
CROATIA	497.35	266.95	99.77	167.17	53.67%	20.06%	33.61%	46.33%
CZECH REP.	2,068.48	982.38	481.75	500.63	47.49%	23.29%	24.20%	52.51%
ESTONIA	213.58	136.21	79.50	56.70	63.77%	37.22%	26.55%	36.23%
HUNGARY	715.54	446.90	148.49	298.41	62.46%	20.75%	41.70%	37.54%
KOSOVO	47.01	30.74	na	30.74	65.40%	-	65.40%	34.60%
LATVIA	349.56	140.68	84.54	56.14	40.24%	24.18%	16.06%	59.76%
LITHUANIA	374.55	246.84	100.65	146.19	65.90%	26.87%	39.03%	34.10%
MACEDONIA	57.84	38.32	7.84	30.48	66.25%	13.56%	52.69%	33.75%
MONTENEGRO	28.77	16.51	3.24	13.27	57.38%	11.27%	46.11%	42.62%
POLAND	4,817.94	3,135.91	1,185.19	1,950.72	65.09%	24.60%	40.49%	34.91%
ROMANIA	1,203.95	1,033.56	376.81	656.75	85.85%	31.30%	54.55%	14.15%
SERBIA	305.93	157.03	57.68	99.35	51.33%	18.85%	32.48%	48.67%
SLOVAK REP.	623.37	401.05	198.80	202.25	64.34%	31.89%	32.44%	35.66%
SLOVENIA	1,087.58	357.90	198.20	159.70	32.91%	18.22%	14.68%	67.09%
Total CEE countries	13,089.60	7,948.80	3,207.83	4,740.97	60.73%	24.51%	36.22%	39.27%
SEE countries								
CYPRUS	242.91	116.42	na	na	47.93%	-	-	52.07%
GREECE	na	na	na	na	-	-	-	-
TURKEY	3,159.03	1,779.80	637.41	1,142.39	56.34%	20.18%	36.16%	43.66%

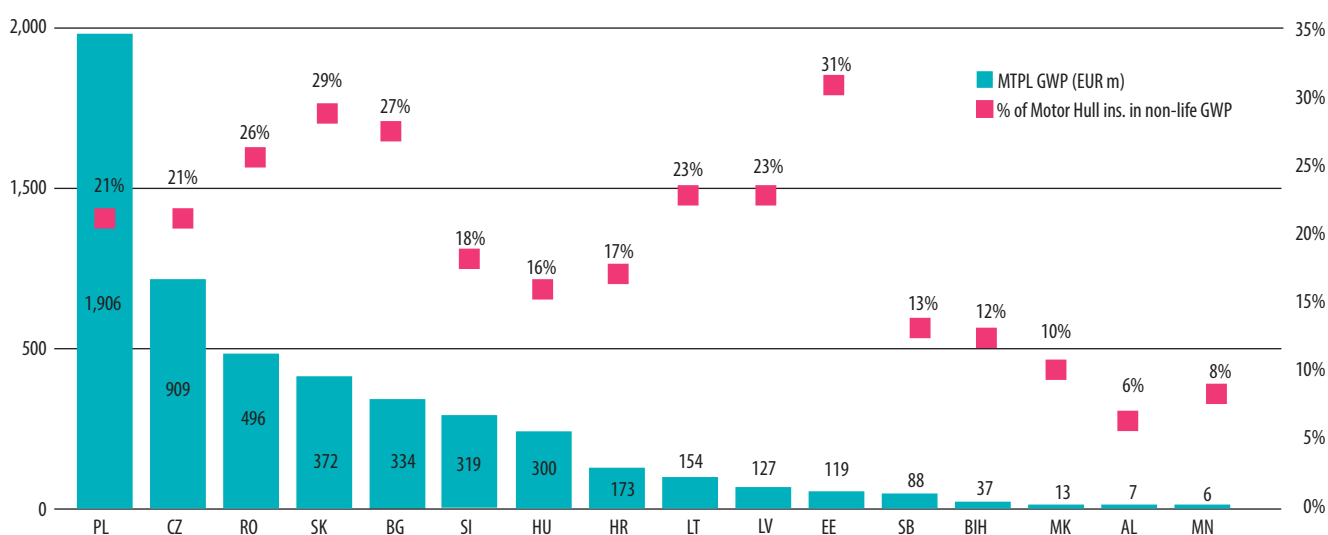
CEE - MOTOR HULL INSURANCE

Country	GWP			Change	Claims			Change	Share in non-life GWP		Regional market share	
	2020 EUR m.	2019 EUR m.	%		2020 EUR m.	2019 EUR m.	%		2020 %	2019 %	2020 %	2019 %
Albania	7.19	7.17	0.34	5.10	4.65	9.57	5.76	5.32	0.13	0.13		
Bosnia & Herzegovina	36.81	37.31	-1.34	27.88	27.00	3.24	12.00	12.08	0.69	0.69		
Bulgaria	333.97	333.44	0.16	152.37	157.63	-3.33	26.79	27.04	6.22	6.13		
Croatia	173.13	168.75	2.59	99.77	106.90	-6.66	16.67	16.79	3.23	3.10		
Czech Republic	908.87	877.91	3.53	481.75	572.37	-15.83	20.54	19.83	16.94	16.14		
Estonia	119.08	125.77	-5.32	79.50	83.52	-4.80	31.07	31.61	2.22	2.31		
Hungary	300.47	308.11	-2.48	148.49	171.71	-13.52	16.28	15.90	5.60	5.66		
Kosovo	na	na	-	na	na	-	-	-	-	-		
Latvia	126.96	135.72	-6.45	84.54	83.52	1.22	22.81	21.59	2.37	2.49		
Lithuania	154.37	156.45	-1.33	100.65	106.37	-5.38	23.24	23.16	2.88	2.88		
North Macedonia	13.35	13.63	-2.06	7.84	8.83	-11.15	9.89	9.58	0.25	0.25		
Montenegro	5.97	6.97	-14.35	3.24	3.82	-15.07	8.07	8.97	0.11	0.13		
Poland	1,906.32	2,035.63	-6.35	1,185.19	1,302.13	-8.98	20.61	20.37	35.52	37.42		
Romania	495.79	484.91	2.24	376.81	359.26	4.89	26.01	26.53	9.24	8.91		
Serbia	93.22	87.89	6.06	57.68	55.80	3.36	13.09	12.55	1.74	1.62		
Slovak Republic	371.52	351.43	5.72	198.80	240.73	-17.42	28.88	27.69	6.92	6.46		
Slovenia	319.29	309.37	3.21	198.20	202.29	-2.02	17.54	17.54	5.95	5.69		
Total CEE	5,366.31	5,440.46	-1.36	3,207.83	3,486.52	-7.99	20.74	20.44	100.00	100.00		

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



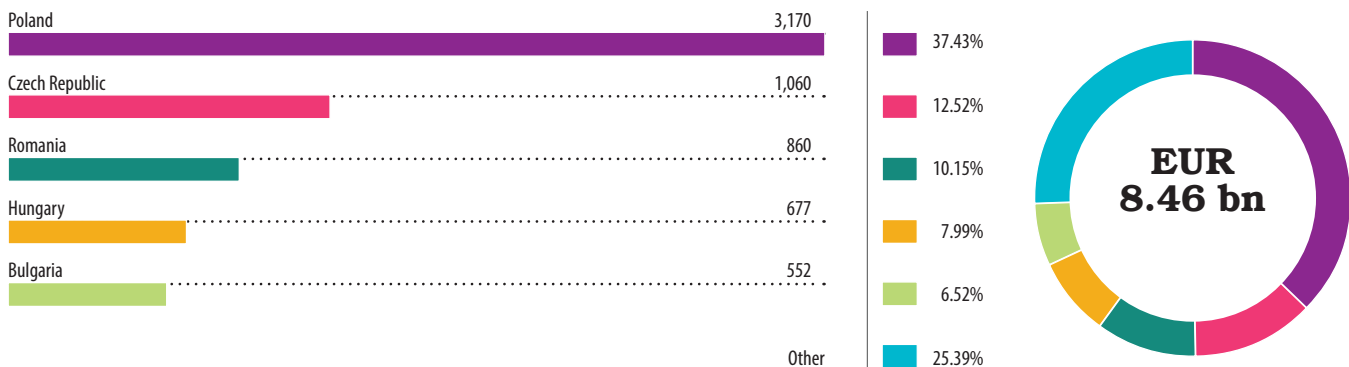
Weight of Motor Hull GWP in non-life business



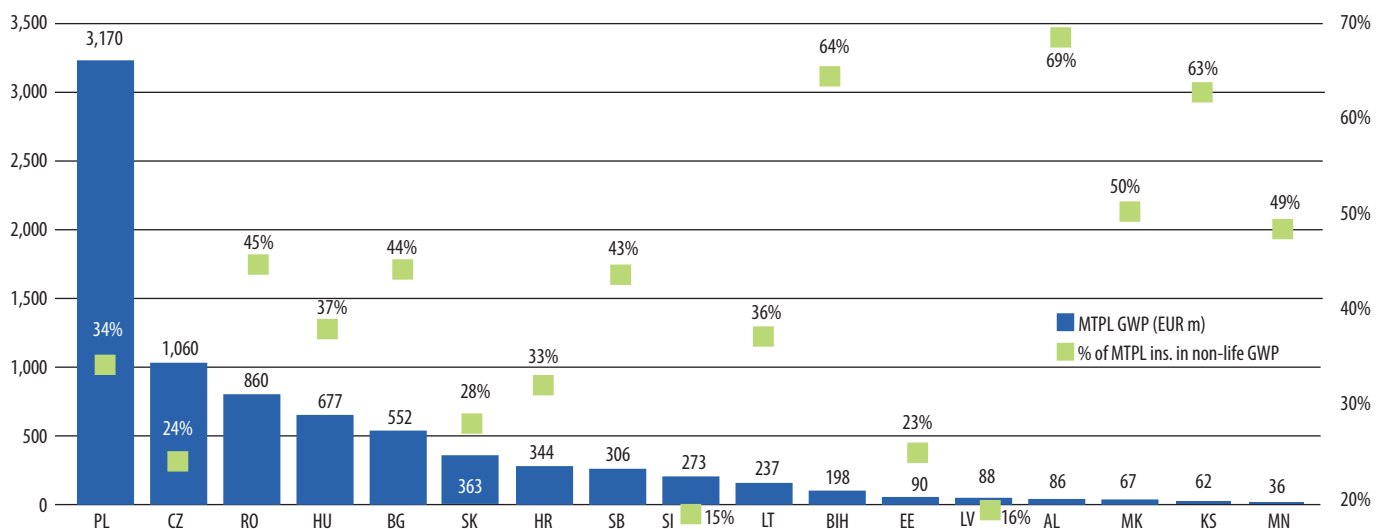
CEE - MTPL INSURANCE

Country	GWP			Change	Claims			Change	Share in non-life GWP		Regional market share	
	2020	2019	%		2020	2019	%		2020	2019	2020	2019
	EUR m.	EUR m.			EUR m.	EUR m.			%	%	%	%
Albania	85.69	92.16	-7.02	22.31	23.37	-4.54	68.64	68.42	1.01	1.05		
Bosnia & Herzegovina	197.57	193.96	1.86	65.99	67.29	-1.92	64.39	62.77	2.33	2.21		
Bulgaria	551.99	556.80	-0.86	284.17	269.09	5.60	44.27	45.15	6.52	6.34		
Croatia	344.41	308.83	11.52	167.17	172.67	-3.18	33.16	30.74	4.07	3.52		
Czech Republic	1,060.14	1,019.14	4.02	500.63	558.04	-10.29	23.96	23.02	12.52	11.61		
Estonia	90.06	102.48	-12.11	56.70	59.81	-5.19	23.50	25.75	1.06	1.17		
Hungary	676.61	696.77	-2.89	298.41	328.97	-9.29	36.67	35.96	7.99	7.94		
Kosovo	61.62	58.97	4.49	30.74	32.22	-4.59	62.93	60.18	0.73	0.67		
Latvia	88.14	108.30	-18.61	56.14	56.63	-0.87	15.83	17.23	1.04	1.23		
Lithuania	237.12	258.97	-8.44	146.19	146.04	0.10	35.70	38.34	2.80	2.95		
North Macedonia	67.05	74.44	-9.94	30.48	33.51	-9.03	49.68	52.29	0.79	0.85		
Montenegro	36.04	38.02	-5.20	13.27	14.44	-8.10	48.73	48.97	0.43	0.43		
Poland	3,170.50	3,504.60	-9.53	1,950.72	2,219.59	-12.11	34.28	35.06	37.43	39.94		
Romania	860.08	833.97	3.13	656.75	669.97	-1.97	45.13	45.63	10.15	9.50		
Serbia	306.33	300.81	1.83	99.35	95.09	4.48	43.00	42.94	3.62	3.43		
Slovak Republic	363.33	352.09	3.19	202.25	217.29	-6.92	28.24	27.74	4.29	4.01		
Slovenia	273.02	275.24	-0.81	159.70	169.75	-5.92	15.00	15.61	3.22	3.14		
Total CEE	8,469.70	8,775.54	-3.49	4,740.97	5,133.75	-7.65	32.74	32.96	100.00	100.00		

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

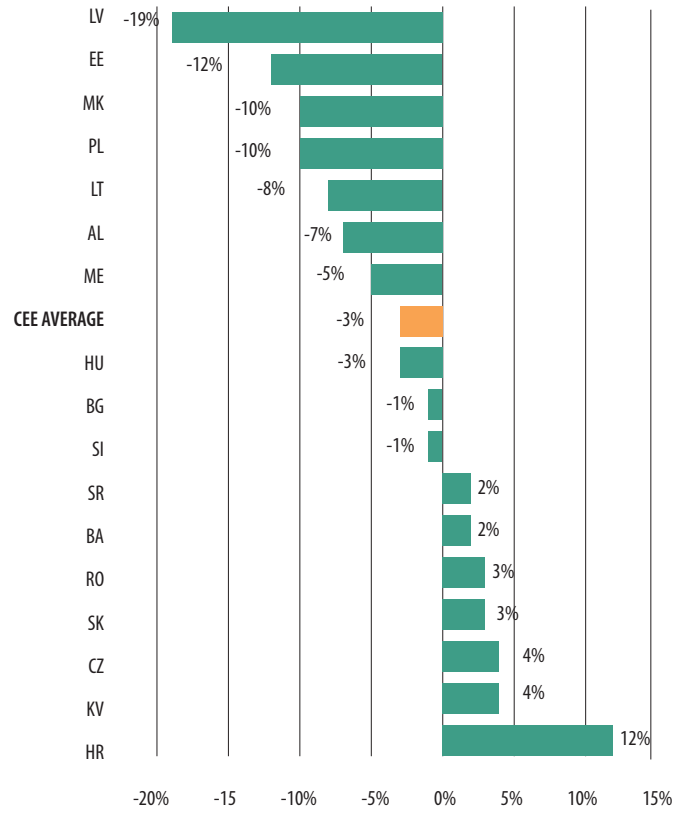
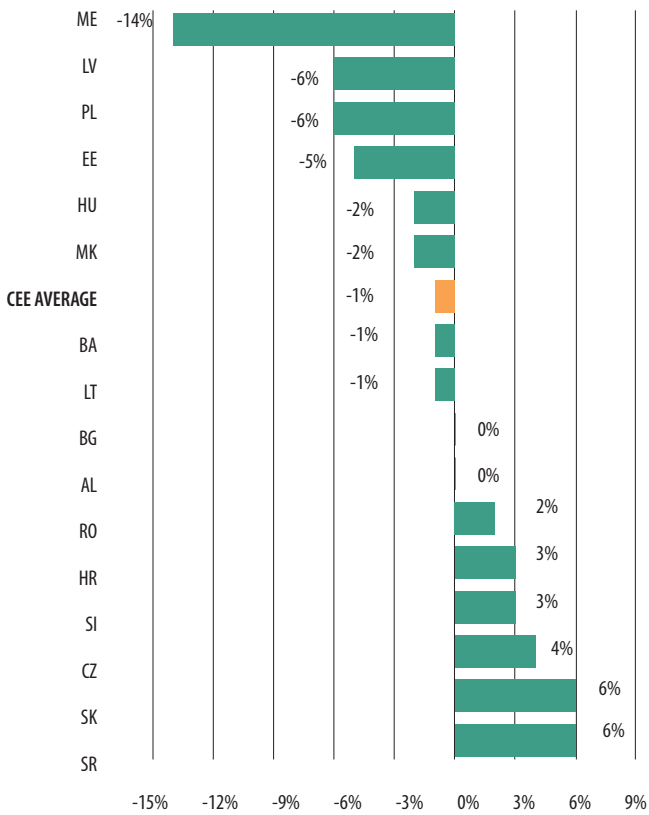


Weight of MTPL GWP in non-life business

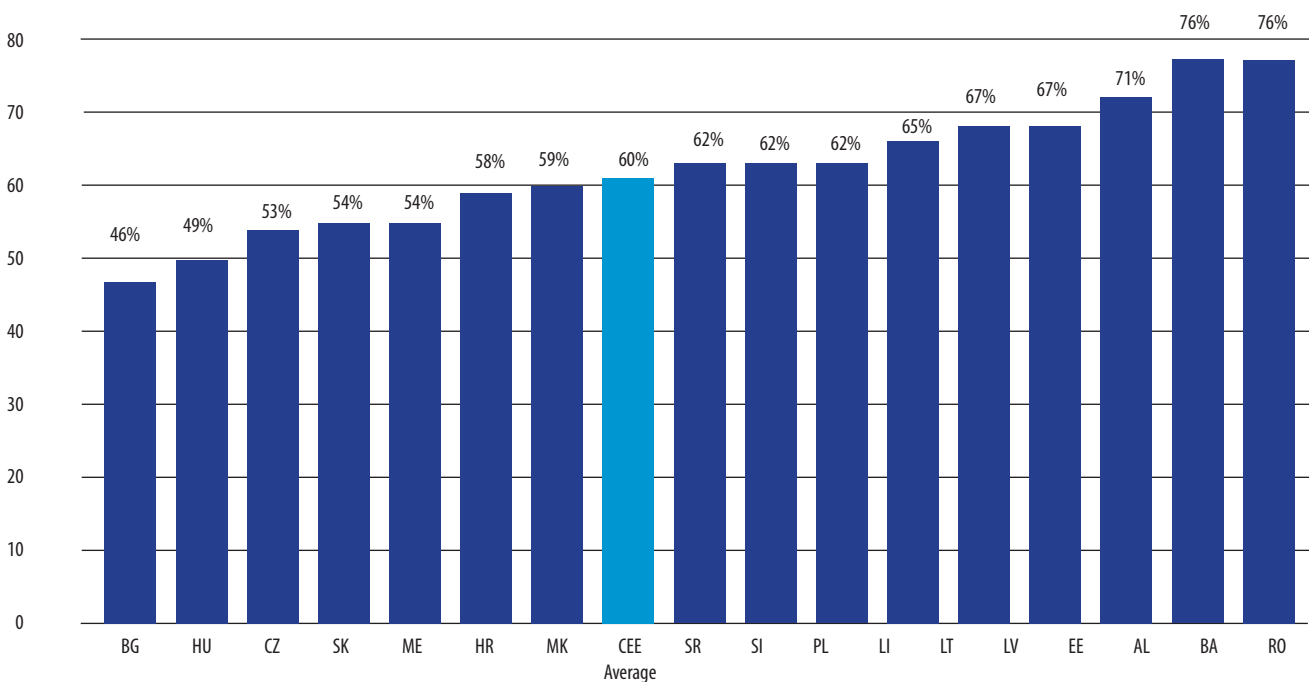


CEE/SEE '20/19 MoD GWP growth rate per countries

CEE/SEE '20/19 MTPL GWP growth rate per countries



CEE 2020 MoD claims/GWP ratio



insurance lines was of about 55%, for Czechia the share is even lower, of 44.5%. For the Romanian market, however, motor insurance provides for over 71% of the non-life GWP. The shares are higher in paid claims terms: 65% in Poland, 47.5% in Czechia and as much as almost 86% in Romania.

Despite the initial fears, that travel restriction will result in significant lower sales of motor insurance policies and even freezing or surrendering insurance contracts for fleets, thus causing a dramatic fall in GWP, motor insurers in the region managed to find solutions so that they preserved corporate contracts and also kept selling retail policies. Although decreasing, GWP value remained rather close to the one of the previous year. Yet, in a country per country approach, there are quite some differences among the market results across the region. On the Motor Hull side, the 6.3% fall in the Polish GWP was the main driver of the regional premiums decrease. All the other Top 5 markets recorded modest positive growth rates. Out of Top 5, only Hungary among the larger markets, saw a negative trend, with GWP declining by 2.5%. Looking only to MTPL Top-5, the situation is somehow similar, with the 9.5% decline in the Polish GWP driving the overall negative trend to which the slightly negative trends recorded also in Hungary and Bulgaria only added. Czechia and Romania saw a modest positive evolution in MTPL GWP, with growth rates of 4% and 3.13% respectively.

On the claims side, it is worth noting though that representatives of several markets explained that claims expenses decreased less than expected because the average value of claims increased. It seems that emptier roads have stimulated speeding and led to road accidents with higher values of insured losses. Here are, for example, the trends recorded in the Top 3 markets:

» The value of payments related to motor insurance in Poland was very similar to that in 2019, despite less vehicle traffic. While the average premium for MTPL insurance fell from PLN 523 (EUR 123)

to PLN 500 (EUR 108.3), the value of the average claim increased from PLN 7.8 thousand (EUR 1,831.6) to PLN 8.2 thousand (EUR 1,776), the about 8% devaluation of the Polish currency against Euro playing also a role in the damages value, as many spare parts are imported.

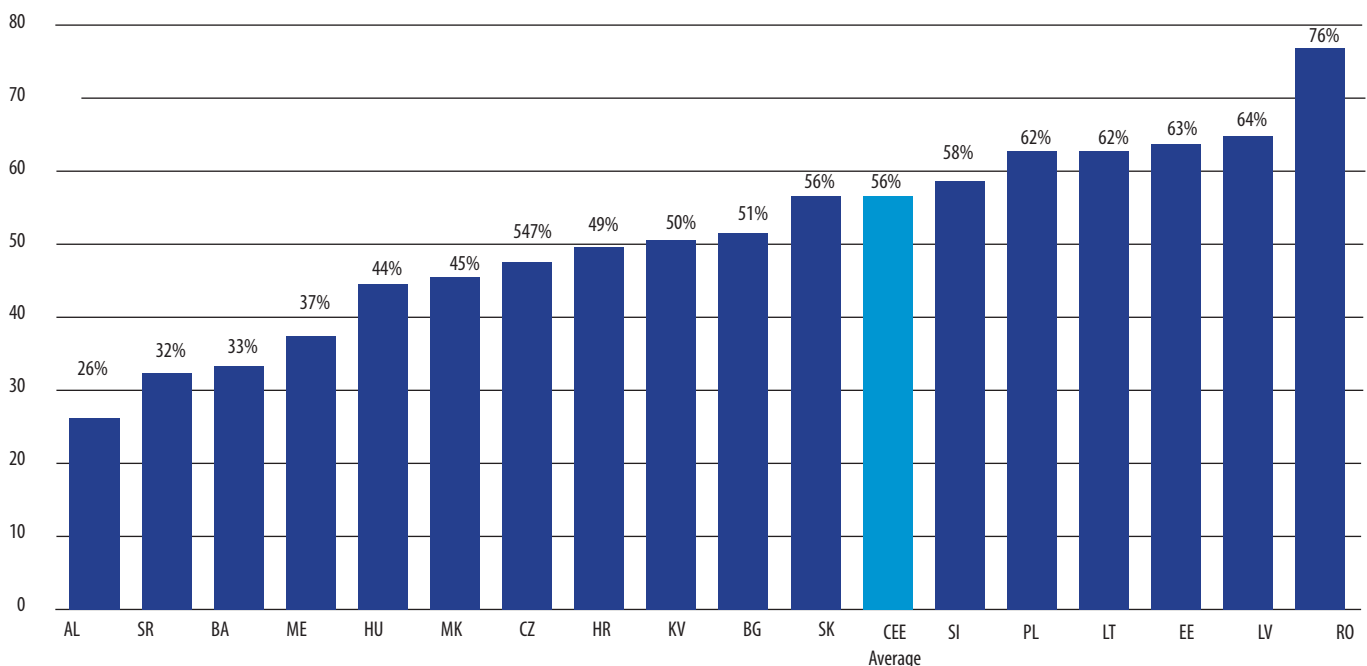
» Czech insurers reported a similar trend: while GWP increased by about 7% (local currency) and the number of insured vehicles went up by about 2%, the average damage in this sector increased at an ever faster rate (by approximately 6% for material damage (CZK 46,000 or EUR 1,753 in 2020) and by 5% for bodily injuries (CZK 395,000 or EUR 15,050 in 2020) than the average premium (growth of approximately 5%).

» In Romania, the average MTPL premium value decreased from RON 639 (EUR 133.7), to RON 628 (EUR 129). The average MTPL claim paid for bodily injuries in 2020 increased compared to the same period of the previous year by about 15%, and that for property damage increased by about 6%. As such, the average claim value went up, overall, from RON 8,396 (EUR 1,756.7) to RON 9,005 (EUR 1,849.3)

In the end, the direct measurable effect of the travel restrictions imposed by the Covid-19 outbreak was a visible improvement in the motor insurers' combined ratio in many countries in the region. Lower operating costs, largely induced by digitalization of several operational aspects, also contributed to improving efficiency indicators. In Romania, the combined ratio for the MTPL line changed from 119.28% in 2019, to 113.49% in 2020. In Poland, after improving in 2019 vs. 2018 (94.2% vs. 97%), the combined ratio went to 98.6% in 2020, worsening to certain extent, but remaining however better than in most other markets in the region. Remains for the future period to confirm or not this improvement as a long-term trend.

Daniela GHETU

CEE 2020 MTPL claims/GWP ratio



MOBILE APPS: GAME CHANGER FOR THE INSURANCE INDUSTRY



Marijan MUMDZIEV, CEO, Amodo

With the advent of the COVID-19 pandemic, the mobile industry has emerged as a lifeline, enabling many business activities to continue and numerous industries to transform successfully. The insurance sector is no exception.

It's hard to think of an aspect of our private and personal lives that hasn't been materially changed by digital tools and technologies. And even more so, to identify an industry that hasn't had to adapt to new market dynamics, new competitive forces, and new disruptive realities, all driven by data and technology.

The insurance sector, a centuries-old "established" industry based around a policy transaction, is seriously lagging behind. But today, more than ever, insurers are facing a number of fundamental, if not existential, questions about the future.

As Deloitte states in a comprehensive report on the insurance industry conducted in the EMEA region among 200 C-level professionals: *We stand on the precipice of profound change. And this disruption is not just digital. Demanding customers, new competitors, and a changing set of challenges are transforming the industry as we know it.*

73% of insurers felt offering non-insurance products was key to attracting customers

61% of insurers in 3 years will generate over 30% of business from service-based offerings over product-base

25% of insurers' investment is allocated to new product development

Source: Deloitte, 2021

Customers at the heart of (r)evolution

Empowered consumers expect more from businesses than ever before. We're no longer compared to our peers but to whoever sets the benchmark for a great experience in our lives. If my airline can do this, why can't you? If my grocery retailer can do this, why won't you? Whoever is to credit for customers' heightened definition of value and experience is here to stay. And ignoring it isn't an option.

Owning a car doesn't necessarily hold the allure it once did, particularly for the younger generations. Millennials, the world's largest demographic cohort, have greater freedoms than any previous generation and are shunning the traditional path to car purchase and historical patterns of transport usage. Insurers are either going to adapt to their needs and expectations, or they'll simply vanish from the market, says Marijan Mumdziev, CEO of Amodo, one of the top five insure-tech companies worldwide.

We live in the age of constant change and overwhelming choice where loyalty is no longer a given, so the industry has to extend beyond its core products and services if it is to retain its customer base, says Deloitte in its EMEA region report. And nobody knows it better than Amodo, who's been developing cutting-edge products and services for the insurance industry since 2013.

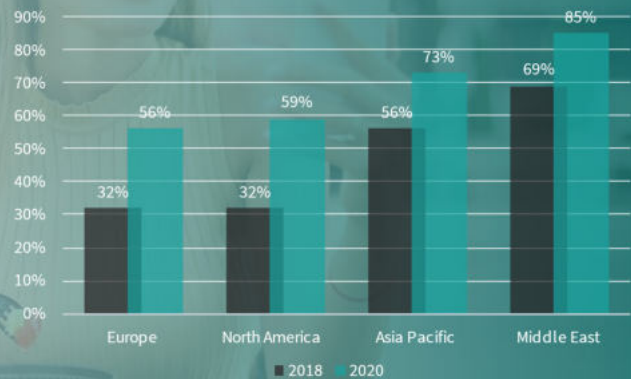
Almighty smartphone

Advances in connectivity, data reliability, and the wide penetration of smartphones mean the traditional black box is no longer the only option for insurers and drivers seeking a fairer, more accurate approach to assessing risk and setting premiums.

As smartphones in just a couple of years went from communication device to essential tool that helps us **better**

81%
OF CONSUMERS
EXPECTS
PERSONALIZED
PRODUCTS AND
SERVICES...

...AND SIMPLIFIED
INTERACTION AND SERVICE
DELIVERED THROUGH
DIGITAL CHANNEL



Source: Threeways COVID-19 is Changing Insurance Report by Accenture, % of Consumers who engage with their insurer via an online/mobile channel > once a year

AMODO

3

From m-banking to m-insurance

In 2021, more than half of Europeans (380 million) are actively using online banking services. The average number of financial applications installed on a user's smartphone is 2.5, and 6 in 10 smartphone users prefer using an app over a mobile version of the site to check their finances. This trend applies to the insurance market as well, as **40% of insurance research time is already being spent on mobile devices**. Additionally, according to GSMA, Europe will add over 45 million smartphone connections between 2020 and 2025, with the highest growth rates seen in Eastern and Southern markets.

understand (and regulate) our lifestyles, this opened insurance providers a huge opportunity to exploit technology that virtually everyone owned to reduce their costs, making user-based insurance (UBI) even more attractive to both providers and consumers.

Now, insurance providers can get **even more insight into driver habits** than ever before while reducing the costs of their policies and becoming even more competitive in the insurance marketplace.

What's more, app-based smartphone telematics are creating an opportunity to lift the motor insurance sector out of the margin-eroding, price-focused situation that aggregators have helped to create; **to change the conversation with drivers from price to value, from savings to safety**.

Practical benefits of mobile apps

Mobile apps are **seamless, fast, easy** to use, and they can help the insurance industry in many ways, from increasing efficiency and customer satisfaction to simplifying complex processes and reducing paperwork.

Apart from providing in-depth knowledge of customer driving habits, mobile apps offer insurers an unprecedented number of practical benefits. To name a few:

Insurance on demand - enabling customers to easily choose and quickly pay for the services with their mobile phone

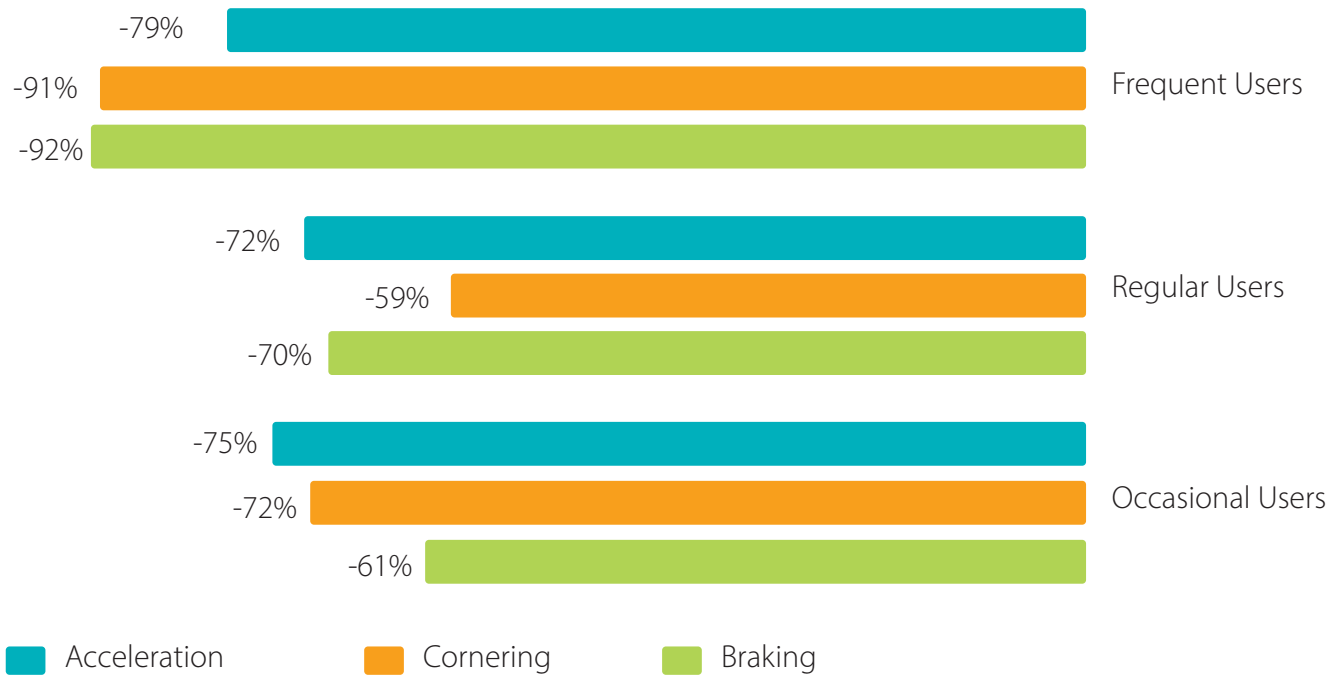
Loyalty program - a referral program is the (only) way to go in the connected economy we live in, and a mobile app is a perfect tool for it

Push notifications - on product deals, policy expiration, upcoming events

Alerts - on road conditions and dangerous situations that customers' will treasure

Guidelines - on insurance rules and services the insurer provides, as well as on car maintenance and repayments, driving in extreme conditions, preparations for trips, etc. . . .

Number of risky driving maneuvers per trip (decrease Jan -Dec in %)



Customer behavior study

Much has been discussed about customer engagement in UBI products, and many experts agree that engaged drivers are expected to improve their driving behavior, but empirical evidence for this assumption based on real data has been scarce. Amodo, therefore, conducted an observational study in the period of 12 months on more than 1,200,000 vehicles.

Evidence from the study clearly supports the hypothesis that higher user engagement facilitates a more efficient change in user driving behavior. If engagement mechanics focus on driving safety concepts, this translates to a more effective change of driving behavior.

60% accident risk reduction for Weekly Active Users

40% improvement in overall driving of drivers who frequently used app

30% of Amodo active users use the app every 2 to 3 days

The Amodo platform enables insurers to develop new products based on behavior and usage data. The platform collects data from smartphones and other connected devices to build holistic customer profiles, providing better insights into customer risk and customer product needs. Amodo's technology and methodology are used by insurers around the world.

Amodo offers a number of tools for behavior change and reducing risk through prevention, as well as numerous opportunities for insurance carriers to innovate and monetize through innovative insurance business models and value-added services.

In conclusion: Change is inevitable.

It is more than clear that customers' needs and expectations are changing – and they will continue to do so, possibly at an even more rapid pace.

Insurers have two choices: to embrace new and proven technologies, cutting-edge services, and a new mobility ecosystem approach, or to continue to provide traditional insurance in traditional ways until they are forced down a dead-end path.

Those that view the combination of insurance and technology as an opportunity to create and provide new and innovative products, services, and delivery channels will be the winners in what will be a different market in years to come.

Amodo on top of the game

Usage-based insurance isn't simply a means to more accurate pricing, it holds the key to behavioral change, explains Amodo's chief executive Marijan Mumdziev. By closely monitoring and understanding the driving behavior, insurance providers can target higher-risk drivers and, using combinations of education and incentivization, help them to reduce risky driving. And with reduced risk comes a loss reduction.





Russia & ex-USSR countries 2020

Motor insurance **performed better** despite pandemic challenges

Russia - Motor Hull

In 2020, GWP growth rate of Motor Hull accelerated to 3.1%. As the regulator noted, a negative impact on the dynamics came from “red” results for April-June (the period of the most stringent quarantine measures), when sales of new cars sharply dropped by 44%, as well as the volume of car loans - by 42.4% due to a decrease in effective demand. At the same time, GWP growth was supported by the growth in the number of contracts, facilitated by a decrease in the cost of motor insurance and introduction of a system of discounts.

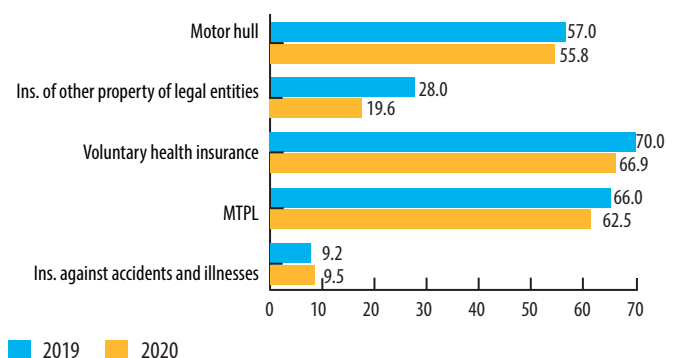
In general, in 2020, new car sales decreased by 9.1% and the number of car loans - by 5.9%. At the same time, the number of concluded contracts grew faster than premiums, and the largest increase in the number of contracts occurred in the third quarter due to an “outbreak” of car loans supported by the deferred demand after removal of most restrictive measures. Also, a significant support for the motor insurance was provided by reduction in the cost of policies due to the growing expansion of franchises and programs with a reduced set of risks. In addition, a decrease in household income and a decrease in the number of insured events impelled insurers to offer discounts to “low-loss” customers. These measures spurred market growth despite declining new car sales.

The average Motor Hull premium in 2020 decreased to RUB 33.5 thousand, while its minimum value was recorded in April-June (RUB 26.5 thousand). However, by the end of 2020, it increased sharply, which indicates an increase in contracts for car loans, as well as the cost of vehicles due to weakening of the ruble, and termination of sales promotions of insurers, that were valid during the period of strict quarantine.

The growth rate of Motor Hull paid claims in 2020 reduced significantly, to 0.8% from 16.7% in 2019, again due to a decrease

of paid claims in the second quarter. During the period of the restrictive measures, the number of traffic accidents dropped. However, the volume of paid claims did not decrease despite the reduction in the number of insured events, which is associated with an increase in the average paid claim amount. The growth in average paid claim amount was supported by an increase in the cost of car repairs due to weakening of the ruble and a change in prices of spare parts based on the MTPL directory.

Dynamics of the paid claims ratio by segments (%)



Source: Bank of Russia

Motor hull and obligatory motor third party liability (OMTPL) together comprised close to 50% of non-life gross premiums written (GPW) in 2020 and will play an important role in the market development going forward. We consider that the motor insurance sector continued to grow in 2020 despite the decline in new car

sales and macroeconomic environment. Both OMTPL and motor hull sectors were supported by the increase in the number of insured contracts. Some insurers started to propose discount programs and deductibles. For example, this was done to attract clients during curfew measures (optimization of insurance costs for buyers) or motivate good drivers for safe driving (creating loyal customer base). We also note that liberalization of the OMTPL tariffs (widening of the tariff corridor) allowed insurance companies to better assess risk profile of its customers. We expect that insurance companies can accumulate sufficient statistics around its customers in the next years, it will give more flexibility in the tariff settings, Ekaterina TOLSTOVA, Deputy Director of S&P Global for Russian Federation explained.

Russia MTPL

In the MTPL segment in 2020, the situation was stable, as the regulator said. GWP growth rate was 3.0% (vs a decline by 5.3% in 2019). MTPL GWP volume reached RUB 220.3 billion. This segment also recorded an increase in the number of contracts.

“The MTPL segment recorded 3% growth in 2H20 after zero growth in 2Q20. Growth was supported by an increase in the average price (premium) of MTPL policies compared to 2H19, particularly after the liberalization in 4Q20. The frequency of MTPL claims dropped sharply in 2Q20 and remained relatively low in full 2020 too. As a result, insurers released loss reserves. From 4Q20 the next round of MTPL liberalization has been enforced with a wider tariff corridor and wider autonomy for insurers to set tariff loadings. Fitch believes that this liberalization round may lead to tighter pricing competition amid artificially low levels of MTPL loss ratios after the lockdown. The FX-driven inflation of spare parts may also manifest itself in higher MTPL average claims – although this effect may be delayed. As a result, MTPL loss ratio may undergo unfavorable pressure from multiple aspects in 2021”, Anastasia LITVINOVA, Director, Insurance, Fitch Ratings said.

As said, the average MTPL premium slightly exceeded the level of 2019 and reached RUB 5.5 thousand. And the average paid claim amount increased by 6.7%, also due to the increase in the cost of car repairs and the cost of spare parts. At the same time, despite a noticeable increase in the average paid claim amount, total volume of MTPL paid claims decreased by 2.5%, to RUB 137.6 billion, which is also associated with a decrease in the number of settled insured events supported by a decrease in the number of road accidents during the period of restrictive measures.

We consider that insurers benefitted from lockdown measures. Liberalization of motor insurance tariffs in 2020, lower claims frequency supported insurers' profitability, with loss ratios for the OMTPL sector reducing to 68% in 2020 from a five-year average of 74%. We expect an increase in the loss ratios in 2021 as lockdown measures are removed and economic activity rebounds, TOLSTOVA emphasized.

Besides the MTPL tariff corridor being expanded in both directions since September 5, 2020, other amendments to the legislation, coming into force at the end of August 2020, made it possible for insurers to introduce additional factors that affect the cost of the policy for each insured. According to statistics, 77% of Russian drivers support MTPL individualization and formation of personal tariffs.

In 2020, due to the crisis caused by the pandemic, insurers accelerated development of electronic sales. Almost all companies moved the process of policy sales online. According to the Expert RA (rating agency), this indicator is close to 100%. It is worth noting that loss settlement of insured events is also moving online. According to the estimates of large insurers in the market, up to 30% of losses are already being settled remotely, and mainly for Motor Hull and MTPL.

*1 EUR = 90.6824 RUB (December 31st, 2020)

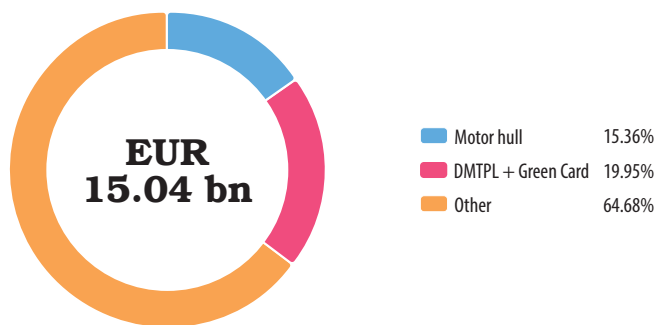
Other ex-USSR countries

In comparison with the Russian market, the motor insurance markets of the other countries belonging to the ex-USSR area are very small. Nonetheless, at local level, motor insurance continues to be a significant portion of insurers' business, in some markets providing for a large part of the non-life portfolio. Here are some relevant facts that we have picked regarding the evolution throughout 2020:

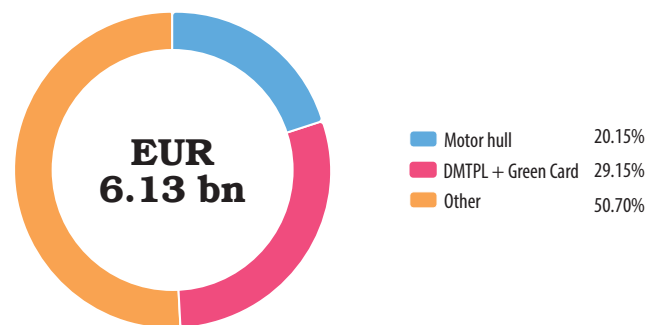
- » **Kazakhstan:** The quarantine measures, which severely limited movement of vehicles, had a positive effect on the loss ratio of motor insurance - the loss ratio of Motor Hull decreased by 2.5%, and for MTPL insurers - by 3%
- » **Kyrgyzstan:** enforcing of the MTPL law for owners and (or) drivers of vehicles registered in the Kyrgyz Republic was postponed for 2023, as the lowering purchasing power of Kyrgyz population associated with the protracted situation of the pandemic made the current period inadequate
- » **Moldova:** National Bureau of Motor Insurers (BNAA) of the Republic of Moldova in 2020 received the status of a full member in the Green Card system. The Council of Bureaux of Green Card (Brussels) had been monitoring the insurance market in Moldova for two decades and in September the General Assembly of the Council decided not to renew the monitoring status of the National Bureau of Motor Insurers (BNAA) of the Republic of Moldova. The General Assembly, governing body of the Green Card international insurance system, noted the joint efforts of the regulator and market professional participants under remedial measures.
- » **Ukraine:** According to the MTIBU (Motor Transport Insurance Bureau of Ukraine), in 2020, insurers concluded over 8.3 million MTPL contracts, and total GWP amount became a record - almost UAH 6.1 billion (~EUR 0.17 billion). The number of contracts increased by 4.1%, and GWP - by 20.6% y-o-y. In 2020, MTPL insurers settled 5.4% more claims than a year earlier. The Bureau noted that for the first time, the number of claims settled with the help of the European Accident Statement exceeded 50 thousand (+5.8%), their share in the total number of MTPL claims was 34.2%. Payments to victims of road accidents amounted to UAH 2.3 billion (+12.8%), of which UAH 502.3 million were paid under the claims settled using the European Accident Statement.

Marina MAGNAVAL

EX-USSR non-life GWP portfolio, 2020



EX-USSR non-life claims portfolio, 2020



Breakdown of non-life GWP in 2020

	Non-life GWP (in EUR m)				Non-life GWP portfolio (%)			
	Total	All motor ins. (MoD + MTPL)	Motor hull	DMTPL + Green Card	All motor ins. (MoD + MTPL)	Motor hull	DMTPL + Green Card	Other
ARMENIA	69.49	36.71	3.66	33.06	52.83%	5.26%	47.57%	47.17%
AZERBAIJAN	203.39	62.31	17.65	44.66	30.64%	8.68%	21.96%	69.36%
BELARUS	413.89	82.50	na	82.50	19.93%	-	19.93%	80.07%
GEORGIA	153.32	38.63	29.00	9.63	25.20%	18.92%	6.28%	74.80%
KAZAKHSTAN	761.26	211.82	54.71	157.12	27.83%	7.19%	20.64%	72.17%
KYRGYZSTAN	na	na	na	na	-	-	-	-
MOLDOVA	63.99	46.31	16.05	30.25	72.36%	25.09%	47.28%	27.64%
RUSSIA	12,220.49	4,360.76	1,934.48	2,426.28	35.68%	15.83%	19.85%	64.32%
TAJIKISTAN	na	na	na	na	-	-	-	-
TURKMENISTAN	na	na	na	na	-	-	-	-
UKRAINE	1,156.26	473.27	255.33	217.94	40.93%	22.08%	18.85%	59.07%
UZBEKISTAN	na	na	na	na	-	-	-	-
Total CIS countries	15,042.10	5,312.31	2,310.88	3,001.43	35.32%	15.36%	19.95%	64.68%

Breakdown of non-life claims in 2020

	Non-life GWP (in EUR m)				Non-life GWP portfolio (%)			
	Total	All motor ins. (MoD + MTPL)	Motor hull	DMTPL + Green Card	All motor ins. (MoD + MTPL)	Motor hull	DMTPL + Green Card	Other
ARMENIA	36.18	22.84	1.64	21.20	63.14%	4.53%	58.61%	36.86%
AZERBAIJAN	87.20	33.33	6.24	27.08	38.22%	7.16%	31.06%	61.78%
BELARUS	233.25	50.97	na	50.97	21.85%	-	21.85%	78.15%
GEORGIA	91.15	21.19	18.54	2.66	23.25%	20.34%	2.92%	76.75%
KAZAKHSTAN	248.60	70.14	13.35	56.79	28.21%	5.37%	22.84%	71.79%
KYRGYZSTAN	na	na	na	na	-	-	-	-
MOLDOVA	26.97	21.27	8.58	12.69	78.86%	31.80%	47.06%	21.14%
RUSSIA	5,006.37	2,595.37	1,080.51	1,514.86	51.84%	21.58%	30.26%	48.16%
TAJIKISTAN	na	na	na	na	-	-	-	-
TURKMENISTAN	na	na	na	na	-	-	-	-
UKRAINE	408.87	211.22	108.28	102.94	51.66%	26.48%	25.18%	48.34%
UZBEKISTAN	na	na	na	na	-	-	-	-
Total CIS countries	6,138.59	3,026.33	1,237.13	1,789.20	49.30%	20.15%	29.15%	50.70%

Albania

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	13.28
GDP per capita, current prices (EUR)	4,634.57
Unemployment rate (of total labor force)	12.50
Population (millions)	2.87
Exchange rate for calculations (end of the period)	123.7

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Bosnia and Herzegovina

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	16.99
GDP per capita, current prices (EUR)	5,180.88
Unemployment rate (of total labor force)	19.00
Population (millions)	3.28
Exchange rate for calculations (fixed)	1.96

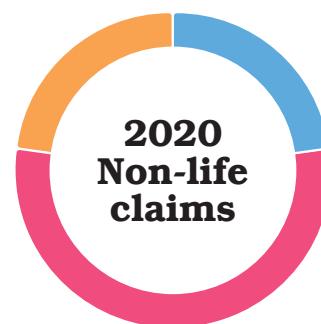
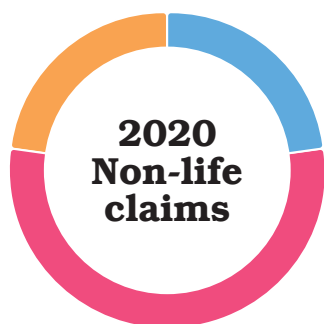
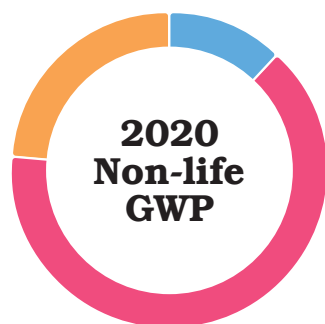
Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	134.70	7.17	92.16	50.69	4.65	23.37
1Q2020	25.44	1.41	15.95	16.78	1.07	4.06
1H2020	56.73	3.22	36.63	31.76	2.33	8.72
3Q2020	90.14	5.17	60.87	43.49	3.50	13.67
FY2020	124.84	7.19	85.69	59.04	5.10	22.31

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	309.00	37.31	193.96	122.59	27.00	67.29
1Q2020	na	na	na	na	na	na
1H2020	153.65	18.66	95.90	56.91	13.44	31.65
3Q2020	233.64	28.10	150.49	86.95	20.51	47.43
FY2020	306.81	36.81	197.57	121.51	27.88	65.99



Bulgaria

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	60.07
GDP per capita, current prices (EUR)	8,691.37
Unemployment rate (of total labor force)	5.21
Population (millions)	6.91
Exchange rate for calculations (fixed)	1.96
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	9.0
No. of road traffic deaths	628
No. of passenger cars	2,829,946
Passenger cars per 1000 inhabitants	407
Length of motorways (km)	790
E-roads (km)	2,984
Goods transport (ths. tonnes)	114,574

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Croatia

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	49.06
GDP per capita, current prices (EUR)	12,128.26
Unemployment rate (of total labor force)	9.19
Population (millions)	4.05
Exchange rate for calculations (end of the period)	7.54
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	7.3
No. of road traffic deaths	297
No. of passenger cars	1,724,900
Passenger cars per 1000 inhabitants	425
Length of motorways (km)	1,310
E-roads (km)	2,255
Goods transport (ths. tonnes)	81,125

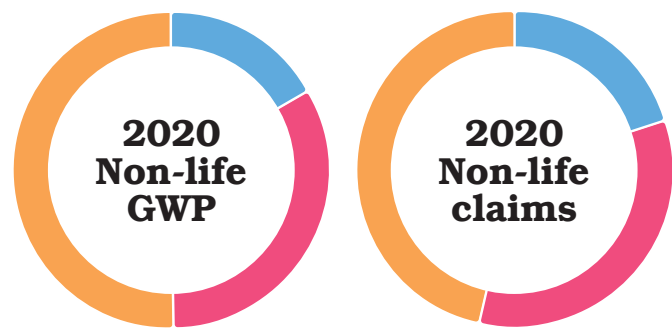
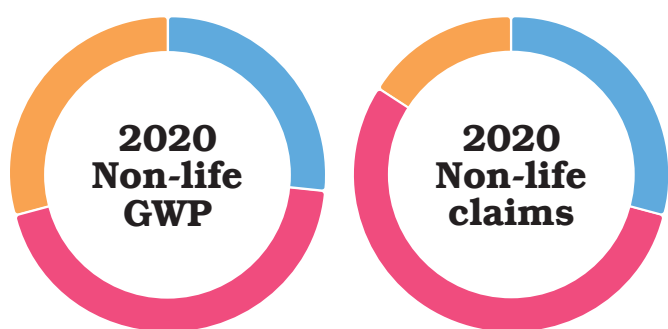
Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	1,233.18	333.44	556.80	529.27	157.63	269.09
1Q2020	322.78	83.26	144.84	131.54	39.68	72.87
1H2020	623.89	164.31	285.30	255.17	76.03	144.74
3Q2020	940.04	247.90	428.15	383.63	111.26	219.26
FY2020	1,246.75	333.97	551.99	517.59	152.37	284.17

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	1,004.77	168.75	308.83	491.01	106.90	172.67
1Q2020	297.85	45.76	78.36	114.36	26.62	43.41
1H2020	563.83	88.58	169.33	226.60	48.94	78.10
3Q2020	801.09	130.31	257.49	353.02	73.58	118.02
FY2020	1,038.57	173.13	344.41	497.35	99.77	167.17



Czech Republic

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	213.54
GDP per capita, current prices (EUR)	19,968.00
Unemployment rate (of total labor force)	2.70
Population (millions)	10.69
Exchange rate for calculations (end of the period)	26.245
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	5.8
No. of road traffic deaths	618
No. of passenger cars	5,924,995
Passenger cars per 1000 inhabitants	554
Length of motorways (km)	1,276
E-roads (km)	2,629
Goods transport (ths. tonnes)	504,099

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Estonia

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	27.17
GDP per capita, current prices (EUR)	20,442.00
Unemployment rate (of total labor force)	6.84
Population (millions)	1.33
Currency	EUR
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	3.9
No. of road traffic deaths	52
No. of passenger cars	794,926
Passenger cars per 1000 inhabitants	598
Length of motorways (km)	161
E-roads (km)	953
Goods transport (ths. tonnes)	28,373

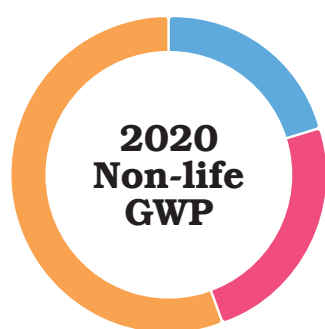
Sources:
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Motor insurance statistics

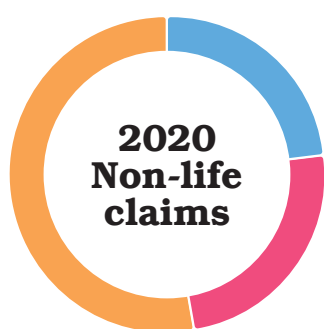
	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	4,427.87	877.91	1,019.14	2,281.35	572.37	558.04
1Q2020	1,156.70	217.09	256.45	527.42	120.27	107.45
1H2020	2,163.45	447.49	529.68	1,017.06	243.79	228.74
3Q2020	3,219.95	655.34	769.75	1,515.74	355.41	366.69
FY2020	4,425.19	908.87	1,060.14	2,068.48	481.75	500.63

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	397.92	125.77	102.48	218.00	83.52	59.81
1Q2020	99.45	30.88	24.54	60.92	22.57	16.35
1H2020	193.93	60.61	47.81	107.33	39.35	28.51
3Q2020	287.01	90.49	69.56	158.12	59.45	40.79
FY2020	383.30	119.08	90.06	213.58	79.50	56.70



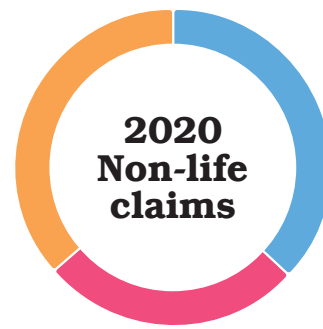
Motor hull 20.54%
 MTPL 23.96%
 Other 55.50%



Motor hull 23.29%
 MTPL 24.20%
 Other 52.51%



Motor hull 31.07%
 MTPL 23.50%
 Other 45.44%



Motor hull 37.22%
 MTPL 26.55%
 Other 36.23%

Hungary

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	130.38
GDP per capita, current prices (EUR)	13,344.67
Unemployment rate (of total labor force)	4.12
Population (millions)	9.77
Exchange rate for calculations (end of the period)	365.13
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	6.2
No. of road traffic deaths	602
No. of passenger cars	3,812,013
Passenger cars per 1000 inhabitants	390
Length of motorways (km)	1,723
E-roads (km)	2,471
Goods transport (ths. tonnes)	202,631

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Kosovo

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	6.82
GDP per capita, current prices (EUR)	3,776.22
Unemployment rate (of total labor force)	25.60
Population (millions)	1.81
Currency	EUR
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	na
No. of road traffic deaths	na
No. of passenger cars	309,509
Passenger cars per 1000 inhabitants	na
Length of motorways (km)	137
E-roads (km)	250
Goods transport (ths. tonnes)	na

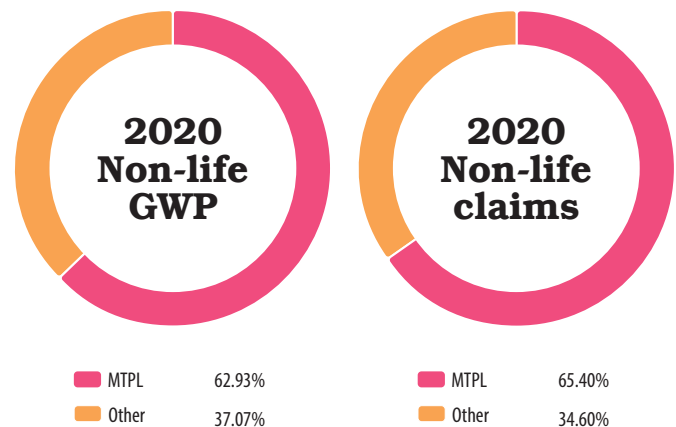
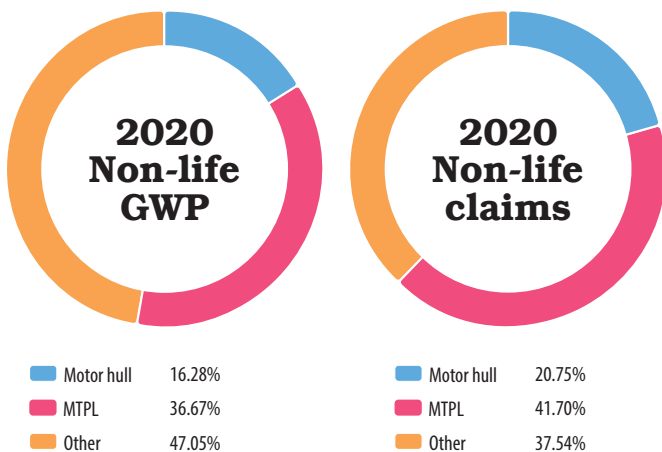
Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	1,937.83	308.11	696.77	775.34	171.71	328.97
1Q2020	558.16	82.31	216.45	171.86	40.68	73.37
1H2020	991.93	156.65	373.52	325.91	74.16	119.81
3Q2020	1,417.92	226.05	522.23	518.80	114.92	193.87
FY2020	1,845.25	300.47	676.61	715.54	148.49	298.41

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	98.00	na	58.97	49.98	na	32.22
1Q2020	21.91	na	12.00	12.69	na	8.79
1H2020	44.66	na	26.09	21.05	na	14.67
3Q2020	71.39	na	33.40	43.89	na	22.81
FY2020	97.92	na	61.62	47.01	na	30.74



Latvia

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	29.33
GDP per capita, current prices (EUR)	15,386.08
Unemployment rate (of total labor force)	8.17
Population (millions)	1.91
Currency	EUR
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	6.9
No. of road traffic deaths	132
No. of passenger cars	727,164
Passenger cars per 1000 inhabitants	381
Length of motorways (km)	na
E-roads (km)	202
Goods transport (ths. tonnes)	73,755

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Lithuania

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	48.79
GDP per capita, current prices (EUR)	17,450.99
Unemployment rate (of total labor force)	8.85
Population (millions)	2.80
Currency	EUR
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	6.7
No. of road traffic deaths	186
No. of passenger cars	1,498,688
Passenger cars per 1000 inhabitants	536
Length of motorways (km)	403
E-roads (km)	1,742
Goods transport (ths. tonnes)	100,802

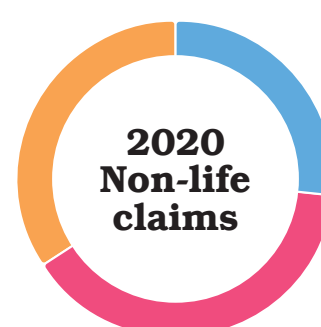
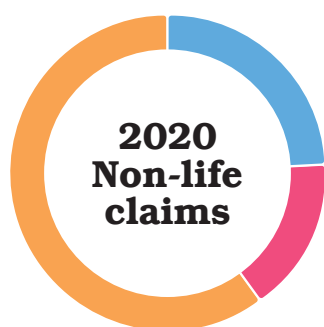
Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	628.52	135.72	108.30	403.99	83.52	56.63
1Q2020	159.79	35.04	24.58	94.52	22.16	16.33
1H2020	292.88	66.03	46.92	167.52	39.85	29.16
3Q2020	426.47	96.00	67.31	253.80	61.18	41.24
FY2020	556.73	126.96	88.14	349.56	84.54	56.14

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	675.44	156.45	258.97	368.78	106.37	146.04
1Q2020	169.48	38.41	54.51	98.20	27.21	40.54
1H2020	329.67	75.83	114.22	176.88	48.74	71.48
3Q2020	498.62	114.73	181.51	279.82	75.12	108.11
FY2020	664.13	154.37	237.12	374.55	100.65	146.19



North Macedonia

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	10.76
GDP per capita, current prices (EUR)	5,183.83
Unemployment rate (of total labor force)	16.38
Population (millions)	2.08
Exchange rate for calculations (end of the period)	61.69
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	na
No. of road traffic deaths	na
No. of passenger cars	426,045
Passenger cars per 1000 inhabitants	205
Length of motorways (km)	335
E-roads (km)	553
Goods transport (ths. tonnes)	na

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Montenegro

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	4.20
GDP per capita, current prices (EUR)	6,736.78
Unemployment rate (of total labor force)	na
Population (millions)	0.62
Currency	EUR

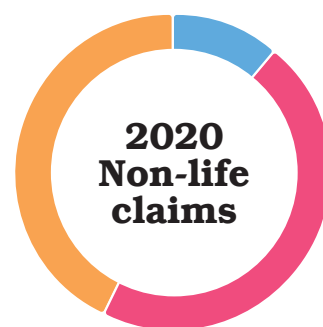
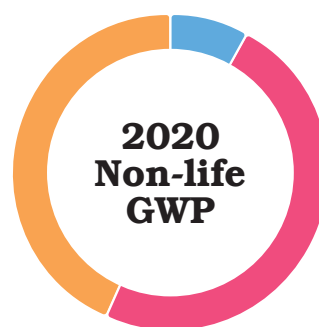
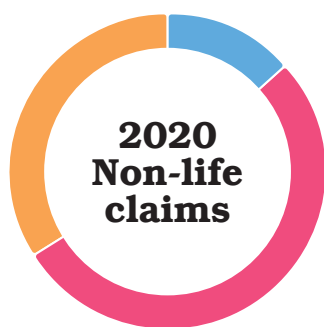
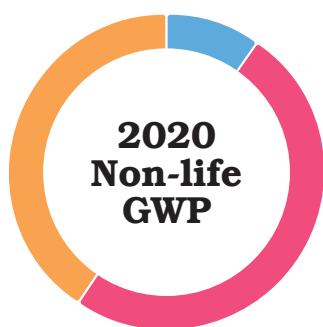
Sources:
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 Motor insurance statistics - www.xprimm.com

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	142.35	13.63	74.44	59.91	8.83	33.51
1Q2020	35.11	3.22	15.08	13.64	1.86	7.89
1H2020	70.05	6.56	30.64	26.21	3.78	13.94
3Q2020	102.72	9.97	49.73	39.98	5.89	21.19
FY2020	134.95	13.35	67.05	57.84	7.84	30.48

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	77.63	6.97	38.02	30.42	3.82	14.44
1Q2020	20.44	1.62	7.75	7.64	0.97	3.32
1H2020	37.39	3.04	17.39	13.39	1.66	5.92
3Q2020	57.24	4.47	27.18	20.07	2.36	9.11
FY2020	73.95	5.97	36.04	28.77	3.24	13.27



Poland

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	502.10
GDP per capita, current prices (EUR)	13,227.72
Unemployment rate (of total labor force)	3.16
Population (millions)	37.96
Exchange rate for calculations (end of the period)	4.61
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	7.7
No. of road traffic deaths	2,909
No. of passenger cars	24,360,166
Passenger cars per 1000 inhabitants	642
Length of motorways (km)	1,676
E-roads (km)	na
Goods transport (ths. tonnes)	1,506,450

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Romania

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	215.46
GDP per capita, current prices (EUR)	11,153.49
Unemployment rate (of total labor force)	5.00
Population (millions)	19.32
Exchange rate for calculations (annual average)	4.87
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	9.6
No. of road traffic deaths	1,864
No. of passenger cars	6,902,984
Passenger cars per 1000 inhabitants	357
Length of motorways (km)	866
E-roads (km)	6,176
Goods transport (ths. tonnes)	256,641

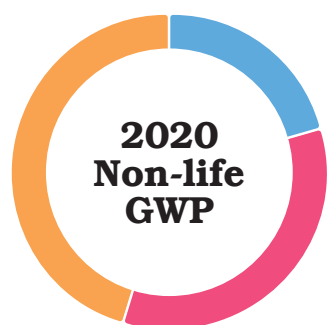
Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Motor insurance statistics

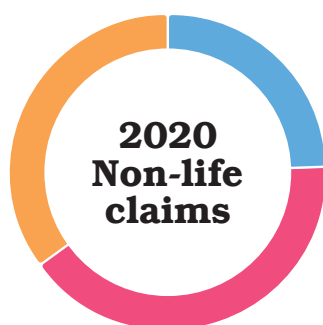
	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	9,995.27	2,035.63	3,504.60	5,237.27	1,302.13	2,219.59
1Q2020	2,531.86	494.08	809.96	1,283.82	324.33	549.74
1H2020	4,782.81	961.11	1,629.59	2,392.49	599.10	1,002.49
3Q2020	6,872.94	1,415.72	2,411.62	3,670.31	897.13	1,462.40
FY2020	9,247.62	1,906.32	3,170.50	4,817.94	1,185.19	1,950.72

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	1,827.51	484.91	833.97	1,207.25	359.26	669.97
1Q2020	484.24	117.39	221.60	315.73	101.92	176.47
1H2020	939.39	229.28	426.73	588.60	na	na
3Q2020	6,873.76	1,763.83	3,107.30	4,258.61	1,343.33	2,361.24
FY2020	1,905.98	495.79	860.08	1,203.95	376.81	656.75



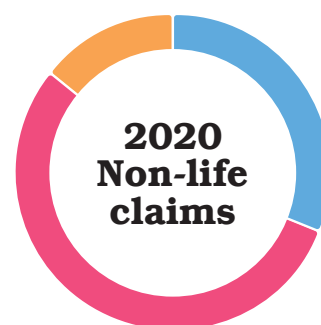
Motor hull 20.61%
 MTPL 34.28%
 Other 45.10%



Motor hull 24.60%
 MTPL 40.49%
 Other 34.91%



Motor hull 26.01%
 MTPL 45.13%
 Other 28.86%



Motor hull 31.30%
 MTPL 54.55%
 Other 14.15%

Serbia

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	46.47
GDP per capita, current prices (EUR)	6,699.41
Unemployment rate (of total labor force)	13.32
Population (millions)	6.94
Exchange rate for calculations (end of the period)	117.58

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

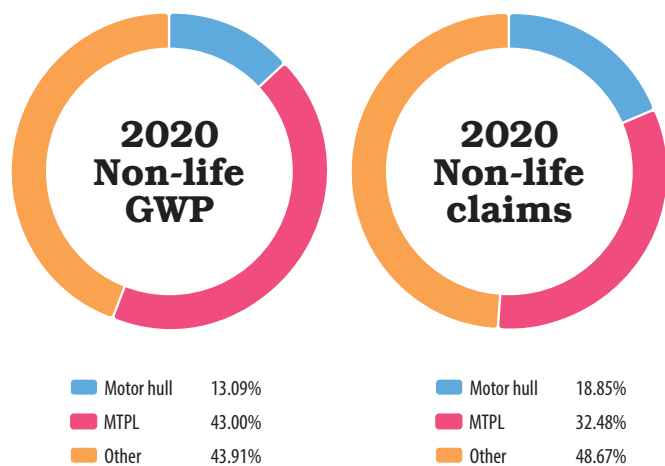
Slovak Republic

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	91.20
GDP per capita, current prices (EUR)	16,710.34
Unemployment rate (of total labor force)	6.68
Population (millions)	5.46
Currency	EUR
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	5.0
No. of road traffic deaths	270
No. of passenger cars	2,393,577
Passenger cars per 1000 inhabitants	439
Length of motorways (km)	495
E-roads (km)	1,529
Goods transport (ths. tonnes)	187,184

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

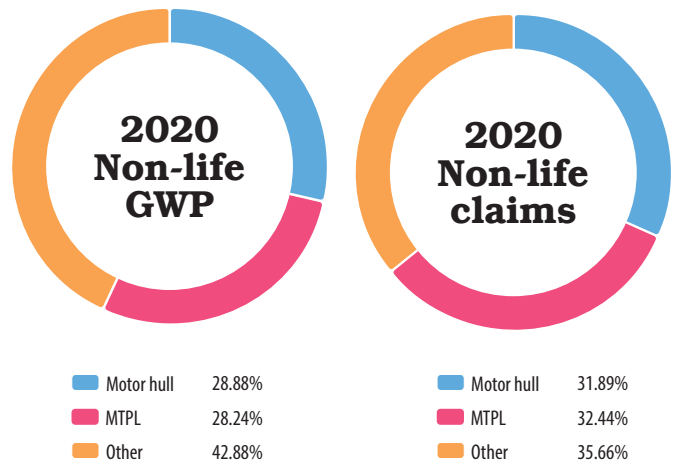
Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	700.60	87.89	300.81	338.16	55.80	95.09
1Q2020	176.12	21.95	61.15	107.37	14.80	26.76
1H2020	372.41	45.41	148.59	156.36	27.08	46.90
3Q2020	532.70	68.92	229.22	230.44	42.03	70.80
FY2020	712.31	93.22	306.33	305.93	57.68	99.35



Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	1,269.17	351.43	352.09	634.68	240.73	217.29
1Q2020	381.17	96.51	104.38	155.10	52.98	55.00
1H2020	678.68	185.84	189.72	293.52	99.08	96.21
3Q2020	979.17	277.50	273.73	468.64	148.03	151.17
FY2020	1,286.45	371.52	363.33	623.37	198.80	202.25



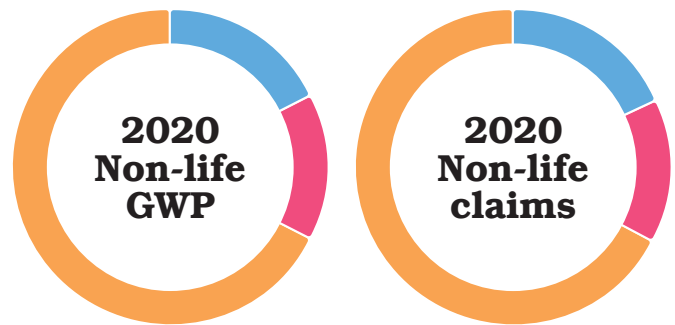
Slovenia

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	46.30
GDP per capita, current prices (EUR)	22,089.82
Unemployment rate (of total labor force)	5.13
Population (millions)	2.10
Currency	EUR
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	4.9
No. of road traffic deaths	102
No. of passenger cars	1,165,371
Passenger cars per 1000 inhabitants	556
Length of motorways (km)	623
E-roads (km)	594
Goods transport (ths. tonnes)	91,775

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	1,763.39	309.37	275.24	1,117.71	202.29	169.75
1Q2020	516.92	89.08	75.80	282.88	53.64	43.29
1H2020	993.24	179.95	157.73	509.82	93.21	79.77
3Q2020	1,415.28	252.66	218.39	789.44	144.25	119.75
FY2020	1,820.35	319.29	273.02	1,087.58	198.20	159.70



■ Motor hull 17.54%
■ MTPL 15.00%
■ Other 67.46%

■ Motor hull 18.22%
■ MTPL 14.68%
■ Other 67.09%

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Greece

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	165.83
GDP per capita, current prices (EUR)	15,482.84
Unemployment rate (of total labor force)	16.40
Population (millions)	10.71
Currency	EUR
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	6.4
No. of road traffic deaths	688
No. of passenger cars	5,406,551
Passenger cars per 1000 inhabitants	504
Length of motorways (km)	na
E-roads (km)	na
Goods transport (ths. tonnes)	354,081

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

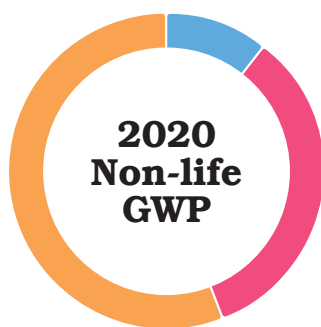
Cyprus

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	21.00
GDP per capita, current prices (EUR)	23,704.75
Unemployment rate (of total labor force)	7.60
Population (millions)	0.89
Currency	EUR
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	5.9
No. of road traffic deaths	52
No. of passenger cars	572,501
Passenger cars per 1000 inhabitants	645
Length of motorways (km)	257
E-roads (km)	na
Goods transport (ths. tonnes)	29,361

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Motor insurance statistics

	Non-life GWP (in EUR m)		
	Total	Motor hull	MTPL
FY2019	2,096.76	220.65	750.15
1Q2020	534.50	56.48	179.51
1H2020	1,048.36	111.32	353.70
3Q2020	1,559.20	526.08	165.16
FY2020	2,105.91	223.72	707.42



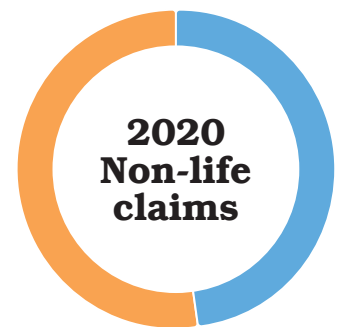
Motor hull 10.62%
 MTPL 33.59%
 Other 55.78%

Motor insurance statistics

	Non-life GWP (in EUR m)		Non-life claims (in EUR m)	
	Total	Motor	Total	Motor
FY2019	510.40	177.40	280.13	116.18
1Q2020	135.88	48.03	63.73	31.41
1H2020	135.88	48.03	63.73	31.41
3Q2020	375.73	135.31	162.20	76.97
FY2020	506.87	182.01	242.91	116.42



MTPL 35.91%
 Other 64.09%



MTPL 47.93%
 Other 52.07%

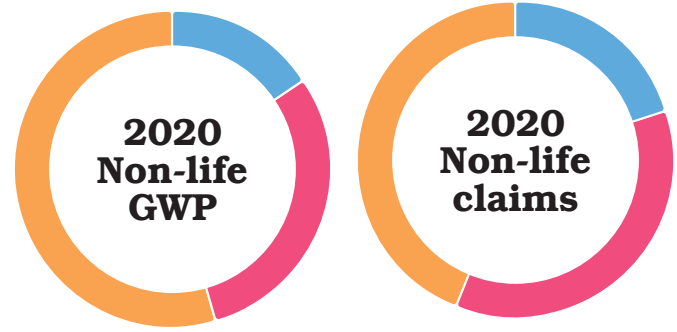
Turkey

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	552.31
GDP per capita, current prices (EUR)	6,561.52
Unemployment rate (of total labor force)	13.11
Population (millions)	84.17
Exchange rate for calculations (end of the period)	9.13
Road transport & traffic statistics (2019)	
Rate of road traffic deaths per 100 000 persons	na
No. of road traffic deaths	na
No. of passenger cars	12,503,049
Passenger cars per 1000 inhabitants	150
Length of motorways (km)	3,060
E-roads (km)	na
Goods transport (ths. tonnes)	na

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	8,672.70	1,409.37	2,803.70	4,329.30	850.37	1,533.87
1Q2020	2,454.48	329.49	677.78	996.30	184.90	371.54
1H2020	4,280.32	602.22	1,231.64	1,616.10	283.08	611.02
3Q2020	5,275.67	797.90	1,619.01	na	na	na
FY2020	7,461.37	1,175.68	2,243.23	3,159.03	637.41	1,142.39



Motor hull 15.76%
 MTPL 30.06%
 Other 54.18%

Motor hull 20.18%
 MTPL 36.16%
 Other 43.66%



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Armenia

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	9.65
GDP per capita, current prices (EUR)	3,248.14
Unemployment rate (of total labor force)	24.17
Population (millions)	2.97
Exchange rate for calculations (end of the period)	641.11

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Azerbaijan

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	34.67
GDP per capita, current prices (EUR)	3,432.55
Unemployment rate (of total labor force)	6.54
Population (millions)	10.10
Exchange rate for calculations (end of the period)	2.09

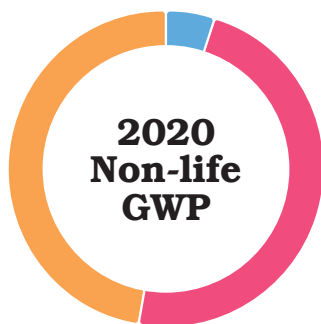
Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
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Motor insurance statistics

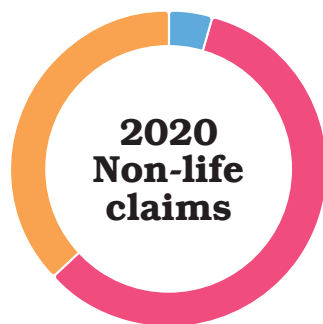
	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	91.45	4.76	45.25	46.54	1.82	27.75
1Q2020	28.59	1.03	10.36	11.53	0.42	7.09
1H2020	44.92	1.90	19.12	20.93	0.84	12.62
3Q2020	59.17	2.94	27.49	29.96	1.46	17.81
FY2020	69.49	3.66	33.06	36.18	1.64	21.20

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	217.33	19.06	52.76	92.80	6.87	35.32
1Q2020	92.40	6.54	10.34	21.88	1.73	8.71
1H2020	125.27	11.07	21.02	39.49	3.18	13.24
3Q2020	171.56	14.67	35.49	61.07	4.83	21.17
FY2020	203.39	17.65	44.66	87.20	6.24	27.08



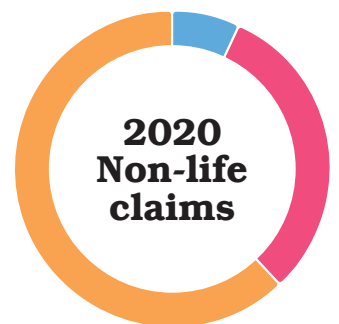
Motor hull 5.26%
 MTPL 47.57%
 Other 47.17%



Motor hull 4.53%
 MTPL 58.61%
 Other 36.86%



Motor hull 8.68%
 MTPL 21.96%
 Other 69.36%



Motor hull 7.16%
 MTPL 31.06%
 Other 61.78%

Belarus

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	46.40
GDP per capita, current prices (EUR)	4,932.34
Unemployment rate (of total labor force)	4.10
Population (millions)	9.41
Exchange rate for calculations (end of the period)	3.17

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Georgia

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	12.28
GDP per capita, current prices (EUR)	3,303.42
Unemployment rate (of total labor force)	18.50
Population (millions)	3.72
Exchange rate for calculations (end of the period)	4.02

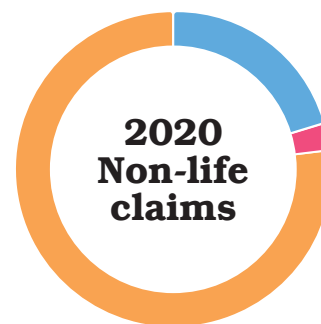
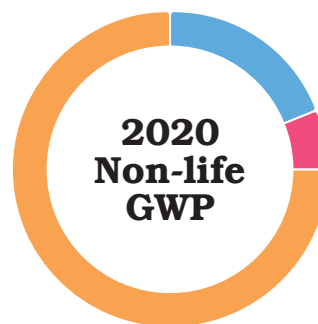
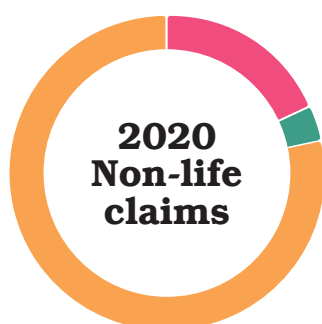
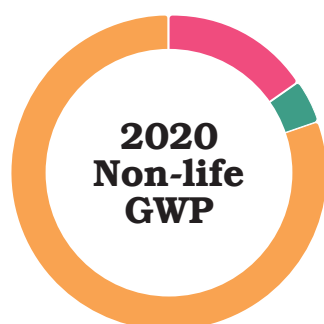
Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	DMTPL	Green Card	Total	DMTPL	Green Card
FY2019	524.60	70.93	38.89	272.99	49.79	10.45
1Q2020	116.00	15.10	6.61	61.67	11.59	2.37
1H2020	238.41	35.75	10.76	130.22	23.48	5.30
3Q2020	309.49	48.71	14.33	171.03	31.48	6.53
FY2020	413.89	64.05	18.45	233.25	42.75	8.22

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	180.50	34.90	17.28	161.97	21.07	3.41
1Q2020	53.85	9.42	3.33	21.27	5.25	0.80
1H2020	101.71	17.12	5.85	42.58	9.47	1.39
3Q2020	123.70	22.62	7.67	62.07	13.78	1.95
FY2020	153.32	29.00	9.63	91.15	18.54	2.66



Kazakhstan

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	131.85
GDP per capita, current prices (EUR)	6,986.95
Unemployment rate (of total labor force)	5.48
Population (millions)	18.87
Exchange rate for calculations (end of the period)	516.13

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Moldova

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	9.43
GDP per capita, current prices (EUR)	3,580
Unemployment rate (of total labor force)	8.00
Population (millions)	2.63
Exchange rate for calculations (annual average)	21.13

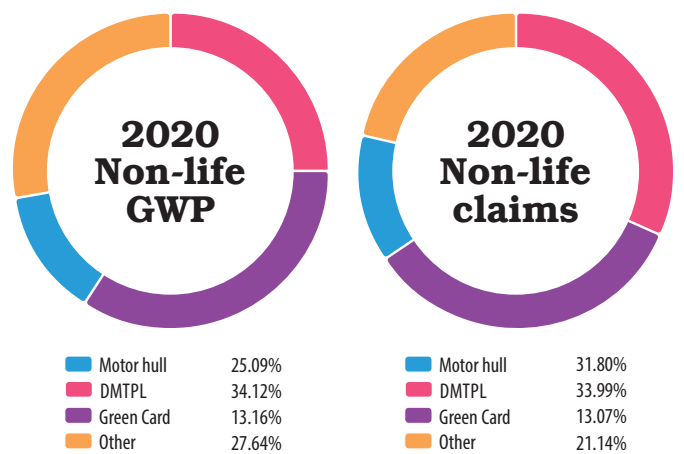
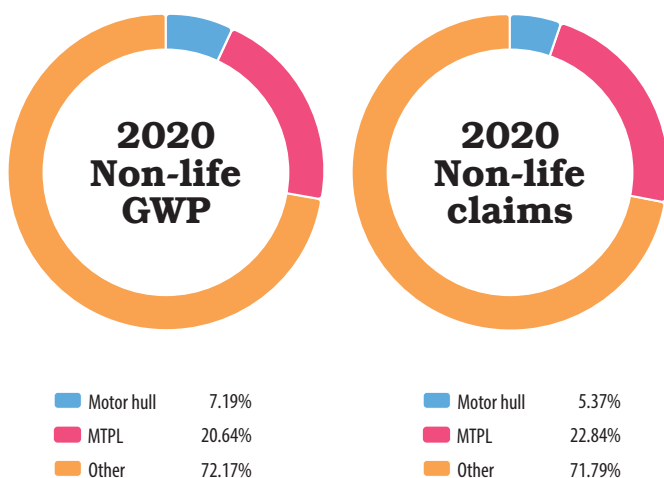
Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Motor insurance statistics

	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	843.95	61.97	179.74	478.40	15.80	69.54
1Q2020	251.19	13.34	34.89	125.61	3.90	16.50
1H2020	469.08	27.75	76.95	178.28	7.02	30.46
3Q2020	582.98	40.63	115.18	201.53	9.74	40.64
FY2020	761.26	54.71	157.12	248.60	13.35	56.79

Motor insurance statistics

	Non-life GWP (in EUR m)				Non-life claims (in EUR m)			
	Total	Motor hull	DMTPL	Green Card	Total	Motor hull	DMTPL	Green Card
FY2019	79.11	17.94	19.79	15.56	33.34	10.29	10.63	3.98
1Q2020	15.59	3.61	4.70	3.07	8.91	2.20	2.53	1.25
1H2020	29.68	6.78	9.83	4.17	13.75	3.76	4.25	2.16
3Q2020	50.05	11.81	17.15	6.68	21.21	6.43	7.02	2.82
FY2020	63.99	16.05	21.83	8.42	26.97	8.58	9.17	3.53



Russia

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	1,175.60
GDP per capita, current prices (EUR)	8,007.57
Unemployment rate (of total labor force)	5.78
Population (millions)	146.81
Exchange rate for calculations (end of the period)	90.68

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Ukraine

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	117.75
GDP per capita, current prices (EUR)	2,838.40
Unemployment rate (of total labor force)	9.04
Population (millions)	41.48
Exchange rate for calculations (end of the period)	34.74

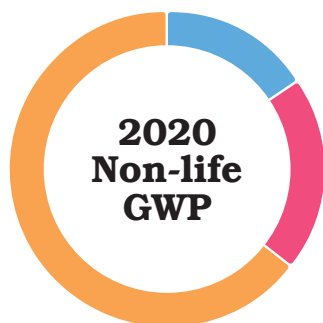
Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Motor insurance statistics

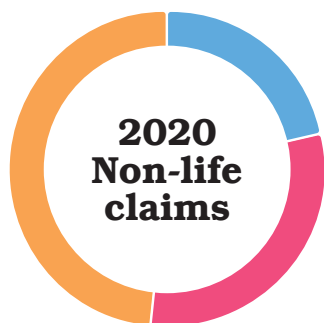
	Non-life GWP (in EUR m)			Non-life claims (in EUR m)		
	Total	Motor hull	MTPL	Total	Motor hull	MTPL
FY2019	15,457.08	2,459.55	3,099.90	6,885.76	1,401.89	2,053.33
1Q2020	3,819.03	458.95	541.94	1,358.37	289.00	436.05
1H2020	7,115.91	960.14	1,308.59	2,681.73	572.08	864.23
3Q2020	8,989.55	1,322.92	1,760.68	3,452.45	761.23	1,097.51
FY2020	12,220.49	1,934.48	2,426.28	5,006.37	1,080.51	1,514.86

Motor insurance statistics

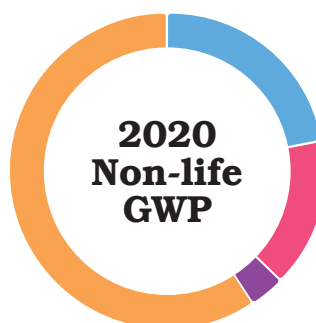
	Non-life GWP (in EUR m)				Non-life claims (in EUR m)			
	Total	Motor hull	DMTPL	Green Card	Total	Motor hull	DMTPL	Green Card
FY2019	1,830.94	320.00	194.48	73.24	520.87	135.34	95.67	23.12
1Q2020	332.53	61.67	42.26	13.49	116.40	30.19	22.15	5.55
1H2020	624.76	125.52	98.05	21.93	218.86	57.21	43.10	13.17
3Q2020	887.35	187.38	138.97	31.50	322.79	81.78	61.48	16.38
FY2020	1,156.26	255.33	178.21	39.72	408.87	108.28	82.55	20.39



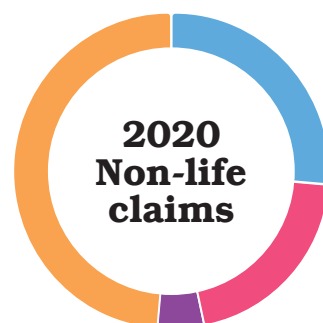
Motor hull 15.83%
 MTPL 19.85%
 Other 64.32%



Motor hull 21.58%
 MTPL 30.26%
 Other 48.16%



Motor hull 22.08%
 DMTPL 15.41%
 Green Card 3.44%
 Other 59.07%



Motor hull 26.48%
 DMTPL 20.19%
 Green Card 4.99%
 Other 48.34%

Kyrgyzstan

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	5.68
GDP per capita, current prices (EUR)	871.07
Unemployment rate (of total labor force)	6.61
Population (millions)	6.52
Exchange rate for calculations (end of the period)	101.32

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Turkmenistan

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	38.63
GDP per capita, current prices (EUR)	6,500.13
Unemployment rate (of total labor force)	na
Population (millions)	5.94
Exchange rate for calculations (end of the period)	4.29

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Tajikistan

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	5.94
GDP per capita, current prices (EUR)	627.02
Unemployment rate (of total labor force)	na
Population (millions)	9.48
Exchange rate for calculations (end of the period)	13.89

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

Uzbekistan

Macroeconomic indicators, 2020	
GDP, current prices (EUR billion)	45.38
GDP per capita, current prices (EUR)	1,338.35
Unemployment rate (of total labor force)	na
Population (millions)	33.91
Exchange rate for calculations (end of the period)	12786.03

Sources:
 Macroeconomic Indicators - IMF, World Economic Outlook Database, April 2021
 National road vehicles fleet's structure - EUROSTAT, UNECE, the national offices of statistics
 Motor insurance statistics - www.xprimm.com

xprimm publications

Insurance in CEE, SEE and CIS

XPRIMM Insurance Report



PROPERTY Insurance Report



MOTOR Insurance Report



INSURANCE PROFILE





CEE MOTOR INSURANCE IN 1H2021

Showing **resilience** to the ongoing challenges

Despite the less than favorable environment, motor insurance remained, no doubt, the main non-life insurance business segment and one of the trend setters for the insurance business in the region. GWP for motor insurance amounted to EUR 7.45 billion, by about 6% up y-o-y. Out of the total, GWP for Motor Hull insurance reached EUR 2.92 billion, increasing by 8.6% y-o-y, while the MTPL GWP went up by 4.8% y-o-y, to EUR 4.53 billion. Except for the Baltic markets and Slovenia, which saw negative trends on the MTPL lines, all markets recorded positive growth rates for both lines. Overall, motor insurance lines maintained almost unaltered their weight in the regional non-life portfolio, accounting for about 52% of the non-life GWP.

Poland, Czechia and Romania are the Top-3 motor insurance markets in the region for both Motor Hull and MTPL insurance, maintaining the 2020 year-end ranking. While the 4th and 5th ranks belong to Slovakia and Slovenia for Motor Hull, the MTPL Top-5 ranking is completed by Hungary and Bulgaria. For both lines, the Top-5 market provide for about 75% of the total GWP.

One of the motor insurance segment's GWP growth drivers was the increasing numbers in cars sales as compared with the previous year. According to the ACEA (European Automobile Manufacturers' Association) statistics, in the EU member states of the CEE region, the number of new passenger cars registrations increased y-o-y by 22.5%, to over 621 thousand units. Although

the numbers are still below the June 2019 level (756 thousand units), the increase is visible and benefitted the motor insurance business. Romania is the only EU CEE country where new passenger car registrations decreased y-o-y by almost 5%. The same goes for new commercial vehicles for which registrations increased in 1H2021 by 48.8% y-o-y, to over 131 thousand units, but didn't return to the pre-crisis level, of 140.4 thousand units. Moreover, in many CEE countries second cars sales increased at a high pace, many of them being imported from the Western Europe and registered locally for the first time.

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

Decreasing average premiums wouldn't be a problem by itself if the average claim values wouldn't increase at the same time, accentuating some chronic imbalances in the specialty markets. Sticking to the Polish example, the average loss increased to PLN 8,337, which is 8.1% more than a year ago. In fact, for the MTPL line, even if the average premiums went up y-o-y, claims expenses increased at a higher pace, as for example in Romania where the average MTPL premium grew by 3% y-o-y, while the value of the average claim increased by 6%. To a certain extent, Czech MTPL

insurers are facing the same challenge and are concerned by “the widening gap between the volume of claims and the price of compulsory liability”, especially after the enforcement of the new Civil Code, but also because of the ever-increasing cost of repairs. As such, at regional level, claims paid for the MTPL insurance line went up 6.65%, to almost EUR 2.5 billion. On the Motor Hull side, claims paid increased at a slower pace, by 4.34% y-o-y, reaching EUR 1.67 billion.

Compared to 1H2020, the period that suffered the effects of periods of lockdown and restriction of traffic, the first half of 2021 led, in general, to a relative increase in the loss rate for MTPL car insurance which, at regional level, although took a higher value than in 1H2020, but did not reach the value of 1H2019. Romania continued to hold an unwanted record, with a rate of claims paid to premiums written of 77%, the highest value in the region. Compared to Poland, the largest market in the region, Romanian insurers underwrite in the MTPL segment a volume of gross premiums about 3.4 times smaller (the difference given mainly by the size of the national car fleet), but pay damages of only 2, 7 times smaller, which reflects the higher loss rate that characterizes the Romanian market. The combined rate registered by the Polish market for the MTPL insurance class, in H1 / 2021, was 92.5% (98.96% in 2020), while in Romania it exceeded 140% (113.49% in 2020).

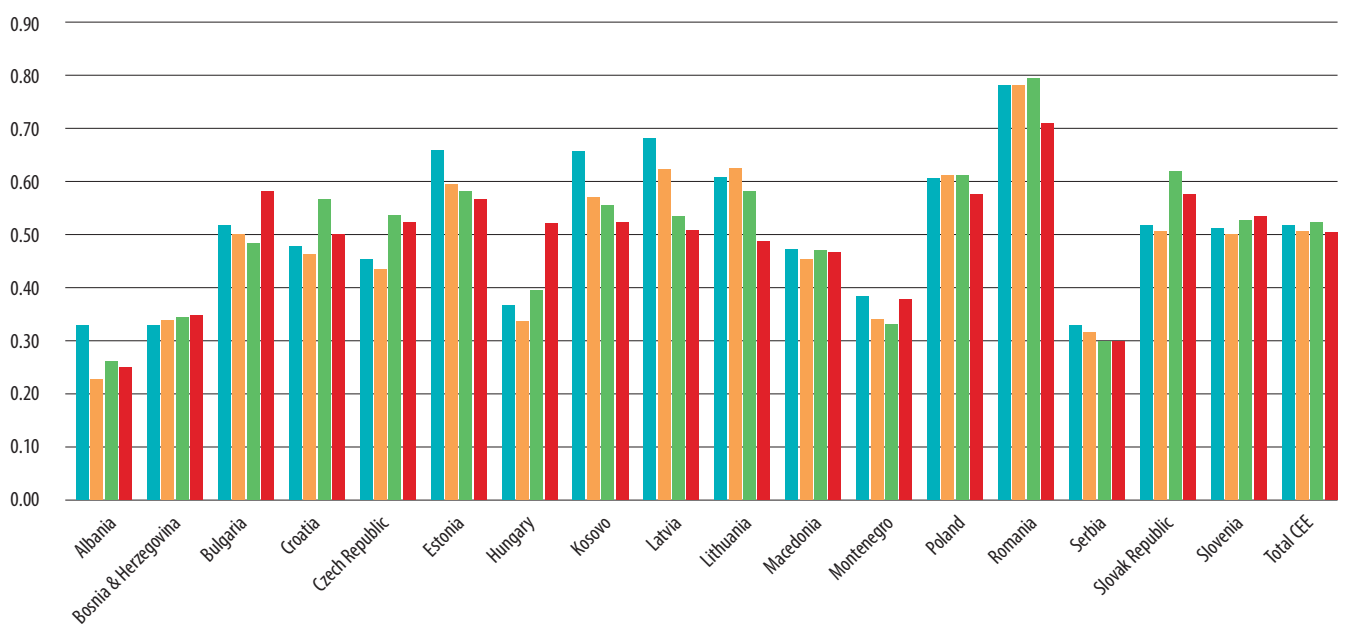
The Motor Hull line saw a contrary trend, with the simplified loss ratio values (paid claims to GWP) slightly improving in 1H2021 as compared with 1H2020. In average, the ratio at regional level

moved from 59.5% to 57.2%, benefitting from the higher growth rate recorded for GWP in comparison with the paid claims chapter. While following the general trend, Romania’s loss rate remained anyway the highest in the region, changing from 82.6% in 1H2020 to 78.2% in 1H2021.

The motor insurance business is getting also new aspects, in line with the changing mobility habits and the expansion of the electric/hybrid cars category. While the status of the new electric scooters is still not determined in many of CEE countries, the use of E-vehicles is expanding fast, requiring adapted underwriting. Cars’ increased connectivity also is changing the motor insurance landscape, enabling insurers to offer more personalized products and UBI solutions. There are already many examples across the region of using the latest technologies for innovating the motor insurance offering. A good example may be LaqoPrevent, the first telematics program in Croatia using advanced technologies to promote and reward safe driving, launched by the Croatian market’s leading insurer Croatia Osiguranje in cooperation with Amodo, a well-known Croatian digital solutions provider. Even bigger efforts were made to improve the customers’ journey, by developing digital solutions to assist claims settling and ease the entire process. As such, if the Covid crisis has raised multiple challenges for motor insurers, one may say that at least maybe it was all worthed because it has also catalyzed a welcomed change in the quality and diversity of services offered to customers.

Daniela GHETU

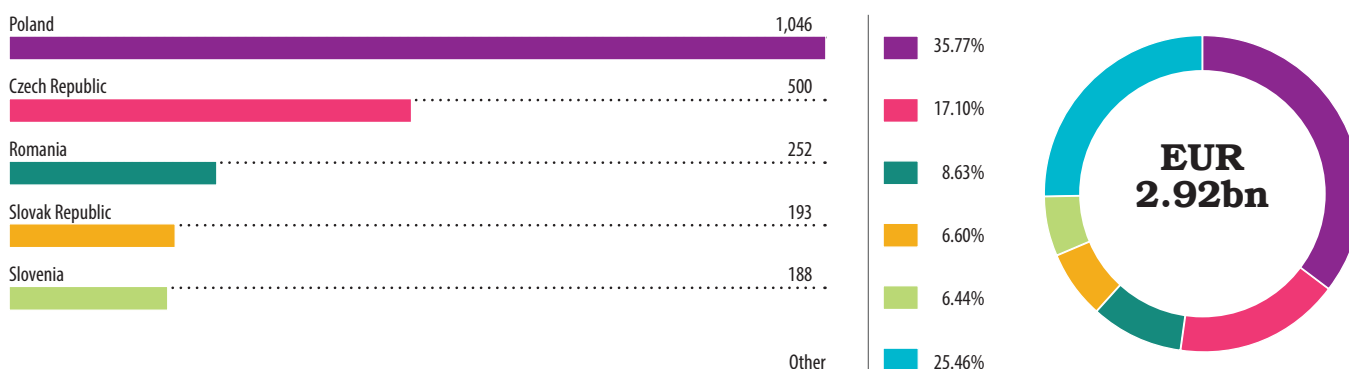
Evolution of the paid claims to GWP ratio in the CEE markets - 1H2018 - 1H2021 (%)



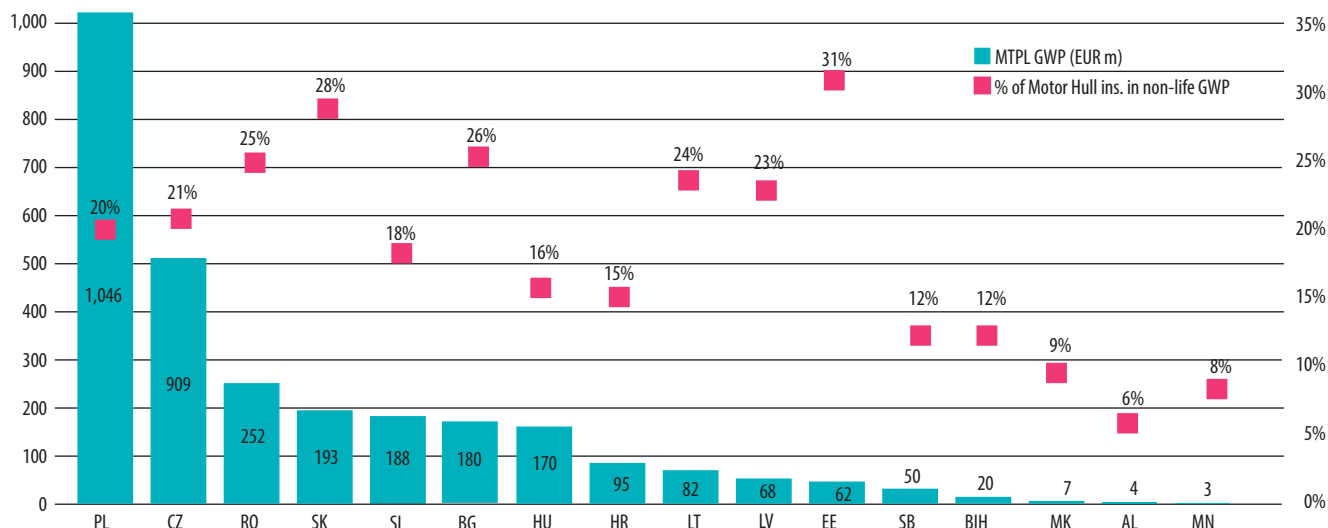
CEE - MOTOR HULL INSURANCE

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

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



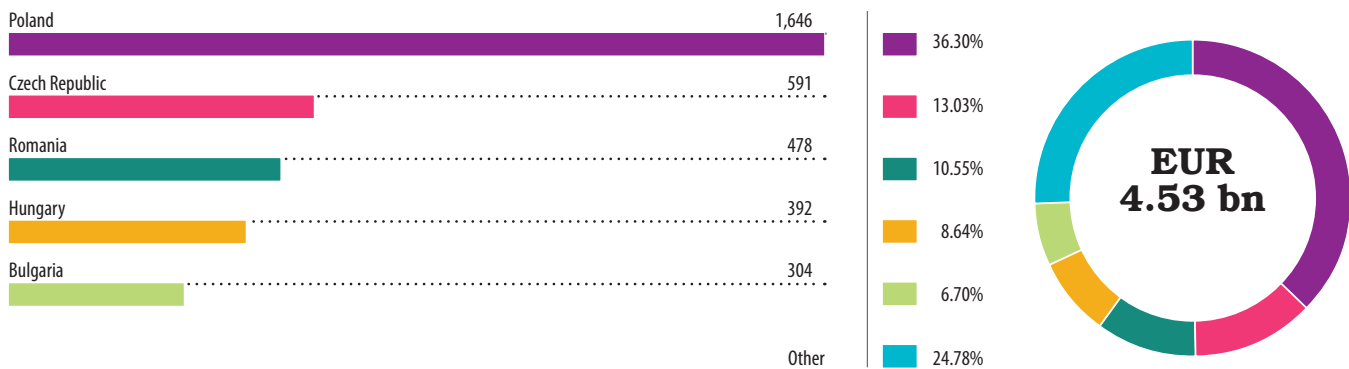
Weight of Motor Hull GWP in non-life business



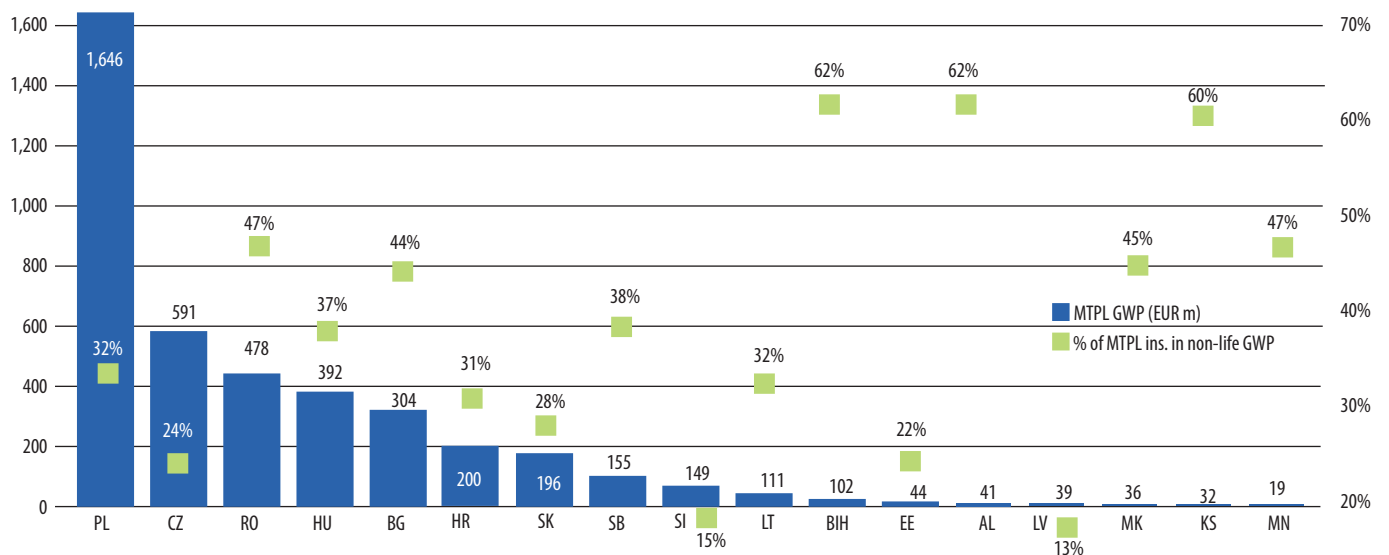
CEE - MTPL INSURANCE

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

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



Weight of MTPL GWP in non-life business



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

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

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

Who is CITY Insurance?

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

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

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

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

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

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

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

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

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

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

The first reactions

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

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

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

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

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

What happens with CITY's customers?

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

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

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

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

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

What happens on the MTPL segment?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lessons to be learnt

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

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



Vladislav CHEZGANOV, Head of the Center for Strategic Analysis of SberInsurance

Russia: **Motor Hull and MTPL** increased in 1H2021 supported by the recovery in road traffic

According to the European Business Association, in the first half of 2021, 870.7 thousand new cars were sold in the Russian Federation, which is 36.9% more than in the same period of the pandemic 2020 and 5.1% more than in the first half of 2019. According to the EAB forecast, by the end of 2021, 1.75 million cars will be sold in Russia, which may exceed the results of 2020 by 9.6% and remain at the level of the pre-pandemic 2019.

Obviously, along with the car market, motor insurance is also growing. Following the results of the first six months of 2021, Motor Hull grew by 23.4% - up to RUB 93.2 billion in GWP, or by 4% in terms of the number of contracts - up to 2.5 million units. It is noteworthy that in the segment of individuals the number of policies increased by 2% - up to 2.1 million units, and in the segment of legal entities - by 17% - up to 0.4 million units. Many companies have begun to develop delivery, and the number of such services has generally increased. Also, some companies now care more about their employees due to the pandemic and have purchased more corporate vehicles.

The market positive dynamics was also supported by the number of car loans issued. According to the National Bureau of Credit Histories, in the first half of the year this number increased by 39% - to 514.6 thousand contracts, and the average price of a new car increased by 12.5% - to RUB 1.9 million. This significant growth is due to persistent transportation problems and a shortage of vehicle components, as well as an excess of demand over supply.

An important factor was also the growth of the average premium by 18% (up to RUB 31 thousand) due to an increase in the cost of the average "basket" of car spare parts.

At the same time, along with the premium growth, paid claims of insurers also increased: by 16% in the first half of 2021 (RUB 52.3 billion). At that the average paid claim amount increased by 7% (up to RUB 115 thousand). The loss ratio in Motor Hull went up by 4 p.p. reaching 49.5%. This is due to the recovery in road traffic in 2021 compared to the pandemic 2020.

Speaking about the MTPL market - following the results of the first six months, it recorded an increase by 6% - up to RUB 109.5 billion, or by 4% in terms of the number of contracts - up to 19.7 million units. At the same time, paid claims of insurers in MTPL increased by 9.6% to RUB 74.6 billion, and the average paid claim amount grew by 1% - to RUB 64 thousand. The MTPL loss ratio expanded by 3.1 p.p. to 71.2%, which is also explained by the recovery in road traffic.

* 1 EUR = 86.5118 RUB (01.07.2021)

SberInsurance is a subsidiary of Sberbank of Russia specializing in property and personal insurance programs. It is included in the TOP-10 non-life insurance companies in Russia in terms of GWP volume and has a rating at ruAAA based on the Expert RA scale.



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