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INSURANCE REPORT

by XPRIMM

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CEE • SEE • CIS
Country Profiles

Interviews

- **Michaela KOLLER**, Director General, Insurance Europe
- **Elisabeth STADLER**, CEO, VIG – Vienna Insurance Group
- **Mira KIRIDZIC-BÜGLER**, Market Head Austria, CEE, Swiss Re
- **Vusal ABBASOV**, CEO, “AzRe Reinsurance” OJSC
- **Andrei UNTON**, General Director, BELARUS Re

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During the last months, the entire world has sailed into unknown territory, as the result of the global spread of the Corona virus. How did European insurers react to the crisis, how will this pandemic change the industry as we know it and what is the best way to tackle the protection gap... just few questions from the interview with...

Michaela KOLLER

Director General, Insurance Europe

XPRIMM: We are living through one of the most challenging periods in recent history. How would you characterize the response of the insurance industry to the COVID crisis?

Michaela KOLLER: Beyond being first and foremost a human tragedy with severe economic consequences, the COVID-19 pandemic has indeed been an extremely challenging period for both insurers and their customers.

Having said this, the European insurance sector's response to the crisis has been very strong and has focussed on:

- » Maintaining service levels to ensure that insurers keep their promises to customers, while also keeping those customers and insurance company employees safe.
- » Managing risks to ensure the sector remains financially strong.
- » Ensuring that the industry fulfils its responsibilities towards society through goodwill initiatives to help alleviate challenges brought on by the crisis.

Operationally, since the outset of the pandemic, all over Europe, the sector has managed to maintain business continuity. When confinement measures were introduced in March, the sector managed to quickly and – overall successfully – adjust to the new reality, and insurers continued to provide their services without major problems. A key component of insurers' response to the pandemic has been that companies moved their workforce to work from home. Across markets, the majority of insurers and associations had already put in place the necessary digital infrastructures and have been able to continue to effectively provide services and process claims remotely. Beyond this, in many cases, insurance companies have adapted their cover to enable their customers to continue to operate in a new environment while being protected.

Obviously, there were some delays in the very beginning, but these were generally minor and mostly seen in markets that

What is worth mentioning in this context, however, is that insurers across Europe have launched a very broad range of goodwill initiatives to support citizens, businesses and societies as a whole, during the pandemic. These initiatives were very diverse and were tailored to local needs.

have strict requirements in terms of the provision of paper documentation and for those markets in which customers prefer to pay their premiums in cash.

From a prudential perspective, COVID-19 was the first real test of the EU's Solvency II framework. While Europe's insurers support Solvency II – and, in general, the framework works well – the recent COVID-19 induced market volatility confirmed our concerns that Solvency II can exaggerate the impact of short-term price movements in the financial markets on insurers' balance sheets and solvency positions.

When it comes to the impact on business lines, it is difficult to give a clear picture. First of all, insurance products and business lines are very different across countries. If anything, COVID-19 has clearly demonstrated how much insurance products are tailored to national circumstances and specific market dynamics.



Furthermore, each country is affected by the pandemic differently. There are also significant differences in the types of restrictive measures imposed by governments to try to stop the coronavirus from spreading. This means that there are also differences per country in how the sector is affected.

What is worth mentioning in this context, however, is that insurers across Europe have launched a very broad range of goodwill initiatives to support citizens, businesses and societies as a whole, during the pandemic.

These initiatives were very diverse and were tailored to local needs. They ranged from giving flexibility to consumers to making donations to schools and hospitals, but also amplifying government physical and mental health messages. For example, our Romanian member UNSAR published a special webpage dedicated to all of the initiatives that were undertaken by the Romanian insurance market.

XPRIMM: Moving to regulatory files, a major focus for the new EC has been its “green agenda”, notably Europe’s contribution towards the fight against climate change. How are Europe’s insurers contributing towards this?

M. K.: Europe’s insurers remain as committed as ever to supporting the transition to a more sustainable society and to tackling climate change. The insurance industry believes that these fundamental ambitions must be pursued despite the huge, new challenges created by the current pandemic. Furthermore, the industry can play a key role in the transition towards a zero-carbon economy through providing both insurance coverage and investment in sustainable assets.

As underwriters of natural catastrophe risks, the insurance sector is especially aware of and sensitive to the risks posed by climate change. In particular, the sector is concerned that continuing global increases in temperature could make it increasingly difficult to offer the affordable financial protection that people deserve and modern society requires to function properly.

Insurance Europe is therefore calling on policymakers to take concrete steps to limit climate change. This being said, even if such measures are taken, action must also begin — as a matter of urgency — to adapt to an already changing climate. Here, the main responsibility falls on public authorities at national, regional and local level. For instance, it is the public authorities’ responsibility to make sure, through building codes, that no construction takes place in risky areas, and to make sure that such codes are duly respected.

Insurers can also contribute to this effort and are willing to do so. For instance, the insurance industry can contribute to a more holistic understanding of risk through its modelling capabilities. Insurers can also assist policymakers in guiding society with tools such as risk zoning and mapping, as well as land-use planning.

At EU level, the insurance sector will also continue to support the Commission’s work in this area. For example, Insurance Europe recently responded to a consultation by the European Commission on the EU’s strategy for adaptation to climate change, where it called for more prominence to be given to adaptation.

As Europe’s largest institutional investor with more than €10bn of assets under management, the insurance industry can also help to finance the transition towards carbon neutral, resource

efficient and more sustainable economies. It has already developed a number of sustainability approaches and has made sustainable investment commitments.

However, we also need the economy as a whole to shift towards a sustainable approach. In this respect, new policy and legislative initiatives must deliver the right outcomes: eg we need appropriate details for the EU Taxonomy and rules on sustainability disclosures, legislation to ensure that companies are providing the sustainability data that insurers need as investors, and a meaningful review of Solvency II. Insurers also need more suitable sustainable assets in which to invest, because there are simply not enough available. Ambitious policymaker action is therefore needed to incentivise economic sectors across the board to adjust towards sustainability.



It is up to the EU institutions to ensure an appropriate regulatory framework is in place that enables innovation and allows consumers, established companies and new market entrants, such as insurtechs, to benefit from the opportunities that digitalisation can offer.



XPRIMM: Another focus for the new EC is its work on the Capital Markets Union (CMU). The EC recently published its action plan for the CMU. What impression do you have of the initiative?

M. K.: Given the impact that COVID-19 has had on the economies of European member states, an effective strategy to boost economic activity and growth in the EU is needed now more than ever.

As Europe's largest institutional investors, the CMU offers a significant opportunity for EU insurers to play an even bigger role in providing much needed long-term investment to underpin recovery and growth in Europe – that is, if issues with our regulatory framework, Solvency II, are fixed. Europe's insurers therefore very much welcome the Commission's point in its new action plan on the CMU to assess, as part of the Solvency II review, how the framework could be amended to further enable long-term investment by insurance companies.

The review of Solvency II must include targeted but ambitious improvements in how it treats insurers' long-term business that in turn generates long-term investments. Improvements are required to address measurement flaws on liabilities and capital charges for assets, as both determine insurers' investment capacity and behaviour. On the liabilities side, the risk margin and the volatility adjustment must be fixed to avoid exaggerating the valuation of long-term liabilities and artificial

volatility in solvency ratios. On the assets side, improvements are required to the risk-based capital treatment of both equity and debt assets to correctly recognise the real risks faced by insurers: ie long-term under-performance rather than short-term market movements. The right improvements will enable insurers to not only maintain, but significantly enhance their role as Europe's largest institutional long-term investors, and to play a central role in delivering of the benefits of the CMU.

Beyond that, we also welcome the Commission's recognition of the role that supplementary private pensions can play in meeting the challenges posed by ageing populations. Similarly, the industry welcomes the recognition in the Action Plan of the importance of financial literacy and skills, and the proposed measures to further encourage member states to support financial education.

XPRIMM: The CMU also covers other areas, including disclosures and distribution, for example. How do you view the CMU from these perspectives?

M. K.: On disclosures, our industry welcomes the Commission's intention to examine ways to improve consumer engagement, digital delivery and interaction. It is, however, vital that the Commission takes a holistic approach to reviewing existing disclosure requirements to address the current overloading of consumers with information.

With respect to distribution, it is important that policymakers recognise the benefits of tailored conduct of business rules. It is therefore unfortunate that the work of the high-level forum and now the action plan overlooks this issue. Consumer participation in the CMU will only be enhanced through regulation that accommodates the specific features of insurance products and existing insurance distribution systems. For example, rules on advice and commissions must be workable for smaller, local distributors who provide access to the CMU to retail customers who may otherwise be excluded.

There appears to be a strong push for harmonising legislation across sectors through the CMU, but it is not clear what real-world problem this harmonisation is intended to solve. If we are not mindful of how the market operates on the ground, we could end up with changes that inhibit access to capital markets, rather than improving it.

XPRIMM: The new EC has also been focussed on its digital agenda, and recently published its Digital Finance Strategy for the EU. How is the industry responding to the increasing digitalisation of our societies?

M. K.: As consumers embrace new and innovative digital solutions, the insurance industry continues to strive to meet their expectations and use new technologies to better serve its customers. The COVID-19 pandemic has further emphasised the need for strong and innovative digital capacities in the financial sector. However, it is up to the EU institutions to ensure an appropriate regulatory framework is in place that enables innovation and allows consumers, established companies and new market entrants, such as insurtechs, to benefit from the opportunities that digitalisation can offer. This means removing any regulatory barriers that hold back innovation, facilitating a data-driven financial sector and supporting a greater uptake of new technologies.

The Commission's Digital Finance Strategy for the EU represents an important step in this direction, seeking to support digital transformation and innovation and to enable European consumers and businesses to enjoy the benefits and opportunities of digital financial services.

For this to be achieved, insurance consumers must enjoy the same level of protection regardless of who their provider may be. The insurance industry therefore welcomes the Commission's recognition of the need to ensure that the EU legal framework must continue to safeguard financial stability and protect customers via the same activity, same risk, same rules principle. This will help to preserve a level playing field between existing financial institutions and new market participants – such as technology companies offering financial services. The insurance industry also welcomes the recognition of the need to ensure that the EU legal framework is future proof and technology neutral, to ensure that insurers' innovation for the benefit of their customers is maximised and not unnecessarily hindered.

Promoting a data-driven financial sector will also be key to promote innovation and competition. Greater availability of data could help insurers to improve risk monitoring and assessment, offer a better customer experience and increase fraud detection. The insurance industry is supportive of efforts to facilitate appropriate data sharing, in which the treatment of different players is based on a true level playing field. At the same time, customers should have full control over the sharing of their data and feel confident that it is being stored securely. However, much will depend on the specific approach chosen for any data-sharing framework. The industry therefore looks forward to further dialogue with the Commission in the months ahead to help realise these objectives and deliver an appropriate framework.

The industry has significant expertise here, having already joined forces with governments to develop workable and affordable solutions for other huge and difficult-to-insure risks, such as flooding, terrorism, earthquakes and nuclear energy.

XPRIMM: Could you provide an update on the review of the Motor Insurance Directive (MID)?

M. K.: Progress on the review of the MID has been held back by the COVID-19 pandemic. Trialogues are on hold and discussions in the Council of the EU have only just resumed.

There has been one Council Working Group meeting under the German Presidency, which is understood to have focused on possible areas for a compromise with the European Parliament.

A further Council Working Group meeting is due to take place on 23 October. The German Presidency has not identified this as a priority file but will continue to seek possibilities for compromises.

At least one triadialogue is expected in November, likely focusing on scope (ie scope of the compulsory MTPL insurance requirement under the MID, covering the Vnuk ruling as well as light electric vehicles), but this remains to be confirmed.

From the perspective of the European Parliament, the situation is similar. However, the IMCO Committee will need to select a new chair since Petra de Sutter has been nominated as Deputy Prime Minister of the new Belgian government. Ms de Sutter was also one of the shadow rapporteurs on this file.

Regarding where we stand, the position we published two years ago remains our compass. Some other proposals were added by the Parliament (eg a price comparison tool) but none really seem to be gaining traction at the moment.

XPRIMM: What are the differences between more mature insurance markets and those that joined the EU at a later stage?

M. K.: One of the major differences is that mature markets tend to have a wider range of insurance products on offer. In less mature markets, the main product tends to be motor insurance, and this is particularly the case in Central and Eastern European markets.

There are of course other products available, such as life, nat cat or general liability cover, but penetration for these products tends to be much lower than in mature markets. This does however mean that non-mature markets offer insurers significant opportunities for growth.

XPRIMM: Protection gaps and underinsurance have emerged as major topics in recent years. What actions can be taken to tackle it?

M. K.: Protection gaps are present in all member states. While they exist in different forms in different places, three common examples are:

- » Lack of pension provision.
- » Lack of cover for natural catastrophes.
- » Lack of cover for cyber risk.

Throughout the world, governments face a huge challenge in providing funds for retired citizens. This is mainly due to demographic changes, as the proportion of workers to retirees decreases in most countries, which has a huge impact on pay-as-you-go pension systems. In addition, people are simply not saving enough for an adequate retirement income. For example, a survey conducted by Insurance Europe found that almost half of respondents were not saving for their retirements.

On this issue, policymakers must be bold. They need to be transparent about the state of public finances and make it clear that people need to save more for their retirement. Policymakers must then encourage people to do so by providing the right incentives and promoting well-balanced multi-pillar pension systems built on adequate, stable and attractive regulatory frameworks.

At European level, the pension challenge has resulted in an


increased focus on pensions and new initiatives. For example, our industry recently welcomed the Commission's recognition in its CMU action plan of the role that supplementary private pensions can play in meeting the challenges posed by ageing populations.

Another key pension focus for the Commission has been its work to develop a pan-European Personal Pension Product (PEPP). However, the success of the PEPP will depend on many key issues that still need to be addressed by the European Insurance and Occupational Pensions Authority (EIOPA) and the Commission in the draft regulatory technical standards for the PEPP.

Moving to natural catastrophes, the scale of under-protection is often shocking. For example, in 2019, natural disasters around the world created economic losses of 150 billion USD, according to some estimates. However, only around one third of those losses were insured.



As Europe's largest institutional investor with more than €10bn of assets under management, the insurance industry can also help to finance the transition towards carbon neutral, resource efficient and more sustainable economies.



This problem can be particularly acute for emerging economies. Because insurance penetration is so low, the impact of catastrophic events is felt more intensely, and for longer. However, under-protection is also a huge problem for many mature markets, including many in the EU. While insurers have a role to play, policymakers must take the lead in addressing this issue, partly through better financial education.

Moving to cyber risk, recent attacks have shown how exposed we are to online criminals and insurers are increasingly responding with products to protect their customers. However, providing insurance against cyber risks is complicated. Unlike natural catastrophes, cyber risks have no geographical boundaries. This raises questions of accumulation and aggregation and is one reason why insurers tend to be cautious with cyber risks.

A key factor limiting the development of cyber insurance solutions is the lack of data available for insurers to analyse. This makes cyber risks difficult to understand and price. Therefore, if policymakers wish to shift risk away from society, they must make information on the nature of cyber-attacks available on an aggregate and anonymised basis. This would enable insurers to refine the protection they offer to clients.

For example, the EU's General Data Protection Regulation obliges companies to notify their national authority about data breaches. This creates an opportunity: If national authorities provide this

data to insurers — in an anonymised form — it would enable them to better understand cyber risks. Policymakers also need to make society more resilient to the risks we face. This means raising awareness on how to prevent cyber breaches and what to do when an attack takes place.

Finally, recent events have demonstrated how exposed our society and economies are to the risk of pandemics. While the losses associated with pandemics are widely covered in insurance lines such as life, travel and event cancellation, as well as in many liability lines (general, medical, professional, directors' & officers'), in other lines, such as business interruption insurance, pandemic risk is considered to be a catastrophic risk that cannot generally be covered through the existing insurance model in which the claims of the few are shared by the many. Standard insurance policies typically provide protection only against risks that cannot all happen at the same time, as these can be offered at prices that customers can afford.

In practical terms, this means that, although specialist and limited markets do exist for this type of cover, insuring a very large group of individuals and businesses against a pandemic cannot be done relying exclusively on the normal principles of insurance.

For this reason, it was so far only possible to cover pandemic risk in specialised insurance policies covering limited situations and with clear cover limits. In a range of non-life policies, pandemic risk is not covered and therefore has not been included in the premiums, has not been reserved for and has not been taken into account in setting the solvency capital.

Removing existing limits or providing broad, general cover for pandemic risk is therefore not possible for the insurance industry alone. Here is an example to illustrate why: it has been estimated that in one market current business interruption premiums would need to have been collected for over 100 years to cover just two months of COVID-19-related business interruption costs.

Events such as pandemics require the joint involvement of the insurance sector and of the state. The industry has significant expertise here, having already joined forces with governments to develop workable and affordable solutions for other huge and difficult-to-insure risks, such as flooding, terrorism, earthquakes and nuclear energy.

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Prof. Karel Van Hulle¹

Lessons learned from Covid-19

1. Introductory remarks

The social and economic impact of Covid-19 has surpassed the worst expectations. More than 100.000 people in the EU have died as a result of Covid-19 and the number is still increasing. The economic consequences are huge and their impact could only be mitigated by government support, resulting in large budget deficits. It is not unlikely that many Member States will face a second wave of the pandemic, possibly even earlier than expected.

Has insurance helped to limit the damages caused by the pandemic? It certainly did, particularly in areas such as health or life insurance. It only did marginally so in areas such as event cancellation, non-damage business interruption or travel insurance.

Could the insurance industry have done better? The answer is definitely “yes”, although insurance alone cannot possibly cover the total loss resulting from a pandemic such as Covid-19, which has spread all over the world, thereby making it impossible to diversify the risk.

What are some of the lessons learned from Covid-19 for the insurance industry, for insurance intermediaries and for customers?

1. Insurers must communicate better, show that they care about their customers and draft clearer insurance policies;

2. Insurance intermediaries should do better in advising their customers, help the insurance industry to communicate better and to draft insurance policies that are easier to understand;

3. Customers should be educated so that they understand that insurance cover is based on a contract and that it is in nobody's interest to change the terms of the contract retro-actively;

4. Governments must step in to provide a solution that helps to reduce the protection gap resulting from catastrophic events, such as Covid-19 through a public/private partnership, at national and/or at EU level.

1. KU Leuven and Goethe University Frankfurt

2. Lessons learned

2.1. Need for better communication, more empathy and clearer policies

In many instances, customers were told by their insurance company that the losses resulting from Covid-19 were not covered by their insurance policy. This was not always obvious. Although, in many cases, pandemic loss was specifically excluded from coverage, for instance in travel insurance, the loss resulted only indirectly from Covid-19, as the main reason for cancelling the travel was a lockdown imposed by government.

In other areas, such as business interruption, it was not always clear whether the economic loss was covered by the policy. As the loss was most often the result of a lockdown imposed by government and did not result from physical damage to the property, it was unclear whether such a loss was insured. This has led to legal disputes that will eventually be settled by the courts.

From an insurer's point of view, the legal position might be clear. However, the communication towards customers could certainly have been better. Rather than to appear helpful and understanding to policyholders, who believed that their losses were covered by their insurance policy, insurers sometimes left an impression of remaining completely indifferent to the troubles in which policyholders found themselves.

Rare have been the cases whereby insurers showed leadership in being more forthcoming towards their customers, for instance by offering rebates on other insurance products, such as motor insurance, on which they were clearly making windfall profits, as traffic decreased as a result of lockdowns. Rare have also been the cases, in which insurers provided assistance by partly covering losses beyond the narrow terms of the contract.

There is no doubt that the insurance industry has suffered reputational damage as a result of this. Insurance should be seen as the solution and not as the problem. It would be helpful to improve the drafting of policies so that everybody is clear about what exactly is covered by the contract. That is not easy but should be possible for an industry that makes its living from providing services on the basis of insurance contracts.



2.2. Crucial role of insurance advice

There is no simple insurance contract. Insurance is complex and selling insurance therefore requires advice. Insurance intermediaries have a crucial role to play in this context.

However, during the Covid-19 crisis, it has not always been clear whether insurance intermediaries were defending the position of the insurer or that of their customer. Obviously, as stated before, the policies were not always clear or they specifically excluded a pandemic. The question is whether insurance intermediaries did inform their customers about the consequences of the exclusion when it was introduced in many contracts some years ago after SARS and other less damaging pandemics.

Insurance intermediaries should be encouraged to be even more careful in their advice to customers and to assist insurers in drafting clearer policies. Being close to the customer gives insurance intermediaries a unique opportunity to help them buying the right policy and knowing what the policy means in practice for them. Many insurance solutions find their origin in ideas provided by insurance intermediaries, who are in close contact with their customers. These ideas help insurers to improve insurance policies. Covid-19 shows that there is still room for further improvement.

Covid-19 confirms the need for proper advice. It should not be possible to buy insurance without advice. This is a challenge in a digitised world. However, in providing insurance, the interests of customers should come first.

2.3. Customers should be educated about what insurance can and what it cannot

Insurance is based upon a contract, under which one party, the insurer, promises another party, the insured, cover against a specified risk in exchange for a premium. People sometimes forget the contractual basis of insurance. It is impossible for an insurer to calculate the price for taking over a risk from a private individual or a business without clearly identifying under which conditions such a risk transfer takes place. The contract is at the same time a protection for the insured: the insurer will indeed be bound by the terms of the contract and the insured can rely on this.

Insurers and insurance intermediaries should not boast about magic solutions offered by insurance but should help customers to understand what can and what cannot be insured and what alternatives exist that might better correspond to their needs.

Risk transfer has its price. Unless the cost is known to both parties at the inception of the contract, it is impossible to calculate the right premium. Changing the terms of the contract retro-actively makes insurance unattractive: insurers will no longer provide cover and customers will be left without insurance. Insurers and insurance intermediaries have an interest in educating customers so that they know that there is a linkage between a risk and a premium.

2.4. There is a need to reduce the protection gap in catastrophic insurance

It cannot be right that so many private individuals and businesses are left unprotected in the case of a pandemic.

The problem with a pandemic is that it affects or is likely to affect the whole world at the same time. In order to stop the pandemic or to limit its spreading, governments will take measures which affect the normal operation of the economy and of society as a whole. Countries or regions might be put into lockdown. Businesses may be prohibited from operating or may only be allowed to operate under certain conditions. Travel within or between countries may be prohibited and most events involving large audiences may have to be cancelled. The cost resulting from such measures can be astronomical and are virtually impossible to calculate especially in a highly interconnected world.

Technically speaking, it is difficult for an insurer to insure pandemic risk because the traditional business model of insurance builds on the underwriting of large diversified pools of mostly idiosyncratic and uncorrelated risks. In the case of a pandemic, these conditions are not satisfied: risks are highly correlated and it is impossible to use diversification as a risk mitigation tool because there is no diversity of risk available to offset one country or region against another.

Obviously, even when it is difficult to provide insurance against pandemic risk, insurance is not impossible and technical solutions (such as parametric insurance) exist. However, it is unlikely that everybody will be able to benefit from insurance, as pandemic insurance is likely to be very costly in individual cases

In order to ensure that private citizens and businesses are not left unprotected, it is necessary for national governments and the EU to take action together with the insurance industry. The development of a public/private partnership, which might take the form of a (re)insurance pool at national level and/or EU level should be a high priority on the agenda. It would also be useful to examine the possibility of using alternative risk transfer mechanisms, modelled as insurance linked securities, which could provide an addition layer of diversification through capital markets².

The development of a public/private partnership solution has already been advocated by a number of people from the insurance industry. I am however particularly pleased by the initiative taken by EIOPA to invite interested parties to help with the development of a solution for dealing with pandemic risk, on the basis of a staff paper developed in co-operation with representatives from the insurance industry, from insurance intermediaries and from risk managers. The paper rightly takes a holistic approach to pandemic risk, examines various solutions, explaining their advantages and disadvantages and emphasises the important role of risk prevention and improved modelling of pandemic risk³.

2. See, GRÜNDL, H. and REGELE, F., Pandemic Insurance through pandemic partnership bonds: a fully funded insurance solution in a public private partnership, SAFE Policy Letter No. 86, May 2020, 6 p.

3. See, EIOPA, Issues paper on shared resilience solutions for pandemics, Staff Paper, 27 July 2020, 17 p

3. Concluding remarks

Whilst everybody is looking forward to the vaccine that would eventually protect the world against the Covid-19 virus, one should not forget that there will be other pandemics to come, for which no protection might exist.

We must therefore prepare for the future. A public/private partnership solution for pandemic risk should be developed at national and/or EU level. Such a solution could also be a good example for dealing with other catastrophic risks, such as natural catastrophe risk or the risk following from a terroristic attack.

We should all learn from our experience with Covid-19. Insurers should show more empathy to their customers in cases of catastrophic risk. Insurance intermediaries must improve their assistance to customers helping them buying insurance products that best correspond to their needs. Customers should be better educated so that they understand what insurance can and what it cannot.





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As the insurance industry, as all the world actually, is living challenging times, we have discussed with the Head of the largest insurance group in the CEE about the current situation and the future of our industry... You can read the findings in an interview with...

Elisabeth STADLER

CEO, VIG – Vienna Insurance Group



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It is thanks to the broad diversity of the VIG Group and the strong start to 2020 that we were able to record an increase in premiums of 2.4% in the first half of 2020 and a profit before taxes of 200 million euro. Operationally, we currently see ourselves in a position to manage the effects of COVID-19 for the insurance group.

XPRIMM: We are living one of the most challenging periods in the recent history. What were, in your opinion, the main points in the evolution of the insurance industry in the first nine months of the year. How would you characterize the response of the insurance industry to this crisis?

Elisabeth STADLER: It was really a big surprise for all of us how quick we were able to adapt to this unexpected situation. From one day to the next, we enabled thousands of employees to have a home office, and our consultants ensured that they remained in contact despite closed customer offices. We have replaced physical contact with digital as far as possible, and we have remained in contact with our customers, employees and partners. This has enabled us to successfully maintain business operations while protecting the health of all stakeholders. Another important finding was the great importance of digitization and how important it was that we had already taken intensive measures in this area. It is a fact that Corona has given online and digital services a new dynamic.

The COVID-19 pandemic shows us also the limits of insurability. For example, we register an intensive discussion about business



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interruption insurance which is only partially effective in the COVID19 pandemic. It usually only comes into effect if the insured entrepreneur either falls ill with COVID-19 himself or is put into quarantine or if the insured business is specifically closed down by the responsible authority according to the Epidemic Law. Only operating restrictions, like a general prohibition of entry by the COVID-19-Regulation, are not covered by the insurance. The basic question for the insurance business is: If a risk is calculable, then it is also insurable. The second question is whether the calculated premium is affordable. Extreme events such as pandemics and wars are not calculable and therefore not insurable, because every insurance policy works on the principle that individual losses are paid for by the premiums of the community of insured persons. This means that the low premiums of all insured persons pay for the high individual losses. In the event of a pandemic, the risk equalization in the insurance collective does not work: If you try to insure this event, the premium would be unattractive for customers.

XPRIMM: From the VIG perspective, what do you think are the main challenges for the insurance industry while we are moving to 2021?

E. S.: Depending on how long the pandemic lasts, a further wave of bankruptcies and an increase in unemployment can be expected. This could also affect our customers and lead to a loss of premiums or contracts. However, we see the greatest challenge in assessing the medium- and long-term impact of the pandemic on national economies and the associated reactions of the capital markets. Currently we are not able to estimate how COVID-19 will affect the individual economies, the capital market and the development of interest rates and what more concrete consequences this will have for the financial services industry.

XPRIMM: How would you characterize the first half of 2020 for VIG?

E. S.: We have had a very good start into 2020. The effects of the lockdown phase mainly affected new business in April and May, and from June we saw an upward trend again in most of our countries. The declines in new business varied greatly from country to country and are now in some cases back to the previous year's level or the level before Corona. It is thanks to the broad diversity of the VIG Group and the strong start to 2020 that we were able to record an increase in premiums of 2.4% in the first half of 2020 and a profit before taxes of 200 million euro. Operationally, we currently see ourselves in a position to manage the effects of COVID-19 for the insurance group. We see our very good balance sheet figures for 2019 as positive factors here - the past financial year was very successful for VIG and provides us with a very good foundation for the current

challenges. Furthermore, our strong capital base, which is also always positively highlighted by Standard & Poor's, and also our management program Agenda 2020, where we are taking targeted measures to increase profitability and secure the future. And we will continue to do so during the pandemic.

We are cautiously optimistic as the forecasts expect a strong recovery of economic activity between Austria and the CEE region in 2021.

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

E. S.: Our focus is on the CEE region, and we are staying there. No country will be spared the negative economic effects of the COVID-19 pandemic and the current economic studies speak of the worst global economic crisis since 1930. We are cautiously optimistic as the forecasts expect a strong recovery of economic activity between Austria and the CEE region in 2021. Especially the Visegrad countries Hungary, the Czech Republic, Poland and Slovakia are the most important investment markets for Austria and they are also essential for us. Cautiously optimistic because there is still a great deal of uncertainty as to how factors influencing Austria's strong economic relations with the CEE region will develop and have a corresponding impact on the insurance behavior of the population and companies.

The pandemic could also be chance that it remains attractive to invest in the CEE region and discourages companies from going to Asia. Because what the crisis has clearly shown us, the interruption of production and supply chains (supply and production stop in Asia) has far greater negative consequences than paying higher wages compared to Asia and having a higher security in return. Supply chains must be made more resilient, especially for strategically important sectors. In general, the EU is now considering making itself less dependent on imports from America and Asia.

XPRIMM: What do you think about the evolution of the CEE markets during this period? Do you consider that this period will change the mentality towards insurance?

E. S.: A very important factor as a result of the pandemic is the acceleration of digitalization and automation. This makes me very confident, as we are not only driving forward the digital transformation strongly and this is one of our major priorities in our management program Agenda 2020, but we are also focusing on our insurance companies in CEE. The most recent example is the Beesafe digital car insurance platform in Poland. I do not believe that Corona will bring a major change of mentality in the insurance sector. However, what we are already noticing, is an increased interest in health and related health care. Due to the Corona crisis and the exorbitant increase in home office activities, the time we all spend on the net is also increasing and so cybercrime. This will increase the awareness to protect against cyber risks. According to a worldwide study, cyber incidents and business shutdowns are among the greatest concerns of entrepreneurs. And rightly so, because hacker attacks and cyber incidents now cost companies three times as much as the damage caused by natural disasters.

...the current crisis is a driver for digitalization. After global warming, the digital transformation is the trend with the greatest effect on society and economy. We believe it will have a particularly significant influence in terms of connectivity, mobility and personalization

XPRIMM: Digitalization and InsurTech are one on the most important trends in the industry. How do you see the future development of the InsurTech landscape, especially in the present context?

E. S.: As I mentioned before the current crisis is a driver for digitalization. After global warming, the digital transformation is the trend with the greatest effect on society and economy. We believe it will have a particularly significant influence in terms of connectivity, mobility and personalisation. As an insurer, offering added value on top of our primary function of covering risks is becoming increasingly important. I see this as an opportunity to become part of the group of things that are seen as important in the lives of our customers in the future. InsurTechs could support us as an opportunity to offer digital solutions more quickly and to be able to act with digital innovations. We are constantly evaluating possibilities for a deeper cooperation with start-ups and for an even more systematic overview of developments and

trends in the InsurTech and start-up scene. Start-ups have to try out, take risks when they implement new business models. Large companies have a functioning business model and deviations from this are measured by the potential risks, not the opportunities.

Due to the corona crisis and the exorbitant increase in home office activities, the time we all spend on the net is also increasing and so cybercrime. This will increase the awareness to protect against cyber risks.

XPRIMM: How do you think that the insurance world of tomorrow will look?

E. S.: Digitalization is primarily driven by technical progress. In addition, consumer behavior (mobilization, self-service, independence, sharing and disclosure of information) and demands (speed, constant availability, desire for flexibility) have changed significantly.

For us as an insurer, these changes offer opportunities, for example through new business opportunities in the area of risk transfer, which is expanding from loss compensation to loss prevention and mitigation. Value-added services are becoming increasingly important. They aim to significantly increase the frequency of contact and also the day-to-day relevance of insurers. By creating additional customer value (e.g. through assistance services), we can strengthen loyalty and preference for our own brands. At the same time, insurance will take a back seat to consumer demand in some areas, which means that the business model of insurance companies will also change in some areas.

For instance, ever-closer interconnections between people and devices will significantly increase the need for protection against losses. Computer-controlled systems in the home provide early warnings of potential harm or take preventive steps automatically. Mobility will be shaped by the rise of driverless vehicles, leading to completely new risk parameters and insurance models. Personalization will increasingly redefine insurance requirements, resulting in short-term policies with tariffs and coverage tailored specifically to individual needs.

Mihaela CIRCUL



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Note from the editor

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

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

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

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

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



Daniela GHEȚU
Editorial Director

CEE INSURANCE MARKET 1H2020

Navigating through the pandemic storm

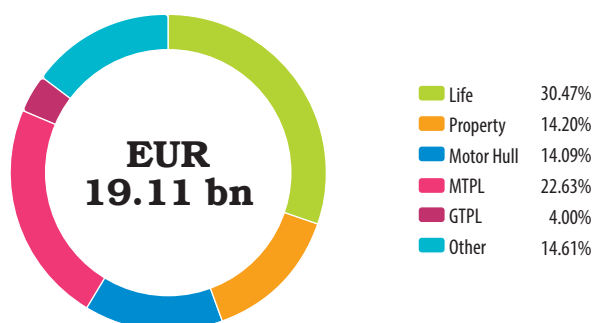
"The European economy entered a sudden recession in the first half of this year with the deepest output contraction since World War II," id the first, rather depressing, phrase of the European Commission's "European Economic Forecast - Summer 2020". The document projects that the euro area economy will contract by 8.7% in 2020 and grow by 6.1% in 2021. The EU economy is forecasted to contract by 8.3% in 2020 and grow by 5.8% in 2021. The contraction in 2020 is, therefore, projected to be significantly greater than the 7.7% projected for the euro area and 7.4% for the EU as a whole in the Spring Forecast. Growth in 2021 will also be slightly less robust than projected in the spring.

For the CEE countries, GDP growth rates are expected to take negative values between -10.8% for Croatia, to the most "optimistic" -4.6% for Poland, seen in a better position as its low exposure to hard-hit sectors and its diversified economy. However, as stressed out by the paper's authors, the forecast

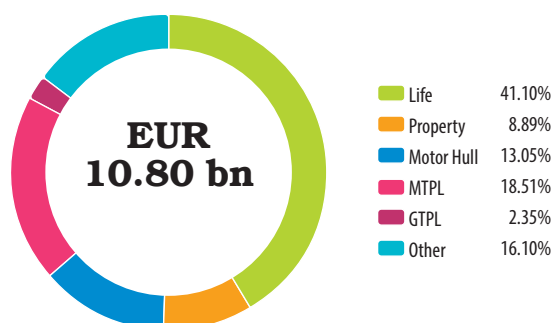
is based on a number of critical assumptions, among which the most important one is that "containment measures will be gradually further lifted, and no major second wave of infections will trigger new generalized restrictions." The current realities are already contradicting these assumptions, as the second wave of the pandemic is already here and impacting economies, even if for the time being it seems that governments are striving to avoid a second full lockdown.

Focusing on the CEE countries, the lockdown affected only the last 2 weeks of Q1 and about 4 to 6 weeks of Q2. Yet, many of the industries most affected (hospitality, travel, restaurants, bars, coffee shops, entertainment industry etc.,) were operating much below capacity even after the ease of restrictions. Carriers of all sorts – cargo & passengers – are also operating below their capacity. Despite supporting measures adopted by governments for the most affected economic sectors, in most countries there

CEE GWP portfolio (%)



CEE claims portfolio (%)

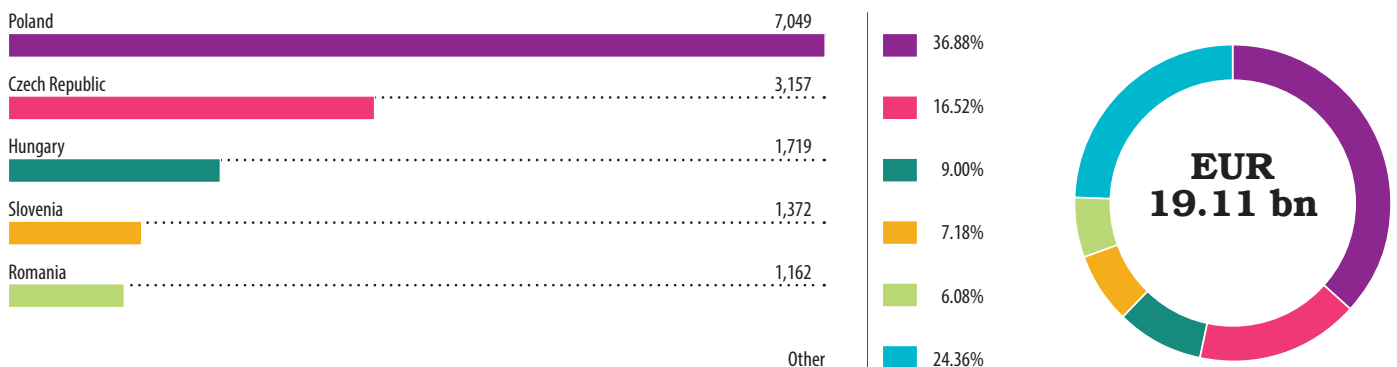


CEE – OVERALL MARKET DATA

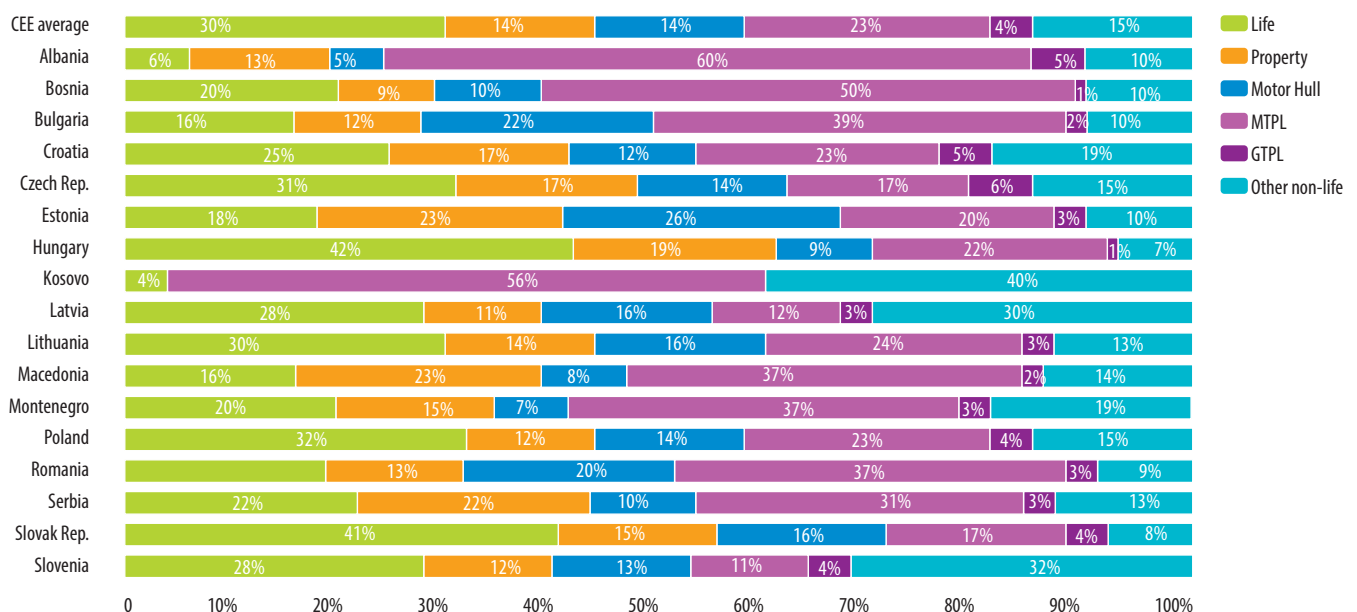


Country	GWP		Change	Claims		Change	Regional market share	
	1H2020	1H2019		1H2020	1H2019		1H2020	1H2019
	EUR m.	EUR m.		EUR m.	EUR m.		%	%
Albania	60.67	65.89	-7.92	32.82	22.67	44.75	0.32	0.33
Bosnia & Herzegovina	191.74	195.71	-2.03	73.99	74.52	-0.70	1.00	0.98
Bulgaria	740.22	755.63	-2.04	300.16	295.76	1.49	3.87	3.80
Croatia	749.26	784.01	-4.43	432.86	393.63	9.97	3.92	3.95
Czech Republic	3,156.86	3,298.53	-4.29	1,706.47	2,000.40	-14.69	16.52	16.60
Estonia	235.79	249.48	-5.49	139.58	142.96	-2.36	1.23	1.26
Hungary	1,719.42	1,828.25	-5.95	870.26	1,027.29	-15.29	9.00	9.20
Kosovo	46.36	48.44	-4.29	23.40	24.90	-6.02	0.24	0.24
Latvia	406.33	393.32	3.31	245.07	267.38	-8.35	2.13	1.98
Lithuania	470.48	469.13	0.29	242.16	245.79	-1.48	2.46	2.36
Macedonia	83.48	85.08	-1.88	29.42	31.61	-6.94	0.44	0.43
Montenegro	46.50	46.59	-0.20	16.41	17.02	-3.61	0.24	0.23
Poland	7,048.93	7,560.22	-6.76	4,401.71	4,835.17	-8.96	36.88	38.05
Romania	1,161.88	1,148.61	1.16	691.71	697.28	-0.80	6.08	5.78
Serbia	475.10	455.60	4.28	208.02	185.83	11.94	2.49	2.29
Slovak Republic	1,147.99	1,166.31	-1.57	615.17	697.38	-11.79	6.01	5.87
Slovenia	1,371.74	1,317.47	4.12	779.48	784.30	-0.62	7.18	6.63
Total CEE	19,112.73	19,868.27	-3.80	10,808.67	11,743.89	-7.96	100.00	100.00

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



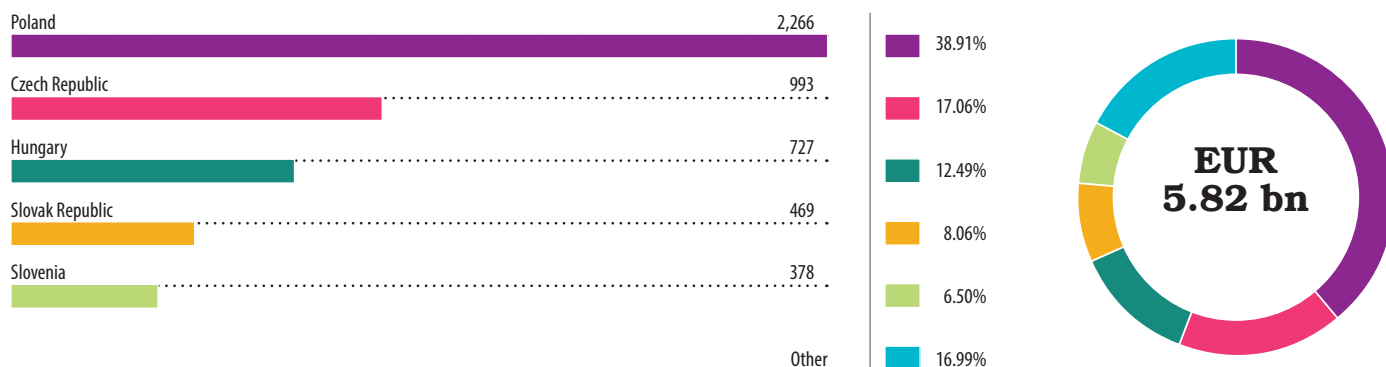
CEE GWP portfolio per countries



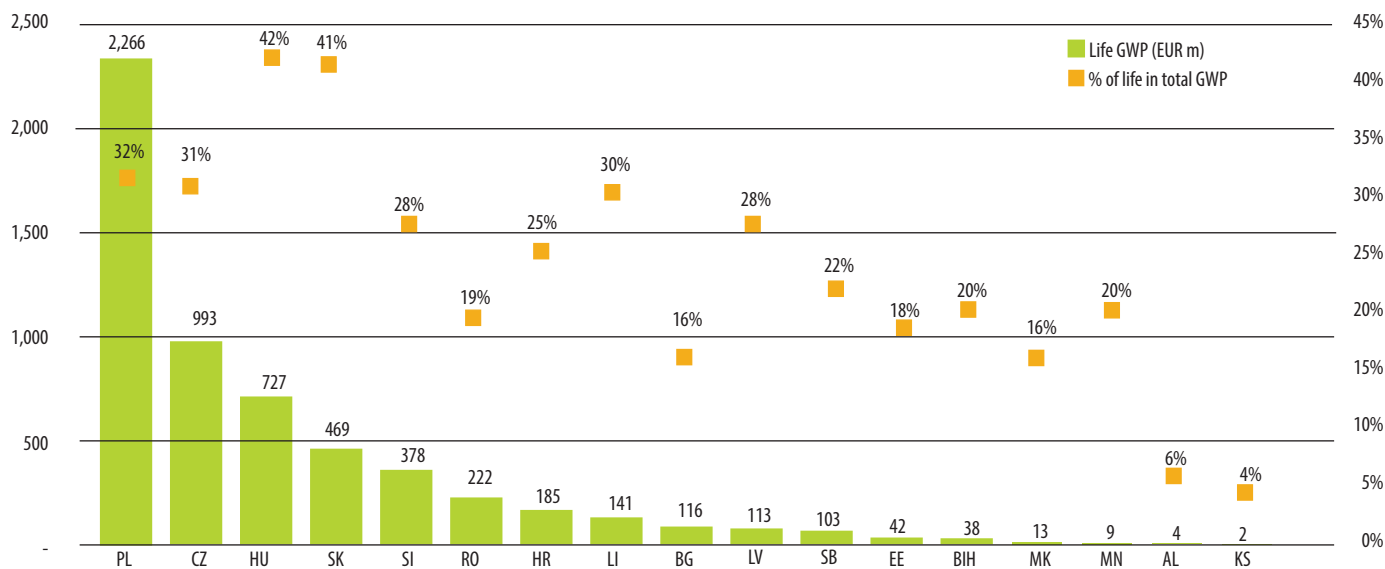
CEE - LIFE INSURANCE

Country	GWP			Claims			Weight in all GWP		Regional market share	
	1H2020 EUR m.	1H2019 EUR m.	Change %	1H2020 EUR m.	1H2019 EUR m.	Change %	1H2020 %	1H2019 %	1H2020 %	1H2019 %
Albania	3.94	4.98	-20.85	1.06	0.89	18.92	6.49	7.55	0.07	0.08
Bosnia & Herzegovina	38.09	39.25	-2.95	17.08	14.91	14.56	19.87	20.05	0.65	0.62
Bulgaria	116.33	135.81	-14.34	44.99	39.35	14.32	15.72	17.97	2.00	2.13
Croatia	185.42	227.01	-18.32	206.26	157.67	30.82	24.75	28.95	3.18	3.56
Czech Republic	993.41	1,194.01	-16.80	689.41	935.96	-26.34	31.47	36.20	17.05	18.74
Estonia	41.86	47.14	-11.20	32.25	30.93	4.28	17.75	18.90	0.72	0.74
Hungary	727.48	797.07	-8.73	544.35	655.79	-16.99	42.31	43.60	12.49	12.51
Kosovo	1.70	1.80	-5.56	2.35	2.85	-17.62	3.67	3.72	0.03	0.03
Latvia	113.45	70.52	60.88	77.55	50.78	52.71	27.92	17.93	1.95	1.11
Lithuania	140.81	127.44	10.49	65.28	64.53	1.16	29.93	27.17	2.42	2.00
Macedonia	13.43	13.49	-0.46	3.21	2.64	21.36	16.08	15.85	0.23	0.21
Montenegro	9.11	7.71	18.08	3.01	3.17	-4.87	19.58	16.55	0.16	0.12
Poland	2,266.12	2,491.68	-9.05	2,009.22	2,301.53	-12.70	32.15	32.96	38.89	39.10
Romania	222.49	237.54	-6.34	103.11	111.08	-7.17	19.15	20.68	3.82	3.73
Serbia	102.69	99.05	3.67	51.66	49.56	4.24	21.61	21.74	1.76	1.55
Slovak Republic	469.31	503.68	-6.82	321.65	382.53	-15.91	40.88	43.19	8.05	7.90
Slovenia	378.50	374.21	1.15	269.66	249.10	8.25	27.59	28.40	6.50	5.87
Total CEE	5,824.13	6,372.38	-8.60	4,442.09	5,053.29	-12.10	30.47	32.07	100.00	100.00

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



Weight of life GWP in total business



CEE – LIFE UNIT-LINKED INSURANCE

Country	GWP			Claims			Share in life GWP		Regional market share	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019	1H2020	1H2019
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	na	na	-	na	na	-	-	-	-	-
Bosnia & Herzegovina	na	na	-	na	na	-	-	-	-	-
Bulgaria	24.96	23.66	5.47	5.63	2.66	111.22	21.46	17.42	1.41	1.19
Croatia	21.89	33.51	-34.68	30.20	13.48	124.02	11.80	14.76	1.24	1.68
Czech Republic	345.22	372.60	-7.35	207.53	250.73	-17.23	34.75	31.21	19.51	18.69
Estonia	15.32	15.46	-0.89	15.97	15.59	2.45	36.59	32.79	0.87	0.78
Hungary	305.26	303.37	0.62	280.29	343.35	-18.37	41.96	38.06	17.25	15.22
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	44.55	27.25	63.52	41.31	15.76	162.13	39.27	38.64	2.52	1.37
Lithuania	90.15	78.18	15.30	46.31	44.97	2.98	64.02	61.35	5.09	3.92
Macedonia	na	na	-	na	na	-	-	-	-	-
Montenegro	na	na	-	na	na	-	-	-	-	-
Poland	631.03	814.67	-22.54	1,061.20	1,270.03	-16.44	27.85	32.70	35.65	40.87
Romania	58.98	77.28	-23.68	na	na	-	26.51	32.53	3.33	3.88
Serbia	na	na	-	na	na	-	-	-	-	-
Slovak Republic	113.12	125.53	-9.88	57.78	91.82	-37.07	24.10	24.92	6.39	6.30
Slovenia	119.40	122.02	-2.15	74.99	85.12	-11.90	31.55	32.61	6.75	6.12
Total CEE	1,769.87	1,993.53	-11.22	1,821.21	2,133.52	-14.64	30.39	31.28	100.00	100.00

is a worsening situation of the employment which determines a more careful spending behavior both for the retail and corporate customers. The perspective of a possible second wave is rather scary in economic terms for businesses and people, in general. As such, customers tend to concentrate on the essentials and cut expenses considered unnecessary, while insurers' and insurance intermediaries' efforts are directed towards demonstrating insurance products are a necessity, especially in hard times.

In this difficult environment, most CEE markets performed better than expected in 1H, a few of them even reporting positive GWP growth rates. Insurance providers have demonstrated a high capacity of adapting to the moment's exceptional conditions, moving in the shortest time in a remote mode of operations. It is also worth noting that many market players have also demonstrated sensitivity to the social needs of their countries and have contributed in different ways to the general effort of coping with the pandemic situation.

Except for the markets that are already members of the Eurozone or that are operating with a pegged to Euro currency, CEE markets' results denominated in European currency look worse, in growth terms, than those in the local currency because of the local currency's devaluation y-o-y.

Overall, GWP in the CEE amounted to EUR 19.11 billion, by 3.80% less y-o-y. Results denominated in European currency show only five markets recording a positive dynamic: Latvia (+3.31%, owed by large to the SEB's life insurance subsidiaries merger into one entity based in Riga), Serbia (+4.28%, mostly owed to the increasing property insurance business), Slovenia (+4.12%, mostly thanks to the increased popularity of health insurance) and Romania and Lithuania, markets that rather managed to maintain the 1H2019 level than really significantly increase the business volume.

In a season with visibly decreasing motor insurance claims, due to the road transportation restrictions, and fortunately rather calm in extreme weather events, paid claims decreased at regional level by almost 8%, to EUR 10.8 billion. The only notable exceptions were recorded in some of the Adriatic countries, mostly because of the significantly increased expenses for property insurance claims.

Most CEE markets performed better than expected in 1H, some of them even reporting positive GWP growth rates

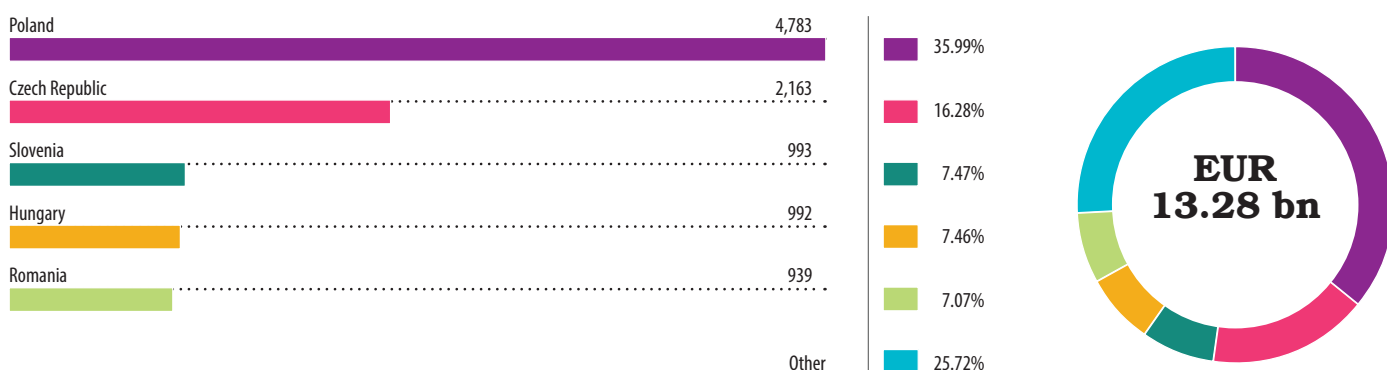
LIFE INSURANCE seems to be the most affected business line, but this is not entirely a consequence of the Covid crisis – in many markets the sector was showing a stagnant or even negative trend even before the crisis. In most CEE markets, life insurance is either acquired as a savings instrument, with a rather modest pure protection component, or as collateral for a banking loan. As such, the low yields environment's impact on the life insurers' investments made life insurance products with an investment component less attractive in the last years without the additional strain of the pandemic crisis. On the other hand, as the banking loans activity slowed down, this also impacted the life insurance sales.

Overall, GWP for life insurance amounted to EUR 5.82 billion, 8.6% down y-o-y. On the Unit-Linked insurance products line, GWP decreased at regional level by 11.22% y-o-y, to EUR 1.77

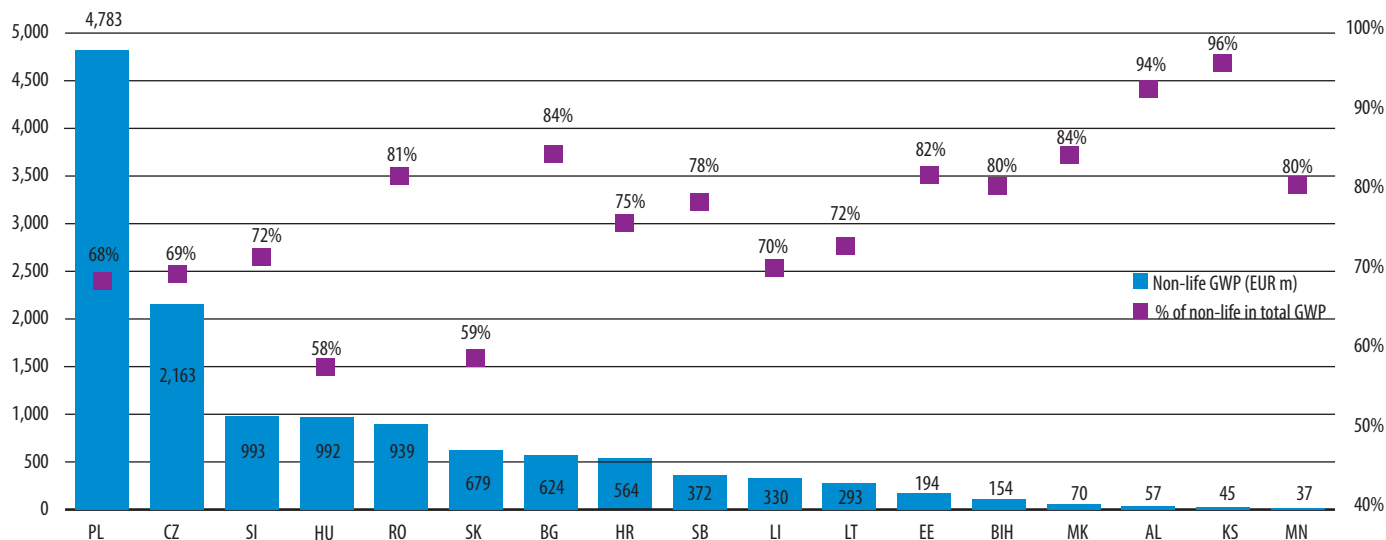
CEE - NON-LIFE INSURANCE

Country	GWP		Change	Claims		Change	Weight in all GWP		Regional market share	
	1H2020	1H2019		1H2020	1H2019		1H2020	1H2019	1H2020	1H2019
	EUR m.	EUR m.		EUR m.	EUR m.		%	%	%	%
Albania	56.73	60.91	-6.87	31.76	21.78	45.81	93.51	92.45	0.43	0.45
Bosnia & Herzegovina	153.65	156.46	-1.80	56.91	59.61	-4.52	80.13	79.95	1.16	1.16
Bulgaria	623.89	619.83	0.65	255.17	256.41	-0.48	84.28	82.03	4.69	4.59
Croatia	563.83	557.01	1.23	226.60	235.96	-3.97	75.25	71.05	4.24	4.13
Czech Republic	2,163.45	2,104.52	2.80	1,017.06	1,064.43	-4.45	68.53	63.80	16.28	15.59
Estonia	193.93	202.34	-4.15	107.33	112.02	-4.19	82.25	81.10	1.46	1.50
Hungary	991.93	1,031.19	-3.81	325.91	371.50	-12.27	57.69	56.40	7.46	7.64
Kosovo	44.66	46.64	-4.24	21.05	22.05	-4.52	96.33	96.28	0.34	0.35
Latvia	292.88	322.80	-9.27	167.52	216.60	-22.66	72.08	82.07	2.20	2.39
Lithuania	329.67	341.69	-3.52	176.88	181.26	-2.42	70.07	72.83	2.48	2.53
Macedonia	70.05	71.59	-2.15	26.21	28.97	-9.52	83.92	84.15	0.53	0.53
Montenegro	37.39	38.88	-3.83	13.39	13.85	-3.32	80.42	83.45	0.28	0.29
Poland	4,782.81	5,068.53	-5.64	2,392.49	2,533.64	-5.57	67.85	67.04	35.99	37.55
Romania	939.39	911.06	3.11	588.60	586.20	0.41	80.85	79.32	7.07	6.75
Serbia	372.41	356.55	4.45	156.36	136.27	14.74	78.39	78.26	2.80	2.64
Slovak Republic	678.68	662.64	2.42	293.52	314.85	-6.78	59.12	56.81	5.11	4.91
Slovenia	993.24	943.26	5.30	509.82	535.20	-4.74	72.41	71.60	7.47	6.99
Total CEE	13,288.60	13,495.89	-1.54	6,366.58	6,690.60	-4.84	69.53	67.93	100.00	100.00

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



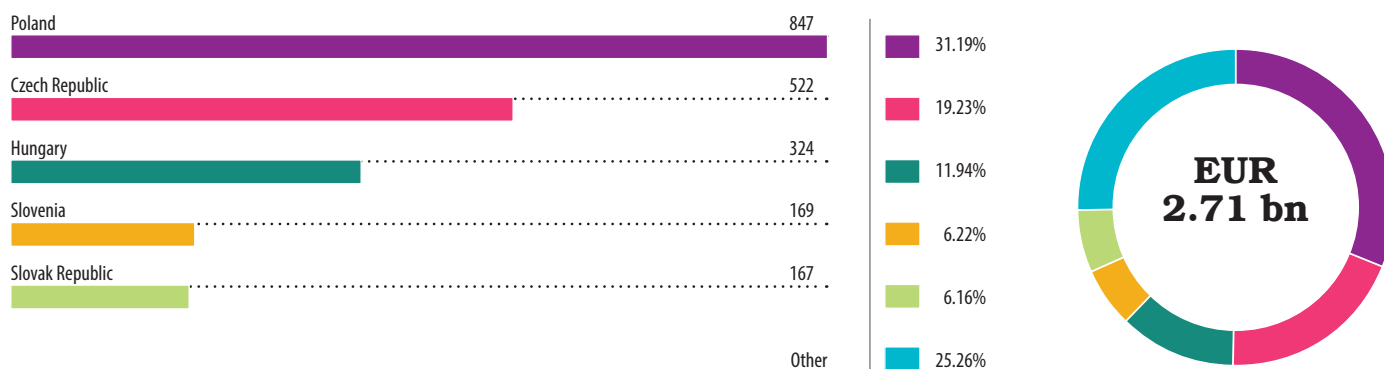
Weight of non-life GWP in total business



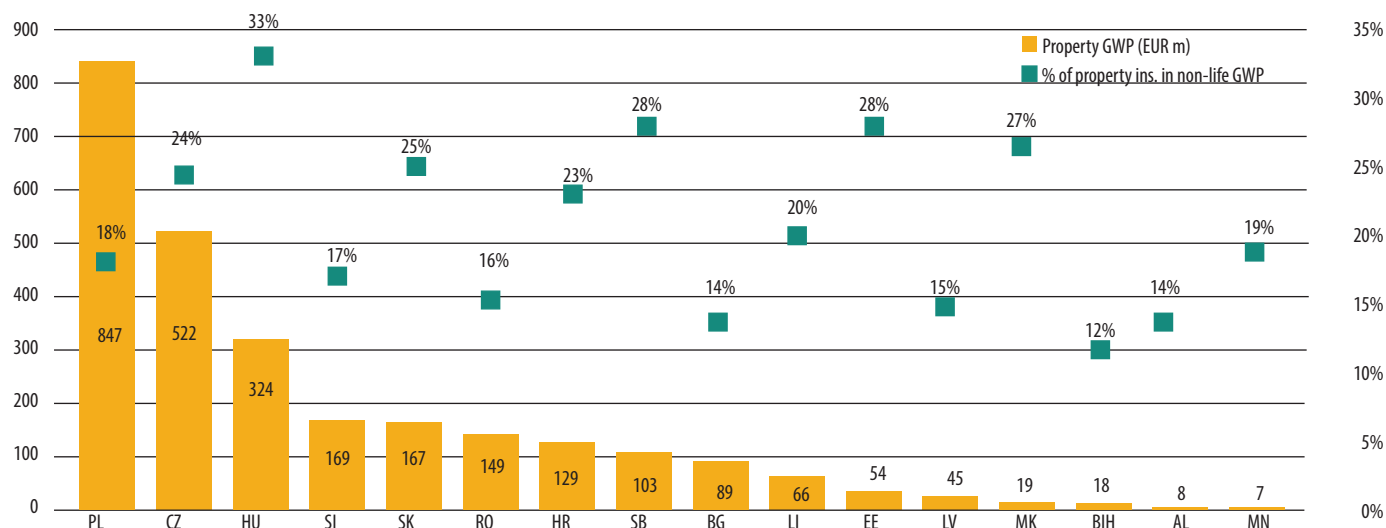
CEE - PROPERTY INSURANCE (Fire, allied perils and other damages to property, summed)

Country	GWP			Claims			Share in non-life GWP		Regional market share	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019	1H2020	1H2019
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	7.71	6.64	16.14	17.52	3.57	390.38	13.60	10.90	0.28	0.25
Bosnia & Herzegovina	18.19	16.72	8.77	4.33	5.84	-25.90	11.84	10.69	0.67	0.62
Bulgaria	88.61	77.16	14.84	15.94	25.69	-37.95	14.20	12.45	3.26	2.87
Croatia	128.84	123.46	4.36	53.42	40.22	32.82	22.85	22.16	4.75	4.60
Czech Republic	522.05	534.91	-2.40	213.51	205.00	4.15	24.13	25.42	19.23	19.93
Estonia	54.10	53.11	1.87	23.36	27.22	-14.17	27.90	26.25	1.99	1.98
Hungary	324.12	331.19	-2.14	91.05	91.32	-0.29	32.68	32.12	11.94	12.34
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	44.91	49.71	-9.65	24.17	63.80	-62.11	15.33	15.40	1.65	1.85
Lithuania	65.53	62.66	4.58	27.72	27.30	1.55	19.88	18.34	2.41	2.33
Macedonia	19.23	15.99	20.22	4.00	3.35	19.39	27.45	22.34	0.71	0.60
Montenegro	6.97	5.59	24.71	0.90	0.96	-6.28	18.63	14.37	0.26	0.21
Poland	846.53	842.51	0.48	320.47	315.44	1.59	17.70	16.62	31.19	31.39
Romania	148.79	141.31	5.30	na	na	-	15.84	15.51	5.48	5.26
Serbia	102.59	93.34	9.92	59.69	40.64	46.87	27.55	26.18	3.78	3.48
Slovak Republic	167.06	167.98	-0.55	51.72	45.76	13.03	24.62	25.35	6.16	6.26
Slovenia	168.92	161.38	4.67	52.88	43.86	20.55	17.01	17.11	6.22	6.01
Total CEE	2,714.14	2,683.65	1.14	960.68	939.98	2.20	20.42	19.88	100.00	100.00

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



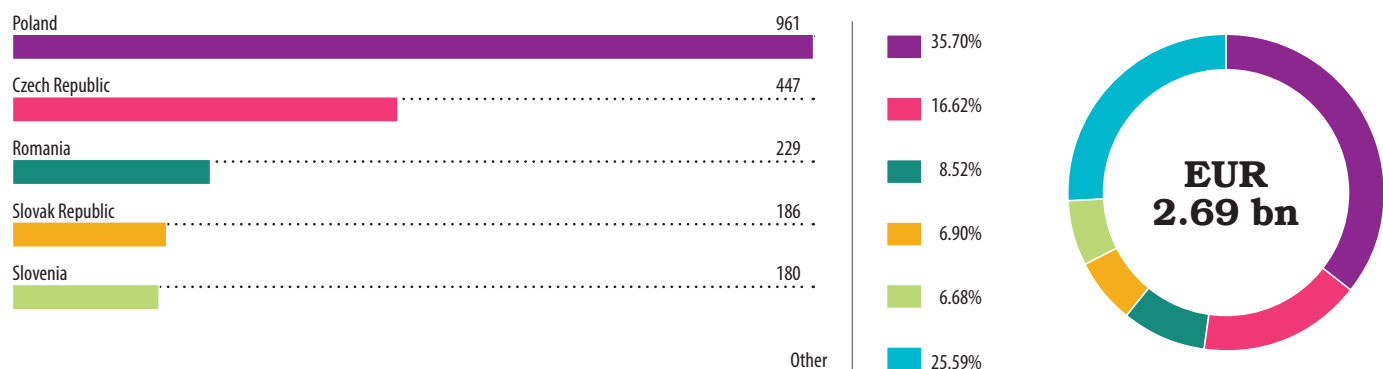
Weight of property GWP in non-life business



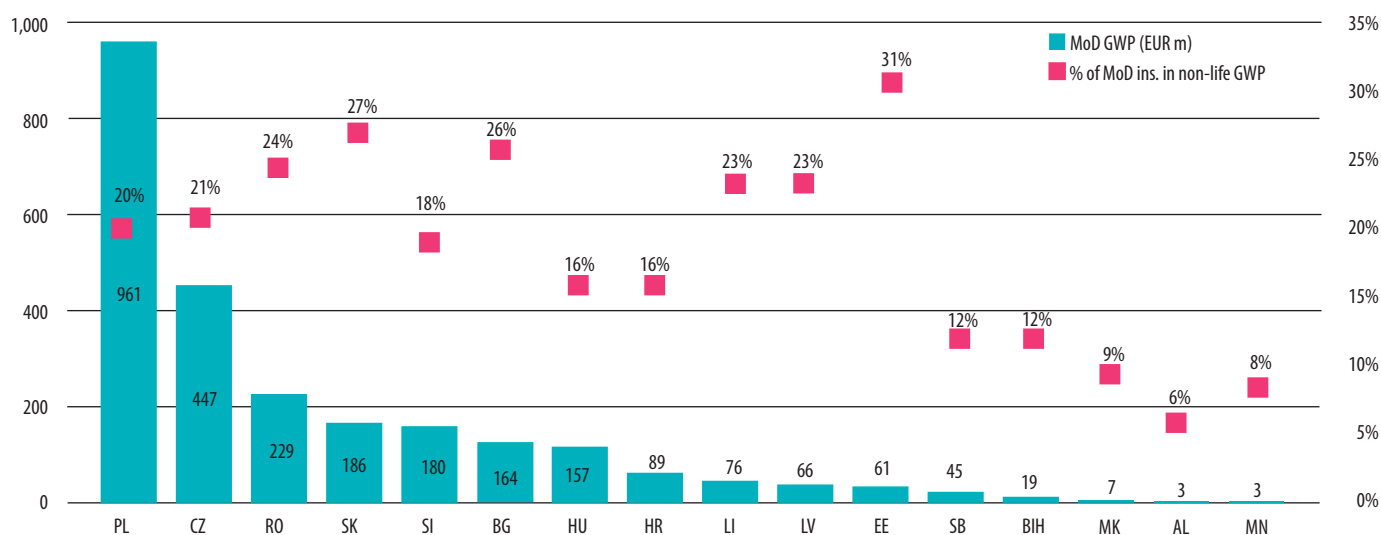
CEE - MOTOR HULL INSURANCE

Country	GWP			Claims			Share in non-life GWP		Regional market share	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019	1H2020	1H2019
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	3.22	3.48	-7.38	2.33	2.40	-2.87	5.68	5.71	0.12	0.13
Bosnia & Herzegovina	18.66	19.34	-3.54	13.44	12.90	4.23	12.14	12.36	0.69	0.70
Bulgaria	164.31	166.20	-1.14	76.03	75.74	0.38	26.34	26.81	6.10	6.02
Croatia	88.58	89.67	-1.22	48.94	52.12	-6.12	15.71	16.10	3.29	3.25
Czech Republic	447.49	439.74	1.76	243.79	278.99	-12.62	20.68	20.89	16.62	15.92
Estonia	60.61	64.60	-6.18	39.35	42.50	-7.43	31.25	31.93	2.25	2.34
Hungary	156.65	156.27	0.25	74.16	85.30	-13.07	15.79	15.15	5.82	5.66
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	66.03	70.17	-5.90	39.85	40.11	-0.65	22.55	21.74	2.45	2.54
Lithuania	75.83	79.22	-4.27	48.74	50.97	-4.36	23.00	23.18	2.82	2.87
Macedonia	6.56	6.91	-5.15	3.78	4.39	-13.93	9.36	9.65	0.24	0.25
Montenegro	3.04	3.79	-19.82	1.66	1.72	-3.75	8.13	9.75	0.11	0.14
Poland	961.11	1,037.37	-7.35	599.10	634.11	-5.52	20.10	20.47	35.70	37.55
Romania	229.28	231.48	-0.95	188.35	170.00	10.79	24.41	25.41	8.52	8.38
Serbia	45.41	43.67	3.98	27.08	26.29	3.00	12.19	12.25	1.69	1.58
Slovak Republic	185.84	175.81	5.70	99.08	112.19	-11.68	27.38	26.53	6.90	6.36
Slovenia	179.95	174.61	3.06	93.21	96.49	-3.40	18.12	18.51	6.68	6.32
Total CEE	2,692.56	2,762.33	-2.53	1,598.87	1,686.22	-5.18	20.26	20.47	100.00	100.00

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



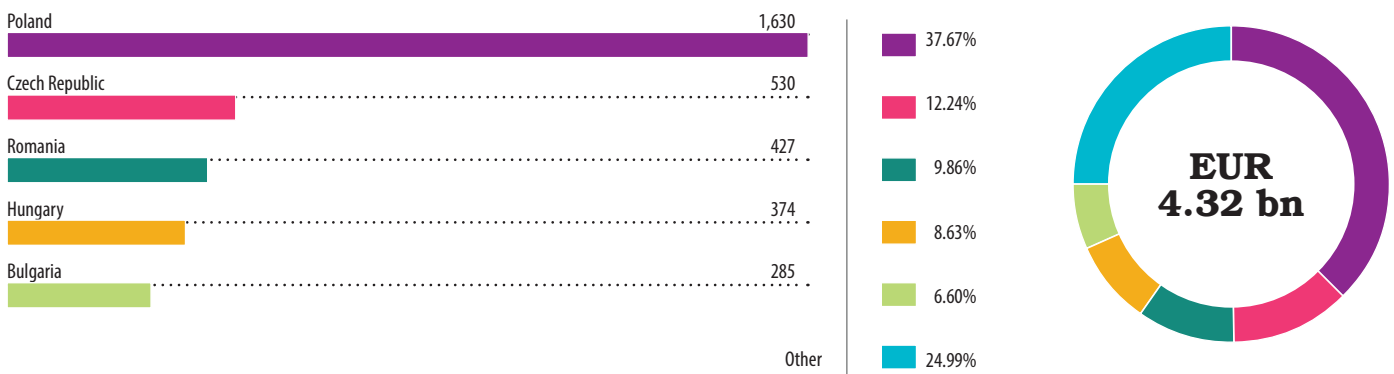
Weight of MoD GWP in non-life business



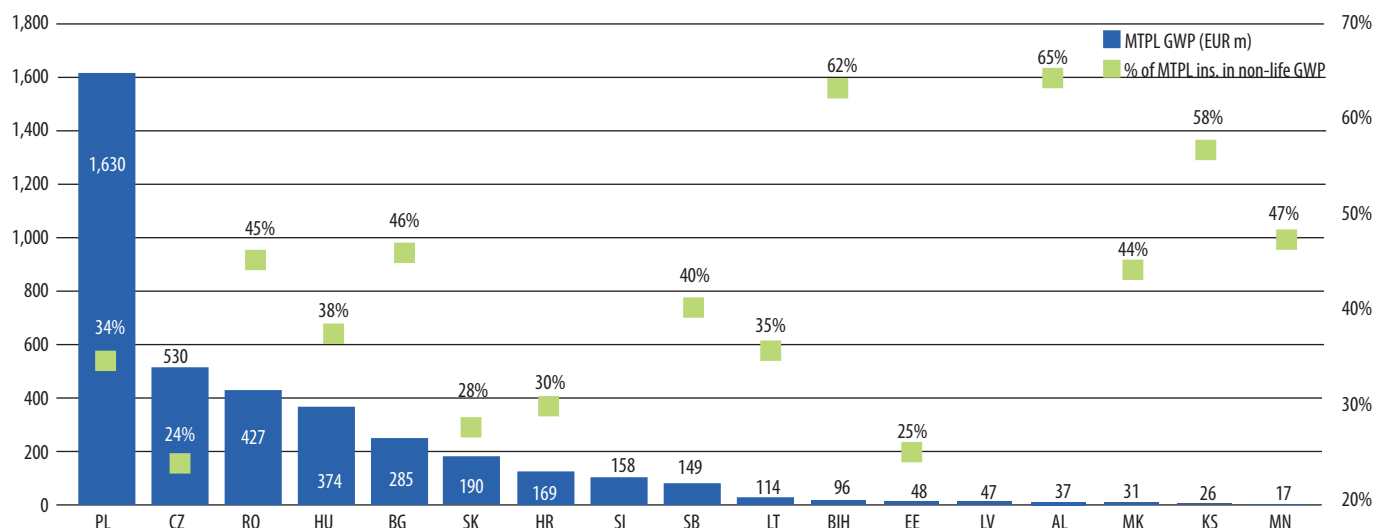
CEE - MTPL INSURANCE

Country	GWP			Claims			Share in non-life GWP		Regional market share	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019	1H2020	1H2019
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	36.63	39.82	-8.00	8.72	10.86	-19.72	64.57	65.36	0.85	0.89
Bosnia & Herzegovina	95.90	95.94	-0.04	31.65	32.49	-2.59	62.41	61.32	2.22	2.14
Bulgaria	285.30	283.27	0.72	144.74	133.48	8.43	45.73	45.70	6.60	6.31
Croatia	169.33	160.61	5.43	78.10	87.44	-10.69	30.03	28.83	3.91	3.58
Czech Republic	529.68	518.96	2.07	228.74	280.35	-18.41	24.48	24.66	12.24	11.55
Estonia	47.81	54.22	-11.81	28.51	31.04	-8.16	24.65	26.80	1.11	1.21
Hungary	373.52	381.34	-2.05	119.81	150.35	-20.31	37.66	36.98	8.63	8.49
Kosovo	26.09	26.78	-2.58	14.67	14.82	-1.00	58.41	57.42	0.60	0.60
Latvia	46.92	53.41	-12.14	29.16	29.01	0.53	16.02	16.55	1.08	1.19
Lithuania	114.22	125.24	-8.80	71.48	71.80	-0.45	34.65	36.65	2.64	2.79
Macedonia	30.64	34.46	-11.09	13.94	16.47	-15.33	43.74	48.14	0.71	0.77
Montenegro	17.39	18.64	-6.66	5.92	6.22	-4.92	46.52	47.93	0.40	0.41
Poland	1,629.59	1,790.80	-9.00	1,002.49	1,099.70	-8.84	34.07	35.33	37.67	39.87
Romania	426.73	425.05	0.39	329.62	329.95	-0.10	45.43	46.65	9.86	9.46
Serbia	148.59	144.84	2.59	46.90	44.94	4.36	39.90	40.62	3.44	3.22
Slovak Republic	189.72	184.40	2.89	96.21	114.57	-16.02	27.95	27.83	4.39	4.11
Slovenia	157.73	153.57	2.71	79.77	85.14	-6.31	15.88	16.28	3.65	3.42
Total CEE	4,325.79	4,491.32	-3.69	2,330.40	2,538.61	-8.20	32.55	33.28	100.00	100.00

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



Weight of MTPL GWP in non-life business



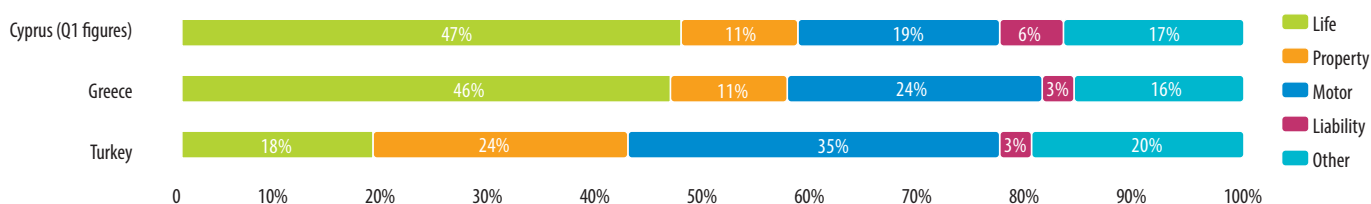
CEE – GTPL INSURANCE

Country	GWP			Claims			Share in non-life GWP		Regional market share	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019	1H2020	1H2019
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	3.27	1.87	75.16	0.05	0.06	-15.73	5.76	3.06	0.43	0.25
Bosnia & Herzegovina	2.68	2.55	5.01	0.39	0.49	-19.97	1.74	1.63	0.35	0.34
Bulgaria	13.01	11.27	15.45	1.61	1.43	12.51	2.08	1.82	1.70	1.51
Croatia	37.62	37.16	1.22	10.81	10.99	-1.62	6.67	6.67	4.92	4.98
Czech Republic	202.50	200.44	1.03	75.59	91.54	-17.43	9.36	9.52	26.49	26.84
Estonia	6.99	6.76	3.45	2.69	2.44	10.07	3.60	3.34	0.91	0.90
Hungary	24.95	26.06	-4.26	8.31	16.28	-48.97	2.52	2.53	3.26	3.49
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	11.46	12.15	-5.73	2.95	3.62	-18.54	3.91	3.76	1.50	1.63
Lithuania	12.71	12.73	-0.12	2.93	4.36	-32.73	3.86	3.73	1.66	1.70
Macedonia	2.01	2.11	-4.93	0.10	0.25	-58.60	2.87	2.95	0.26	0.28
Montenegro	1.26	1.12	12.81	0.20	0.06	208.18	3.38	2.88	0.17	0.15
Poland	302.25	298.78	1.16	117.49	117.87	-0.32	6.32	5.89	39.53	40.00
Romania	29.99	28.45	5.42	na	na	-	3.19	3.12	3.92	3.81
Serbia	14.61	12.44	17.47	1.52	1.82	-16.76	3.92	3.49	1.91	1.67
Slovak Republic	47.99	44.14	8.71	16.79	13.92	20.61	7.07	6.66	6.28	5.91
Slovenia	51.25	48.63	5.39	12.70	11.88	6.87	5.16	5.16	6.70	6.51
Total CEE	764.54	746.66	2.39	254.13	277.03	-8.27	5.75	5.53	100.00	100.00

SEE – OVERALL MARKET DATA

Country	GWP		Change	Claims		Change	Regional market share	
	1H2020	1H2019		1H2020	1H2019		1H2020	1H2019
	EUR m.	EUR m.		EUR m.	EUR m.		EUR m.	EUR m.
Cyprus (Q1 figures)	255.63	244.72	4.46	133.43	125.08	6.68	3.44	3.34
Greece	1,934.00	2,025.00	-4.50	NA	NA	-	26.06	27.61
Turkey	5,232.91	5,064.53	3.32	1,899.22	2,365.77	-19.72	70.50	69.05
Total SEE	7,422.54	7,334.25	1.20	NA	NA	-	100.00	100.00

SEE GWP portfolio per countries (%)



billion. Life insurance saw positive dynamic mostly in very few markets – the very small ones, as Montenegro or Serbia, where the growth territory is so large that allowed growth even during the crisis; Latvia showed an outstanding growth rate, but this was mostly due to the SEB's three Baltics life insurance entities which merged in one company headquartered in Riga.

NON-LIFE INSURANCE remained rather stable or saw modest negative growth rates, despite the difficulties raised by the crisis on the motor insurance segment, which in most markets holds a dominant position. Thus, GWP amounted to EUR 13.29 billion, 1.54% less y-o-y. Non-life paid claims decreased by 4.84%, to EUR 6.37 billion. While Romania, Serbia or the Slovak

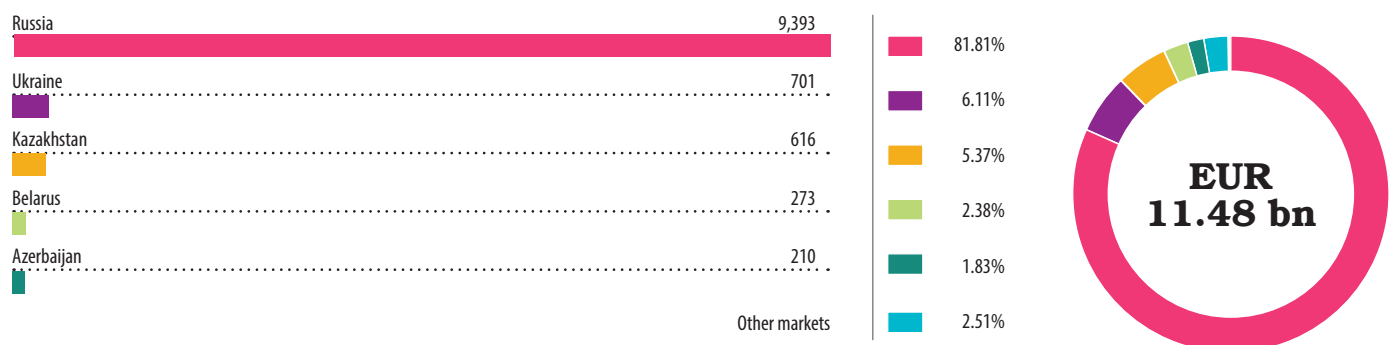
Republic's market owe the non-life sector's positive growth rate mostly to the motor insurance lines, especially MTPL, in Slovenia the health insurance business was the non-life market's driver. In Croatia and the Czech Republic, although motor insurance – namely, the MTPL line -, had a significant contribution to the market growth, there were also other business lines providing for the increasing GWP volume.

Both **MOTOR INSURANCE** classes recorded a negative change in GWP, at regional level – Motor Hull GWP went down by 2.5% y-o-y, while MTPL premiums volume decreased by 3.69%. Yet, in the CEE non-life portfolio, motor insurance classes still account together for an over 52% share in the

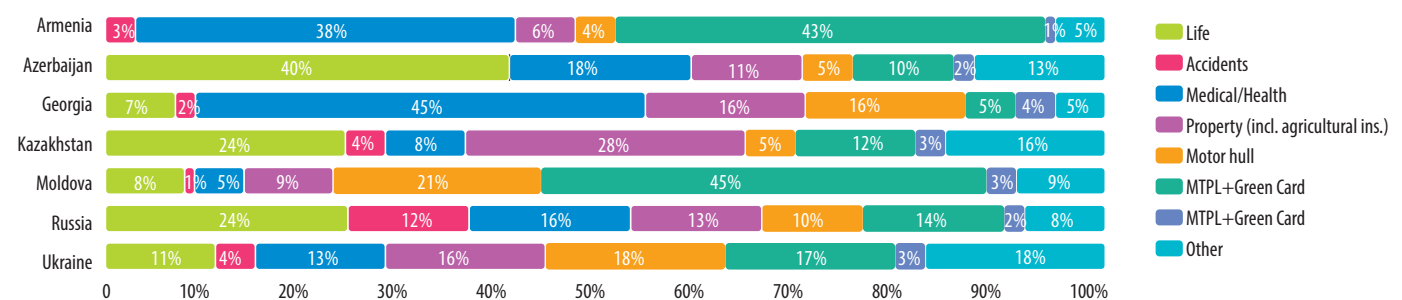
CIS - OVERALL MARKET DATA

Country	GWP		Change	Claims		Change	Regional market share	
	1H2020 EUR m.	1H2019 EUR m.		1H2020 EUR m.	1H2019 EUR m.		1H2020 EUR m.	1H2019 EUR m.
Armenia	44.92	48.52	-7.42	20.93	21.86	-4.25	0.39	0.38
Azerbaijan	209.87	187.05	12.20	96.75	61.65	56.93	1.83	1.48
Belarus	272.88	296.72	-8.04	141.70	143.46	-1.22	2.38	2.35
Georgia	109.35	105.74	3.41	44.78	62.36	-28.20	0.95	0.84
Kazakhstan	616.28	588.59	4.70	200.87	172.55	16.41	5.37	4.67
Kyrgyzstan	4.74	6.61	-28.27	1.01	1.19	-14.91	0.04	0.05
Moldova	32.24	37.27	-13.49	14.35	16.81	-14.60	0.28	0.30
Russia	9,393.16	10,293.40	-8.75	3,770.95	3,976.64	-5.17	81.81	81.60
Tajikistan (Q1 figures)	8.22	4.11	99.89	0.30	0.27	12.89	0.07	0.03
Turkmenistan	na	na	-	na	na	-	-	-
Ukraine	701.43	917.96	-23.59	228.13	224.27	1.72	6.11	7.28
Uzbekistan	89.00	128.78	-30.89	29.87	39.42	-24.21	0.78	1.02
Total CIS	11,482.09	12,614.75	-8.98	4,549.66	4,720.48	-3.62	100.00	100.00

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



CIS GWP portfolio on selected countries (%)



GWP volume. In most countries, insurers managed to maintain their motor insurance corporate portfolio despite the cease of carriers' activity due to the lockdown and international road transportation restrictions; in most cases this was the result of the adoption by insurers of flexible/delayed payments policies for the insurance premiums.

However, given the fall in new cars sales, the Motor Hull line saw a negative trend almost in most countries. The mandatory nature of the MTPL insurance helped maintain business at a rather stable level. Registrations of new cars decreased in the first half of 2020 for the EU12 markets by 33%, for passenger cars, and 37% for commercial vehicles, the ACEA (European Automobile Manufacturers Association) statistics show. According to different

sources, sales and registrations of second hand cars have also decreased significantly. In this context, the most important market driver of the motor insurance business was almost lost.

With almost empty roads for almost two months, the number of road incidents decreased sharply. Yet, considering the long tail character of the MTPL insurance, for example, the decrease in claims paid was not so spectacular as maybe expected. Paid claims decreased, at regional level, by 5.18% y-o-y for Motor Hull and 8.2% for MTPL. This helped motor insurers to improve technical rates (loss ratios/combined ratios). In some markets, as for example the Romanian one, this would be a very good news should insurers manage to maintain the improved indicators also after the resumption of road traffic.

PROPERTY INSURANCE recorded mostly positive growth rates. In the Adriatic area, following the Zagreb earthquake, property insurance take-up increased in the second quarter. However, this might be just a passing wave of popularity fueled by the recent traumatic experience of the Zagreb earthquake. Overall, GWP for property insurance reached EUR 2.7 billion, 1.1% up y-o-y. Fortunately, except for the Zagreb earthquake and a few storms in the beginning of the summer, the period was somewhat spared by extreme weather events, so that claims paid for property losses didn't record any significant increases, except for the ex-Yugoslavian countries.

The lockdown forced insurers to accelerate the process of digitalization and adapt to the work from home style. Numerous claims settlement digital solutions were launched, but also digital sales solutions or telemedicine services available for insureds. However, as a large part of the public is not yet so digital prone, sales forces had to demonstrate a lot of dedication to maintain contact with customers, using a mix of new and classical communication means.

Several relevant insurers across the region have extended coverages for the travel, health or life insurance policies, including the Covid-19 risk. Other, as PZU, have adapted to their SME clients' needs in the COVID-19 crisis by extending the coverage of the protection package for small and medium companies with Cyber insurance, considering the higher exposure to hacker attacks while working remotely. In addition, most of the big companies have made a point of honor from their contribution to the general effort of dealing with the healthcare crisis, by making donations in money, services or medical equipment and supplies.

Despite losing some ground, motor insurance classes still account together for an over 52% share in the in the CEE non-life GWP portfolio

Preserving their business was, of course, a top priority for all insurers, but of equal importance was preserving the human resources of the companies – both by protecting employees' health and maintaining jobs. As for the future, as it becomes clearer that the healthcare crisis will not end too soon, making so that emergency measures taken in the beginning to adapt the company's working style to the crisis become a stable and well-defined environment may be a top priority.

As any crisis, the Covid-19 one is not only raising challenges, but also providing for opportunities for those able using the crisis for taking steps toward a new level.

Prof. Klime POPOSKI, Insurance department of St. Kliment Ohridski University, Macedonia has summarized for XPRIMM: COVID-19 might just prove to be the catalyst for innovation in insurance, unlocking greater levels of customer experience and personalization that has long been overdue. As a result of the situation surrounding COVID-19, there is a unique opportunity for insurers to rethink and innovate as they adjust and respond. The main areas opened for innovation are:

Polish Group's PZU life and non-life subsidiaries in the home market are leading the Top 50 regional rankings

- » customers' need for new products – both as a natural improvement of the current offer and to cover new needs born by the new life style;
- » increase in the appetite for usage-based insurance (UBI) products – where the premiums payable are based on the extent to which a certain activity is performed. In the wake of COVID-19, consumer willingness to take public transport will drop, meaning that personal car travel becomes even more ingrained than before;
- » the way that insurance products are sold, serviced and the usage of customer data. These changes will lead to much greater levels of personalization and so change the customer experience and value proposition. Insurers are recognizing that they need to bring more value to their customers, with more personalized offerings and communications on a more segmented basis.
- » the digital opportunity for insurers extends beyond the customer and broker interactions at the point of sale. COVID-19 has further highlighted the need for insurers to streamline, improve and digitize operations and claims functions. Insurers are more than ever recognizing the linkage between customer experience and the digital strategy, transformation approach and operational improvement.



CEE – Top 50 regional market rankings*

Life insurance

No.	Company	Country	Home market ranking	GROSS WRITTEN PREMIUMS		
				1H2020	1H2019	Change
				EUR m	EUR m	%
1	PZU ŻYCIE SA	Poland	1	960.64	983.43	-2.32
2	Kooperativa, pojišťovna, a.s.	Czech Rep.	1	266.98	277.05	-3.64
3	AVIVA TUNŽ S.A.	Poland	2	213.23	221.30	-3.65
4	Generali Česká pojišťovna a.s.	Czech Rep.	2	196.47	143.55	36.87
5	NATIONALE-NEDERLANDEN	Poland	3	177.78	176.38	0.80
6	TUNŻ WARTA S.A.	Poland	4	105.06	114.78	-8.47
7	COMPENSA TU na ŻYCIE	Poland	5	103.13	104.26	-1.09
8	GENERALI ŻYCIE T.U. S.A.	Poland	6	100.56	94.08	6.89
9	NN Životní pojišťovna N.V.	Czech Rep.	3	91.29	96.34	-5.24
10	METLIFE TUNŽIR S.A.	Poland	7	88.45	104.05	-14.99
11	NN ASIGURARI DE VIATA	Romania	1	87.00	84.50	2.96
12	AXA ŻYCIE TU S.A.	Poland	8	78.32	78.44	-0.16
13	ČSOB Pojišťovna, a. s.	Czech Rep.	4	68.57	71.52	-4.12
14	TU ALLIANZ ŻYCIE POLSKA S.A.	Poland	9	68.11	71.26	-4.42
15	Allianz pojišťovna, a.s.	Czech Rep.	5	60.28	58.31	3.39
16	TU na ŻYCIE EUROPA S.A.	Poland	10	56.29	61.31	-8.19
17	SEB Life and Pension Baltic SE	Latvia	1	52.16	16.26	220.80
18	OPEN LIFE TU ŻYCIE S.A.	Poland	11	49.11	156.26	-68.57
19	MetLife Europe d.a.c.	Czech Rep.	6	49.10	49.91	-1.62
20	Česká podnikatelská pojišťovna	Czech Rep.	7	48.47	48.14	0.67
21	AEGON TU na ŻYCIE S.A.	Poland	12	43.92	42.97	2.21
22	WIENER osiguranje VIG	Croatia	1	43.34	38.07	13.85
23	STUNŽ ERGO HESTIA SA	Poland	13	40.36	42.98	-6.10
24	UNUM ŻYCIE TUIR S.A.	Poland	14	35.85	33.53	6.94
25	SANTANDER AVIVA TU na ŻYCIE	Poland	15	35.60	44.43	-19.87
26	Swedbank Life Insurance	Lithuania	1	33.46	29.70	12.64
27	Komerční pojišťovna, a.s.	Czech Rep.	8	33.07	34.93	-5.31
28	PKO ŻYCIE TU S.A.	Poland	16	32.08	63.07	-49.13
29	BULSTRAD LIFE VIG	Bulgaria	1	31.08	44.24	-29.75
30	DZI LIFE INSURANCE	Bulgaria	2	30.97	30.29	2.25
31	CROATIA osiguranje	Croatia	2	30.16	45.43	-33.61
32	GENERALI Osiguranje	Serbia	1	29.33	30.86	-4.97
33	BRD ASIGURARI DE VIATA	Romania	2	28.50	26.80	6.34
34	BCR ASIGURARI DE VIATA VIG	Romania	3	28.00	43.40	-35.48
35	VIENNA LIFE TU na ŻYCIE	Poland	17	27.65	27.83	-0.64
36	ALLIANZ HRVATSKA	Croatia	3	26.61	44.44	-40.11
37	Aviva Lietuva	Lithuania	2	26.50	24.21	9.45
38	Compensa Life Insurance	Lithuania	3	26.22	22.70	15.50
39	ALLIANZ BULGARIA LIFE	Bulgaria	3	23.96	23.15	3.48
40	SEB Life and Pension Baltic SE	Lithuania	4	23.41	21.66	8.08
41	WIENER	Serbia	2	21.96	18.73	17.23
42	UNIQA pojišťovna, a.s.	Czech Rep.	9	21.59	21.46	0.64
43	AGRAM Life osiguranje	Croatia	4	21.16	22.26	-4.95
44	ERGO Life Insurance SE	Latvia	2	20.92	19.12	9.46
45	Swedbank Life Insurance SE	Estonia	1	19.46	18.37	5.93
46	ALLIANZ - TIRIAC	Romania	4	19.40	17.40	11.49
47	TUNŻ CARDIF POLSKA S.A.	Poland	18	18.46	27.20	-32.11
48	AXA životní pojišťovna a.s.	Czech Rep.	10	17.20	19.60	-12.24
49	SIGNAL IDUNA	Romania	5	16.00	12.60	26.98
50	GRAWE HRVATSKA	Croatia	5	15.83	18.33	-13.65

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

Non-life insurance

No	Company	Country	Home market ranking	GROSS WRITTEN PREMIUMS		
				1H2020	1H2019	Change
				EUR m	EUR m	%
1	PZU SA	Poland	1	1447.24	1578.47	-8.31
2	STU ERGO HESTIA SA	Poland	2	713.72	760.61	-6.16
3	TUIR WARTA S.A.	Poland	3	706.11	718.02	-1.66
4	Generali Česká pojišťovna a.s.	Czech Rep.	1	522.19	416.61	25.34
5	Kooperativa, pojišťovna, a.s.	Czech Rep.	2	356.38	375.25	-5.03
6	Allianz pojišťovna, a.s.	Czech Rep.	3	231.36	226.04	2.35
7	CITY INSURANCE	Romania	1	224.50	197.30	13.79
8	AXA UBEZPIECZENIA TUIR S.A.	Poland	4	220.38	229.20	-3.85
9	COMPENSA TU S.A. VIG	Poland	5	208.89	212.93	-1.89
10	TUIR ALLIANZ POLSKA S.A.	Poland	6	199.49	242.15	-17.62
11	GENERALI T.U. S.A.	Poland	7	193.34	188.53	2.55
12	CROATIA osiguranje	Croatia	1	179.40	180.90	-0.83
13	ČSOB Pojišťovna, a. s.	Czech Rep.	4	153.37	144.97	5.79
14	Česká podnikatelská pojišťovna, a.s.	Czech Rep.	5	153.02	152.56	0.30
15	INTERRISK TU S.A. VIG	Poland	8	145.35	157.89	-7.94
16	EUROINS ROMANIA	Romania	2	139.00	132.30	5.06
17	UNIQA TU S.A.	Poland	9	137.96	142.96	-3.49
18	OMNIASIG VIG	Romania	3	134.30	134.50	-0.15
19	UNIQA pojišťovna, a.s.	Czech Rep.	6	127.31	125.48	1.46
20	ALLIANZ - TIRIAC	Romania	4	122.10	129.30	-5.57
21	LINK4 TU S.A.	Poland	10	120.46	124.62	-3.34
22	DUNAV	Serbia	1	117.30	108.00	8.62
23	"BTA Baltic Insurance Company"	Latvia	1	106.71	112.29	-4.97
24	GROUPAMA ASIGURARI	Romania	5	103.30	110.90	-6.85
25	WIENER TU S.A. VIG	Poland	11	101.79	100.00	1.79
26	Lietuvos draudimas	Lithuania	1	95.45	99.42	-3.99
27	LEV INS	Bulgaria	1	85.91	88.40	-2.82
28	EUROHERC osiguranje	Croatia	2	84.89	83.01	2.26
29	BULSTRAD VIG	Bulgaria	2	80.38	77.12	4.23
30	GENERALI Osiguranje	Serbia	2	67.53	66.44	1.64
31	TUW TUW	Poland	12	66.01	68.75	-4.00
32	DZI - General insurance	Bulgaria	3	64.66	64.03	0.98
33	Euroins	Bulgaria	4	63.96	60.51	5.70
34	ADRIATIC osiguranje	Croatia	3	62.20	49.88	24.70
35	PTR S.A.	Poland	13	60.92	50.26	21.21
36	ALLIANZ HRVATSKA	Croatia	4	58.60	60.29	-2.80
37	ASIROM VIG	Romania	6	55.40	45.10	22.84
38	InsuranceJSC "Balta"	Latvia	2	55.20	59.87	-7.79
39	AVIVA TU OGÓLNYCH S.A.	Poland	14	54.66	54.53	0.23
40	ARMEEC	Bulgaria	5	53.66	56.15	-4.44
41	BTA Insurance Company SE filialas	Lithuania	2	53.56	57.25	-6.46
42	PKO TU S.A.	Poland	15	52.74	78.24	-32.60
43	DDOR	Serbia	3	50.32	48.25	4.29
44	CONCORDIA POLSKA T.U. S.A.	Poland	16	49.75	40.53	22.74
45	GENERALI ROMANIA	Romania	7	48.80	60.00	-18.67
46	TU EULER HERMES S.A.	Poland	17	47.06	41.38	13.72
47	ERGO Insurance SE filialas	Lithuania	3	46.34	47.16	-1.75
48	DallBogg: Zhivot i zdrave	Bulgaria	6	46.24	32.64	41.66
49	OZK Insurance	Bulgaria	7	46.18	52.56	-12.14
50	TUW PZUW	Poland	18	45.93	55.14	-16.69



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Albania



S&P Rating
B+, STABLE

Moody's rating
B1, STABLE

Sources:

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

² Bank of Albania

³ Albanian Financial Supervisory Authority (AFSA)

⁴ XPRIMM calculations

Market's main indicators - timeline



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

For the first six months of 2020, the Albanian insurance market's gross written premiums went down to EUR 60.7 million, decreasing by 7.9% y-o-y. The overall claims paid by local insurers increased considerably, to EUR 32.8 million, up by 44.8%.

COVID-19 Pandemic lockdown measures in Albania started on March 13th, 2020. From this date until the end of April, the Albanian insurance market experienced a sharp decrease in insurance written premiums (-33%), AFSA's General Executive Director, Ervin METE, stated.

In order to intervene in time and monitor the financial stability of the insurance market, during this period, the Authority has focused on increasing the frequency of periodic reports in AFSA, both financial, actuarial, and ad hoc reporting (...). In line with the recommendations of the European Insurance and Occupational Pensions Authority, AFSA requested insurance companies to take measures in order to maintain the required levels of liquidity and their financial indicators, by temporary suspending dividends payment, Mr. METE further explained.

Market portfolio at June 30th, 2020

BUSINESS LINE	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	60.67	65.89	-7.92	32.82	22.67	44.75	100.00	100.00
TOTAL LIFE	3.94	4.98	-20.85	1.06	0.89	18.92	6.49	7.55
TOTAL NON-LIFE	56.72	60.60	-6.40	30.67	19.15	60.18	93.49	91.97
Accidents insurance	1.37	2.59	-47.24	0.29	0.33	-11.61	2.25	3.93
Health insurance	3.27	3.01	8.79	1.65	1.83	-9.93	5.39	4.57
Overall property insurance	7.71	6.64	16.14	17.52	3.57	390.38	12.71	10.08
Fire and allied perils	5.89	4.51	30.48	16.56	0.81	1,947.35	9.71	6.85
Damages to property	1.82	2.13	-14.26	0.96	2.76	-65.17	3.01	3.23
Overall motor insurance	39.85	43.29	-7.95	11.05	13.26	-16.67	65.69	65.71
Motor Hull	3.22	3.48	-7.38	2.33	2.40	-2.87	5.31	5.28
MTPL	36.63	39.82	-8.00	8.72	10.86	-19.72	60.38	60.43
- DMTPL	32.01	32.47	-1.42	7.03	8.83	-20.41	52.76	49.28
- Green Card	4.10	6.52	-37.09	1.62	1.83	-11.50	6.76	9.90
- Border	0.52	0.82	-37.02	0.07	0.20	-63.88	0.85	1.24
Goods in transit	0.19	0.19	-0.57	0.01	0.02	-39.11	0.32	0.29
GPL	3.27	1.87	75.16	0.05	0.06	-15.73	5.39	2.83
Suretyship	1.01	1.05	-4.32	0.10	0.02	458.30	1.66	1.60
Other non-life insurance	0.04	1.95	-97.78	-	0.06	-100.00	0.07	2.96
REINSURANCE ACCEPTED	0.01	0.32	-96.94	-	-	-	0.02	0.48
PAID CLAIMS FOR COMPENSATION FUND	-	-	-	1.09	2.64	-58.63	-	-

1 EUR = 122.65 Lek - ALL (June 30th, 2019)

1 EUR = 124.34 Lek - ALL (June 30th, 2020)

Life insurance dropped by almost 21%

Property insurance rose by more than 30%, but housing insurance penetration remains low, being mostly bank driven

At the beginning of 2020, AFSA launched the MTPL damage registry



Ervin METE
General Executive
Director, AFSA

Life sector's GWP decreased by 20.9% y-o-y, to EUR 3.9 million, while its paid claims expanded by 18.9%, to EUR 1.1 million. Ervin METE explained: *Regarding Life Insurance, compared to the first half of 2019, a decline in all main business lines is observed (...). Just like with TPL insurance renewals, the renewals of Credit Life Insurance are simply put off for 1-2 months, as a result of the leniency of banks towards their customers due to the pandemic situation (...)*

Non-life sector's GWP decreased as well, by 6.4% y-o-y, to EUR 56.7 million, while its paid claims increased by 60.2%, to EUR 30.7 million. Most of the main non-life classes decreased year-on-year, with the exception of Property fire and allied perils (+30.5%), Health (+8.8%) and GTPL (+75.2%).

According to Mr. METE, the increase of non-life claims was determined by the earthquake events occurred in 2019 (on September 21st and November 26th), which are being settled in 2020. As the 1H2020 market data shows, the property GWP also increased during the period.

Questioned if the Albanians are more aware of NatCat risks, Mr. METE responded: *Property insurance in Albania still remains low in penetration and its demand is mainly bank driven. Due to the casualties caused by the earthquakes of September 21st and November 26th there was a large discussion about the need of property insurance, (...) to ease the costs of the Government in such situations. Given the losses faced by the population in 2019, many policyholders have become aware of the importance of such cover and further insured their full value. (...)*

At the end of the first half of 2020, there were 4 insurance companies operating in the life sector and 8 insurance companies operating in non-life. At the end of the year 2019, AFSA granted the licence to ALBSIG for life insurance undertaking. No major structural changes inside market participants were evidenced during the first half of 2020, Mr. METE commented.

(C.C.)

Albania

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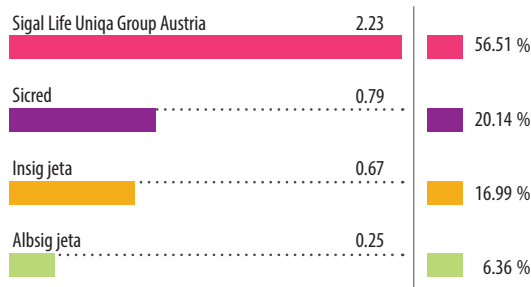
Full market rankings per company & per class

MSEcel format * in EUR and local currency

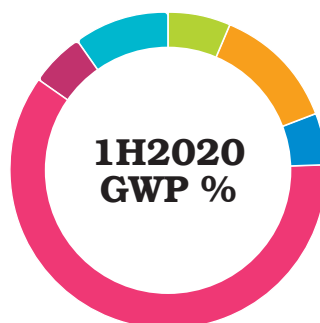
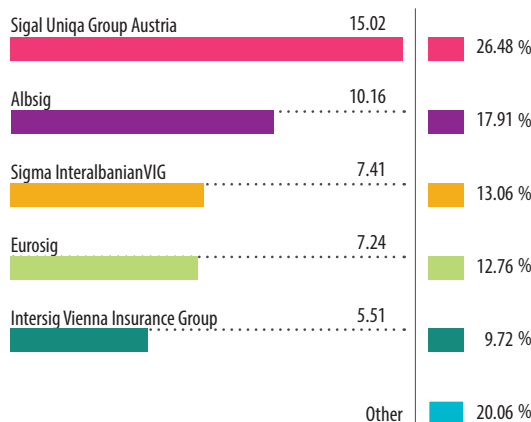
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Life insurance ranking (GWP, EUR m)



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



Life	6.49
Property	12.71
Motor Hull	5.31
MTPL	60.38
GTPL	5.39
Other	9.71



Life	3.22
Property	53.38
Motor Hull	7.11
MTPL	26.56
GTPL	0.16
Other	9.57

Bosnia and Herzegovina



S&P Rating
B, STABLE

Moody's rating
B3, STABLE

Sources:

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

² Central Bank of Bosnia and Herzegovina

³ AZOBIH - Insurance Agency of Bosnia and Herzegovina

⁴ XPRIMM calculations

🌟 Bosnian subsidiary of the Serbian DUNAV Osiguranje gave up its life insurance business, its portfolio being transferred to GRAWE osiguranje a.d Banja Luka

🌟 Starting 19 October 2020, Bosnia & Herzegovina will become an active member of the "License Plate Subsystem", thus in relation with about 30 countries the Green Card policy will no longer be used

🌟 Top 3 positions in the aggregated market ranking are held by companies registered in FBiH: Sarajevo Osiguranje, ADRIATIC Osiguranje and EUROHERC Osiguranje

Market's main indicators - timeline



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

The first half of 2020 ended for the Bosnian insurers with total GWP of EUR 191.7 million, 2% less y-o-y, a result mainly driven by the non-life segment's decrease in premiums volume, especially on the credit insurance and Motor Hull insurance lines.

In a regional approach, the market dynamics were similar in both administrative entities of Bosnia & Herzegovina. Thus, while insurers based in the Federation of Bosnia & Herzegovina

(FBiH) have reported GWP of EUR 135 million, 2.05% down y-o-y, in Republic of Srpska GWP also went down by about 2% y-o-y, to EUR 56.7 million.

As of June 30, 2020, there were 26 insurance companies and one reinsurance company operating in the insurance market of Bosnia and Herzegovina: out of this total, 14 companies registered in the Republic of Srpska and 12 insurance companies whose registered office is in

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	191.74	195.71	-2.03	73.99	74.52	-0.70	100.00	100.00
TOTAL LIFE	38.09	39.25	-2.95	17.08	14.91	14.56	19.87	20.05
TOTAL NON-LIFE	153.65	156.46	-1.80	56.91	59.61	-4.52	80.13	79.95
Accidents insurance	12.33	13.47	-8.49	5.31	6.02	-11.85	6.43	6.88
Health	2.09	2.83	-26.38	0.83	1.10	-24.31	1.09	1.45
Goods in transit	1.20	1.33	-9.52	0.07	0.08	-13.55	0.63	0.68
Overall property insurance	18.19	16.72	8.77	4.33	5.84	-25.90	9.48	8.54
Fire and allied perils	9.15	8.89	2.87	2.96	3.90	-24.21	4.77	4.54
Damages to property	9.04	7.83	15.48	1.37	1.94	-29.29	4.71	4.00
Overall motor insurance	114.55	115.28	-0.63	45.09	45.39	-0.65	59.74	58.90
Motor Hull	18.66	19.34	-3.54	13.44	12.90	4.23	9.73	9.88
MTPL	95.90	95.94	-0.04	31.65	32.49	-2.59	50.01	49.02
GTPL	2.68	2.55	5.01	0.39	0.49	-19.97	1.40	1.30
Credit insurance	1.29	3.16	-59.27	0.68	0.48	42.05	0.67	1.62
Financial loss	0.81	0.60	35.08	0.10	0.14	-25.69	0.42	0.31
Other non-life insurance	0.52	0.51	0.30	0.11	0.07	59.55	0.27	0.26
In Federation of Bosnia and Herzegovina								
TOTAL	135.06	137.89	-2.05	54.76	56.67	-3.38	70.44	70.46
LIFE	32.20	33.74	-4.55	14.86	13.20	12.60	16.80	17.24
NON-LIFE	102.86	104.15	-1.24	39.90	43.47	-8.22	53.64	53.22
In Republika Srpska								
TOTAL	56.68	57.82	-1.97	19.23	17.84	7.79	29.56	29.54
LIFE	5.89	5.51	6.83	2.22	1.71	29.66	3.07	2.82
NON-LIFE	50.79	52.31	-2.90	17.01	16.13	5.46	26.49	26.73

1 EUR = 1.95583 Convertible marks - BAM (fixed)

FBiH. Most of them are operating in both administrative entities, through local branches. The total also includes a licensed reinsurer, BOSNA Re, registered in FBiH.

Life insurance accounts for about 20% of the market portfolio, but the market is still underdeveloped. In absolute terms, GWP for the 1H reached only EUR 38 million. The number of life insurance players decreased in the beginning of the year when the Bosnian subsidiary of the Serbian DUNAV Osiguranje gave up its life insurance business, transferring the portfolio to GRAWE osiguranje a.d Banja Luka. Life insurance held a very small share of DUNAV's business in Bosnia & Herzegovina (less than 3% of its annual GWP). Most probably the small dimension was one of the reasons behind DUNAV's decision to sell its life insurance business.

Motor insurance lines maintained their dominant position in the market, in fact increasing their total market share by almost 1 percentage point, to 59.7%. The driving factor of this trend was the MTPL segment. Starting this autumn, an important change will occur, as Bosnia & Herzegovina became a member of the "License Plate Subsystem" and Bosnian drivers will no longer need a Green Card when traveling abroad, as well as vehicles from about thirty other European countries will no longer need a "green card" to enter BiH.

Property insurance lines also increased their share in the market portfolio by about 1p.p., to 9.48%. The highest contribution came from the "damages to property" class for which GWP increased by 15.5%. Yet, insurance coverage against NatCat events remains very low. According to UNDP (United Nations Development Programme) data, only 14.9% of the total estimated losses from the 2014 floods (~15% of the country's GDP) were covered. Of these losses, less than 1% was covered by budgetary reserves, and less than 2% by insurance; the vast majority of losses were never recovered. In 2014, only six citizens in BiH were covered by flood insurance.

In the aggregate market ranking, Sarajevo Osiguranje (registered in FBiH) maintains its top market position, although with a slightly decreasing market share (9.15% in 1H2020 vs. 9.42% in 1H2019). ADRIATIC Osiguranje (FBiH) is its closest contender, with a market share of 8.84%, followed by EUROHERC Osiguranje (FBiH) with 8.20%.

(D.G.)

Bosnia and Herzegovina

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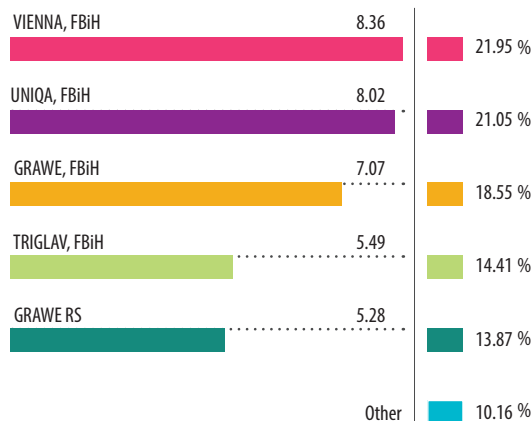
Full market rankings

MSEcel format * in EUR and local currency

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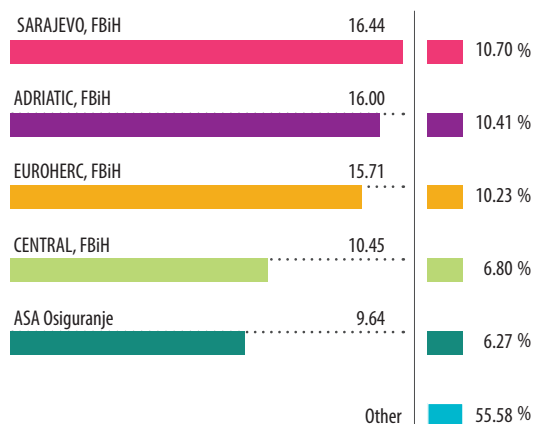


Top 5 Life insurance (GWP, EUR m)

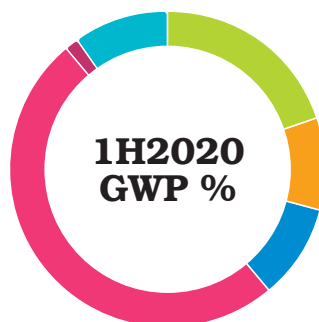


1H2020 market shares

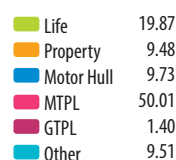
Top 5 Non-life insurance (GWP, EUR m)



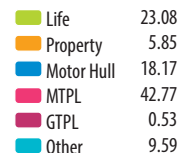
1H2020 market shares



1H2020 GWP %



1H2020 CLAIMS %



Bulgaria



S&P Rating

BBB, STABLE

Moody's rating

BAA2, POSITIVE

Fitch Rating

BBB, STABLE



Market's main indicators - timeline



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

Sources:

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

² Bulgarian National Bank

³ The Financial Supervision Commission of Bulgaria (FSC)

⁴ XPRIMM calculations

Half-year market figures from the Bulgarian Financial Supervision Commission (FSC) show that local insurers ended the first semester with a 2% y-o-y decrease in GWP to BGN 1.44 billion (EUR 740 million), while aggregate value of net profit increased by 47.79% y-o-y, to BGN 150.84 million (~ EUR 77.12 million).

Per business lines, 84.28% represented non-life GWP (EUR 623 million, 0.65% more y-o-y), the remaining of 15.72% being

accounted by life products GWP (EUR 116.33 million, down by 14.34% y-o-y).

In terms of GWP, the largest life insurers in the country were BULSTRAD Life Vienna Insurance Group (26.71 % market share), followed by DZI Life Insurance (26.62%) and ALLIANZ Bulgaria Life (20.59 %).

On the non-life segment, LEV Ins led the market (13.77%), followed by BULSTRAD VIG (12.88%) and DZI with a share of 10.36%.

Life insurance business decreased, while general insurers reported flat GWP

Insurers' profits expanded by almost 50%

MTPL, MoD and Fire – are the top three most profitable LoBs

Insurers' aggregated assets, at market level, up by 7.7%

GROUPAMA Life Insurance gets regulatory nod to absorb GROUPAMA EXPRESS Life

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	740.22	755.63	-2.04	300.16	295.76	1.49	100.00	100.00
TOTAL LIFE	116.33	135.81	-14.34	44.99	39.35	14.32	15.72	17.97
Life ins. and annuities	55.83	66.20	-15.67	28.72	25.79	11.40	7.54	8.76
Unit-linked	24.96	23.66	5.47	5.63	2.66	111.22	3.37	3.13
Other life insurance	35.54	45.94	-22.63	10.64	10.91	-2.45	4.80	6.08
TOTAL NON-LIFE	623.89	619.83	0.65	255.17	256.41	-0.48	84.28	82.03
Accidents insurance	13.09	11.71	11.75	2.67	3.28	-18.57	1.77	1.55
Health	19.69	18.49	6.52	9.42	10.01	-5.86	2.66	2.45
Railway, aircraft and ships	3.66	4.42	-17.27	0.79	0.67	18.53	0.49	0.58
Goods in transit	4.72	4.98	-5.11	0.74	0.94	-21.30	0.64	0.66
Overall property insurance	88.61	77.16	14.84	15.94	25.69	-37.95	11.97	10.21
Fire and allied perils	83.14	71.74	15.88	14.71	24.66	-40.33	11.23	9.49
Damages to property	5.48	5.41	1.12	1.23	1.03	19.10	0.74	0.72
Overall motor insurance	449.61	449.47	0.03	220.76	209.22	5.52	60.74	59.48
Motor Hull	164.31	166.20	-1.14	76.03	75.74	0.38	22.20	22.00
MTPL	285.30	283.27	0.72	144.74	133.48	8.43	38.54	37.49
Carriers' liability (air and sea)	1.04	1.59	-34.80	0.00	0.00	141.62	0.14	0.21
GTPL	13.01	11.27	15.45	1.61	1.43	12.51	1.76	1.49
Credit insurance	1.28	1.36	-5.69	0.72	1.26	-43.42	0.17	0.18
Suretyship	20.11	21.84	-7.92	0.14	0.05	181.17	2.72	2.89
Financial loss	2.56	5.37	-52.40	0.40	1.60	-74.84	0.35	0.71
Travel	6.03	11.89	-49.28	1.96	2.25	-12.83	0.81	1.57
Other non-life insurance	0.48	0.29	67.61	-	-	-	0.07	0.04

1 EUR = 1.95583 Leva, BGN (fixed)

Non-life aggregate net profit was BGN 134.83 million (almost EUR 69 million) vs. BGN 77.17 million (EUR 39.45 million) at the end of June 2019. Of overall 24 active non-life insurers supervised by FSC, the largest profits were reported by DZI (~EUR 14 million), GENERALI Insurance (EUR 7.72 million) and ALLIANZ Bulgaria (EUR 7.68 million), while the largest loss was reported by SAGLASIE (EUR -433 thousand).

Overall, non-life segment reported gross technical result of BGN 288.91 million (EUR 147.72 million) more than double compared to the previous year (BGN 124.32 million). It is worth mentioning that, from this point of view, the most profitable insurance class is MTPL (BGN 98.25 million, more than EUR 50 million) followed by MoD (BGN 73.15 million) and Fire and Allied perils (BGN 69.69 million).

On the life insurance side, the Bulgarian insurance market closed H1 2020 with an aggregated profit after tax amounting to BGN 16 million (EUR 8.20 million) vs. BGN 24.89 million (EUR 12.73 million) a year before. Of 10 active local life insurers, two ended the year "in red" (EUROINS Life Insurance and SAGLASIE), while the top 3 most profitable life insurers were ALLIANZ Life (BGN 4.45 million or EUR 2.28 million), DZI-Life (EUR 1.77 million) and BULSTRAD Life VIG (EUR 1.42 million).

Bulgarian insurers' total assets increased by 7.7% y-o-y, data provided by the Bulgarian Central Bank as of June 30, show. Including EU branches, in the life insurance sector, the number of companies decreased by 1 unit, to 14, while the assets volume increased by 8.6% y-o-y, to BGN 2.54 billion (EUR 1.3 billion). The number of non-life insurers remained constant (37 including branches), while the total value of their assets went up by 7.3%, to BGN 6.2 billion (EUR 3.18 billion). This figure includes the BGN 2.7 billion assets of the single player operating in the reinsurance field. Securities other than shares (47%), Shares and other forms of ownership (14.64%) and receivables from insurance operations (11.53%) are the main classes of instruments in the insurance market's assets portfolio. The placements in shares have increased y-o-y by 18%, to BGN 1.28 billion, while placements in securities increased by 4% to BGN 4.1 billion. The entire volume of investments is placed in almost equal parts in Bulgaria and other EU countries.

(A.V.)

Bulgaria

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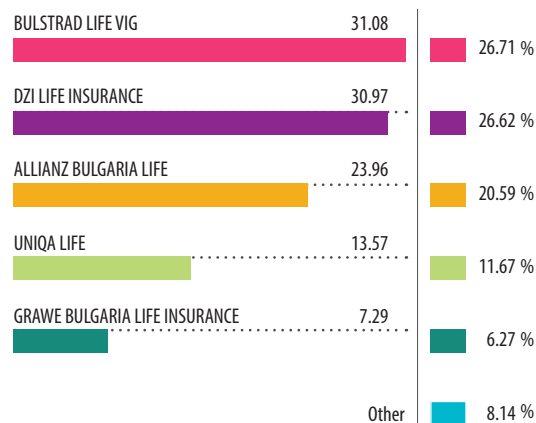
Full market rankings per company & per class

MSEcel format * in EUR and local currency

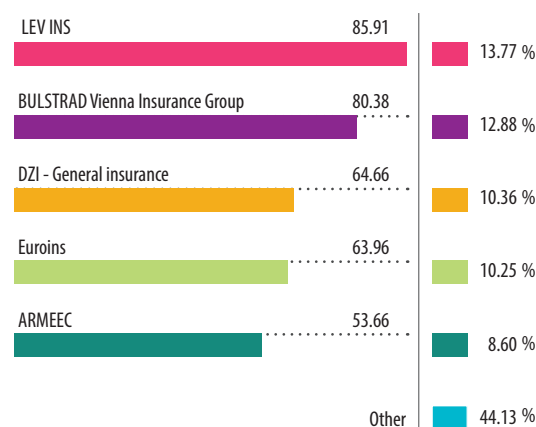
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TOP 5 Life insurance (GWP, EUR million)



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



Life	15.72
Property	11.97
Motor Hull	22.20
MTPL	38.54
GTPL	1.76
Other	9.82



Life	14.99
Property	5.31
Motor Hull	25.33
MTPL	48.22
GTPL	0.54
Other	5.61

Croatia



S&P Rating

BBB-, STABLE

Moody's rating

BA2, POSITIVE

Fitch Rating

BBB-, STABLE

Sources:

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

² Croatian National Bank

³ Croatian Insurance Bureau

⁴ XPRIMM calculations



Market's main indicators - timeline



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

Croatian insurers wrote premiums worth ~EUR 749 million in 1H2020, down by 4.43% y-o-y, according to data provided by the Croatian Insurance Bureau (HUO). The two main market segments showed opposite trends: while the life insurance premiums fell by 18.32% y-o-y, non-life GWP increased by 1.23%.

Motor insurance and property insurance lines provided for the largest part of the non-life premiums growth. The MTPL line provided for the most consistent premium growth in absolute terms, with

GWP increasing by 5.4% y-o-y, to EUR 169.3 million. With an increase of about 2% of the number of policies, the market MTPL premiums production grew mostly because of the increasing prices. Thus, the average MTPL premium went up from approx. EUR 106 in 1H2019, to EUR 109.5 in 1H2020.

Property insurance lines grew, in average, by 4.36%, mostly driven by the increasing number of fire insurance policies, most probably as a direct effect of the recent Zagreb earthquake experience. On the

✿ The average MTPL premium went up from approx. EUR 106 in 1H2019, to EUR 109.5 in 1H2020

✿ Claims paid by Croatian insurers on the property segment increased by more than 52% on the fire insurance line

✿ Insurers expect the final bill of the Zagreb earthquake to amount to EUR 55 - EUR 63 million

✿ The average property claim value went up from ~EUR 1,815 in 2019, to EUR 4,130 this year, while the average premium increased only from about EUR 106, to the current EUR 115

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	749.26	784.01	-4.43	432.86	393.63	9.97	100.00	100.00
TOTAL LIFE	185.42	227.01	-18.32	206.26	157.67	30.82	24.75	28.95
Life insurance	154.11	183.79	-16.15	173.12	140.79	22.97	20.57	23.44
Supplementary insurance	8.19	8.67	-5.54	0.84	1.19	-29.08	1.09	1.11
Life insurance and annuities related to investment funds	21.89	33.51	-34.68	30.20	13.48	124.02	2.92	4.27
Other life insurance	1.24	1.04	18.79	2.09	2.21	-5.48	0.17	0.13
TOTAL NON-LIFE	563.83	557.01	1.23	226.60	235.96	-3.97	75.25	71.05
Accident insurance	34.17	35.63	-4.09	6.15	6.90	-10.87	4.56	4.54
Health insurance	46.38	45.37	2.23	20.14	22.31	-9.75	6.19	5.79
Insurance of vessels	15.44	14.36	7.53	4.78	7.09	-32.58	2.06	1.83
Goods in transit	3.15	3.13	0.70	0.48	1.31	-63.64	0.42	0.40
Overall property insurance	128.84	123.46	4.36	53.42	40.22	32.82	17.20	15.75
Fire and allied perils	56.34	53.51	5.29	32.14	20.44	57.25	7.52	6.82
Damages to property	72.50	69.95	3.65	21.28	19.78	7.57	9.68	8.92
Overall motor insurance	257.91	250.28	3.05	127.03	139.56	-8.98	34.42	31.92
Motor Hull	88.58	89.67	-1.22	48.94	52.12	-6.12	11.82	11.44
MTPL	169.33	160.61	5.43	78.10	87.44	-10.69	22.60	20.48
Liability ins. for the use of vessels	2.71	2.92	-7.23	0.54	0.81	-33.10	0.36	0.37
GTPL	37.62	37.16	1.22	10.81	10.99	-1.62	5.02	4.74
Credit insurance	18.21	24.70	-26.26	-1.63	-3.00	-45.84	2.43	3.15
Financial loss insurance	9.05	9.94	-8.98	1.69	4.78	-64.57	1.21	1.27
Travel	7.57	7.81	-3.06	2.74	2.70	1.24	1.01	1.00
Other non-life insurance	2.78	2.25	23.61	0.45	2.28	-80.39	0.37	0.29

1 EUR = 7.393633 Kuna - HRK (June 30th, 2019)

1 EUR = 7.558818 Kuna - HRK (June 30th, 2020)

other hand, claims paid by Croatian insurers on the property segment increased by 32.8% in average, or more than 52% on the fire insurance line.

Thus, according to recent updates from the Croatian government, the 5.5 magnitude earthquake that hit Zagreb on March 22, 2020 caused economic losses estimated at ~EUR 5.56 billion. Expectations are that the final bill for insurers will amount to EUR 55 - EUR 63 million.

In the previous years, the total premium written by Croatian insurers for the earthquake risk was of about EUR 10.6 million. In 2020 insurers expect the sum will increase to about EUR 14.6 million, while the number of policies covering the earthquake risk will grow from about 107.3 thousand last year, to over 138.5 thousand.

It also worth noting that, according to HUO data, the average claim value went up from ~EUR 1,815 in 2019, to EUR 4,130 this year, while the average premium increased only from about EUR 106, to the current EUR 115. Data suggest that damages caused to the buildings by the earthquake are more severe than those usually caused by extreme weather events. Data also show the very low penetration of the earthquake insurance. In XPRIMM's estimation, less than 10% of the Croatian homes are financially protected against the earthquake risk.

Croatia osiguranje continues to hold a leading position with a total share of about 28%. The total GWP amounted to HRK 1,584 million (~EUR 205 million), which is 5% less y-o-y, primarily due to the decline in the life insurance market, but also targeted optimization and the removal of the unprofitable part of the portfolio, as the mentioned in an official statement.

ALLIANZ Hrvatska ranked second with 11.37% market share (HRK 644 million) followed by EUROHERC Osiguranje, which offers only non-life insurance with 11.33% (HRK 641.65 million).

GENERALI CEE Holding announced it officially expanded on Croatian insurance market finalizing the acquiring of the business of local non-life insurer IZVOR osiguranje. The two involved parties agreed the transaction in October 2019 and got the final approvals in January 2020. The portfolio transfer took place at the end of April.

(D.G.)

Croatia

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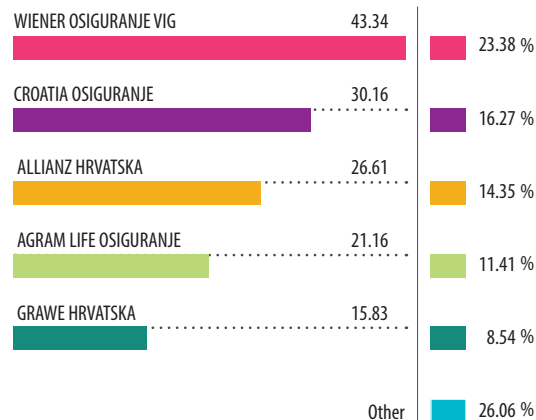
Full market rankings per company & per class

MSEcel format * in EUR and local currency

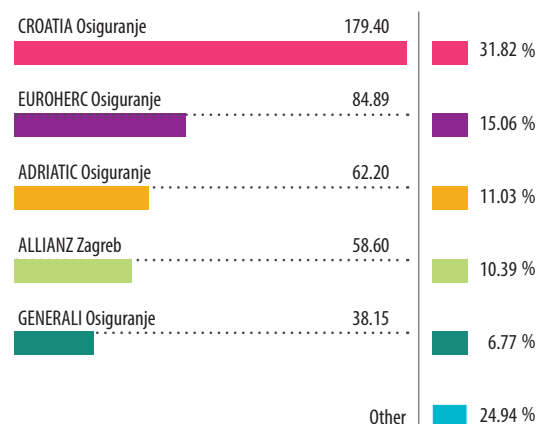
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TOP 5 Life insurance (GWP, EUR million)



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



Life	24.75
Property	17.20
Motor Hull	11.82
MTPL	22.60
GTPL	5.02
Other	18.61



Life	47.65
Property	12.34
Motor Hull	11.31
MTPL	18.04
GTPL	2.50
Other	8.16

Czech Republic



S&P Rating
AA-, STABLE

Moody's rating
AA3, STABLE

Fitch Rating
AA-, STABLE




Sources:


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

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

³ XPRIMM calculations

 **GENERALI Česká pojišťovna** - the company resulted after the merger, in September 2019, of Ceska pojist'ovna with the Czech branch of Generali - took over the leading position from Kooperativa pojišťovna VIG and becoming the largest Czech insurer

 The number of flood claims increased by 40%, causing insured losses worth EUR 16.4 million, more than double compared to the same period last year

 The overall market downsize was mainly driven by the life insurance segment which saw a 16.8% decline in GWP

Market's main indicators - timeline



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

Czech insurers ended the first half of 2020 with GWP worth EUR 3.16 billion. Which is 4.29% less y-o-y, the Central Bank's statistics show. However, in local currency, the rate growth remained slightly positive, of about 0.6% y-o-y. In fact, the overall negative trend was mainly driven by the life insurance segment which saw a 16.8% decline in GWP, thus losing about 5p.p. of its weight in the market portfolio.

The total number of life insurance contracts valid at the end of the period decreased by almost 7%, while the number of newly concluded contracts declined y-o-y by over 16%. The class of Life insurance with profit participation saw the most substantial decline, both in GWP, down by almost 40% y-o-y, and number of newly concluded contracts. However, due to the outstanding number of contracts

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS*			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	3,156.86	3,298.53	-4.29	1,706.47	2,000.40	-14.69	100.00	100.00
TOTAL LIFE**	993.41	1,194.01	-16.80	689.41	935.96	-26.34	31.47	36.20
Insurance with profit participation	332.57	546.07	-39.10	391.50	602.13	-34.98	10.53	16.56
Index-linked and unit-linked	345.22	372.60	-7.35	207.53	250.73	-17.23	10.94	11.30
Other life insurance	315.62	275.34	14.63	90.38	83.11	8.75	10.00	8.35
TOTAL NON-LIFE***	2,163.45	2,104.52	2.80	1,017.06	1,064.43	-4.45	68.53	63.80
Overall motor insurance	977.17	958.70	1.93	472.52	559.34	-15.52	30.95	29.06
Motor Hull	529.68	518.96	2.07	228.74	280.35	-18.41	16.78	15.73
MTPL	447.49	439.74	1.76	243.79	278.99	-12.62	14.18	13.33
Marine, aviation and transport insurance	18.69	21.56	-13.33	5.22	9.87	-47.11	0.59	0.65
Overall property insurance	522.05	534.91	-2.40	213.51	205.00	4.15	16.54	16.22
General liability insurance	202.50	200.44	1.03	75.59	91.54	-17.43	6.41	6.08
Credit and suretyship	40.32	38.01	6.09	47.56	59.71	-20.34	1.28	1.15
Legal expenses	10.44	9.99	4.59	2.11	2.17	-2.80	0.33	0.30
Assistance insurance	28.53	39.00	-26.85	11.12	5.34	108.21	0.90	1.18
Financial loss	32.98	36.29	-9.11	22.17	9.35	137.15	1.04	1.10
Other	330.77	265.62	24.53	167.26	122.11	36.97	10.48	8.05

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

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

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

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

1 EUR = 25.445 Kroon - CZK (June 30th, 2019)

1 EUR = 26.740 Kroon - CZK (June 30th, 2020)

concluded in the last quarter of 2019, the total number of valid contracts at the of June 2020 is still higher than the one a year earlier.

On the non-life side, GWP went up, overall, by 2.80% (8.03% in local currency), to EUR 2.16 billion. With a few exceptions, most insurance lines saw a positive evolution, although at an obviously lower pace than in the first quarter. Motor insurance lines recorded a slightly positive trend, supported in part by the increasing number of insured vehicles. The segment covering medical expenses and other risks of travel insurance, insurance of foreigners etc., the written premium also fell significantly, for the entire first half of 2020 by almost 11%. In the comparable period of the previous year, on the other hand, this group strengthened by more than 4%.

One of main insurance classes recording a negative change in GWP when denominated in Euro (-2.4%) and only a modest positive evolution in local currency (2.56%) is property insurance. At the same time, claims paid for this line of business increased, mainly due to several extreme weather events. In the first half of 2020, members of the Czech insurance association (ČAP) dealt with over 138 thousand insurance claims with a corresponding loss exceeding the value of EUR 187 million, a similar amount as a year earlier.

Flood losses grew the most. Their number increased by 40% y-o-y and insurance companies solved almost 6.8 thousand, worth EUR 16.4 million, more than double compared to the same period last year. In terms of numbers, however, insurance claims caused by storms remain dominant. Over 40 thousand of them have already been reported and the total losses slightly exceeded EUR 37 million. However, the most destructive events were the fires, for which insurers paid close to EUR 41 million for about 2,600 claims.

As far as market rankings are concerned, GENERALI Česká pojišťovna - the company resulted after the merger, in September 2019, of Ceska pojist'ovna with the Czech branch of Generali - has produced the awaited surprise, taking over the leading position from Kooperativa pojišťovna VIG and becoming the largest Czech insurer.

(D.G.)

Czech Republic

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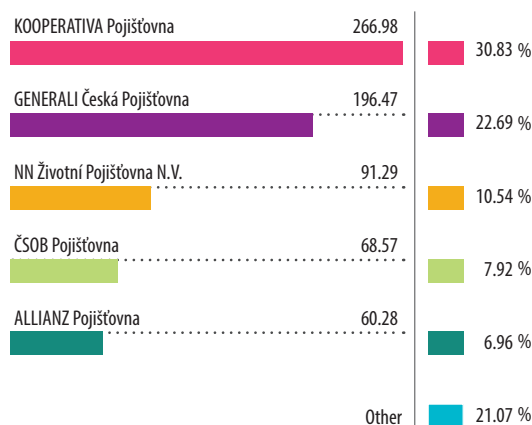
Full market rankings per company & per class

MSEcel format * in EUR and local currency

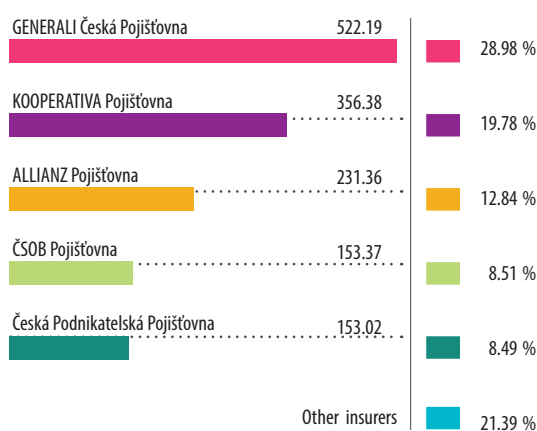
AVAILABLE FOR XPRIMM.COM PREMIUM AND GOLD SUBSCRIBERS



Top 5 Life insurance (GWP, EUR m)



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



Life	31.47
Property	16.78
Motor Hull	14.18
MTPL	16.54
GTPL	6.41
Other	14.63



Life	40.40
Property	13.40
Motor Hull	14.29
MTPL	12.51
GTPL	4.43
Other	14.97

Estonia



S&P Rating
AA-, STABLE

Moody's rating
A1, STABLE

Fitch Rating
AA-, STABLE

Sources:

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

² The Estonian National Statistics Board

³ XPRIMM calculations

Negative rates in life and motor lines GWP influenced the half-year decline of the market

Traffic accidents have decreased by a quarter during the emergency situation period

Payments on motor classes decreased by EUR 5.7 million, while on travel was up by EUR 1 million

SWEDBANK Life Insurance SE (46.49% market share) and If P&C Insurance AS (19.26%) lead, in terms of GWP, the life and general insurance segments

Market's main indicators - timeline



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

Estonian insurers reported H1 2020 GWP of EUR 235.79 million, 5.49% less compared with January-June 2019, according to the market figures published by the Estonian National Statistics Board. In GWP terms, the life segment was down by 11.20% to EUR 41.86 million (17.75% of total GWP), while the GWP by Estonian non-life insurers totaled EUR 193.93 million, 4.15% less y-o-y, due to more than EUR 10 million decrease reported on motor insurance lines (MoD and MTPL, summed). Among the five life insurers, the largest insurer remained SWEDBANK Life Insurance SE (46.49% market share), while If P&C Insurance AS (19.26%) lead the general insurance segment.

In terms of payments, the total value of claims paid by insurers decreased 2.36% y-o-y to EUR 139.58 million. Life

indemnities increased by 4.28% y-o-y to EUR 32.25 million, while the aggregate value of payments related to non-life subclasses totaled EUR 107 million, or 4.19% less y-o-y.

In absolute values, the largest decreases in non-life payments were reported by the two motor insurance LoBs: MoD (EUR-3.16 million and MTPL (-2.53 million). In fact, this new reality is due the decreasing number of accidents during emergency, local media wrote quoting representatives of local market players.

Movement restrictions imposed due to the emergency situation have helped decrease the number of traffic accidents on Estonian roads by a quarter, but insurance companies say payouts are not proportionate to the amount of accidents, wrote news.err.

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	235.79	249.48	-5.49	139.58	142.96	-2.36	100.00	100.00
TOTAL LIFE	41.86	47.14	-11.20	32.25	30.93	4.28	17.75	18.90
Term and whole life assurance	10.76	9.90	8.70	1.19	1.07	11.36	4.56	3.97
Endowment insurance	4.98	5.49	-9.38	8.13	7.36	10.35	2.11	2.20
Pension insurance	6.43	12.53	-48.64	6.22	6.18	0.76	2.73	5.02
Unit linked life insurance	15.32	15.46	-0.89	15.97	15.59	2.45	6.50	6.20
Supplementary insurance	4.37	3.76	16.09	0.74	0.72	2.53	1.85	1.51
Other	0.00	0.00	0.39	0.00	0.01	-99.44	0.00	0.00
TOTAL NON-LIFE	193.93	202.34	-4.15	107.33	112.02	-4.19	82.25	81.10
Accident	3.76	3.61	3.92	0.80	0.86	-6.93	1.59	1.45
Sickness	1.40	0.63	121.91	0.34	0.15	121.23	0.59	0.25
Overall property insurance	54.10	53.11	1.87	23.36	27.22	-14.17	22.94	21.29
Overall motor insurance	108.42	118.82	-8.75	67.85	73.54	-7.74	45.98	47.63
Motor Hull	60.61	64.60	-6.18	39.35	42.50	-7.43	25.71	25.90
MTPL	47.81	54.22	-11.81	28.51	31.04	-8.16	20.28	21.73
GTPL	6.99	6.76	3.45	2.69	2.44	10.07	2.96	2.71
Other vehicles insurance	2.88	0.99	191.78	1.68	0.54	214.77	1.22	0.40
Goods in transit insurance	1.01	1.08	-6.89	0.11	0.16	-32.00	0.43	0.43
Vehicles liability insurance	1.59	1.69	-5.81	0.65	0.50	30.87	0.68	0.68
Travel insurance	7.07	9.35	-24.39	6.68	5.72	16.80	3.00	3.75
Insurance for pecuniary loss	6.72	6.30	6.61	3.17	0.90	252.22	2.85	2.53

Estonian currency: EURO



Mart JESSE
Chairman of the
Estonian Insurance
Association

ee. Road traffic volumes in Estonia have fallen significantly due to the restrictions imposed, according to Tallinn's City Government. The traffic load in Tallinn has lessened by a third compared to the numbers of last year's March and April.

Even though the total number of traffic accidents has fallen, the financial losses caused by traffic accidents have not decreased, Chairman of the Estonian Insurance Association Mart JESSE said. *Overall traffic volume and in that regard, the number of accidents is down, but the change in environment has not brought a decline in heavy traffic damages. There is a positive financial impact, but unfortunately the payouts have not declined in proportion to the number of traffic accidents,* JESSE said, quoted by news.err.ee.

At the same time, the number of minor accidents reported in the parking lot, a segment that brought the largest number of payments, decreased considerably during the pandemic. According to Ülli REIMETSA, Head of Damage Prevention Division, the Estonian Motor Insurance Bureau (LKF), overall, across the country, parking accidents have increased in both larger and smaller car parks, but *during the emergency, the number of traffic accidents decreased by 39 percent compared to the same period last year, and due to the closure of large shopping centers, there were almost half as many accidents in these car parks. At the same time, a large part of parking cases took place near apartment buildings and grocery stores.*

On the other hand, payments for travel policies increased by almost EUR 1 million: The main reasons are the pandemic and the restrictions imposed during the emergency. Travel bans have led to thousands of cancellations. *Luckily, most clients have found an external solution. Travel agents have reimbursed their costs or they have had the chance to change the dates of their reservations,* JESSE mentioned, quoted by the same source.

(A.V.)

Estonia

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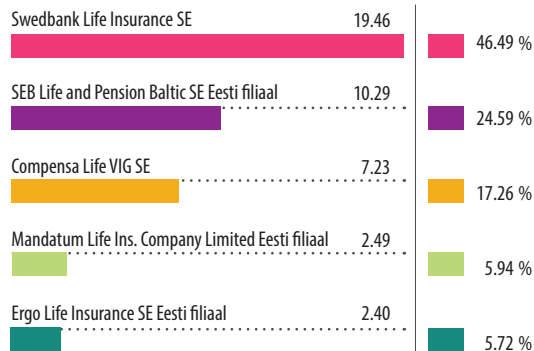
Full market rankings per company & per class

MSEcel format

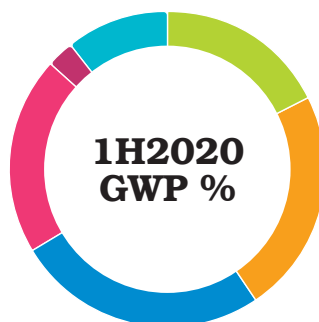
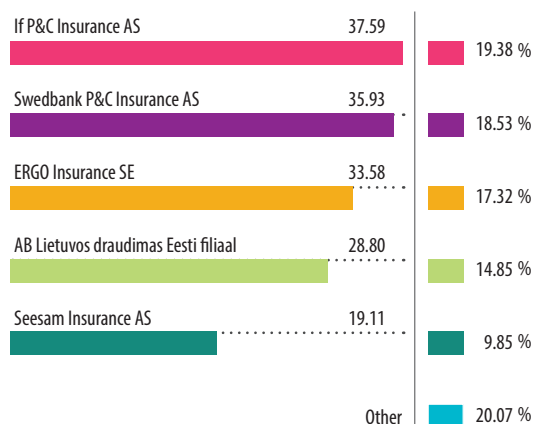
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TOP 5 Life insurance ranking (GWP, EUR million)



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



Life	17.75
Property	22.94
Motor Hull	25.71
MTPL	20.28
GTPL	2.96
Other	10.36



Life	23.11
Property	16.73
Motor Hull	28.19
MTPL	20.42
GTPL	1.93
Other	9.62

Hungary



S&P Rating

BBB, STABLE

Moody's rating

BAA3, STABLE

Fitch Rating

BBB, STABLE

Sources:

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

² National Bank of Hungary

³ XPRIMM calculation

☀ The H1 2020 aggregated technical result increased by 42.82%

☀ The total number of insurance contracts exceeded 14.38 million at the end of H1 2020

☀ MNB asks insurers to review the MTPL tariffs

☀ MABISZ: Insurers to pay double last year storm damage

☀ The number of supervised insurers stands at 22: 5 life, 9 non-life and 8 composite

Market's main indicators - timeline



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

According to the half-year market figures published by the Central Bank of Hungary - MNB, the insurance sector's 1H2020 premium income amounted to HUF 613 billion (~EUR 1.72 billion), rising in local currency by 3.65% y-o-y. Life insurance H1 2020 premium income increased by about 0.59% to HUF 259.4 billion, while non-life segment expanded by more than 6ppto HUF 353.69 billion. About 42.31% of premium income originated from the life insurance business and 57.69% from the non-life insurance business.

At the same time, the sector's aggregated technical result exceeded the January-June 2019 result by 42.82% to HUF 40.86 billion (~EUR 114.59 million), while the after-tax profit of insurance companies rose by 27% to HUF 50.35 billion (~EUR 141.20 million). At the end of June 2020, the total contract portfolio of insurance companies was 1.36% higher than its level a year earlier.

This reflected into an increase of 193.316 in new contracts, mainly as the result of a rise of 2% (to 12.038.870) in the number of non-life insurance contracts. The number of life contracts declined by 1.77% to 2.348.786. As a result, the total number of insurance contracts exceeded 14.38 million at the end of H1 2020.

In terms of claims, overall, total incurred claims (payments and reserves summed-up) decreased by 6.64% y-o-y to HUF 310 billion. Life incurred claims decreased by 8.5% y-o-y, while the same indicator in non-life totaled HUF 116 billion, 3.31% less y-o-y. It is worth mentioning that, on the property segment, total incurred claims increased by almost 10% y-o-y as a result of the damages caused during this year's storm season from May 1 to August 31. In fact, local press noted, quoting the calculations of the Association of Hungarian Insurers (MABISZ) that following

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			CLAIMS INCURRED			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,719.42	1,828.25	-5.95	870.26	1,027.29	-15.29	100.00	100.00
TOTAL LIFE	727.48	797.07	-8.73	544.35	655.79	-16.99	42.31	43.60
Unit-linked or index-linked	305.26	303.37	0.62	280.29	343.35	-18.37	17.75	16.59
Other	422.22	493.69	-14.48	264.06	312.44	-15.48	24.56	27.00
TOTAL NON-LIFE	991.93	1,031.19	-3.81	325.91	371.50	-12.27	57.69	56.40
Overall property insurance	324.12	331.19	-2.14	91.05	91.32	-0.29	18.85	18.12
Overall motor insurance	530.17	537.60	-1.38	193.97	235.65	-17.69	30.83	29.41
Motor Hull	156.65	156.27	0.25	74.16	85.30	-13.07	9.11	8.55
MTPL	373.52	381.34	-2.05	119.81	150.35	-20.31	21.72	20.86
General liability	24.95	26.06	-4.26	8.31	16.28	-48.97	1.45	1.43
Other	112.69	136.33	-17.34	32.58	28.25	15.35	6.55	7.46

1 EUR = 323.54 Forints - HUF (June 30th, 2019)

1 EUR = 356.57 Forints - HUF (June 30th, 2020)

the stormy season, local insurers will pay up to twice last year's amount. In August 2020, MABISZ explained in its announcement that due to the weather anomalies in July, insurers will have to pay at least HUF 2.5 billion for claims settlement related to home insurance, after paying out HUF 5 billion in June. BBJ.hu noted that in the previously notable summer period of 2010, insurers paid HUF 30 billion for 312,000 claims, and then spent HUF 6-8 billion on an average of 100,000 claims received annually.

On the legislative side, one of the most notable "movements" is the central bank's intention to change the premiums paid by customers on MTPL insurance (kgfb in Hungarian) by January 1, 2021. In mid September, it calls local insurers to review the tariffs taking into account the "kgfb database" which has been accessible to insurers now for three quarters.

Thus, MNB expects from MTPL insurers the premiums to be calculated on statistics even from market players without their own databases and informed that it will not accept lack of data as justification for increasing premiums on clients.

The kgfb database operated by MNB provides a sufficient statistical background on contracts and claims starting 2011 for all market players in order to establish reasonable tariffs, MNB informed in a statement.

Hungary



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GWP & claims portfolio per class

MSEcel format * in EUR and local currency

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Life	42.31
Property	18.85
Motor Hull	9.11
MTPL	21.72
GTPL	1.45
Other	6.55



Life	62.55
Property	10.46
Motor Hull	8.52
MTPL	13.77
GTPL	0.95
Other	3.74

Excessive tariffs, which are even two to three times bigger than the MTPL base fee, are also considered to be a bad practice, detached from damage statistics. This is because they can override the risk-based tariff calculation and can affect the bonus-malus system.

Thus, MNB called on MTPL insurers to review their tariffs and, if necessary, to amend them so that they comply with the mentioned principles from 1 January 2021. MNB announced it will start to check the MTPL fees after a six month grace period, from July 1, 2021. (A.V.)

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Kosovo



Sources:

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

² Central Bank of the Republic Kosovo

³ XPRIMM calculations

Life insurance continues to be underdeveloped, with only 4% market share and 2 life insurers operating

MTPL decreased by 2.6% while Casco insurance decreased by 11.7%

Property classes expanded by 51.7% and 4.6% respectively

CBK limited non-life insurers expenses to a maximum of 24% of their total GWP

Market's main indicators - timeline



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

The insurance market of Kosovo ended the first half of 2020 with a gross amount of written premiums of EUR 46.4 million, 4.3% lower y-o-y. The overall market paid claims have also decreased, by 6.0% y-o-y, to EUR 23.4 million.

The life to non-life GWP ratio remained mostly unchanged, life insurance sector accounting for 3.7% of overall market GWP (-0.05 pp.) while the rest of 96.3% being brought by non-life insurance classes (+0.05 pp.).

The life sector's GWP decreased by 5.6%, to EUR 1.7 million, the sector's paid claims decreasing even more, by 17.6%, to EUR 2.4 million. The number of life contracts issued during this period increased by 27.1% though.

Regarding the non-life sector, its GWP volume decreased by 4.2%, to EUR 44.7 million, while its paid claims volume decreased by 4.5%, to EUR 21.1 million.

The total number of concluded contracts in non-life sector decreased by 29.8% due to a simultaneous downsize trend in big classes such as MTPL (27.6% less contracts), Casco (-16.7%) or Sickness (-42.3%).

The non-life sector's GWP composition was made from 58.4% MTPL, 19.2% Sickness insurance, 5.8% Casco, 5.8% Insurance against fire and natural force, 5.1% Suretyship, 2.3% Property insurance against other damage and loss, while the rest of non-life classes had less than 2% share in non-life sector.

According to the Central Bank of Kosovo (CBK), the life insurance sector was represented by 2 insurance companies. The leader of the life sector was ILYRIA Life, with a life market share of 70.6% (+6.2 pp.) and a GWP of EUR 1.2 million (+8.2%). The second place was occupied by SIGAL Kosova Life with a life market share of 29.4% (-6.2 pp.) and a GWP volume of EUR 0.5 million (-18.4%).

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS***			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	46.36	48.44	-4.29	23.40	24.90	-6.02	100.00	100.00
TOTAL LIFE*	1.70	1.80	-5.56	2.35	2.85	-17.62	3.67	3.72
TOTAL NON-LIFE**	44.66	46.64	-4.24	21.05	22.05	-4.52	96.33	96.28
MTPL	26.09	26.78	-2.58	14.67	14.82	-1.00	56.27	55.28
Third Party Liability	24.45	24.41	0.18	14.04	13.76	1.99	52.75	50.39
Border policies	1.63	2.37	-31.08	0.63	1.05	-40.20	3.52	4.89
Other (non TPL)	18.57	19.86	-6.47	6.38	7.23	-11.74	40.07	41.00

*Life premiums and total paid claims are according to "Financial System - Monthly Information" published by CBK

**Non-life GWP & claims portfolio are according to "Insurance Companies Activity" published by CBK

Kosovo currency: EURO

According to the regulator, the non-life sector was represented by 11 insurance companies one company less than in 1H2019 (CBK revoked INSIG's license in April 2019). The non-life ranking is quite compact, with very small gaps between the market participants in terms of market share. The TOP-5 non-life companies in terms of GWP, according to the Central Bank of Kosovo figures, was led by SIGAL UGA (14.3% non-life share), followed by ILLYRIA (12.5%), SIGMA VIG (11.6%), EUROSIG (10.7%) and SCARDIAN (10.3%).

Although the insurance market authorities expect many legislative changes to come in the future, the first half of 2020 was a quiet period from this point of view, in part due to pandemic crisis. The only major legislative change during this period was the expenses limit over non-life insurers, imposed by the CBK as a maximum of 24% of each company's total GWP.

(C.C.)

Kosovo



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GWP & claims portfolio per class

MSEcel format

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Life	3.67
MTPL	56.27
Other (Non TPL)	40.07



Life	10.05
MTPL	62.68
Other (Non TPL)	27.27

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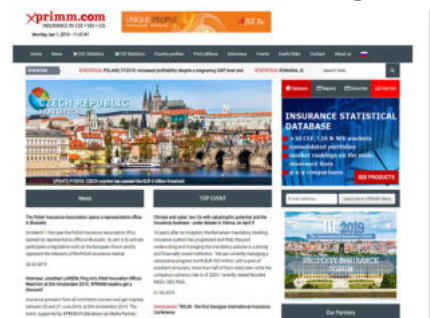
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Market consolidated portfolios and performance indicators

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- 1H 2020 insurance figures



Insurance Statistics Quarterly Updated!

Latvia



S&P Rating

A+, STABLE

Moody's rating

A3, STABLE

Fitch rating

A-, NEGATIVE



Sources:

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

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

³ XPRIMM calculations

Market's main indicators - timeline



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

Latvian insurance companies generated EUR 13.53 million in aggregate H1 net profit, 12% less than a year ago (EUR 15.37 million), the end-June figures published by FKTK (Financial and Capital Market Commission) showed.

Non-life insurers closed the first six months with EUR 18.32 million in aggregate profit, vs. EUR 13.45 million, while life insurers market posted a net loss of EUR -4.78 million in contrast of a profit of EUR 1.92 million made a year ago.

At the same time, the technical result on life segment was EUR 4.29 million (vs EUR-6.48 million at the end of H1 2019), while on non-life side, the same indicator totaled

EUR 15.75 million (vs. EUR 9.47 million).

Analyzing the GWP/claims indicators, the Latvian insurance market posted 3.31% in its insurance premiums to EUR 406.33 million, while claims decreased by 8.35% to EUR 245.07 million. About 64% of the total GWP were written by local insurers (EUR 260.62 million), the rest were written by branches of EU insurers (EUR 145.70 million, or 36% of total GWP).

In case of non-life segment, except Health (+4.36% y-o-y) and Suretyship insurance (+23.54%), in terms of premiums, significant decreases rates were observed in almost all major types of insurance - assistance (-34.22%), transport (-21.30%),

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	406.33	393.32	3.31	245.07	267.38	-8.35	100.00	100.00
TOTAL LIFE	113.45	70.52	60.88	77.55	50.78	52.71	27.92	17.93
Life insurance with savings	12.20	11.56	5.47	18.22	19.70	-7.54	3.00	2.94
Unit-linked	44.55	27.25	63.52	41.31	15.76	162.13	10.96	6.93
Other life insurance	56.70	31.71	78.81	18.02	15.32	17.62	13.95	8.06
TOTAL NON-LIFE	292.88	322.80	-9.27	167.52	216.60	-22.66	72.08	82.07
Accidents insurance	7.21	7.46	-3.36	2.46	2.56	-3.91	1.77	1.90
Health insurance	46.37	44.43	4.36	22.95	24.45	-6.16	11.41	11.30
Overall property insurance	44.91	49.71	-9.65	24.17	63.80	-62.11	11.05	12.64
Overall motor insurance	112.96	123.58	-8.60	69.01	69.11	-0.16	27.80	31.42
Motor hull	66.03	70.17	-5.90	39.85	40.11	-0.65	16.25	17.84
MTPL	46.92	53.41	-12.14	29.16	29.01	0.53	11.55	13.58
Transport ownership liability ins.	49.97	63.50	-21.30	36.80	40.42	-8.95	12.30	16.14
GTPL	11.46	12.15	-5.73	2.95	3.62	-18.54	2.82	3.09
Suretyship insurance	8.34	6.75	23.54	0.64	6.69	-90.44	2.05	1.72
Assistance insurance	6.35	9.66	-34.22	3.61	3.07	17.40	1.56	2.46
Other non-life insurance	5.31	5.56	-4.52	4.93	2.87	71.86	1.31	1.41
Of total:								
By local insurers, of which:	260.62	251.39	3.67	154.94	188.13	-17.64	64.14	63.92
Life	62.08	23.78	161.10	40.27	21.16	90.31	15.28	6.05
Non-life	198.54	227.62	-12.77	114.67	166.97	-31.32	48.86	57.87
By branches of EU insurers	145.70	141.93	2.66	90.12	79.25	13.72	35.86	36.08
Life	51.37	46.74	9.89	37.28	29.62	25.85	12.64	11.88
Non-life	94.34	95.18	-0.89	52.84	49.63	6.48	23.22	24.20

Latvian currency: EURO

Half-year life insurers' profit turned into loss

FCMC might be morphed into a Central Bank division

SEB reorganisation in Baltics influenced the market figures

64% of the total GWP were written by local insurers, the rest were written by EU branches

MTPL (-12.14%), MoDh (-5.90) and GTPL (-5.73%), as the published statistics revealed.

Regarding the life insurance segment, this LoB is strongly influenced by the SEB's three Baltics life insurance entities which merged in one company headquartered in Riga, the figures published for SEB Life and Pension Baltic SE including the company GWP for the three Baltic markets. Thus, in terms of GWP, life insurance segment expanded 61% to EUR 113.45 million, almost 46% (more than EUR 52 million) being generated by SEB Life and Pension Baltic SE – the market leader of this segment.

The country's leading player in the non-life segment was BTA BALTIC Insurance Company (GWP of EUR 106 million), followed by BALTA (EUR 55.20 million) and BALCIA Insurance SE- EUR 29.31 million.

At the end of June 2020, there were four non-life insurance companies and two life insurance companies operating in Latvia, as well as eight branches of foreign non-life insurance companies and three branches of foreign life insurance companies. Of total 12 branches, five are registered in Estonia, three in Lithuania, two in Sweden and one in Finland.

In the near future, the local insurance market could be supervised by the local Central Bank. At the end of May 2020, the Ministry of Finance (MoF) from Latvia has submitted to the Cabinet of Ministers an assessment prepared in co-operation with the Central Bank of Latvia and the Financial and Capital Market Commission (FCMC) regarding a possible merge between the Central Bank and FCMC, planned to start in 2022 - 2023. *The synergies of information and competencies will help to assess risks in these financial institutions more comprehensively, leading to better operational, informed and problem-oriented decisions. This will allow a more effective monitoring and development of the financial sector in the future,* said Janis REIRS, Minister of Finance.

Currently, in 11 out of 19 Euro Area member states the central banks are actively involved in the supervision of the financial sectors. Santa PURGAILE, Chairwoman of FCMC, emphasized: *The implementation of monetary policy and financial sector supervision functions in a single institution is not a unique case. There are several countries in Europe where such a model was successfully implemented.* (A.V.)

Latvia

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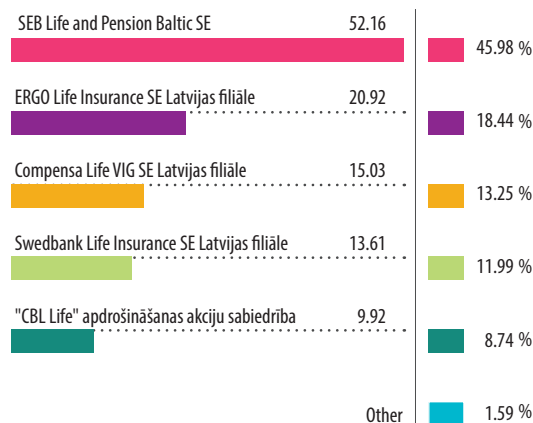
Full market rankings per company & per class

MSEcel format

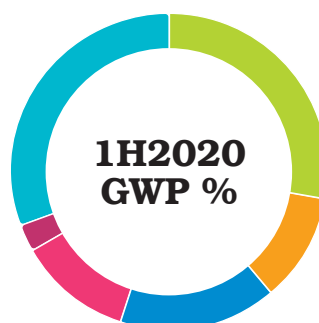
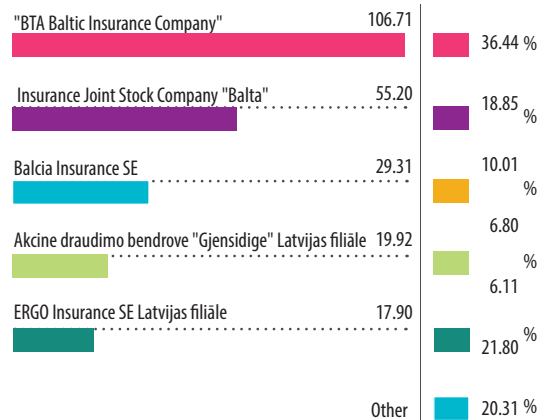
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TOP 5 Life insurance (GWP, EUR million)



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



Life	27.92
Property	11.05
Motor Hull	16.25
MTPL	11.55
GTPL	2.82
Other	30.41



Life	31.64
Property	9.86
Motor Hull	16.26
MTPL	11.90
GTPL	1.20
Other	29.13

Lithuania



S&P Rating
A+, STABLE

Moody's rating
A3, POSITIVE

Fitch Rating
A, STABLE

Sources:

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

² Bank of Lithuania (LB)

³ XPRIMM calculations



Market's main indicators - timeline



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

Lithuanian insurers reported GWP of EUR 470.48 million in 1H 2020, 0.29% more y-o-y, according to the half-year figures published on the Central Bank's website. The life insurance segment expanded by 10.49% y-o-y to EUR 140.81 million due to the 15.30% increase posted by the index-linked and unit-linked products. On the other hand, in case of non-life segment, Lithuanian insurers reported a 3.52% y-o-y decrease in GWP, especially due to the declines reported by the two motor lines. During the period, EUR 242 million in claims were paid, comprising a decrease of 1.48% year on year. However, the trends varied: non-life insurance claims

decreased by 2.42% (up to EUR 177 million), while life assurance claims increased - by 1.16% (up to EUR 65 million). Non-life insurance claims accounted for 73% of total claims paid. The main bulk of non-life insurance claims were related to insured vehicles, comprising 68% (EUR 120 million) of total non-life insurance claims. For the current year, the development of Lithuania's insurance market will depend on the impact of the coronavirus (COVID-19) outbreak on transport, health and unit linked life assurance. *While the country's insurance market grew by almost 8% in 2019, this year its growth is expected to moderate*, noted in a statement the

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	470.48	469.13	0.29	242.16	245.79	-1.48	100.00	100.00
TOTAL LIFE	140.81	127.44	10.49	65.28	64.53	1.16	29.93	27.17
Insurance with profit participation	23.11	24.07	-4.00	13.67	12.89	6.08	4.91	5.13
Index-linked and unit-linked	90.15	78.18	15.30	46.31	44.97	2.98	19.16	16.67
Health insurance	17.92	16.36	9.58	4.21	5.21	-19.20	3.81	3.49
Other life insurance	9.63	8.84	9.05	1.09	1.46	-25.73	2.05	1.88
TOTAL NON-LIFE	329.67	341.69	-3.52	176.88	181.26	-2.42	70.07	72.83
Medical expense insurance	28.19	29.57	-4.68	14.93	16.39	-8.92	5.99	6.30
Income protection insurance	13.53	12.57	7.64	3.91	4.23	-7.56	2.87	2.68
Property insurance	65.53	62.66	4.58	27.72	27.30	1.55	13.93	13.36
Overall motor insurance	190.05	204.46	-7.05	120.22	122.77	-2.07	40.40	43.58
Motor Hull	75.83	79.22	-4.27	48.74	50.97	-4.36	16.12	16.89
MTPL	114.22	125.24	-8.80	71.48	71.80	-0.45	24.28	26.70
Marine, aviation and transport insurance	2.08	2.18	-4.78	0.67	1.20	-43.96	0.44	0.47
GTPL	12.71	12.73	-0.12	2.93	4.36	-32.73	2.70	2.71
Carrier TPL insurance	2.38	2.69	-11.63	0.89	0.98	-9.25	0.51	0.57
Credit and suretyship	9.25	8.79	5.19	3.99	2.31	72.66	1.97	1.87
Assistance	2.00	1.78	12.40	0.47	0.24	90.36	0.43	0.38
Miscellaneous financial loss	3.90	4.11	-5.09	0.99	1.29	-23.08	0.83	0.88
Other non-life insurance	0.06	0.15	-62.34	0.16	0.20	-17.43	0.01	0.03

Life segment has offset the decline in non-life insurance

BONUM PUBLICUM life insurer changes its name to SB DRAUDIMASS

COMPENSA VIG and SEESAM Insurance, fully merged after July 1st



Jekaterina GOVINA
Director of the
Supervision Service
Bank of Lithuania

representatives of the Bank of Lithuania.

Looking at the previous year, it should be noted that the entire insurance sector sustainably complied with solvency requirements, and its profits and capital increased. This is particularly important in view of the current situation as we need all our strength to meet the challenges brought by COVID-19. For its part, the Bank of Lithuania will seek to support market participants by reducing the administrative burden and providing recommendations, as well as will closely monitor protection of consumer interests, said Jekaterina GOVINA, Director of the Supervision Service of the Bank of Lithuania

According to GOVINA, the uncertainty of the current situation makes it difficult to predict the actual development of the insurance market, yet it can be stated that the volume of health insurance premiums in the non-life insurance market will decrease and, in the event of a prolonged quarantine period, the volume of transport insurance premiums that comprise the main bulk of the market may also significantly decline. The development of the life assurance market has in recent years been mostly affected by unit-linked life assurance, while its volume is particularly sensitive to changes in household income and significant market fluctuations.

During the analyzed period, insurance services in the country's market were provided by 20 insurers registered in Lithuania: 8 local insurers and 12 branches of insurers registered in other EU Member States. 8 insurers were engaged in life and 12 - non-life insurance activity; 96 insurance brokerage firms operated in the country. SWEDBANK Life Insurance (23.76% market share), AVIVA Lietuva (18.82%) and COMPENSA Life (18.62%) were the top 3 life insurers in the country as GWP. In non-life, the largest three market players as GWP were LIETUVOS draudimas (EUR 95.45 million), BTA Insurance Company SE filialas Lietuvoje (EUR 53.56 million) and ERGO (EUR 46.34 million).

(A.V.)

Lithuania

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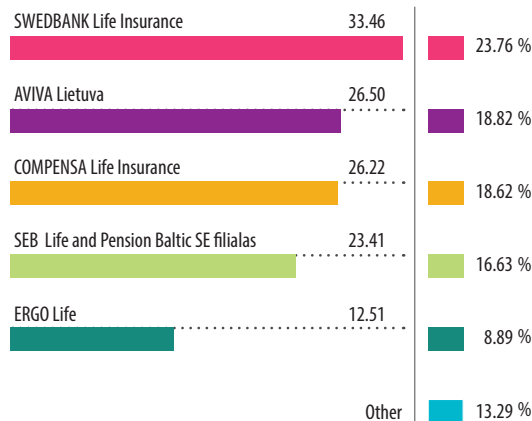
Full market rankings per company & per class

MSEcel format

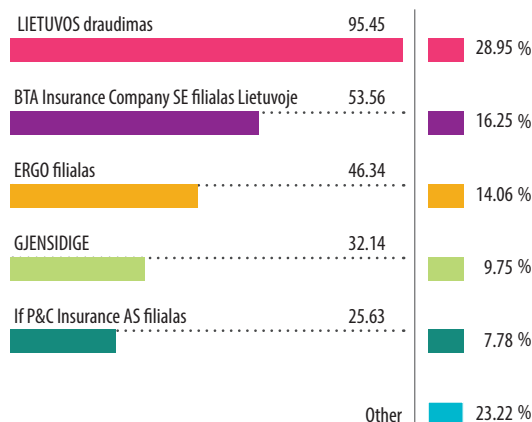
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TOP5 Life insurance (GWP, EUR million)



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



Life	29.93
Property	13.93
Motor Hull	16.12
MTPL	24.28
GTPL	2.70
Other	13.04



Life	26.96
Property	11.45
Motor Hull	20.13
MTPL	29.52
GTPL	1.21
Other	10.74

Macedonia



S&P Rating

BB-, STABLE

Fitch Rating

BB+, STABLE

Sources:

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

² National Bank of the Republic of Macedonia

³ Insurance Supervision Agency

⁴ XPRIMM calculations

MTPL GWP dropped by almost 11%, affecting the overall market growth which shrunk by 2%

Property insurance took off with a 20% growth during the semester, compensating for the slowdown of motor classes

ISA approved the GRAWE's acquisition of Eurolink

Generali announced the intention to take over Ilirika asset management business

Market's main indicators - timeline



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

During the first six months of 2020, the insurance market of North Macedonia amounted to MKD 5.2 billion (~EUR 83 million) in gross premiums written (GWP), 1.7% less than in the same period of the prior year. The overall paid claims at market level went down to MKD 1.8 billion (~EUR 29 million), 6.8% less year-on-year.

Mr. Krste SHAJNOSKI, Phd, President of the Council of Experts, Insurance Supervisory Agency, commented on the evolution of the insurance market during the first half of 2020: *The changes imposed by the Coronavirus crisis forced insurance companies and other entities in the sector to reorganize in order to adapt to the new*

conditions. (...) Insurance companies and insurance intermediaries affected by the Coronavirus crisis have faced the fact that a successful reorganization depends mostly on the development of information technologies. (...) I think the lesson learned will be that there should not be a delay in following and adapting to new trends and changes(...). He also emphasized that it is of high importance that in 1H2020 all companies, except for one insurance company, make a profit before tax from their operation.

While the life insurance segment saw no significant changes, the non-life sector's GWP went down to MKD 4.3

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	83.48	85.08	-1.88	29.42	31.61	-6.94	100.00	100.00
TOTAL LIFE	13.43	13.49	-0.46	3.21	2.64	21.36	16.08	15.85
TOTAL NON-LIFE, of which:	70.05	71.59	-2.15	26.21	28.97	-9.52	83.92	84.15
Overall property insurance	19.23	15.99	20.22	4.00	3.35	19.39	23.03	18.80
Fire and allied perils	7.89	6.56	20.41	1.44	1.29	11.59	9.46	7.71
Damages to property	11.33	9.44	20.09	2.56	2.06	24.29	13.58	11.09
Overall motor insurance	37.19	41.37	-10.10	17.72	20.86	-15.04	44.55	48.63
Motor Hull	6.56	6.91	-5.15	3.78	4.39	-13.93	7.85	8.12
MTPL	30.64	34.46	-11.09	13.94	16.47	-15.33	36.70	40.51
GTPL	2.01	2.11	-4.93	0.10	0.25	-58.60	2.41	2.49
Other non-life insurance	11.62	12.11	-4.02	4.39	4.52	-2.75	13.92	14.23

1 EUR = 61.6950 Denars, MKD (June 30th, 2020)

1 EUR = 61.5700 Denars, MKD (June 30th, 2019)



Krste SHAJNOSKI
President of
the Council of
Experts, Insurance
Supervisory Agency

billion (-2.0%), while non-life's paid claims decreased to MKD 1.6 billion (-9.3%). *If analyzed more deeply, the decline is mostly in the classes conditioned by reduced mobility, such as green card, MTPL and travel insurance*, SHAJNOSKI emphasized.

Motor insurance segments continued to be the heaviest in terms of GWP, with a combined share of 44.6% in the overall market's GWP, although they have lost about 4 p.p. in favor of the second largest group of non-life insurance, property insurance, which saw an impressive 20.5% growth in GWP. *When analyzing the statistics thoroughly, we notice that the (property insurance) increase is due to different categories in different insurance companies (...). This leads us to the conclusion that the increase in 1H2020 is due to the synergy of the increased interest in property insurance and the good sales strategies of several insurance companies (...)*, SHAJNOSKI commented. He continued, saying that *the coverage of catastrophic risks is still at a very low level within the concluded property insurance policies, and additionally the scope of property insurance is generally unsatisfactory. I believe that it is necessary to build a broader state strategy in order to increase the penetration of property insurance covering the main catastrophic risks — earthquake and flood (...)*

In M&A yerns, the first half of 2020 was marked by the announcement of ISA approving GRAWE's request to take over Eurolink Skopje at the end of February 2020 and the takeover of Nova Osiguruvanje AD Skopje by Halk Banka AD Skopje, part of the Turkish Financial Group that owns Halk Insurance AD Skopje. *We consider both acquisitions a recognition of the existence of a functional insurance market and at the same time as a positive trend, given that the domestic market is attracted by insurance groups with a long tradition*, Mr. SHAJNOSKI further commented.

(C.C.)

Macedonia

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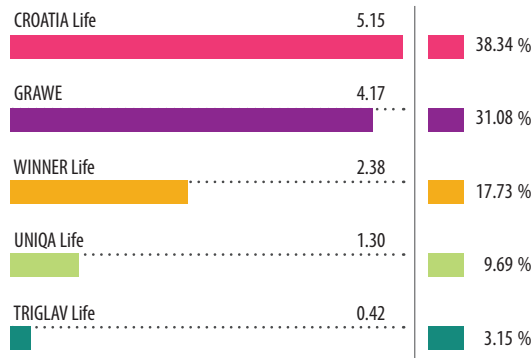
Full market rankings per company & per class

MSEcel format * in EUR and local currency

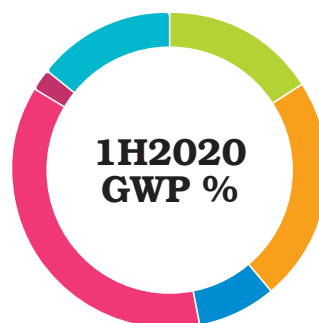
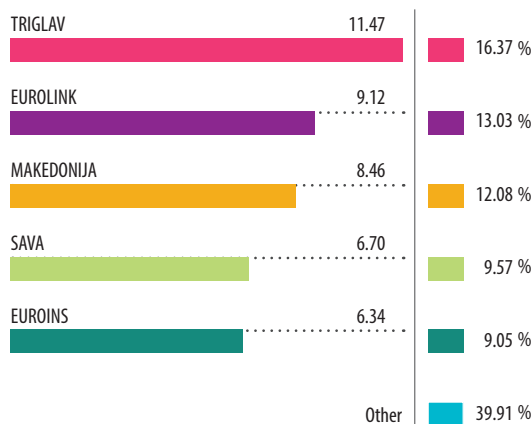
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TOP 5 Life insurance ranking (GWP, EUR m)



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



Life	16.08
Property	23.03
Motor Hull	7.85
MTPL	36.70
GTPL	2.41
Other	13.92



Life	10.90
Property	13.58
Motor Hull	12.84
MTPL	47.39
GTPL	0.35
Other	14.93

Montenegro



S&P Rating

B+, NEGATIVE

Moody's rating

B1, STABLE



Market's main indicators - timeline



		2015	2016	2017	2018	2019
GDP, current prices	EUR billion ¹	3.66	3.95	4.30	4.62	4.81
GDP per capita, current prices	EUR ¹	5,874	6,354	6,907	7,417	7,714
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	0.62	0.62	0.62	0.62	0.62
Gross written premiums	EUR million ²	76.93	80.16	81.77	86.83	94.76
Paid claims	EUR million ²	30.01	34.18	35.70	42.07	37.23
Insurance penetration degree	% in GDP ³	2.10%	2.03%	1.90%	1.88%	1.97%
Insurance density	EUR/capita ³	123.69	128.88	131.46	139.37	152.11

Sources:

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

² Insurance Supervision Agency of Montenegro

³ XPRIMM calculations

The Montenegrin insurance market has ended the first six months of 2020 with a total amount of premiums of EUR 46.5 million, 0.2% lower y-o-y. The total volume of paid claims has also decreased when compared to the first half of 2019, at the end of June 2020 sitting around EUR 16.4 million, 3.6% lower less y-o-y.

The year 2019 was encouraging for the whole insurance market. A record premium of EUR 94,7 million was registered (...) This positive trend continued through the first quarter of 2020. Unfortunately, the unexpected COVID 19 crisis has slowed down this trend in the second quarter of 2020, Mr. Boris ŠABAN,

Executive Director of the National Bureau of Montenegro Insurers, commented.

The life to non-life premiums ratio changed by a little over 3.0 percentage points in favor of the life sector. The overall market share of life sector went up to 19.6% (1H2019: 16.6%), while the rest of 80.4% came from non-life business lines (1H2019: 83.4%).

The life sector GWP increased to EUR 9.1 million, 18.1% higher y-o-y. The sector's paid claims went down to EUR 3.0 million, decreasing by 4.9%. Despite the relatively modest participation of life insurance in total premium in relation to EU countries,

Motor insurance decreased by 8.9% while property insurance expanded by 24.7%

Life insurance rose by 18.1%, all life insurers recording higher or similar level of premiums y-o-y

Lovćen osiguranje continues to rule the market with a total market share of 34.4%

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	46.50	46.59	-0.20	16.41	17.02	-3.61	100.00	100.00
TOTAL LIFE	9.11	7.71	18.08	3.01	3.17	-4.87	19.58	16.55
TOTAL NON-LIFE	37.39	38.88	-3.83	13.39	13.85	-3.32	80.42	83.45
Accident	5.17	5.96	-13.23	3.25	3.75	-13.40	11.12	12.78
Health	1.62	1.72	-5.89	0.64	0.80	-19.19	3.48	3.69
Overall property insurance	6.97	5.59	24.71	0.90	0.96	-6.28	14.98	11.99
Fire and allied perils	1.89	1.77	6.52	0.36	0.51	-30.60	4.06	3.80
Damages to property	5.08	3.81	33.17	0.55	0.45	21.41	10.92	8.18
Overall motor insurance	20.43	22.43	-8.88	7.57	7.94	-4.67	43.95	48.13
Motor hull	3.04	3.79	-19.82	1.66	1.72	-3.75	6.53	8.13
MTPL	17.39	18.64	-6.66	5.92	6.22	-4.92	37.41	40.00
GTPL	1.26	1.12	12.81	0.20	0.06	208.18	2.72	2.40
Other non-life insurance	1.94	2.07	-6.27	0.83	0.34	145.70	4.18	4.45

Montenegro currency: EURO



Boris ŠABAN
Executive Director of
the National Bureau
of Montenegro
Insurers

we may say that this segment shows a positive trend. (...) This indicates that citizens gradually begin to understand and accept life insurance, since they invest higher amounts through their life insurance policies, Mr. ŠABAN further commented.

The non-life sector GWP went down to EUR 37.4 million, 3.8% less y-o-y. The sector's paid claims decreased as well, to EUR 13.4 million, 3.3% less y-o-y. The non-life insurance part was represented in the overall market GWP by 44.0% motor, 15.0% property, 11.1% accident, 3.5% health, 2.7% GTPL, while 4.2% came from other non-life classes.

The composition of the non-life sector remained mostly the same, the only noticeable differences being on MTPL and Motor Hull classes, which decreased in market share due to lower GWP volumes, and damages to property insurance which went up.

Damages to property insurance, the third largest, with a share of 10.9% (+2.74 pp.) and a GWP volume of EUR 5.1 million (+33.2%). Unfortunately, the awareness of the necessity of NatCat risk is not an issue. The property insurance in Montenegro is relatively modest and one investment can affect the premium increase in the relative amount. Currently there are several large investment projects in Montenegro, the construction of a new highway being one of the most significant ones. This has certainly had a positive effect on the premium increase during this period, Boris ŠABAN explained.

At the end of June 2020, for six months ended, the total number of life insurance companies operating in Montenegro was 4. The non-life insurers ranking was made up by 5 insurance companies. Both life and non-life rankings remained unchanged.

(C.C.)

Montenegro

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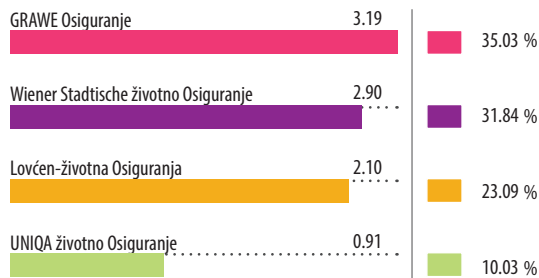
Full market rankings per company & per class

MSEcel format

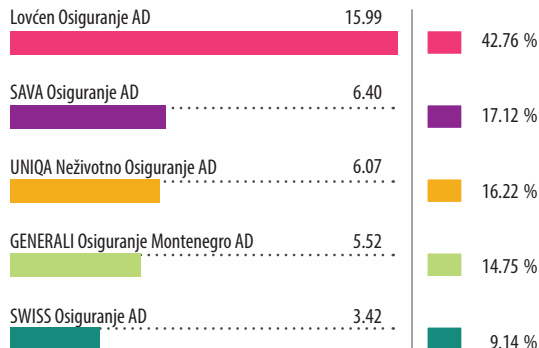
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Life insurance ranking (GWP, EUR million)



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



Life	19.58
Property	14.98
Motor Hull	6.53
MTPL	37.41
GTPL	2.72
Other	18.77



Life	18.36
Property	5.50
Motor Hull	10.10
MTPL	36.07
GTPL	1.22
Other	28.76

Poland



S&P Rating
A-, STABLE

Moody's rating
A2, STABLE

Fitch Rating
A-, STABLE

Sources:

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

² National Bank of Poland

³ The Polish Financial Supervision Authority (KNF)

⁴ XPRIMM calculations

Despite the loss of popularity materialized in the decreasing GWP, Unit-Linked life insurance products are still seen as a long-term investment by many customers, the 16% decrease in paid benefits shows

Despite the pandemic and restrictions in vehicle traffic, payments for motor insurance claims were at a level similar to last year's

Since July 2020, the Polish market authority was provided the right to treat the foreign insurers as the domestic ones when an emergency action is required in order to prevent or stop irregularities

Market's main indicators - timeline



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

Polish insurers ended the first half of 2020 with a 6.7% y-o-y decline of the GWP volume, to EUR 7.05 billion. In absolute terms, this means an about EUR 512 million drop in the market premiums turnover, almost equally divided between the life and non-life segments. Yet, given the about 5% depreciation of the Polish currency against Euro, the market results denominated in local currency look much better, showing just a 2% depreciation of the GWP volume.

At this point we are yet to see a strong effect on the financial figures of the insurance companies, but this is mainly due to the

long-term nature of the business, Iwona SZCZESNA, the Head of the PIU (Polish Chamber of Insurance) Brussels Office stated for XPRIMM. She added that usually people buy insurance for the whole year, so we will see the impact on the financial figures in three to six months from now.

Life insurance GWP remained close to the 1H2019 level, decreasing in total by 4.5% in local currency (9% in Euro). The largest part in the life insurance business decrease was played by the UL products, for which GWP went down by 18.6% y-o-y. However, it is worth mentioning that benefits paid for this insurance policies almost decreased by

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	7,048.93	7,560.22	-6.76	4,401.71	4,835.17	-8.96	100.00	100.00
TOTAL LIFE	2,266.12	2,491.68	-9.05	2,009.22	2,301.53	-12.70	32.15	32.96
Life insurance	871.77	914.92	-4.72	659.76	699.07	-5.62	12.37	12.10
Unit-linked	631.03	814.67	-22.54	1,061.20	1,270.03	-16.44	8.95	10.78
Accident and sickness	734.82	730.62	0.58	265.88	308.75	-13.88	10.42	9.66
Other life insurance (reinsurance accepted included)	28.49	31.47	-9.45	22.38	23.68	-5.49	0.40	0.42
TOTAL NON-LIFE	4,782.81	5,068.53	-5.64	2,392.49	2,533.64	-5.57	67.85	67.04
Accident	174.62	175.01	-0.22	32.37	41.86	-22.66	2.48	2.31
Sickness	76.03	115.41	-34.12	34.78	35.49	-2.00	1.08	1.53
Overall property insurance	846.53	842.51	0.48	320.47	315.44	1.59	12.01	11.14
Fire and allied perils	450.12	434.25	3.66	160.56	178.96	-10.28	6.39	5.74
Damages to property	396.40	408.27	-2.91	159.91	136.48	17.16	5.62	5.40
Overall motor insurance	2,590.70	2,828.17	-8.40	1,601.58	1,733.81	-7.63	36.75	37.41
Motor Hull	961.11	1,037.37	-7.35	599.10	634.11	-5.52	13.63	13.72
MTP	1,629.59	1,790.80	-9.00	1,002.49	1,099.70	-8.84	23.12	23.69
Casco insurance (railway, aircraft & navigation, summed)	29.62	20.52	44.36	8.47	9.66	-12.31	0.42	0.27
Carriers' liability (aircraft & navigation, summed)	5.59	6.29	-11.16	1.53	0.88	73.29	0.08	0.08
GTPL	302.25	298.78	1.16	117.49	117.87	-0.32	4.29	3.95
Credit	66.95	56.73	18.01	23.22	26.02	-10.73	0.95	0.75
Shuretyship	50.43	53.85	-6.36	17.80	20.95	-15.06	0.72	0.71
Financial loss	83.81	110.94	-24.45	20.03	18.27	9.62	1.19	1.47
Travel	146.46	148.42	-1.32	57.89	63.73	-9.16	2.08	1.96
Other non-life insurance (reinsurance accepted included)	409.84	411.91	-0.50	156.85	149.66	4.81	5.81	5.45

1 EUR = 4.2520 Złots - PLN (June 30th, 2019)

1 EUR = 4.4660 Złots - PLN (June 30th, 2020)



Grzegorz
PRĄDZYŃSKI,
President of the
PIU Board



Iwona SZCZESNA
Head of the PIU
Brussels Office

about 16%, which, according to Grzegorz PRĄDZYŃSKI, President of the PIU Board, indicates that customers “do not give up on them, treating them as long-term capital.”

Among the classes with a relevant share in the non-life market portfolio, property insurance lines were the only ones that saw a positive dynamic, driven by the fire insurance class. Motor insurance classes saw a negative dynamic, but on the paid claims side, as stressed out by PIU, despite the pandemic and restrictions in vehicle traffic, payments were at a level similar to last year's. On the other hand, following the spring frosts, compensation for agricultural losses also increased.

Polish insurers generated EUR 813.7 billion of net profit in the first half of 2020, 7% less y-o-y in local currency. They paid over EUR 171.3 million of income tax to the state budget. Deposits in domestic bonds and other safe instruments exceed EUR 17.34 billion.

An important change was brought, in July 2020, by the amendments to the Act on compulsory insurance, the Insurance Guarantee Fund and the Polish Motor Insurers' Bureau, as well as the Act on insurance and reinsurance activity, introducing new rules for the supervision of foreign insurers. In short, besides several administrative tools, in case of an urgent case, in order to immediately remove or prevent the occurrence of further irregularities, the Act allows the Polish Financial Supervision Authority (KNF) to treat the foreign insurers as the domestic ones, while notifying the authority in the country of origin about the emergency procedure. (D.G.)

Poland



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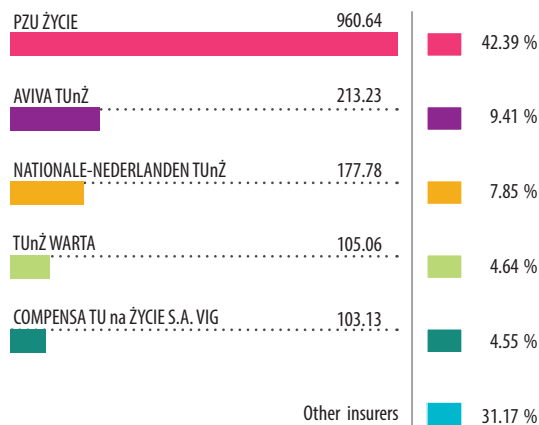
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MSEcel format * in EUR and local currency

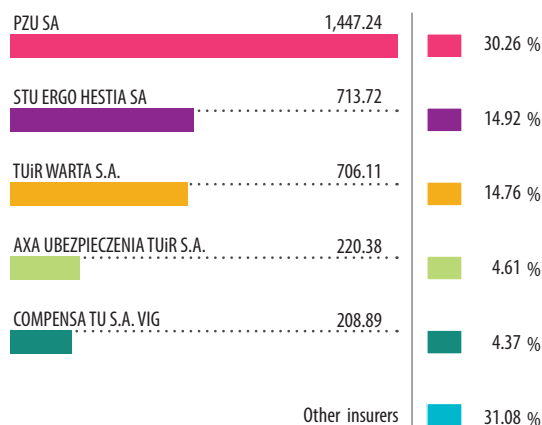
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TOP 5 Life insurance (GWP, EUR million)



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



Life	32.15
Property	12.01
Motor Hull	13.63
MTPL	23.12
GTPL	4.29
Other	14.80



Life	45.65
Property	7.28
Motor Hull	13.61
MTPL	22.77
GTPL	2.67
Other	8.02

Insurance Europe: Insurers see merit in climate change stress testing, but not EU-wide liquidity or multi-period stress tests

Insurance Europe has published its response to a discussion paper by the European Insurance and Occupational Pensions Authority (EIOPA), where it outlines its views on climate change, liquidity risk and multi-period stress testing. The European insurance industry reiterated its views that any stress test exercise should have clear objectives, appropriate timescales and be communicated appropriately. In particular, the results of any stress test should only be published at aggregate level.

Published on 2020-10-15

EIOPA urges insurance sector to complete preparations for the end of UK transition period

The UK transition period according to the Withdrawal Agreement will end on 31 December 2020. Following this date, all Union primary and secondary law will no longer apply to the United Kingdom, including the Solvency II Directive as well as the Directive on Insurance Distribution (IDD). The insurance sector needs to be prepared for the consequences of UK and Gibraltar insurance undertakings becoming third-country undertakings and no longer benefiting from the Solvency II authorization to provide services in the EU. There are moreover other legal repercussions concerning insurance contracts, insurance disclosure and group supervision.

Published on 2020-10-13

LATVIA: Real estate intermediaries required to purchase civil liability insurance

Real estate intermediaries in Latvia will be required to purchase professional indemnity insurance, according to the regulations of the Cabinet of Ministers (CM), which entered into force on 2 October. The professional liability of real estate agents must be insured to cover damage caused to a third party as a result of the agent's acts or omissions.

Published on 2020-10-08

Bosnia & Herzegovina joined the "License Plate Subsystem", effective starting 19 October

Starting 19 October, an international MTPL insurance policy "Green Card" policy will be not needed for vehicles registered in one of the countries of the European Economic Area to enter on the territory of Bosnia & Herzegovina (BiH), or for BiH vehicles to circulate on the roads of the EEA countries. This simplification is owed to the signing of the Multilateral Guarantee Agreement between National Offices on the basis of the registration plate by which BiH adhered to the "License Plate Subsystem" that includes 33 EU member states, as well as Switzerland, Liechtenstein, Andorra, Iceland, Norway and Serbia.

Published on 2020-10-08

Brexit has cut a GBP 4.5 billion slice from the London commercial insurance, the latest IUA report shows

Premium income for the London company market, including premiums written outside of London but overseen and managed by London operations have totaled GBP 27.63 billion in 2019, almost 3% less y-o-y. In addition, a volume of about GBP 4.508 billion, previously written in European offices but controlled by London was lost because of company restructuring necessitated by Brexit.

Published on 2020-10-08

Insurance Europe: IDD shows effectiveness of well drafted, sector-specific rules

Insurance Europe has published an insight briefing on the Insurance Distribution Directive (IDD). During the two years since the IDD came into force on 1 October 2018, insurers have fully embraced this new legal framework, which provides significant benefits for both consumers and insurers. The IDD introduced strong and effective conduct rules for the sale of all insurance products, with additional enhanced requirements for the sale of insurance-based investment products (IBIPs).

Published on 2020-10-01

Sorin GRECEANU elected as Vice President of the Council of Bureaux

On 24th September 2020, during the 54th General Assembly of the Council of Bureaux (CoB), 40 organisations were admitted as members of the Association in their capacities of Guarantee Fund, Compensation Body and/or Information Centre. CoB also announced the election of Sorin GRECEANU, General Manager of the Romanian Motor Insurers Bureau (BAAR), as Vice-President of the organization.

Published on 2020-09-29

ROMANIA, UNSAR-IRES study: 9 out of 10 Romanians say that climate change is real

90% of Romanians believe that climate change is a real fact, according to the latest sociological research conducted by UNSAR in partnership with IRES. The percentage is similar to the one that emerges from the analysis made in the previous year, a sign that Romanians continue to be concerned about the reality of climate change. Compared to the previous edition of the study, there have been some important changes in the Romanians' perception when it comes to the type of climate change that affects us. Thus, now, the biggest concerns are related to: violent storms 29% (decreasing by 4 percentage points compared to 2019); drought, with 23%, which climbed to second place (+ 8pp compared to 2019); melting glaciers 15% (-1pp); heat waves 14% (-3pp); vegetation fires 9% (-5pp); floods 8% (+ 2pp).

Published on 2020-10-01

Aon study: Reinsurers' capital position remains robust after strong capital market recovery in 2Q2020

Aon published its first six months of 2020 Reinsurance Aggregate report ('the ARA'), series tracking the financial performance of leading reinsurance carriers in the global market. The report found that reinsurers' capital position remained robust at the end of 1H2020, after a strong capital market recovery in the second quarter.

Published on 2020-09-23

CROATIA: Zagreb earthquake's insured losses expected to reach up to EUR 63 million

The 5.5 magnitude earthquake that hit Zagreb on March 22, 2020 has materialized for the Croatian insurers, in 6,255 claims settled so far, worth EUR 25.73 million. Expectations are that the final bill for insurers will amount to EUR 55 - EUR 63 million. For the whole of 2020, the average paid compensation amounts to EUR 4,130, with an average annual premium of EUR 115. In the previous years, the total premium written by Croatian insurers for the earthquake risk was of about EUR 10.6 million.

Published on 2020-09-21

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Romania



S&P Rating

BBB-, NEGATIVE

Moody's rating

BAA3, NEGATIVE

Fitch Rating

BBB-, NEGATIVE



Sources:

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

² The National Bank of Romania

³ Financial Supervision Authority (FSA)

⁴ XPRIMM calculations

Market's main indicators - timeline



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

The Romanian insurance market totaled, in 1H2020, ~EUR 1.2 billion in GWP, 1.2% more y-o-y. The overall claims paid went remained at a quasi-stable level y-o-y, decreasing by just 0.8%, to EUR 691 million. In local currency, due to the about 2% depreciation of the Romanian Leu against Euro, the GWP growth rate was higher, of 3.5%, while the claims expenses saw a 1.5% increase.

In our opinion, the insurance market had an unexpectedly good evolution. In the first quarter of 2020 it grew by almost 9% against the same period of the prior year.

In the second quarter, when the Romanian economy was strongly impacted by the pandemic, we were expecting a massive decrease, which fortunately was not the case, Cristian ROSU, Vice President of the Insurance-Reinsurance Sector from the FSA - Financial Supervision Authority, stated.

The life/non-life GWP ratio in the market portfolio slightly tilted in favor of the non-life sector, as a direct effect of the 6.34% decrease in life GWP and 3.11% increase of non-life GWP. The market portfolio didn't record any significant changes.

🌸 Romanian insurance market GWP expanded by 1.2%, while paid claims stood at the 2019 level

🌸 The motor insurance segment remained at the 1H2019 level, despite restrictions on movement imposed by the pandemic

🌸 Warranties (+90%), Health (+28%) and GTPL (+8%) were one of the fastest growing segments during the period

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,161.88	1,148.61	1.16	691.71	697.28	-0.80	100.00	100.00
TOTAL LIFE	222.49	237.54	-6.34	103.11	111.08	-7.17	19.15	20.68
Annuities and supplementary ins.	142.23	143.44	-0.84	na	na	na	12.24	12.49
Unit-linked	58.98	77.28	-23.68	na	na	na	5.08	6.73
Other life insurance	21.28	16.83	26.49	na	na	na	1.83	1.46
TOTAL NON-LIFE	939.39	911.06	3.11	588.60	586.20	0.41	80.85	79.32
Accidents and illness	4.94	5.74	-13.99	na	na	na	0.43	0.50
Health	33.79	27.06	24.88	na	na	na	2.91	2.36
Overall property insurance	148.79	141.31	5.30	na	na	na	12.81	12.30
Fire and allied perils	125.36	119.05	5.30	29.40	46.90	-37.31	10.79	10.36
Damages to property	23.43	22.26	5.28	na	na	na	2.02	1.94
Overall motor insurance	656.00	656.53	-0.08	517.97	499.95	3.60	56.46	57.16
Motor Hull	229.28	231.48	-0.95	188.35	170.00	10.79	19.73	20.15
MTPL	426.73	425.05	0.39	329.62	329.95	-0.10	36.73	37.01
GTPL	29.99	28.45	5.42	na	na	na	2.58	2.48
Warranties	47.60	25.61	85.85	na	na	na	4.10	2.23
Travel	6.99	12.42	-43.70	na	na	na	0.60	1.08
Other non-life insurance	11.27	13.94	-19.10	na	na	na	0.97	1.21

1 EUR = 4.7351 Lei - RON (June 30th, 2019); 1 EUR = 4.8423 Lei - RON (June 30th, 2020)



Cristian ROSU
Vice President
FSA Romania

Motor classes, MTPL and Motor Hull, continued to hold the largest market share, accounting together for 56.5% (-0.7 pp.) of the total GWP. Despite the restrictions on movement, caused by the pandemic, motor insurance GWP remained at the 1H2019 level of EUR 656 million. At the same time, fewer claims in the second quarter resulted in a significant improvement of the motor lines' combined ratio, to 108.48% (120.46% in 1H2019) for Motor Hull and 107.39% (116.43% in 1H2019) for MTPL. Yet, only the year-end results will confirm if the improvement reflects a long-lasting trend or not. In a period of decreasing cars sales, the motor insurance market grew slightly rather due to a combination of conjunctural factors, as the increased preference for half-year MTPL policies of the retail customers etc. It is worth noting the motor insurance sector was the main beneficiary of the intensive digitalization initiatives undertaken by the Romanian insurers, especially on claims settlement ground. Also, a set of small changes took place after 30 June: the adoption of the white "Green Card" policies in July, and the use of the MTPL policies in digital format in relation with the authorities, starting September.

Property classes, the second largest group from the non-life sector, expanded by 5.3%, both Fire and allied perils (market share: 10.8%) and Damages to property (2.0%) increasing at very similar rates. With just a little over 1.5 million facultative policies and 1.74 million mandatory PAD policies, Romanians' homes remain severely underinsured. Only 20% of the housing stock is covered by a mandatory PAD policy for NatCat risks (earthquake, floods, landslides).

City Insurance remained on the top position in the overall market ranking, while the podium was completed by Allianz-Tiriatic and Euroins. Compared to the same period of 2019, Omnisig VIG has lost the 3rd position in favor of Euroins, while Asiom VIG took over the 7th place from GENERALI.

(C.C.)

Romania

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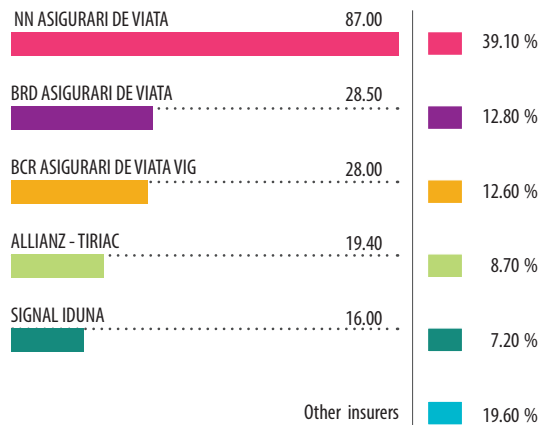
Full market rankings per company & per class

MSEcel format * in EUR and local currency

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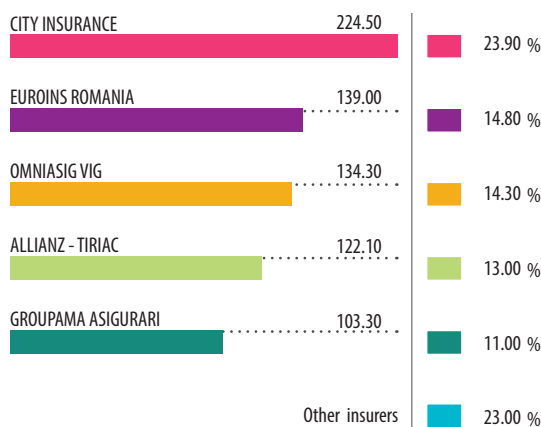


TOP 5 Life insurance (GWP, EUR million)



Source: ASF

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



Source: ASF



Life	19.15
Property	12.81
Motor Hull	19.73
MTPL	36.73
GTPL	2.58
Other	9.00



Life	14.91
Non-Life	85.09

Serbia



S&P Rating

BB+, STABLE

Moody's rating

BA3, POSITIVE

Fitch Rating

BB+, STABLE

Sources:

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

² National Bank of Serbia

³ XPRIMM calculations

Only two or three percent of households in Serbia are insured against floods, and property insurance has less than 10 percent of households

Severe floods that have affected Serbia in the second half of June, resulting in some 700 flooded houses in western and central Serbia, while thousands of hectares of agricultural land were also affected

Helped by the lower amount paid for motor insurance claims in Q2, the aggregated non-life combined ratio in self-retention decreased from 83.3% in Q2 2019 to 77.5% in Q2 2020

Market's main indicators - timeline



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

The first half of 2020 ended for the Serbian insurers with GWP worth EUR 475 million. Under the pressure of the pandemic crisis, the market's growth pace was reduced from almost 9% y-o-y in the first quarter, to 4.28%. Paid claims grew at a more substantial pace. Thus, Serbian insurers have paid claims worth EUR 208 million, almost 12% up y-o-y.

Life insurance slowed down from a 11.2% y-o-y increase in Q1, to 3.67% for the first half of the year, GWP reaching a total of EUR 102.7 million.

On the non-life side, the best relative performance belongs to the property

insurance segment, which saw a 9.9% GWP growth, to EUR 102.6 million. Most of the segment's growth came from the "damages to property" class, which started the year with an almost 19% GWP growth in Q1, lowered afterwards, for the entire first half of the year, to 11.1%. Yet, despite the improved dynamic in 2020 as compared with the previous years, Serbian properties remain underinsured. *Only two or three percent of households in Serbia are insured against floods, and property insurance has less than 10 percent of households*, said the General Secretary of the Insurers Association of Serbia, Dusko JOVANOVIĆ, quoted by osiguranje.hr. The household

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	475.10	455.60	4.28	208.02	185.83	11.94	100.00	100.00
TOTAL LIFE	102.69	99.05	3.67	51.66	49.56	4.24	21.61	21.74
TOTAL NON-LIFE	372.41	356.55	4.45	156.36	136.27	14.74	78.39	78.26
Accidents insurance	12.49	13.18	-5.24	4.07	5.57	-26.85	2.63	2.89
Health insurance	28.87	23.64	22.12	9.57	10.07	-4.98	6.08	5.19
Railway, aircraft and ships	1.32	1.46	-9.43	1.08	0.54	99.34	0.28	0.32
Goods in transit	3.48	3.18	9.18	0.53	0.26	102.33	0.73	0.70
Overall property insurance	102.59	93.34	9.92	59.69	40.64	46.87	21.59	20.49
Fire and allied insurance	26.84	25.15	6.73	18.54	11.30	64.11	5.65	5.52
Damages to property	75.76	68.19	11.10	41.15	29.34	40.23	15.95	14.97
Overall motor insurance	194.00	188.51	2.91	73.97	71.22	3.86	40.83	41.38
Motor Hull	45.41	43.67	3.98	27.08	26.29	3.00	9.56	9.59
MTPL	148.59	144.84	2.59	46.90	44.94	4.36	31.28	31.79
Carriers' liability (air and sea)	0.19	0.38	-49.15	0.12	0.12	-	0.04	0.08
GTPL	14.61	12.44	17.47	1.52	1.82	-16.76	3.08	2.73
Credit	4.75	4.04	17.61	1.88	2.05	-8.33	1.00	0.89
Financial loss	4.22	5.48	-23.03	0.49	1.57	-68.99	0.89	1.20
Travel	3.89	8.45	-53.92	2.86	2.31	23.61	0.82	1.86
Other non-life insurance	1.99	2.45	-18.99	0.59	0.09	540.45	0.42	0.54

Exchange rate for calculations (Middle rate):

1 EUR = 117.9121 Dinars - RSD (June 30th, 2019)

1 EUR = 117.5760 Dinars - RSD (June 30th, 2020)



Dusko JOVANOVIC
General Secretary
of the Insurers
Association of Serbia

and agricultural insurance topics were brought into the limelight again by the severe floods that have affected Serbia in the second half of June. According to local media, some 700 houses were flooded in western and central Serbia, while thousands of hectares of agricultural land were also affected. Overall, the 2020 floods were reminding the dramatic situation of 2014, when Serbia experienced an episode of severe floods that have caused losses estimated to about 2% of the national GDP. It is worth noting in this context that according to Insurers Association of Serbia data only about 25 - 30% of the insurance policies in Serbia has additional flood insurance. On the agricultural segment, the situation is somewhat better thanks to the state subsidies for purchasing insurance. The state subsidy is of 40%, but for five districts with high exposure to severe weather events the subsidy was raised to 75%. Yet, *Serbia has 560,000 agricultural farms that cultivate 3.5 million hectares of agricultural land, but the problem is that only 3% is insured through agricultural producers and 9% through entrepreneurs and individuals*, stressed out Dragan MARKOVIC, general director of TRIGLAV Insurance, on the occasion of the Kopaonik Business Forum, in March.

No doubt, motor insurance remains the largest market segment, accounting for over 40% of the market GWP. In 1H2020, the total motor business amounted to EUR 194 million in 1H, increasing y-o-y by 2.91%. On the paid claims side, the lockdown caused by the Coronavirus outbreak helped reducing the high pace of the claims expenses growth from 16.4% in Q1, to 3.86% in H1. The decrease of about 25% of the expenses with motor insurance claims in Q2, as compared with Q1, has contributed also to the improvement of the aggregated non-life combined ratio in self-retention, from 83.3% in Q2 2019 to 77.5% in Q2 2020. Other factors that have helped improving insurers' profitability were the growth of the relevant premium in self-retention and the lower operating costs. (D.G)

Serbia

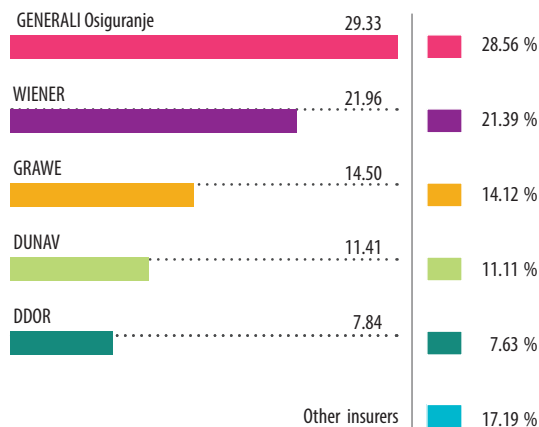
Full market rankings per company & per class

MSEExcel format * in EUR and local currency

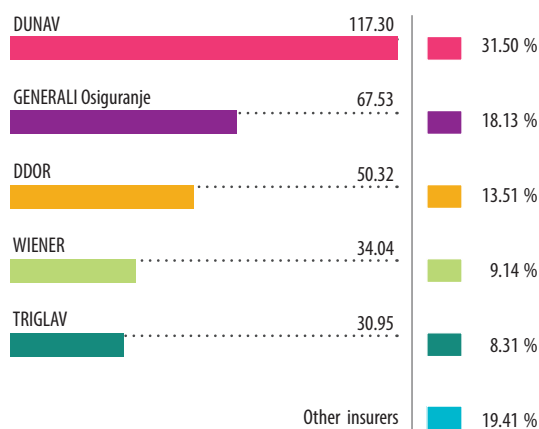
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TOP 5 Life insurance (GWP, EUR million)



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



Life	21.61
Property	21.59
Motor Hull	9.56
MTPL	31.28
GTPL	3.08
Other	12.88



Life	24.83
Property	28.70
Motor Hull	13.02
MTPL	22.54
GTPL	0.73
Other	10.18

Slovak Republic



S&P Rating

A+, NEGATIVE

Moody's rating

A2, STABLE

Fitch Rating

A, STABLE



Sources:

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

² National Bank of Slovakia

³ XPRIMM calculations

Market's main indicators - timeline



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

In the first six months of 2020, the Slovak insurance market totaled EUR 1.14 billion (direct premiums and accepted reinsurance, summed-up), 1.57% less y-o-y, according to the preliminary quarterly financial figures provided by the National Bank of Slovakia (NBS).

The life insurance segment experienced a negative rate of 6.82% y-o-y to EUR 469 million - due the 9.88% decrease reported by the policies with profit participation, while the non-life classes accounted for EUR 678.68 million, or 2.42% more y-o-y. Overall the value of incurred claims (paid claims by local insurers and reserves, summed-up) decreased by more than EUR

80 million to EUR 615 million, of which EUR 321 million related to life indemnities.

By analysing the premiums in the non-life portfolio structure, we can consider that the GWP distribution or the market weights of main business lines - remained almost unchanged. In terms of evolution, we can observe the influence that both the COVID 19 pandemic had, but also the results of the other long-term risks - the insurance tax implemented in 2019 on non-life segment.

Regarding the pandemic, this made the rapprochement between the insurer and the client much more complicated, but it also changed a lot the human behavior,

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS**			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,147.99	1,166.31	-1.57	615.17	697.38	-11.79	100.00	100.00
TOTAL LIFE	469.31	503.68	-6.82	321.65	382.53	-15.91	40.88	43.19
Unit-Linked	113.12	125.53	-9.88	57.78	91.82	-37.07	9.85	10.76
Other life insurance	356.18	378.15	-5.81	263.87	290.71	-9.23	31.03	32.42
TOTAL NON-LIFE*	678.68	662.64	2.42	293.52	314.85	-6.78	59.12	56.81
Medical expense insurance	4.34	5.93	-26.78	1.62	2.08	-22.06	0.38	0.51
Income protection insurance	61.01	58.01	5.16	19.57	18.90	3.54	5.31	4.97
Fire and other damages to property	167.06	167.98	-0.55	51.72	45.76	13.03	14.55	14.40
Overall motor insurance	375.56	360.21	4.26	195.29	226.75	-13.87	32.71	30.88
Motor Hull	185.84	175.81	5.70	99.08	112.19	-11.68	16.19	15.07
MTPL	189.72	184.40	2.89	96.21	114.57	-16.02	16.53	15.81
Marine, aviation and transport insurance	5.26	6.41	-18.04	0.44	2.73	-83.81	0.46	0.55
GTPL	47.99	44.14	8.71	16.79	13.92	20.61	4.18	3.78
Credit and suretyship insurance	2.73	3.37	-18.97	2.14	0.07	2,955.53	0.24	0.29
Legal expenses insurance	1.19	1.31	-9	0.36	0.32	13	0.10	0.11
Assistance	9.69	12.38	-21.74	4.01	4.12	-2.82	0.84	1.06
Miscellaneous financial loss	3.86	2.90	33.49	1.59	0.21	673.86	0.34	0.25

*Direct business and accepted proportional reinsurance

** Claims incurred

Slovak currency: EURO

❁ Negative rates in premiums & claims

❁ 14 insurers operate under the Solvency II regime

❁ Twenty branches of EU (re)insurers are active in Slovakia

❁ COVID-19 accelerated the digitisation of insurance processes


which is observed especially in the case of traveling, MAT and credit insurances.

On the other hand, for insurers, the Coronavirus pandemic accelerated the digitisation of all insurance processes and products in the past: *Our sales people can conclude all types of insurance policies remotely – without personal meetings, in a paperless, cashless way and also with no signature needed. This includes also insurance for entrepreneurs, which was simply unthinkable several months ago. The related, noticeably higher efficiency of work is a real asset*, declared in an interview published on GENERALI CEE Holding web-site, Juraj JURČÍK, CEO of GENERALI Slovakia.

The other risk - the introduction of a new tax on non-life insurance business, is eroding profits and, in certain segments, also reducing customers, and therefore premium, growth. Thus, despite the pandemic, the two motor insurance lines reported, at the end of June, an increase y-o-y GWP.

In this connection, last year insurers were notifying customers of increases in the final price of non-life insurance products. As a result, consumers started to complain about insurers unilaterally raising the price of their insurance. *NBS received dozens of such complaints. The Bank examined all insurers that were offering non-life insurance products. As a result, it found that*

Slovak Republic



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Life	40.88
Property	14.55
Motor Hull	16.19
MTPL	16.53
GTPL	4.18
Other	7.67



Life	52.29
Property	8.41
Motor Hull	16.11
MTPL	15.64
GTPL	2.73
Other	4.83

several insurers had breached their own insurance contracts by unilaterally increasing the final price of the insurance product, NBS related in its Annual Report. In the end,

NBS initiated sanction proceedings against seven insurers for infringing consumer rights in this matter.

(A.V.)

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Slovenia



S&P Rating
AA-, STABLE

Moody's rating
BAA1, POSITIVE

Fitch Rating
A, STABLE

Sources:

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

² Slovenian Insurance Association

³ XPRIMM calculations



Market's main indicators - timeline



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

At the end of June 2020, for six months ended, the insurance market of Slovenia totaled EUR 1.4 billion, 4.2% more when compared to the same period of 2019. Gorazd CIBEJ, Managing Director, Slovenian Insurance Supervision Agency, commented on the first half of 2020 market results:

Slovenian insurance undertakings' total net profit decreased in 1Q2020, compared to the same period of 2019, which was no surprise considering the main driver of the Slovenian insurance companies' profitability is the net investment income, especially of the life insurance portfolios.

In the second quarter of 2020 the total net profit of Slovenian insurance undertakings improved substantially, increasing as compared to the same period in the year 2019 by a little more than 50 percent. On the individual basis, 9 out of the 13 Slovenian insurance undertakings reported operating profit in the second quarter of 2020.

One of the reasons for this positive trend [4.2% increase in GWP] was the earthquake in our neighboring country, in Zagreb, which somehow encouraged people to think about their insurance coverage. This was also, according to our analysis, the

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,371.74	1,317.47	4.12	779.48	784.30	-0.62	100.00	100.00
TOTAL LIFE	378.50	374.21	1.15	269.66	249.10	8.25	27.59	28.40
Life assurance	115.27	118.64	-2.84	127.59	104.19	22.46	8.40	9.00
Unit-linked	119.40	122.02	-2.15	74.99	85.12	-11.90	8.70	9.26
Other life insurance	2.40	2.77	-13.52	0.98	1.11	-11.49	0.17	0.21
Pension Funds	141.43	130.78	8.14	66.09	58.68	12.63	10.31	9.93
TOTAL NON-LIFE	993.24	943.26	5.30	509.82	535.20	-4.74	72.41	71.60
Accident insurance	53.40	53.48	-0.15	14.60	17.20	-15.12	3.89	4.06
Health insurance	328.68	293.88	11.84	232.64	258.14	-9.88	23.96	22.31
Overall property insurance	168.92	161.38	4.67	52.88	43.86	20.55	12.31	12.25
Fire and allied perils	79.04	74.11	6.65	26.28	19.54	34.47	5.76	5.63
Damages to property	89.88	87.26	2.99	26.60	24.32	9.36	6.55	6.62
Overall motor insurance	337.68	328.18	2.89	172.98	181.63	-4.76	24.62	24.91
Motor Hull	179.95	174.61	3.06	93.21	96.49	-3.40	13.12	13.25
MTPL	157.73	153.57	2.71	79.77	85.14	-6.31	11.50	11.66
Goods in transit	3.63	3.98	-8.76	1.04	1.27	-17.88	0.26	0.30
Railway, aircraft and ships	3.32	3.02	10.21	0.81	0.79	2.92	0.24	0.23
GTPL	51.25	48.63	5.39	12.70	11.88	6.87	3.74	3.69
Carriers' liability (air and sea)	1.69	1.85	-8.56	0.33	0.07	348.36	0.12	0.14
Credit insurance	13.73	18.89	-27.34	8.93	7.46	19.61	1.00	1.43
Suretyship	1.31	1.21	8.14	0.45	0.10	345.50	0.10	0.09
Financial loss	5.29	5.42	-2.50	1.81	2.47	-26.63	0.39	0.41
Legal expenses insurance	2.35	2.17	8.59	0.33	0.25	34.06	0.17	0.16
Travel insurance	21.98	21.17	3.83	10.32	10.08	2.43	1.60	1.61

Slovenian currency: EURO

🌸 The market grew by 4.2%, both life (+1.8%) and non-life (+5.2%) sectors recording higher GWP volumes

🌸 Health insurance dominates the market, with the highest GWP volume, the highest GWP growth rate and highest absolute GWP growth



Gorazd CIBEJ
Managing Director
Slovenian Insurance
Supervision Agency

reason for the rise in profit. On the other hand, the same applies also for life insurance premium which was higher by 3 percent than in the same period last year.

The ratio between life and non-life sector tilted in favor of the non-life sector, as a result non-life outpacing life sector in terms of premiums volume growth. The whole life sector's GWP weight was 27.7% (-0.66 pp.), while its counterparty, the non-life sector, weighted 72.3% (+0.66 pp.) in GWP.

During 2020's first half, the life sector grew by 1.8%, to EUR 381 million (including pension funds). Life assurance continued to be the largest life class, with a total GWP in amount of EUR 165 million (+5.2%).

The non-life sector grew by 5.2%, to EUR 993 million. No major changes were seen in its structure, the sector being composed from 24.6% motor insurance, 23.9% health insurance, 12.3% property insurance, 3.9% accident insurance, 3.7% GTPL insurance, while the rest of the non-life classes weighted less than 2% each.

Health insurance was again the largest insurance class across all market portfolio, with a GWP volume in amount of EUR 329 million. At the same time, health insurance recorded the highest relative growth (+11.8%) and absolute growth (+EUR 35 million) when compared to any other insurance business line, both from life and non-life sectors.

Motor Hull, the second largest business line, increased by 3.0% to EUR 180 million. MTPL, the third largest business line, increased by 2.7%, to EUR 158 million. Altogether, the motor group market weight was of 24.6%.

The property group, accounted for 12.3% of the overall market GWP, the same share as in the prior year. Damages to property segment, the 4th largest non-life class, increased by 2.4% to EUR 90 million, while Fire and allied perils, the 5th largest non-life class, increased by 6.5% to EUR 79 million.

(C.C)

Slovenia

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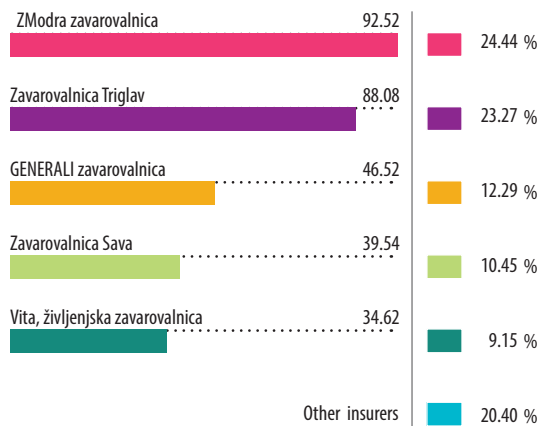
Full market rankings per company & per class

MSEcel format

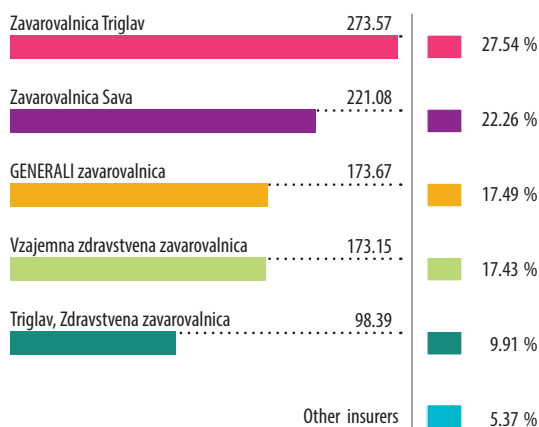
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TOP 5 Life insurance (GWP, EUR million)



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



Life	27.59
Property	12.31
Motor Hull	13.12
MTPL	11.50
GTPL	3.74
Other	31.74



Life	34.59
Property	6.78
Motor Hull	11.96
MTPL	10.23
GTPL	1.63
Other	34.80

What are the perspectives for the insurance industry while we are heading to 2021 and how can we tackle the protection gap, just two of the questions that will be answered during an interview with...

Mira KIRIDZIC-BÜGLER

Market Head, Austria, Central & Eastern Europe, Swiss Re



PRIMM: We are living in one of the most challenging periods in the recent history. What were, in your opinion, the main points in the evolution of the insurance industry in the first nine months of the year. How would you characterize the response of the insurance industry to this crisis?

Mira KIRIDZIC-BÜGLER: Generally speaking, the insurance industry is evolving very slowly. However, we've been witnessing very fast development in terms of digitalisation. Some insurers have demonstrated high agility and pushed through digitalisation projects that typically would take 2-3 years. Business growth via direct channels combined with a strong

decrease of sales via agents and brokers - especially during the lockdown - accelerated the processes. Of course, there is still a way to go but the crises clearly disrupted the slower-to-change insurer. Others implemented only ad-hoc measures with a strong focus on remote working and virtual collaboration.

In terms of the insurance industry responding to the crises, we saw some new Covid-19 related products, that I would call controlled experiments. Our industry is still looking for adequate solution and from Swiss Re point of view pandemic exposures are not insurable given the accumulation issue and lack of diversification.

XPRIMM: From the Swiss Re's perspective, what do you think are the main challenges for the insurance industry while we are moving to 2021?

M. K-B.: Clearly digitalisation will remain an important topic for the years to come and with this increasing importance of a cyber risk. The other big question is how quickly our economies will recover. Is the K-shaped recovery for our industry the most realistic one - the large well capitalised companies' will have quick recovery where the smaller once with thin Solvency margins will be hit much harder? In addition, changing economic conditions like low interest rates require improvement on technical combined ratio. So, yes, there are few challenges the industry is currently facing but on the positive side, every challenge brings some new opportunities.

XPRIMM: Swiss Re is constantly paying attention to natural disasters and their impact on the global economy, as well as to the role re/insurers must play in helping people and economies to better cope with the Nat Cat losses. What are Swiss Re's solutions for closing or narrowing the protection gap?

M. K-B.: Swiss Re has variety of Solutions addressing the protection gap. My favorite one is digital solutions enabling easier access to insurance, i.e. parametric products that go hand

in hand with machine learning / AI, but also big data and new technologies. The Protection gap requires a comprehensive and integrated risk management framework, spanning different sectors and also government. We build partnerships to also help with risk prevention, risk identification and quantification.

Maybe to add one prominent risk especially given the Covid-19 circumstances and many people working from home, cyber is clearly one of the topics we are trying to address and deliver a solution to.

XPRIMM: The CEE Region has seen, in the previous years, some extreme weather episodes previously considered totally atypical for this region. At the same time, we have witnessed, especially in Romania, one of the most intense droughts in history. In your opinion, are we witnessing a change in the region's risk profile?

M. K-B.: Yes. It is obvious that so-called secondary perils, drought being one of them, show significant increase in terms of frequency. Looking at the 2017 worldwide figures, when aggregate natural disaster insurance claims were the highest ever in a single year, more than half were due to secondary perils and in 2018 even 60%. Zooming into the EMEA region that is particularly affected by them and already in the first half of 2020 we see that the half of all catastrophic losses are secondary perils. Particularly for the CEE region, we expect to see more severe hail events, heavy precipitation, draught events and more heat waves. Extending the picture to Mediterranean region, the Experts talk about so-called Medicanes, hurricane like storm events. So clearly, the risk profile is changing from primary to secondary perils, especially to above mentioned once. Given the unique features such as being highly localised, modelling secondary peril risks can be difficult, compared to peak peril losses where the industry has tended to focus.

XPRIMM: Apart from the Nat Cat risks, what do you think about the evolution of the CEE/ SEE markets? Do you consider that this period will change the mentality towards insurance?

M. K-B.: Economic strength of the countries plays a role, but awareness and even more trust are essential here. Talking to the consumers we often hear the comment "even if I would have an insurance the claims won't be paid". The Insurance industry has a kind of bad reputation and I think that parametric product combined with simplicity can enormously help here. The simpler the product the higher the chance to sell it and regain the trust of the customer. Customer's journey need to become a positive experience in order to change the attitude toward buying insurance.

Another element is cooperation between insurance industry and governments – if governments are stepping in for major events this does not help the insurance industry, but it does not help the governments either. The only possible way is cooperation if we want to improve.

XPRIMM: Do you consider that index-based insurance / parametric insurance can be successfully implemented in the CEE and SEE regions?

M. K-B.: I truly believe that this is the way to go to regain customer's trust and increase insurance penetration [SEE QUESTION ABOVE]. As Covid-19 circumstances have taught us, all re/insurance companies need to become more digital. Parametric products means automatically becoming more digital which is the perfect combination.

One of the main discussion points is the scenario of having a loss without policy being triggered by the definition of the parameter or other way around. However, technology has improved significantly over the last years and the gap is relatively small. So, I am confident that in the near future this can be completely resolved.

We see more and more Regulators approving the concept of parametric products which is of utmost importance for successful implementation.

XPRIMM: Digitalisation and InsurTech are one of the most important trends in the industry. How do you see the future development of the InsurTech landscape, especially in the present context?

M. K-B.: The pandemic and specially the uncertainty around the possibility of human face to face interaction demonstrated the relevance of digital solutions. Tech providing options for virtualised exchange, cooperation and consulting is a key enabler. It supports social well-being and ensures business contingency. InsurTech and Digitalisation are here to stay - however there is still room for improvement. Digital solutions must add real value to customers and need to be more than just replacing formerly analogue processes.

The InsurTechs were certainly the trigger for more innovation in our industry.

XPRIMM: How do you think that the (re)insurance world of tomorrow will look?

M. K-B.: From the pure risk landscape point of view, we see secondary perils becoming predominant and at the same time new technologies like autonomous driving, where the insurance will follow the developments (i.e. MTPL cover will be replaced by Products Liability).

On the other hand, there are alternative players like Tesla, Amazon offering insurance, changing in buying behavior (digital smartphone natives) and customer expectations (digital, tailor made, on demand). Service aspect becomes increasingly important – and here I am coming back to customer's journey experience which is the key for the (re)insurance world of tomorrow.

Mihaela CIRCU



Cyprus



S&P Rating
BBB-, STABLE

Moody's rating
BA2, POSITIVE

Fitch Rating
BBB-, STABLE

Sources:

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

² Insurance Association of Cyprus Annual Reports

³ XPRIMM calculations



Market's main indicators-timeline



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

The insurance market of Cyprus totaled EUR 255.63 million at the end of Q1 2020, up by 4.46% y-o-y, according to the most recent market figures published by the Insurance Association of Cyprus - IAC. GWP from non-life insurance lines totaled EUR 135.88 million (up by 3.66% y-o-y), while the life insurance segment generated premiums of EUR 255.63 million, or 5.39% more y-o-y. In terms of claims, the value of gross claims incurred (payments and reserves summed-up) increased by 6.68% y-o-y to EUR 133.43 million. Per LoBs, on the life segment the mentioned indicator increased by almost 35% y-o-y to EUR 69.69 million, while non-life claims compressed by EUR 12.98% y-o-y to EUR 63.73 million. The largest life insurer in the country was EUROLIFE (23.73% market share), while the non-life field was led by CNP ASFALISTIKI (10.09%).

One of the topics of the moment is the reform in health system through the fully launch of GESY - is the universal health insurance system of Cyprus. The original GESY legislation was passed in 2001, but the three government bills and regulations introducing the system were only agreed by parliament on 16 June 2017 after prolonged negotiations led by Yiorgos PAMBORIDIS, the health minister. It is to be fully operational by July 1, 2020. The running of these service is in the hands of the Health Insurance Organisation.

We welcome GESY and are working to differentiate our offering to cater to our clients' evolving needs whilst also providing them access to services not covered by GESY. What is needed however is public-private partnership, ways for the two to work together, said Evan GAVAS, CEO, UNIVERSAL

🌟 Cypriot insurers reported Q1 increasing GWP and claims

🌟 Until the edition closing, IAC did not publish the first-half market figures

🌟 Starting July 1, 2020, GESY - General Healthcare System - is fully operational

🌟 Financial services firms seek Post-Brexit solution in Cyprus

Market portfolio at March 31st, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS**			Weight in all GWP	
	1Q2020	1Q2019	Change	1Q2020	1Q2019	Change	1Q2020	1Q2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	255.63	244.72	4.46	133.43	125.08	6.68	100.00	100.00
TOTAL LIFE**	119.75	113.63	5.39	69.69	51.84	34.45	46.85	46.43
TOTAL NON-LIFE	135.88	131.09	3.66	63.73	73.24	-12.98	53.15	53.57
Accident & health*	42.64	41.60	2.51	27.45	32.40	-15.26	16.68	17.00
Motor	48.03	45.62	5.30	31.41	27.79	13.03	18.79	18.64
MAT	0.87	0.76	13.88	0.32	0.09	240.00	0.34	0.31
Fire	27.79	27.68	0.38	3.09	9.24	-66.53	10.87	11.31
Liability	15.63	14.64	6.80	2.28	2.70	-15.45	6.12	5.98
Credit	0.04	0.04	4.13	0.00	0.39	-99.10	0.01	0.01
Miscellaneous	0.88	0.75	16.51	-0.83	0.63	-230.74	0.34	0.31

* Including A&H premiums by Life Companies

** gross claims incurred
Cyprus currency: EURO

Life the leader in private health insurance on the island, quoted by cyprus-mail.com. UNIVERSAL Life had forecasted an initial fall in business as customers would need to pay both private and GESY contributions. *This hasn't really materialized, however, GAVAS points out. People retain their private health insurance as they still do not have full confidence in the public system and they want to maintain their existing medical history and comprehensive benefits.*

The other hot topic on island is the potential of Cyprus to become a European financial center, and its advantages over other markets, after the no-deal Brexit, wrote cyprus-mail.com. In this way, the companies may either obtain or retain the rights to the EU 'Passports' enabling them to access markets in all the Member States. (...) The island's access to the EU and high growth markets, a modern flexible legal framework based on English common law, highly educated workforce and low business costs compared with Malta, Netherlands, Ireland and Luxembourg.

(A.V.)

Cyprus

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Life	46.85
A&H	16.68
Motor	18.79
Fire	10.87
Liability	6.12
Other	0.70



Life	51.91
A&H	20.45
Motor	23.40
Fire	2.30
Liability	1.70
Other	0.24

xprimm publications

Insurance in CEE, SEE and CIS

XPRIMM Insurance Report



PROPERTY Insurance Report



MOTOR Insurance Report



INSURANCE PROFILE



Greece



S&P Rating
BB-, STABLE

Moody's rating
B1, STABLE

Fitch Rating
BB, STABLE

Sources:

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

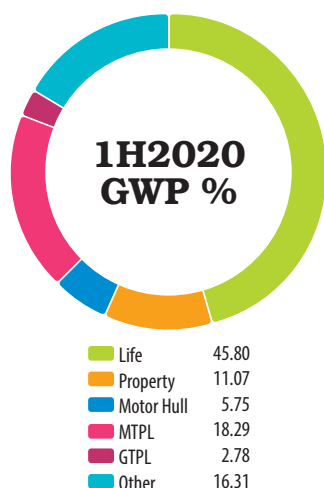
² Hellenic Association of Insurance Companies

³ XPRIMM calculations

Insurance market fell below the EUR 2 billion threshold

Uninsured vehicles account for a share of about 7% of the national fleet

AXA is in talks to sell its Greek operations to GENERALI, market rumors say



Market's main indicators-timeline



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

At the end of June 2020, the Greek insurance market totaled EUR 1.93 billion, down by 4.5% y-o-y, according to the preliminary market figures published by HAIC. The non-life insurance segment slightly decreased by 0.5% y-o-y to EUR 1.04 billion, due to the negative rates reported by Motor TPL and fire subclasses – the largest non-life LoBs as share in total GWP, while the life insurance business line decreased by almost 9% to EUR 886 million – influenced by the negative dynamic reported by the traditional life policies (-12.8%).

In fact, in case of the MTPL, an important contribution to the decrease in GWP is the increasing number of uninsured vehicles: 586 thousand, according to Dimitris ZORBAS, President of the cars division of the Association of Greek Insurance Companies quoted by The National Herald. By adding to the 586 thousand resulted

from the checks of the Public Order Ministry, the uninsured cars identified by the port authority checks, the number reaches up to 600 thousand. *The issue of uninsured vehicles is a social and economic issue that must be resolved once and for all (...) Our proposal is that this is checked electronically, and if someone is found to be uninsured, impose fines set by legislation immediately, and follow through with them. This is how most European countries operate, ZORBAS declared.*

According to data provided by the Hellenic Statistical Authority, in 2019 on the Greek roads there were in use 5.4 million passenger cars and close to 1.4 million commercial vehicles (trucks and busses), which means uninsured vehicles account for a share of about 7% of the national fleet.

(A.V.)

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			Weight in all GWP	
	1H2020 EUR m	1H2019 EUR m	Change %	1H2020 %	1H2019 %
TOTAL MARKET	1,934.36	2,024.55	-4.45	100.00	100.00
TOTAL LIFE	886.00	970.50	-8.71	45.80	47.94
Life insurance	598.81	686.40	-12.76	30.96	33.90
Life insurance linked to investment funds	182.03	134.77	35.07	9.41	6.66
Other	105.16	149.34	-29.58	5.44	7.38
TOTAL NON-LIFE, of wich:	1,048.36	1,054.05	-0.54	54.20	52.06
Accident	23.63	23.07	2.43	1.22	1.14
Sickness	148.66	136.51	8.90	7.69	6.74
Overall motor insurance	465.03	490.94	-5.28	24.04	24.25
MTPL	353.70	381.77	-7.35	18.29	18.86
Motor hull	111.32	109.17	1.97	5.75	5.39
Overall property insurance	214.09	212.68	0.66	11.07	10.51
Fire and natural forces	160.79	164.16	-2.06	8.31	8.11
Other damage to property	53.30	48.52	9.85	2.76	2.40
GTPL	53.84	51.49	4.55	2.78	2.54
Assistance	53.19	52.63	1.05	2.75	2.60
Other	89.93	86.73	3.70	4.65	4.28

*1H2019 figures were determined by using the y-o-y growth rates published by HAIC
Greek currency: EURO

Turkey



S&P Rating

B+ , STABLE

Moody's rating

B1, NEGATIVE

Fitch Rating

BB-, NEGATIVE

Sources:

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

² Central Bank of the Republic of Turkey

³ Insurance Association of Turkey

⁴ XPRIMM calculations

🌸 GWP went up by over 21% in local currency, but by only 3.32% for the market results denominated in Euro

🌸 As of 1 April, new provisions were introduced in the general rules related to compulsory MTPL, providing for standardized criteria for the compensations calculation

🌸 The penetration degree of the mandatory earthquake insurance is of 55.3%, with a peak in the Marmara region (~67%)

🌸 The four Turkish reinsurers have reported altogether GWP worth EUR 516.6 million (TRY 3.97 billion) for the first half of the year

Market's main indicators-timeline



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

The Turkish insurance market generated total premium of ~EUR 5.2 billion* in 1H2020, an increase of 3.32% compared to the corresponding period in 2019, according to data released by the Insurance Association of Turkey (TSB). However, due to high volatility of the Turkish Lira in the last year, any results denominated in Euro should probably be considered along those in local currency. The Turkish Lira's y-o-y depreciation against Euro of about 17% made that the rather

modest growth rate in Euro to correspond to a double digit GWP increase of over 21%, when the results are considered in local currency.

The non-life insurance sector posted premium of EUR 4.28 billion, about 2% down y-o-y, which in local currency translated to TRY 32.9 billion (14.9% increase) while the life insurance sector reported premium of EUR 952.6 million (36% up y-o-y) or TRY 7.3 billion (59.3% increase).

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	5,232.91	5,064.53	3.32	1,899.22	2,365.77	-19.72	100.00	100.00
TOTAL LIFE	952.59	700.30	36.03	283.12	225.81	25.38	18.20	13.83
TOTAL NON-LIFE	4,280.32	4,364.23	-1.92	1,616.10	2,139.95	-24.48	81.80	86.17
Accident	141.95	167.00	-15.00	13.35	15.56	-14.21	2.71	3.30
Health	699.72	670.05	4.43	334.39	411.31	-18.70	13.37	13.23
Aviation hull	9.74	12.77	-23.73	10.30	26.78	-61.55	0.19	0.25
Ships hull	39.85	33.92	17.49	20.22	17.67	14.47	0.76	0.67
Goods in transit	75.97	76.95	-1.28	21.19	29.26	-27.58	1.45	1.52
Overall property insurance	1,253.00	1,163.86	7.66	272.83	397.66	-31.39	23.94	22.98
Fire and allied perils	641.09	620.82	3.27	148.83	273.53	-45.59	12.25	12.26
Damages to property	611.90	543.04	12.68	123.99	124.13	-0.11	11.69	10.72
Overall motor insurance	1,833.87	2,004.76	-8.52	894.11	1,167.57	-23.42	35.04	39.58
Motor Hull	602.22	672.96	-10.51	283.08	410.95	-31.12	11.51	13.29
MTPL	1,231.64	1,331.80	-7.52	611.02	756.62	-19.24	23.54	26.30
Aviation liability	6.98	10.37	-32.67	3.22	5.49	-41.41	0.13	0.20
Marine liability	4.47	4.24	5.50	0.60	0.63	-4.10	0.09	0.08
GTPL	134.12	134.32	-0.14	34.40	31.53	9.09	2.56	2.65
Credit	31.75	28.36	11.97	4.71	12.01	-60.78	0.61	0.56
Suretyship	4.14	3.93	5.23	-0.72	2.75	-126.30	0.08	0.08
Financial losses	30.29	38.70	-21.72	7.35	21.66	-66.07	0.58	0.76
Legal expenses	14.48	15.00	-3.53	0.17	0.08	108.87	0.28	0.30
Assistance	0.00	0.00	7.22	-	-	-	0.00	0.00

1 EUR = 7.6858 Turkish lira - TRY (June 30th, 2020)

1 EUR = 6.5625 Turkish lira - TRY (June 30th, 2019)



Atilla BENLİ
President,
TSB - Insurance
Association of Turkey

Motor insurance lines hold together the largest share of the non-life portfolio. Both saw a positive evolution in local currency, but not at high enough paces to offset the currency effect. Thus, in Euro their dynamics were negative, which led to a reduction of the motor insurance segment's weight from 39.6% to 35% in 1H2020.

As of 1 April, new provisions were introduced in the general rules related to compulsory MTPL, providing for standardized criteria for the compensations calculation. The new calculation method takes into account previous judicial decisions relating to motor insurance compensation and provides for a unitary approach in the compensations calculations, including depreciation calculation and establishing the value of compensations for bodily injuries. In addition, the list of documents requested for processing accident compensation payments was also made clearer. Insurance Association of Turkey (TSB) President Atilla BENLİ said: *Until today, the lack of full clarification in the regulations on compensation calculations led to disputes between the beneficiaries and insurance companies, and especially the disputes in the compensation of the bodily injuries were transferred to the judiciary.*

Property insurance recorded a positive dynamic in both currency. Thus, GWP increased to EUR 1.25 billion (TRY 9.63 billion), a total volume almost fairly divided between the "fire insurance" and "damages to property" Lobs.

Currently, the penetration degree of the mandatory earthquake insurance is of 55.3%, according to data provided by the Turkish Earthquake Insurance Pool-TCIP, meaning that about 7.8 million houses, out of the total 17.68 million of the Turkish housing stock, have an earthquake policy. The penetration rate varies among regions, with a peak in the Marmara region (~67%), which also has the highest expose to the earthquake risk.

Turkey

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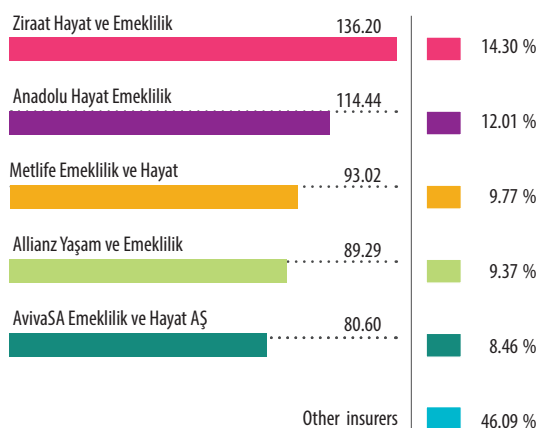
Full market rankings per company & per class

MSEcel format * in EUR and local currency

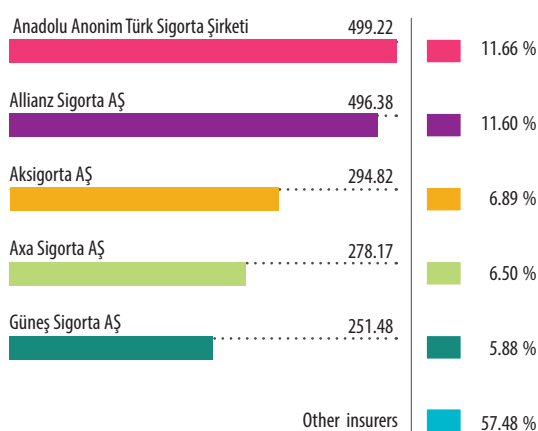
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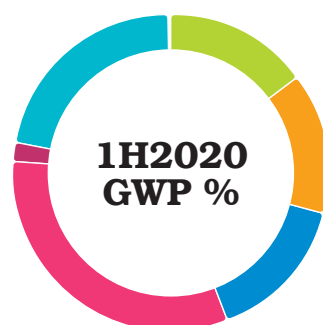
TOP 5 Life insurance (GWP, EUR million)



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



Life	18.20
Property	23.94
Motor Hull	11.51
MTPL	23.54
GTPL	2.56
Other	20.24



Life	14.91
Property	14.37
Motor Hull	14.91
MTPL	32.17
GTPL	1.81
Other	21.84



Selva EREN
CEO, Türk Re

Overall, there are more than 8 million residential properties in Turkey that still need to be covered by earthquake insurance. Beside the numbers, the second problem of the mandatory earthquake insurance system is the low renewal rate of the policies, when the original contract has expired. According to market sources, a large part of TCIP contracts are bought by those with lease agreements.

To emphasize the earthquake risk's relevance for Turkey, the number of entities running different research and modelling initiative concerning this risk is increasing year by year. The latest one is a new earthquake and fire research center in Turkey that expands the family of Allianz Group's ALLIANZ Centers for Technology. It conducts earthquake, automotive, transport and fire tests, simulations and practical training in Istanbul. The ALLIANZ Teknik Earthquake and Fire Testing and Training Center was officially opened in late 2019 on the campus of the Turkish-German University in Beykoz, Istanbul. Local media noted the German group investment on the Turkish-German University campus amounts to TRT 30 million.

In fact, according to two reports published in June and July by the Istanbul Metropolitan Municipality (IMM), the total damage caused by a possible massive magnitude-7.5 earthquake that hits Istanbul can reach TRY 120 billion (~EUR 16 billion), of which building structural damage alone can amount to TRY 68 billion (~EUR 9 billion). One of the reports, prepared in cooperation with the Bogazici University shows that 57% of 1,166,000 buildings in Istanbul will not be damaged in the earthquake; 26% will be damaged lightly, 13% will be moderately damaged, 3% will be heavy and 1% will be severely damaged. In other words, about 500,000 buildings will be affected in total. The second report, produced in cooperation with Middle East Technical University, states that 17 districts in

Istanbul are at risk of a tsunami following a quake, raising several risks, beside the tsunami-induced floods. Underwater landslide-induced sliding of the coastline towards the sea, drifting boats and tankers on the Bosphorus may hit buildings on the shoreline, vehicles and other big debris hurting people etc. Finally, approximately 2 million people are expected to be in urgent need of shelter in case of such a major event.

Earthquake is a major risk for Turkey, but it is not the only significant one. Last years have proven that extreme weather events are causing increasingly more losses. Several storms and flooding episodes have affected the Turkish territory this summer. Yet, either they intervened after the reporting period, or hit areas with a very low insurance penetration, they had no significant impact on the market results.

Reinsurance

The Turkish market currently numbers four reinsurers: Milli Re, the "historic" Turkish reinsurer, the newly created TURK re and two niche reinsurers: VHV Reasurans - having as core business field the engineering and construction insurance -, and ARTI Reinsurance, a surety and financial insurances company. Altogether, the four reinsurers have reported GWP worth EUR 516.6 million (TRY 3.97 billion) for the first half of the year.

Türk Reasürans (Türk Re), a state owner company, started operations on October 1st, 2019, aiming to contribute to the growth of the Turkish insurance industry and to meet the capacity needs of the insurance market in reinsurance activities. Besides its core reinsurance activity, Türk Re was also entrusted with the task of managing the Natural Disaster Risk Pool (TCIP) and the Agricultural Insurance Pool (TARSIM). For the first half of 2020, Türk Re has reported GWP of TRY 597.188.932. *For us, as newly created company, the main challenge was to put together a great and experienced team; we managed to develop our core reinsurance application in house instead of just buying a ready-made solution,* recently stated Selva EREN, CEO, Türk Re.

After June events

A market change that, most probably, may already be named "the year's event", was the creation of State-owned Turkey

Insurance and Turkey Life Pension (Türkiye Sigorta ve Türkiye Hayat Emeklilik), two companies that have reunited under one umbrella six state-run insurance and pension companies, currently employing a staff of around 2,600. Although it took place in September, after our report's period of reference, the event is worth mention as it will significantly modify the market's architecture.

In preparation of the operation, the Turkey Wealth Fund (TWF) acquired, for a total consideration of TRY 6.54 billion, all shares of partially state-owned insurance companies - HALK Sigorta, GUNES Sigorta, ZIRAAT Sigorta, HALK Hayat ve Emeklilik, ZIRAAT Hayat ve Emeklilik and VAKIF Emeklilik ve Hayat - to consolidate them under a single roof, the TURKEY Insurance Joint Stock Co.

The overall TOP-3 insurers – ANADOLU (9.54% market share), ALLIANZ (9.49%) and AKSIGORTA (5.63%) -, are accounting together for a quarter of the market GWP. According to the half-year figures, the combined market share of the six merged insurers amounted to about 17% (GWP of EUR 890 million), which means the six companies' merger has created the largest insurer of the country. The newly created companies are expected to boost insurance coverage in Turkey, increasing the sector's share in the national financial market from the current 4.5%, to as much as 20%.

On the life insurance side, the Top 3 companies are ZIRAAT Hayat ve Emeklilik (14.30%), ANADOLU Hayat (12%) and METLIFE Emeklilik (9.77). It is worth mentioning that many Turkish life insurers are also private pensions providers, the reporting system including also pure pensions companies in the life insurance segment.

The non-life segment's Top 3 ranking reproduces the total market one, with ANADOLU, ALLIANZ and AKSIGORTA accounting together for about 30% of the non-life GWP.

(D.G.)



Armenia



Moody's rating

BA3

Fitch Rating

BB-, NEGATIVE

Sources:

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

² Central Bank of Armenia

³ ArmInfo News Agency

⁴ XPRIMM calculations

Restrictive measures introduced due to the coronavirus pandemic have significantly affected the economic activity of the country and performance of insurance companies

The share of electronic MTPL policies within the total number of MTPL insurance contracts in Armenia, as of June 2020, increased to 13% from 4% a year ago, according to the Bureau of Motor Insurers of Armenia

The agricultural risks insurance program that was launched in Armenia in September 2019, already has shown its effectiveness, exceeding the expectations of insurers

Market's main indicators – timeline



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

Armenian insurers ended 1H2020 with a 7.89% decline in GWP year-on-year. Total GWP amount was around AMD 24.28 billion (~EUR 44.92 million). Paid claims saw a decrease as well, going down by 4.74% y-o-y to AMD 11.3 billion.

Restrictive measures introduced due to the coronavirus pandemic have significantly affected the economic activity of the country and performance of insurance companies. A large drop in premiums was observed in travel insurance, cargo, GTPL and property insurance (due to a decrease of activity in the real estate market). Restrictions on movement and use of vehicles has led to a GWP decrease in MTPL and Motor Hull as well, nevertheless, motor

insurance continued to dominate the Armenian market portfolio, accounting for almost 47% of the total GWP.

The share of electronic MTPL policies within the total number of MTPL insurance contracts in Armenia, as of June 2020, increased to 13% from 4% a year ago, according to the Bureau of Motor Insurers of Armenia. The key factor of the accelerated growth of e-policies is the discount offered for purchasing a policy online, as well as remote work measures introduced during the pandemic period. At the same time, the total number of all concluded MTPL contracts, on the contrary, dropped by 13.3%.

Market portfolio at June 30th, 2020

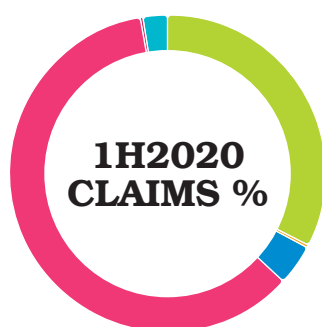
Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	44.92	48.52	-7.42	20.93	21.86	-4.25	100.00	100.00
Accidents	1.52	1.86	-18.44	0.10	0.08	28.45	3.38	3.84
Health	16.89	15.91	6.15	6.81	6.69	1.69	37.59	32.79
Overall property insurance	2.63	4.27	-38.55	0.09	0.10	-14.35	5.85	8.81
Fire and allied perils	2.13	3.81	-44.19	0.06	0.09	-33.70	4.73	7.85
Other damages to property	0.50	0.47	7.73	0.03	0.01	127.34	1.12	0.96
Overall motor insurance	21.02	22.82	-7.92	13.46	14.03	-4.02	46.78	47.04
Motor Hull	1.90	2.12	-10.27	0.84	0.92	-8.13	4.23	4.36
MTPL	19.12	20.71	-7.69	12.62	13.11	-3.73	42.55	42.67
CARGO	0.75	1.19	-37.11	0.03	0.40	-93.65	1.66	2.44
GTPL	0.64	1.06	-39.76	0.07	0.04	91.02	1.42	2.18
Travel	0.26	0.48	-46.15	0.05	0.10	-45.09	0.57	0.98
Other	1.24	0.93	32.54	0.32	0.42	-23.43	2.75	1.92

1 EUR = 543.19 Dram - AMD (June 30th, 2020)

1 EUR = 540.44 Dram - AMD (June 30th, 2019)



Health	37.59
Property	5.85
Motor Hull	4.23
MTPL	42.55
GTPL	1.42
Other	8.36



Health	32.52
Property	0.41
Motor Hull	4.03
MTPL	60.29
GTPL	0.32
Other	2.42

Insurers' results are also impacted by taxation and it's worth noting that in 1H2020 total taxes of Armenian insurers amounted to AMD 1.2 billion (~EUR 2.22 million), which is almost 24% more y-o-y. Income tax grew by 37.6% and reached AMD 339.6 million of the total amount of their taxes. Out of the 6 insurance companies operating on the local market, only RESO was not included into the list of country's 1,000 largest taxpayers in 1H2020, according to the data of the State Revenue Committee of the Republic of Armenia. In terms of tax payments, ROSGOSSTRACH Armenia was the leader among insurers.

The agricultural risks insurance program that was launched in Armenia in September 2019, already has shown its effectiveness, exceeding the expectations

of insurers, according to INGO Armenia. The partners of the program are three of the six insurance companies - INGO Armenia, ROSGOSSTRACH Armenia and SIL Insurance. The reinsurer of the program is Swiss Re. The purchase of policies is 50-60% subsidized by the state.

The Agriculture Insurers National Agency (AINA) under the Central Bank of the Republic of Armenia prepared enough specialists - loss assessors for the start of the project, but more than half of them abandoned work after the pandemic started. This caused certain difficulties in terms of receiving insurance compensations in an expeditious manner under the program. According to the estimates, loss ratio of agroinsurance was 100-110%, which is quite a good indicator for the initial development stage of this

new segment and over the next 2-3 years, this segment is expected to be beyond high unprofitability and the level of risk reinsurance will remain at 90%. In 1H2020, GWP collected under agroinsurance reached AMD 131 million (~EUR 0.24 million), out of which 82.2% was ceded to reinsurance. ROSGOSSTRACH Armenia is leading in terms of GWP, collected in the segment among the three partner companies, followed by INGO Armenia and SIL Insurance. The Central Bank of Armenia intends to gradually expand the agroinsurance program both from the point of covering a wider range of crops and the number of risks falling under insurance.

(M.M.)

Armenia

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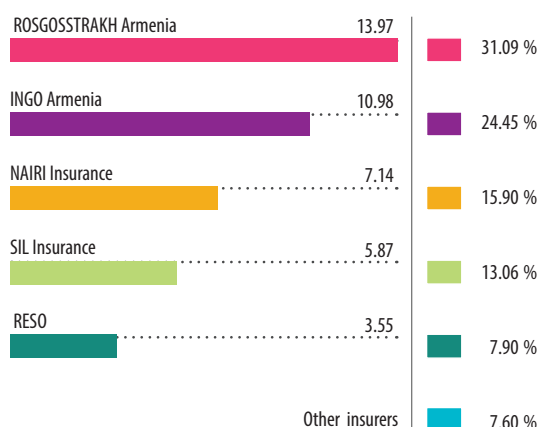
Full market ranking

MSEcel format * in EUR and local currency

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Top 5 Total market (GWP, EUR m)



Vusal ABBASOV

CEO, "AzRe Reinsurance" OJSC



2019's top and bottom lines were the best that our company has ever produced

XPRIMM: How would you estimate 2019 for the company compared to 2018? What main goals were achieved? What are the company's results for the first half of 2020?

Vusal ABBASOV: I can't remember any single year when AzRe had a negative year-end result. This couldn't have been possible without our disciplined underwriting, reinsurance and investment decisions. Of course, our favorable operating environment has also contributed to our success. After some quite good years, I can safely say that 2019's top and bottom lines were the best that our company has ever produced. An increased volume of 12% was achieved and the return on equity was 30%.

Despite the challenging environment, AzRe and our direct writing non-life subsidiary, Qala Insurance has made a notable progress in the first half of the year. Our life subsidiary Qala-life has also had satisfactory renewal in the first half of 2020.

2020 develops well despite the COVID pandemic and we have reached over 15% growth in our business during the first half of the year. We have not had any major losses.

Our investment portfolio has also performed well despite unfavorable market conditions, including closure of several local banks, due to our conservative and selective investment guidelines.

XPRIMM: What can you say about the influence of COVID-19 pandemic on the company's activity and when it is expected to return to pre-crisis levels?

V.A.: COVID-19 is a catastrophe without boundaries that has negatively impacted almost all countries and economies and has hit many businesses. Pandemic-related losses of the global insurance industry are estimated at between USD 50 and USD

100 billion. Fortunately, our results have been hit very little by the pandemic, and like elsewhere, motor business and motor loss frequency reduced and we do have some minor health losses. Nevertheless, we have made adjustments to the contract wordings and exclusions in regards to pandemic cover. We had two lockdowns, the second one finishing at the beginning of August and I am pleased that the company continued to work well from the home environment.

All in all, our balance sheet remains strong and we estimate positive premium growth for the whole year.

We continue to develop our business in nearby markets, and would expect further development for 2021 due to the strengthening market and our own profile.

XPRIMM: Could you describe the business environment, contract renewal and business volume of 2019 and for the first half of 2020?

V.A.: The world economy is in a phase of uncertainty now and Azerbaijan is no exception. Measures implemented by the government to contain the pandemic have impacted many businesses, especially SMEs and banks as good producers of insurance business, have contracted their operations especially loan portfolios.

Despite the challenging environment, AzRe and our direct writing non-life subsidiary, Qala Insurance has made a notable progress in the first half of the year. Our life subsidiary Qala-life has also had satisfactory renewal in the first half of 2020.

We expect a hardening in market conditions and it may be difficult for our clients to grasp that in our business too, there is an unavoidable cycle. However, due to some nasty un - and underinsured losses we expect increased interest in some insurance products.

XPRIMM: Was cooperation with CIS and Russian markets this year much different from 2019 and to which extent?

V.A.: Geographical diversification of our portfolio is one of our primary goals, which we are implementing cautiously in order not to spoil our historically strong underwriting performance. We continue to develop our business in nearby markets, and would expect further development for 2021 due to the strengthening market and our own profile.

XPRIMM: What are your expectations for the rest of 2020 considering increasing NatCat risks and the pandemic?

V.A.: Fortunately, we are not involved in the Hurricane Season per se, and the triggers of the B.I. product are unlikely to change in the short term in our home market, but we listen to our clients and are always prepared to be flexible towards new products.

Overall, I think that the lowering of interest rates has diminished investment income of Reinsurers globally, which together with reduction in reserve releases has started pushing insurance rates upwards. The insurance industry is entering a hardening market, and this will positively affect underwriting results in the mid-term.

Interview conducted by Marina MAGNAVAL

Azre
TƏKRARSİĞORTA — REINSURANCE



Azerbaijan



S&P Rating
BB+, STABLE

Moody's rating
BA2, STABLE

Fitch Rating
BB+, NEGATIVE

Sources:

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

² Central Bank of Azerbaijan Republic

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

⁴ XPRIMM calculations

68% of the total GWP was generated by voluntary insurance, while the rest of 32% was brought in by mandatory insurance classes

Paid claims went up by 55% y-o-y, with the biggest contribution made by life insurance

The bonus-malus system Applied on the MTPL line needs to be reviewed, since it has already led to 40% decrease of the average premium amount, and insurers do not have enough reserves to sell this product in an effective way

Market's main indicators - timeline



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

Azerbaijani insurance sector ended 1H2020 with GWP worth of AZN 400.96 million (~EUR 209.87 million), which is almost 11% more y-o-y. At that 68% of the total GWP was generated by voluntary insurance, while the rest of 32% was brought in by mandatory insurance classes.

Although the market in general showed positive dynamics, the negative impact of the Coronavirus pandemic affected the performance of certain segments. GWP

fell significantly in travel insurance and in mandatory insurance of liability of motor vehicle owners, but grew significantly in voluntary and mandatory life insurance, mandatory insurance of immovable property and voluntary cargo insurance.

Market paid claims went up by 55% y-o-y, with the biggest contribution made by life insurance. On the contrary, the paid claims of non-life sector recorded a slight decrease. The impact of the coronavirus

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	209.87	187.05	12.20	96.75	61.65	56.93	100.00	100.00
TOTAL LIFE INSURANCE	84.60	70.08	20.71	57.26	21.47	166.76	40.31	37.47
Voluntary life insurance	68.83	56.93	20.90	56.70	20.78	172.80	32.80	30.44
Compulsory life insurance*	15.77	13.16	19.85	0.57	0.68	-17.03	7.51	7.03
TOTAL NON-LIFE INSURANCE	125.27	116.96	7.11	39.49	40.19	-1.74	59.69	62.53
Accident and diseases (V)	0.67	0.63	6.70	0.05	0.07	-36.38	0.32	0.34
Medical insurance (V)	37.44	33.95	10.29	18.58	15.02	23.68	17.84	18.15
Travel insurance (V)	0.40	1.00	-60.14	0.12	0.10	17.90	0.19	0.54
Fire and other perils insurance (V)	10.28	10.90	-5.67	0.60	0.64	-6.13	4.90	5.83
Aircraft insurance (V)	2.95	2.82	4.92	0.86	2.60	-66.87	1.41	1.51
Ships insurance (V)	1.68	2.41	-30.48	0.11	0.45	-75.51	0.80	1.29
Cargo insurance (V)	1.84	0.90	104.13	0.02	0.12	-82.34	0.88	0.48
Aircraft liability insurance (V)	1.29	1.13	14.48	0.13	-	-	0.62	0.60
Ships liability insurance (V)	0.05	0.16	-71.52	-	-	-	0.02	0.08
GTPL (V)	3.95	3.67	7.60	0.02	0.11	-77.13	1.88	1.96
Professional liability (V)	0.95	0.96	-1.81	-	0.01	-100.00	0.45	0.51
Overall motor insurance	32.35	33.07	-2.19	16.43	18.45	-10.99	15.41	17.68
Motor Hull (V)	11.07	8.50	30.27	3.18	2.91	9.32	5.27	4.54
Motor Vehicle liability (V)	0.26	0.12	105.52	0.00	0.02	-78.22	0.12	0.07
Liability for owners of motor vehicles (M)	21.02	24.45	-14.02	13.24	15.53	-14.70	10.02	13.07
Immovable property (M)	13.04	9.24	41.09	1.40	1.33	5.03	6.21	4.94
Other non-life insurance (V)+(M)	18.39	16.12	14.10	1.18	1.28	-8.21	8.76	8.62
TOTAL VOLUNTARY INSURANCE	143.16	125.16	14.38	80.52	43.10	86.80	68.22	66.92
TOTAL MANDATORY INSURANCE	66.71	61.88	7.80	16.23	18.55	-12.49	31.78	33.08

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

(V) - Voluntary insurance 1 EUR = 1.9318 Manat - AZN (June 30th, 2019)

(M) - Mandatory insurance 1 EUR = 1.9105 Manat - AZN (June 30th, 2020)



Azer ALIYEV
Chairman of the
Association of
Insurers of Azerbaijan

pandemic has led to a decrease in cars usage, therefore to a decrease of MTPL claims. The experts of the Association of Insurers of Azerbaijan noted that initially for 2020 they expected the insurance market to grow by 6-7%. However, under the current circumstances, the main target is not to increase total market volume, but to maintain financial stability of the insurance sector.

This year big attention is paid to the necessary changes in insurance legislation, especially related to compulsory insurance. MTPL rates in Azerbaijan were established in 2011 and since then remained unchanged, while the insurance market has evolved and increased a lot, the economic situation has changed as well as prices. A special group was created to work on changing the rates and insurance amounts. The Chairman of the Supervisory Board of the Association of Insurers of Azerbaijan, Azer ALIYEV said, that *over the past nine years, the cost of both spare parts and repair services has increased significantly. As a result, on one hand, the size of insurance coverage for property damage does not meet the realities, covering only insignificant losses, and on the other hand, tariffs that have remained unchanged over the past period have made this type of insurance highly loss-making*, he explained. The bonus-malus system also needs to be reviewed, as Azer ALIYEV believes, since it has already led to 40% decrease of the average premium amount, and insurers do not have enough reserves to sell this product in an effective way. He also noted, that besides MTPL, property insurance has a lot of weak points, among which experts underline absence of any liability which should be added.

The regulator's plan to improve the market situation may also result in closure of several insurance companies. The Central Bank this year announced the cancellation of the license of Standard Insurance company, that had been working on the Azeri market since October 2002. The company lost its capital, which after the

Azerbaijan

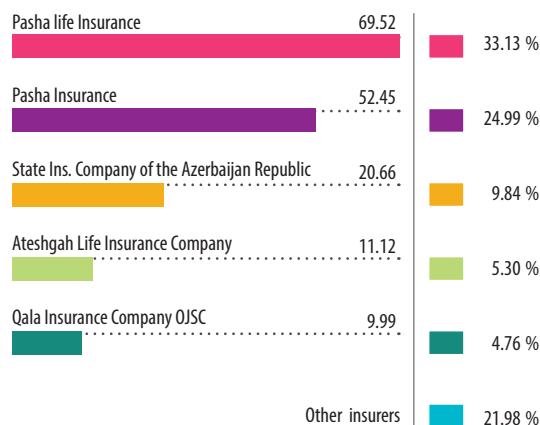
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Full market ranking

MSEcel format * in EUR and local currency

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Top 5 Total market (GWP, EUR m)



audit was much lower than the minimum requirements and was not able to carry out its insurance activities. Thus, in May the market authority decided to revoke the license of Standard Insurance and appoint a temporary administrator.

S&P Global Ratings assessed the industry and country risk of Azerbaijan's property and casualty insurance sector as high. The agency believes that the measures taken

to contain the pandemic spread will likely lead to a GDP decline in 2020. According to S&P, the operating environment for the local insurers is challenging, provided macroeconomic trends, low insurance penetration and moderate premium prospects in 2020.

(M.M)



Life	40.31
Medical (V)	17.84
Fire & other perils (V)	4.90
GTPL (V)	1.88
Motor Hull (V)	5.27
MTPL (M)	10.02
Immovable property (M)	6.21
Other	13.57



Life	59.18
Medical (V)	19.20
Fire & other perils (V)	0.62
GTPL (V)	0.03
Motor Hull (V)	3.28
MTPL (M)	13.69
Immovable property (M)	1.45
Other	2.55

Belarus



S&P Rating
B, STABLE

Moody's rating
B3, STABLE

Fitch Rating
B, STABLE

Sources:

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

² National Bank of the Republic of Belarus

³ Ministry of Finance of the Republic of Belarus

⁴ The Belarusian Association of Insurers

⁵ XPRIMM calculations

🌸 GWP increased by 6.93% y-o-y, but the growth rate of paid claims has outpaced GWP growth by more than two times (+14.86%) in local currency

🌸 By the end of June, a Decree of the Council of Ministers established amendments to the rules for investing insurance reserves in the Republic of Belarus; the share of insurers' reserves that need to be invested in government securities or securities of the Development Bank was reduced from 40% to 35%; limitative rules were also introduced with regard to different placements' share in the total portfolio.

Market's main indicators-timeline



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

The insurance market of Belarus completed 1H2020 with an increase of 6.93%, GWP amounted to BYN 737.7 (~EUR 272.8 million). At the same time, the growth rate of paid claims has outpaced GWP growth by more than two times (+14.86%) in local currency.

The share of voluntary insurance in the market portfolio increased to 64.1%, the largest part of premiums was collected under property insurance. At the same time, the share of mandatory insurance in total GWP decreased to 35.9%, and the largest part of mandatory GWP came from liability insurance.

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	272.88	296.72	-8.04	141.70	143.46	-1.22	100.00	100.00
TOTAL LIFE	34.46	33.08	4.17	11.49	13.68	-16.02	12.63	11.15
Life insurance	20.33	19.68	3.31	7.93	11.08	-28.42	7.45	6.63
Supplementary pension ins.	14.14	13.41	5.45	3.55	2.59	36.92	5.18	4.52
TOTAL NON-LIFE INSURANCE	238.41	263.64	-9.57	130.22	129.78	0.34	87.37	88.85
Voluntary ins. (V), of wich:	140.41	153.01	-8.23	73.35	71.37	2.77	51.45	51.57
Medical expenses insurance	29.99	30.98	-3.17	17.88	17.31	3.26	10.99	10.44
Accidents	10.09	14.78	-31.72	4.69	5.38	-12.94	3.70	4.98
Property of legal entities	37.11	40.09	-7.43	25.07	25.79	-2.81	13.60	13.51
Property of individuals	30.51	36.01	-15.28	15.29	15.34	-0.35	11.18	12.14
Cargo	1.93	1.96	-1.42	0.55	0.21	159.13	0.71	0.66
Business risks	11.42	13.28	-13.99	7.51	4.39	71.03	4.18	4.47
Construction risks	5.62	5.69	-1.28	0.27	0.05	483.55	2.06	1.92
Liability insurance	9.85	10.22	-3.63	1.42	2.89	-50.86	3.61	3.44
Blanket insurance	3.88	-	-	0.68	-	-	1.42	-
Mandatory ins. (M), of wich:	98.01	110.63	-11.41	56.87	58.41	-2.64	35.92	37.29
Real estate property of individuals	5.37	5.70	-5.77	0.89	0.78	13.46	1.97	1.92
Ins. with State support of agricultural crops, livestock and poultry	7.88	6.59	19.60	1.66	1.41	18.06	2.89	2.22
Medical ins. for foreign citizens	1.35	1.70	-20.71	0.28	0.33	-15.15	0.49	0.57
Accidents at work and occupational diseases	34.96	36.82	-5.05	24.82	25.80	-3.78	12.81	12.41
Compulsory state insurance	0.10	0.22	-55.75	0.10	0.21	-53.61	0.04	0.08
MTPL	35.75	37.52	-4.70	23.48	24.17	-2.84	13.10	12.64
Green Card insurance	10.76	19.17	-43.90	5.30	5.46	-2.99	3.94	6.46
Carriers' liability	0.62	1.27	-51.44	0.19	0.23	-19.11	0.23	0.43
Commercial organizations engaged in real estate activities	0.04	0.13	-69.52	0.06	0.01	1,102	0.01	0.04
Temporary managers in case of economic insolvency (bankruptcy)	0.04	0.05	-16.44	0.08	0.00	1,476	0.01	0.02
Civil liability of legal persons and individual employers for damages caused by activities related to the operation of certain facilities	1.09	1.42	-22.75	0.01	0.00	129.45	0.40	0.48
Civil liability of the carrier for the carriage of dangerous goods	0.05	0.05	3.10	-	0.00	-	0.02	0.02

¹ EUR = 2.3251 Ruble - BYN (June 30th, 2019)

¹ EUR = 2.7036 Ruble - BYN (June 30th, 2020)

On June 16, the Belarusian Association of Insurers held a meeting dedicated to problematic issues arising in the activity of insurers during the unstable epidemiological situation, as well as issues of standardization of conditions for voluntary insurance. It was decided that in the first stage for the existing standard requirements to be "modernized" for conditions and procedure of voluntary insurance of risks.

Almost at the end of the reporting period, the Decree of the Council of Ministers d/d June 23, 2020 established amendments to the rules for investing insurance reserves in the Republic of Belarus. The Decree keeps the standard, according to which insurance organizations are required to have at least 10% of their insurance reserves on accounts of Belarusian banks. At the same time, insurers need to invest at least 35% of their reserves in government securities or securities of the Development Bank and place them in deposits of state banks. This standard previously amounted to at least 40% for life insurance and 35% for non-life.

Also, when investing, insurance organizations are now obligated to observe certain ratios - no more than 15% of insurance reserves in securities of the National Bank, no more than 30% in securities of banks, except for shares; no more than 15% in securities of local executive and administrative bodies, no more than 25% in securities of legal entities of Belarus (not banks) except for shares and bills, no more than 10% in real estate, except for housing property, and no more than 5% in precious metals.

The mentioned ratios were previously determined based on insurance types. In addition, maximum total value of securities of one bank, one local executive and administrative body, one local entity, except for the Development Bank, should not exceed 10% of the amount of insurance reserves.

Fitch Ratings affirmed insurer financial strength rating of the leading Belarussian insurance company - BELGOSSTRAKH at 'B' with stable outlook, in April. Fitch explained that the rating reflects the insurer's 100% state ownership, strong market position in Belarus, guarantees for insurance liabilities under compulsory lines and BELGOSSTRAKH's leading positions in many insurance segments of the country.

(M.M.)

Belarus

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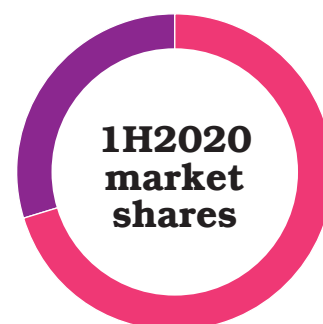
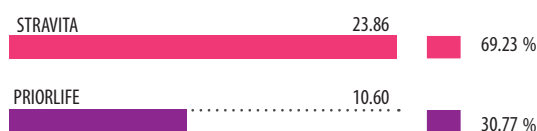
Full market rankings per company & per class

MSEcel format * in EUR and local currency

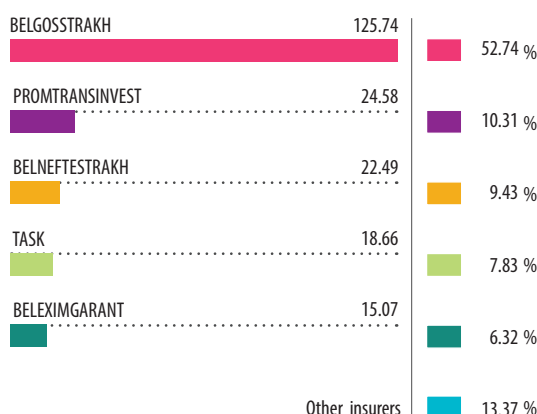
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Life insurance ranking (GWP, EUR million)



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



Life	12.63
Medical expenses	10.99
Accidents	3.70
Property of legal entities	13.60
Property of individuals	11.18
Business risks	4.18
Liability insurance	3.61
Mandatory agricultural ins.	2.89
Occupational diseases	12.81
MTPL	13.10
Green Card	3.94
Other	7.36



Life	8.11
Medical expenses	12.62
Accidents	3.31
Property of legal entities	17.69
Property of individuals	10.79
Business risks	5.30
Liability insurance	1.00
Mandatory agricultural ins.	1.17
Occupational diseases	17.52
MTPL	16.57
Green Card	3.74
Other	2.19

Andrei Unton

Belarus Re, General Director

Belarus Re is constantly working to find new opportunities and partners, expand the geography of cooperation.

XPRIMM: How would you rate the results of the first half of the year? What are the main changes compared to the same period of 2019?

Andrei Unton: In 2020, global and domestic economies were negatively affected by several factors. Nevertheless, the state-owned enterprise managed to maintain the positive dynamics of development, having achieved all the targets set in the business development plan.

In the first half of 2020, GWP increased by 60.9% to BYN 75.0 million, and the number of concluded contracts – by 35.5% to 8 078 units. At the same time, the combined ratio for 6 months of 2020 amounted to 62.4 %, while for the same period last year it was at 73.0%. Net profit demonstrates positive dynamics and reached BYN 4.2 million in 1H2020 (growth by more than 10%).

The structure of Belarus Re's insurance portfolio has undergone significant positive changes. The share of corporate property insurance increased from 27.5% to 38.0%, while the share of financial risks decreased to 11.0% (vs 23.8% a year earlier). It should be noted that in 1H2020, the share of obligatory reinsurance increased substantially and reached 47.4% (vs 22.3% during the same period last year).

An important milestone in the company's activities was a positive balance between export and import of financial services. Following the results of the first half of 2020, Belarus Re's inward GWP from non-residents (export) amounted to USD 13.1 million. At the same time, the volume of outward premium (import) ceded abroad amounted to USD 12.0 million. Thus, the positive balance on export/import of reinsurance operations was USD 1.1 million.

The growth rate of the reinsurance premium written from non-residents in 1H2020 compared to 1H2019 was 261.2% (written BYN 30.7 million). At that the share of international business in Belarus Re's portfolio increased to 41%.



XPRIMM: How badly has COVID-19 crisis affected the business, and which activities have been hit the most? Can we say that new specific risks, requests, and requirements have appeared?

A.U.: The coronavirus pandemic, of course, affects not only individuals, but also business entities. Such sectors of the economy as tourism, catering, entertainment, and, to a lesser extent, insurance have suffered the most from consequences of



COVID-19. However, we expect that the negative impact of these on the insurance market will continue until the end of 2021.

Currently, COVID-19 loss exclusion clauses are included in all international reinsurance and retrocession agreements. Due to the fact that some Belarusian risks involve acquisition of additional reinsurance and retrocession capacity abroad, and in order to avoid a gap in the conditions of insurance and reinsurance/retrocession coverage, clauses on exclusion of coronavirus, infectious diseases are being introduced into contracts concluded in the Republic of Belarus.

The coronavirus pandemic has led to a sharp drop in sales of travel insurance products, Green Card policies, etc. For example, the Belarusian market of Green Card insurance decreased in 1H2020 by 37.7% y-o-y to EUR 11.6 million. At renewal of the reinsurance program of Belarusian Green Card policies for 2021, the insurers announced the volume of premiums under this insurance type in the amount of EUR 19.6 million – to compare, for 2020 premium volume was announced at EUR 37.4 million.

After creation of the Belarusian Nuclear Insurance Pool we expect an increased acceptance of risks in reinsurance from foreign nuclear insurance pools.

XPRIMM: What cases of large payments for the first six months would you point out and how did they affect the company's results from January to June?

A.U.: Belarus Re had once again confirmed its status of a reliable reinsurer by making a number of large payments: Beleximgarant under the risk of non-repayment of the loan to the Development Bank of the Republic of Belarus (borrower - Banco de Cuba) due to the lack of permission from the Central Bank of the Republic of Cuba for the borrower to make payments, a share of reinsurance compensation in the amount of EUR 2.9 million was paid;

Ping An Property & Casualty Insurance Company of China (Insurance Broker Malakut Sozvezdie LLC) in January 2020 in connection with the destruction of a space satellite in orbit, USD 325 thousand paid;

Soglasie insurance company (Marsh – insurance brokers) due to an event that occurred on September 4, 2019, as a result of a breakdown of a gas turbine unit, a share of reinsurance compensation in the amount of RUB 30.7 million (the insured – Quadra, Russian Federation);

SOGAZ (Insurance Broker Willis CIS) due to an event that occurred on 14.09.2018 at Yakutskaya regional hydroelectric power plant (as a result of an explosion and fire, the blades of the gas turbine unit were damaged) RUB 29.9 million were paid.

At the same time, the combined ratio of Belarus Re was 62.4%, which is significantly lower than the market average.

The company's solvency and financial stability indicators are also at an acceptable level: the current liquidity ratio is 1.6 (with a standard of at least 1.0), the equity capital adequacy ratio is 2.3 (with a standard of at least 0.3), the ratio between actual and normative values of solvency margin amounted to 12.0 (not less than 1.0), and the profitability indicator of financial and economic activities increased by 0.9 p.p. y-o-y and reached 6.5%.

XPRIMM: How has the current situation of the pandemic impacted cooperation with CIS and Russian markets? What changes and prospects would you note in this regard?

A.U.: The current epidemiological situation has not significantly impacted the performance indicators of Belarus Re.

Speaking about optional reinsurance contracts, the situation is stable, all major projects have been renewed, because large enterprises of the CIS countries continue to follow the basic principles of risk management and purchase insurance coverage.

Obligatory reinsurance contracts are also being renewed.

However, it is worth noting a decrease in the declared amount of the premium written in relation to programs that cover property risks of individuals.

XPRIMM: How have the company's forecasts for 2020 changed if compared to the beginning of the year? What are the goals and objectives set for the second half of 2020?

A.U.: Belarus Re is constantly working to find new opportunities and partners, expand the geography of cooperation. We will continue to participate in new products that ensure greater financial stability through diversification of the company's insurance portfolio. After creation of the Belarusian Nuclear Insurance Pool we expect an increased acceptance of risks in reinsurance from foreign nuclear insurance pools.

We believe that by the end of the year all indicators of business development plan will be met.

Interview conducted by Marina Magnaval

Georgia



S&P Rating

BB, STABLE

Moody's rating

BA2, STABLE

Fitch Rating

BB, NEGATIVE

Sources:

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

² The National Bank of Georgia

³ State Insurance Supervision Service of Georgia

⁴ XPRIMM calculations

🌸 GWP increased in 1H by 9.14%, mostly supported by health insurance, which generated over 45% of GWP

🌸 Total profit of Georgian insurers amounted to ~EUR 26.10 million, 23% more y-o-y

🌸 GPI Holding continues to hold the leading position, and is also leader in health insurance, far ahead of other competitors

🌸 Compulsory MTPL insurance is expected to give a serious impetus to the state insurance sector, but most probable the Law will be not adopted before 2021

Market's main indicators-timeline



		2015	2016	2017	2018	2019
GDP, current prices	GEL billion ¹	31.76	34.03	37.85	41.08	44.75
	EUR billion ⁴	12.13	12.18	12.19	13.38	13.94
GDP per capita, current prices	GEL ¹	8,532	9,126	10,156	11,014	12,053
	EUR ⁴	3,260	3,266	3,272	3,587	3,755
Unemployment rate	% of total labor force ¹	14.10	14.00	13.90	12.70	na
Population	Millions ¹	3.72	3.73	3.73	3.73	3.71
GEL/EUR exchange rate	End of period ²	2.62	2.79	3.10	3.07	3.21
Gross written premiums	GEL million ³	359.80	393.04	441.40	542.20	625.00
	EUR million ⁴	137.49	140.67	142.19	176.61	194.74
Paid claims	GEL million ³	210.52	231.86	248.77	301.86	532.52
	EUR million ⁴	80.45	82.99	80.13	98.32	165.92
Insurance penetration degree	% in GDP ⁴	1.13%	1.16%	1.17%	1.32%	1.40%
Insurance density	EUR/capita ⁴	36.94	37.72	38.16	47.35	52.45

For the first half of 2020, the insurance sector of Georgia grew by 9.14%, to GEL 376.9 million (~EUR 109.4 million*). At the same time, the paid claims during the period dropped sharply - by more than 24% y-o-y.

It is worth noting that the market growth was supported by health insurance, which generated over 45% of GWP. Among the main segments, growth was also recorded by property insurance, Motor Hull - both these segments have the same shares in the market portfolio, and life insurance. The rest of the segments ended 1H2020 with negative results.

In the first half of 2020, total profit of Georgian insurers amounted to GEL 89.5 million (~EUR 26.10 million), which is 23% more y-o-y. Net profit exceeded the level of 1H2019 by 49% and reached GEL 29.2 million, total assets amounted to GEL 976.7 million, and total equity - to GEL 273.9 million.

GPI Holding continues to lead and holds the largest share of the Georgian insurance market and it should be noted that GPI Holding is the leader in health insurance, far ahead of other competitors.

This year, the introduction of compulsory third party liability insurance was again

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	109.35	105.74	3.41	44.78	62.36	-28.20	100.00	100.00
TOTAL LIFE	7.64	7.36	3.81	2.20	1.83	20.31	6.99	6.96
TOTAL NON-LIFE	101.71	98.38	3.38	42.58	60.53	-29.67	93.01	93.04
Accidents	2.09	1.93	8.66	0.03	0.06	-54.40	1.91	1.82
Health	49.74	44.60	11.52	25.28	28.15	-10.19	45.49	42.18
Overall motor insurance	22.97	25.30	-9.20	10.86	11.07	-1.88	21.01	23.93
Motor Hull	17.12	17.71	-3.34	9.47	9.65	-1.82	15.65	16.75
MTPL	5.85	7.59	-22.88	1.39	1.42	-2.29	5.35	7.18
Property	17.12	14.20	20.57	4.40	18.23	-75.87	15.66	13.43
CARGO	1.26	1.52	-17.06	0.21	0.31	-33.93	1.15	1.43
Aviation hull ins.	0.70	1.05	-32.93	0.10	-	-	0.64	0.99
Aviation TPL	0.28	1.37	-79.49	-	0.00	-	0.26	1.29
GTPL	3.94	4.72	-16.48	0.22	0.23	-3.63	3.61	4.46
Financial Risks	1.47	0.68	117.42	0.05	0.87	-94	1.34	0.64
Suretyship	1.43	1.66	-13.86	1.27	1.44	-11.82	1.31	1.57
Travel	0.56	1.19	-53.23	0.12	0.13	-13.67	0.51	1.12
Other	0.14	0.18	-21.02	0.05	0.05	-6.92	0.13	0.17

1 EUR = 3.2657 Lari - GEL (June 30th, 2019)

1 EUR = 3.4466 Lari - GEL (June 30th, 2020)



David ONOPRISHVILI
Chairman of Service
Insurance State
Supervision Service of
Georgia



Devi KHECHINASHVILI
Chairman of the Board
Georgian Insurance
Association

postponed and, presumably, this issue will appear in next year's agenda, said David ONOPRISHVILI, Chairman, Insurance State Supervision Service of Georgia, noting that the new coronavirus prevented the adoption of the law. *Everyone should have had this insurance by now if there was no COVID-19. Third party civil liability insurance will have many good results. However, now neither the population nor the legislators are ready to work on this issue. A one-time expense that a car owner must pay, depending on the condition of the car, I think, in the current situation will put an extra burden on the population,* ONOPRISHVILI explained. Thus, according to him, compulsory third-party liability insurance won't be implemented until next year.

I know that the government sees a need for this, I know that the European Union also demands it, because these are the same standards as many other things, noted in the beginning of the year Devi KHECHINASHVILI, Chairman of the Board, Georgian Insurance Association. As he explained, the Association offered the government different terms for the law to come in force. In particular, its adoption had to take place in stages, just like it was done with the regulation on technical inspection of vehicles. KHECHINASHVILI believes that Georgia has everything to create the same system of third-party liability insurance as in Germany. According to him, compulsory civil liability insurance will give a serious impetus to the state insurance sector, since the activation of this mechanism will motivate about a million people to enter into the insurance market, for the most of which it will be the first insurance product. (M.M.)

Georgia

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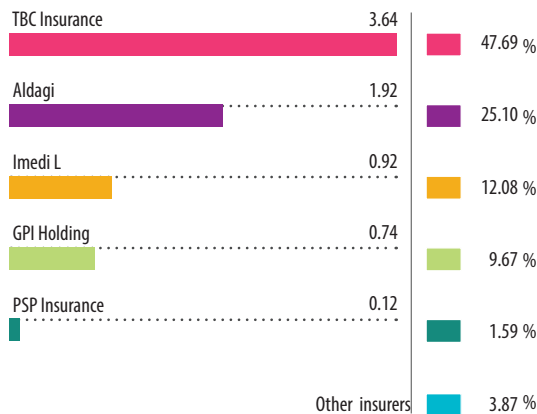
Full market rankings per company & per class

MSEcel format * in EUR and local currency

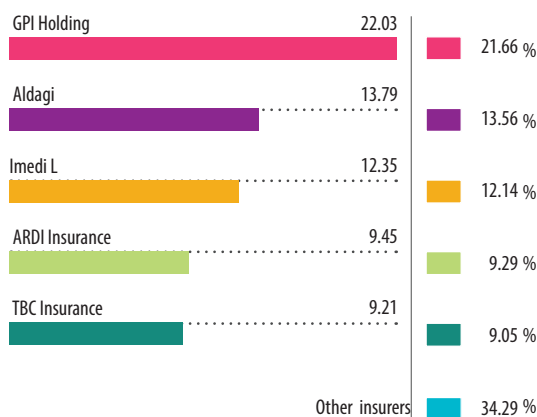
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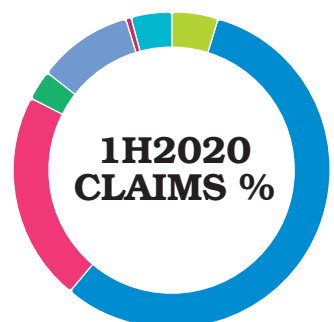
Top 5 Life insurance (GWP, EUR m)



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



Life	6.99
Health	45.49
Motor hull	15.65
MTPL	5.35
Property	15.66
GTPL	3.61
Other	7.25



Life	4.91
Health	56.46
Motor hull	21.16
MTPL	3.10
Property	9.82
GTPL	0.50
Other	4.06

Kazakhstan



S&P Rating

BBB-, STABLE

Moody's rating

BAA3, POSITIVE

Fitch Rating

BBB, STABLE

Sources:

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

² The National Bank of Kazakhstan

³ XPRIMM calculations

Market GWO went up by 10% y-o-y, almost entirely due to the growth seen on the non-life segment

Property insurance recorded impressive growth, while motor insurance (overall, both voluntary and compulsory) ended the first half of the year with a negative result

Expert expect for the year-end compulsory insurance types to remain at the level of 2019, while voluntary insurance will most probably drop

On January 1st, 2020, as part of the reorganization of the National Bank of Kazakhstan, an agency on regulation and development of the financial markets started to operate

Market's main indicators-timeline



		2015	2016	2017	2018	2019
GDP, current prices	KZT billion ¹	40,884.13	46,971.15	53,101.28	59,613.71	65,439.18
	EUR billion ³	110.11	133.28	133.34	135.68	153.31
GDP per capita, current prices	KZT ¹	2,313,773	2,621,421	2,924,514	3,240,650	3,511,246
	EUR ³	6,231	7,438	7,344	7,376	8,226
Unemployment rate	% of total labor force ¹	5.11	4.95	4.90	4.85	4.85
Population	Millions ¹	17.67	17.92	18.16	18.40	18.64
KZT/EUR exchange rate	End of period ²	371.31	352.42	398.23	439.37	426.85
Gross written premiums	KZT million ²	288,272.59	356,903.89	370,173.60	384,845.93	508,512.27
	EUR million ³	776.37	1,012.72	929.55	875.90	1,191.31
Paid claims	KZT million ²	82,792.31	97,080.60	88,734.59	95,176.77	221,498.52
	EUR million ³	222.97	275.47	222.82	216.62	518.91
Insurance penetration degree	% in GDP ³	0.71%	0.76%	0.70%	0.65%	0.78%
Insurance density	EUR/capita ³	43.94	56.52	51.19	47.61	63.92

In 1H2020, the insurance market of Kazakhstan grew by 10% y-o-y (in local currency), the overall market GWP amounting to about KZT 280.48 billion (~EUR 616 million). This growth was provided mainly by the non-life segment, while life insurance remained practically at the level of 1H2019.

Compulsory insurance decreased, while voluntary, on the contrary, saw an increase by more than 13%. Of the main classes, property insurance recorded impressive growth, while motor insurance (overall, both voluntary and compulsory) ended the

first half of the year with a negative result.

According to the National Bank, in 1H2020 the assets of insurance companies increased to KZT 1.38 trillion, equity - to KZT 614 billion, which is a good indicator, given the current economic crisis. However, it is worth noting that total premium collection in 2Q2020 decreased significantly - by 13% compared to 2Q2019.

Experts point out that due to the pandemic, the market is shrinking, while at the same time, new areas have been developed that can significantly simplify insurance for customers and work of

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET*	616.28	588.59	4.70	200.87	172.55	16.41	100.00	100.00
TOTAL LIFE	147.20	154.10	-4.48	22.59	19.27	17.22	23.88	26.18
Life insurance (v)	80.25	75.33	6.52	3.87	2.72	42.08	13.02	12.80
Annuity (v)	66.95	78.77	-15.01	18.73	16.55	13.13	10.86	13.38
TOTAL NON-LIFE	469.08	434.48	7.96	178.28	153.28	16.31	76.12	73.82
Accidents (v)	24.67	19.81	24.52	2.20	1.26	74.44	4.00	3.37
Sickness (v)	48.75	47.89	1.80	22.58	27.99	-19.30	7.91	8.14
Property insurance (v)	171.62	137.52	24.79	15.51	26.68	-41.86	27.85	23.36
Overall motor insurance	104.69	113.09	-7.42	37.47	41.18	-9.01	16.99	19.21
Motor Hull (v)	27.75	28.85	-3.81	7.02	7.75	-9.46	4.50	4.90
MTPL (c)	76.95	84.24	-8.66	30.46	33.43	-8.91	12.49	14.31
Railway, air and water transport (v)	16.19	11.61	39.50	5.05	1.40	260.49	2.63	1.97
CARGO (v)	10.61	10.62	-0.16	0.33	1.37	-75.97	1.72	1.80
Carriers'liability (v)	3.92	3.96	-1.08	0.01	-	-	0.64	0.67
GTPL (v)	19.15	28.32	-32.38	1.21	3.19	-61.90	3.11	4.81
Credit insurance (v)	0.34	2.43	-85.96	2.51	0.00	52,499.46	0.06	0.41
Financial losses (v)	17.05	5.49	210.42	85.35	43.90	94.41	2.77	0.93
Worker against accidents (c)	36.20	35.07	3.21	4.76	5.87	-18.96	5.87	5.96
Carrier liability ins. for passengers (c)	2.66	2.94	-9.30	0.46	0.08	472.69	0.43	0.50
Ecological insurance (c)	1.47	1.45	1.10	0.00	0.01	-92.92	0.24	0.25
Others (c)-(v)	11.75	14.27	-17.64	0.82	0.33	147.41	1.91	2.42
TOTAL COMPULSORY INSURANCE	119.00	127.06	-6.35	36.41	39.59	-8.03	19.31	21.59
TOTAL VOLUNTARY INSURANCE	497.28	461.53	7.75	164.46	132.96	23.69	80.69	78.41

* insurance premiums accepted on insurance and reinsurance contracts, summed
(v) - voluntary insurance / (c) - compulsory insurance

1 EUR = 433.08 Tenge - KZT (June 30th, 2019)
1 EUR = 455.12 Tenge - KZT (June 30th, 2020)

insurers. The decline in insurance is mostly associated with a decrease in interest and solvency of the population and enterprises. Experts do not expect growth by the end of the year. It is possible that compulsory insurance types will remain at the level of 2019, but voluntary insurance will most probably drop.

Total profit of Kazakhstani insurance companies (before corporate income tax) in 1H2020 reached KZT 70.7 billion, which is 67.9% more y-o-y. Since the volume of income tax decreased by almost 8% y-o-y, insurers' net profit rapidly increased by 80%, to KZT 65.3 billion. Revenue of insurers in the reporting period amounted to KZT 265.5 billion (+19.4%), income portfolio was dominated by insurance activity, however, its share decreased by more than 6%, while the share of income from investment activity increased and reached 22.2%.

In 1H2020, total retained earnings of insurers grew to KZT 66.1 billion (+85.8%). This indicator, in terms of insurers' market share, demonstrated a high concentration in TOP-10 companies. Between January-June 2020 the TOP-10 accounted for 82.7% of the total retained earnings at the market level and EURASIA was the leader, with 41%.

On January 1st, 2020, as part of the reorganization of the National Bank of Kazakhstan, an agency on regulation and development of the financial markets started to operate. The new financial regulator is to provide an appropriate level of protection of the rights and interests of consumers of financial services, help to ensure the stability of the financial system and take part in the development of the financial markets through implementing state regulations, control and supervision of the market and its involved parties. The agency is setting standards for all financial organizations and is monitoring closely the financial market to maintain the stability of the financial system of Kazakhstan.

Given the challenging situation caused by the pandemic, S&P Global Ratings believes that most insurers should be able to absorb COVID related claims and market volatility. Even though the economic and financial consequences of the pandemic will test Kazakhstan insurers' resilience over the next 1-2 years, the agency's outlooks on the rated Kazakhstani insurance companies *remain stable, underpinned by their sufficient capitalization relative to the rating level*, S&P noted. (M.M.)

Kazakhstan

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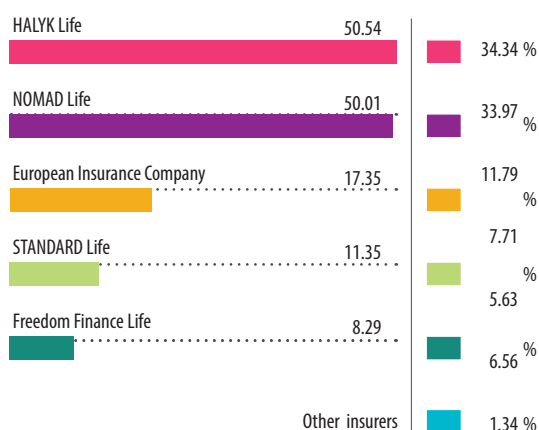
Full market rankings per company & per class

MSEcel format * in EUR and local currency

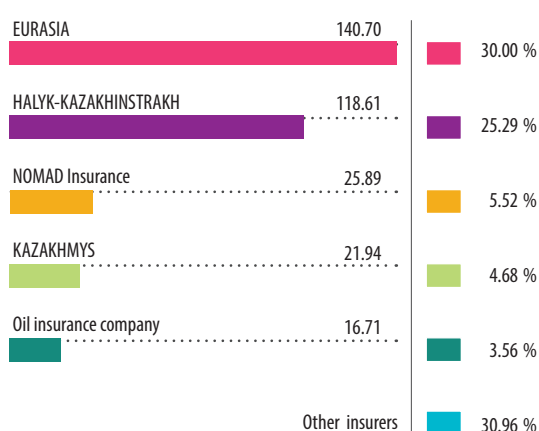
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TOP 5 Life insurance (GWP, EUR million)



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



Life	23.88
Property	27.85
Motor Hull	4.50
MTPL	12.49
GTPL	3.11
Other	28.17



Life	11.25
Property	7.72
Motor Hull	3.49
MTPL	15.16
GTPL	0.60
Other	61.77

Kyrgyzstan



Moody's rating
B2, STABLE

Sources:

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

² National Bank of the Kyrgyz Republic

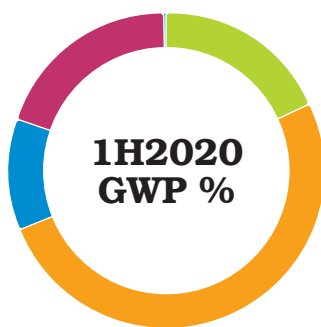
³ State Financial Supervision Agency

⁴ XPRIMM calculations

Market's main indicators – timeline



		2015	2016	2017	2018	2019
GDP, current prices	KGS billion ¹	430.49	476.33	530.48	557.11	585.60
	EUR billion ⁴	5.19	6.54	6.42	6.96	7.51
GDP per capita, current prices	KGS ¹	73,025	79,132	86,394	89,042	91,661
	EUR ⁴	880	1,086	1,046	1,112	1,175
Unemployment rate	% of total labor force ¹	7.55	7.21	6.89	6.61	6.61
Population	Millions ¹	5.90	6.02	6.14	6.26	6.39
KGS/EUR exchange rate	End of period ²	83.01	72.84	82.59	80.04	77.98
Gross written premiums	KGS million ³	1,006.50	NA	1,004.40	1,098.78	1,332.74
	EUR million ⁴	12.13	-	12.16	13.73	17.09
Paid claims	KGS million ³	61.70	NA	111.58	128.29	180.67
	EUR million ⁴	0.74	-	1.35	1.60	2.32
Insurance penetration degree	% in GDP ⁴	0.23%	-	0.19%	0.20%	0.23%
Insurance density	EUR/capita ⁴	2.06	-	1.98	2.19	2.68



Personal	18.30
Property	50.72
Liability	11.51
Mandatory	19.45
Other	0.01



Personal	38.03
Property	51.35
Liability	5.91
Mandatory	4.71
Other	0.00

The current version of the law provides for the coverage of 18 different risks by an insurance organization, according to the conclusion of the Committee of the Parliament on Economic and Fiscal Policy for the second reading. The bill proposes to exclude a number of insured events from Article 8 of the law, including flooding, sudden rise in the level of groundwater, prolonged rain, etc. The exclusion of these insured events will help to reduce the number of citizens with dependent moods and their motivation to switch to insurance principles to protect their property interests, the committee said.

Finally, on August 27, it was submitted for public discussion a draft resolution of the Government of the Kyrgyz Republic "On approval of the Strategy for the Development of the Non-Bank Financial

Market of the Kyrgyz Republic for 2020-2025." The main goal of the Strategy is to ensure accelerated economic growth through the achievement of a stable and efficient functioning of the non-bank financial market, including insurance, that meets the needs of the real sector of the economy in financial resources, provides quality services in a competitive environment and ensures the transformation of savings into investments. The core purpose of the strategy is creating a more attractive investment climate in the financial market. Also, the document brings a new approach, by approaching the issue for the first time from a broad perspective, including all non-banking financial sectors.

M.M.

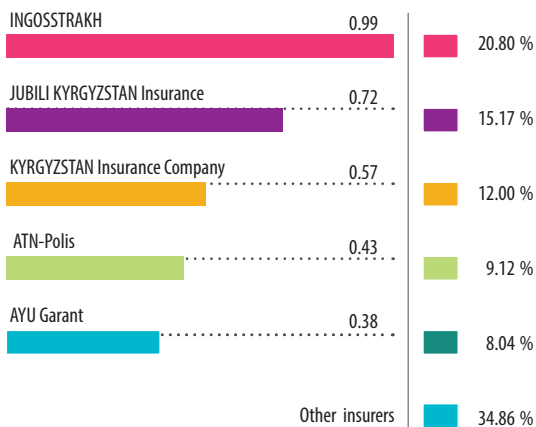
Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	4.74	6.61	-28.27	1.01	1.19	-14.91	100.00	100.00
Personal	0.87	1.45	-40.00	0.39	0.43	-10.49	18.30	21.88
Property	2.40	3.38	-28.77	0.52	0.67	-21.99	50.72	51.08
Liability	0.55	0.71	-23.40	0.06	0.06	-5.24	11.51	10.78
Mandatory	0.92	1.07	-14.15	0.05	0.03	58.37	19.45	16.26
Life	0.00	0.00	285.40	-	-	-	0.01	0.00

1 EUR = 79.1488 Som - KGS (June 30th, 2019)

1 EUR = 85.5177 Som - KGS (June 30th, 2020)

Top 5 Total market (GWP, EUR m)



Kyrgyzstan

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- 2019 insurance figures
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Insurance Statistics Quarterly Updated!

Moldova



Moody's rating
B3, STABLE

Sources:

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

² The National Bank of Moldova

³ The National Commission of Financial Market (NCFM)

⁴ XPRIMM calculations

🌸 GWP decreased by 18.53% y-o-y, due to the decline of the non-life sector

🌸 Total number of new insurance contracts has decreased dramatically in the past months, a sharp decline being noticed in segments such as voluntary insurance and Green Card

🌸 During the last 12 months, measures on improvement and financial strengthening of some market participants on the verge of bankruptcy and with a shortage of assets have been taken

Market's main indicators-timeline



		2015	2016	2017	2018	2019
GDP, current prices	MDL billion ¹	145.75	160.82	178.88	190.02	207.30
	EUR billion ⁴	6.79	7.70	8.76	9.73	10.76
GDP per capita, current prices	MDL ¹	41,022	45,288	50,436	53,614	58,533
	EUR ⁴	1,910	2,168	2,471	2,746	3,039
Unemployment rate	% of total labor force ¹	5.02	4.23	4.13	3.02	3.02
Population	Millions ¹	3.55	3.55	3.55	3.54	3.54
MDL/EUR exchange rate	End of period ²	21.48	20.89	20.41	19.52	19.26
Gross written premiums	MDL million ³	1,228.22	1,380.13	1,441.90	1,518.14	1,624.66
	EUR million ⁴	57.19	66.07	70.65	77.77	84.35
Paid claims	MDL million ³	386.55	519.07	506.03	548.99	653.79
	EUR million ⁴	18.00	24.85	24.79	28.12	33.94
Insurance penetration degree	% in GDP ⁴	0.84%	0.86%	0.81%	0.80%	0.78%
Insurance density	EUR/capita ⁴	16.09	18.61	19.92	21.94	23.81

According to the results of 1H2020, the Moldovan insurance market decreased by 18.53%, to MDL 626.88 million (~EUR 32.24 million), mainly due to the decline of the non-life sector, while life insurance, on the contrary, recorded a GWP increase.

The 2020 pandemic affected all sectors of Moldovan economy, including the insurance sector. Total number of new insurance contracts has decreased dramatically in the past months, a sharp

decline being noticed in segments such as voluntary insurance and Green Card.

Tatiana CIOBANU, Director of the Insurance Department of the National Financial Market Commission (CNPF), noted that the consequences of the pandemic will be more obvious in the second half of the year, since the lift of the temporary measures will challenge insurers, that will need time to get back on tracks. At the same time, she underlined that some

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	32.24	37.27	-13.49	14.35	16.81	-14.60	100.00	100.00
TOTAL LIFE	2.56	2.19	16.60	0.60	0.23	162.51	7.93	5.88
TOTAL NON-LIFE	29.68	35.07	-15.37	13.75	16.58	-17.04	92.07	94.12
Accidents insurance	0.43	0.55	-21.47	0.03	0.26	-87.98	1.34	1.48
Overall health insurance	1.52	2.51	-39.35	0.71	0.67	6.02	4.72	6.73
Health - valid in Moldova	0.80	0.80	0.74	0.36	0.38	-5.42	2.48	2.13
Health - valid outside Moldova	0.72	1.71	-57.98	0.35	0.29	21.26	2.23	4.59
Overall property insurance	3.00	3.67	-18.19	0.48	0.33	46.04	9.30	9.84
Fire and allied perils	2.13	2.85	-25.27	0.28	0.28	-1.76	6.61	7.66
Damages to property	0.87	0.81	6.65	0.20	0.05	345.30	2.69	2.18
Overall motor insurance	21.14	23.50	-10.04	10.23	11.12	-8.04	65.58	63.06
Motor Hull	6.78	7.83	-13.50	3.76	4.74	-20.72	21.02	21.02
MTPL	9.83	8.56	14.81	4.25	4.71	-9.80	30.48	22.97
Green Card	4.17	6.69	-37.70	2.16	1.55	39.45	12.92	17.95
Other motor insurance	0.37	0.42	-11.45	0.06	0.12	-51.56	1.15	1.13
Aircraft insurance	0.98	0.85	14.89	2.19	3.73	-41.41	3.03	2.28
Aircraft liability	1.33	1.72	-22.81	0.03	0.44	-93.82	4.12	4.62
Goods in transit	0.30	0.22	38.20	0.03	0.01	219.37	0.93	0.58
GTPL	0.81	1.91	-57.37	0.01	0.01	-52.76	2.52	5.11
Financial loss insurance	0.14	0.14	-2.75	0.06	0.01	903.94	0.43	0.39
Other non-life insurance	0.03	0.01	253.86	-	-	-	0.10	0.02

1 EUR = 20.6484 Lei - MDL (June 30th, 2019)

1 EUR = 19.4440 Lei - MDL (June 30th, 2020)



Valeriu CHITAN
President
CNPF

Moldova



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Full market rankings per company & per class

MSEcel format * in EUR and local currency

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companies are on the verge of bankruptcy, because during the pandemic, solvency was of prime importance. *Insurance companies with sufficient capitalization will not be so affected by the coronavirus crisis*, CIOBANU explained. The employees of the CNPF decided to make a financial contribution in the amount of MDL 100 thousand (about EUR 50 thousand) to support the actions taken by the state institutions in combating the COVID-19 virus.

On June 25, 2020, the first online conference "Insurance - between pandemic challenges and market strengthening", dedicated to the Moldovan insurance market, took place in Chisinau. The conference was organized by XPRIMM with the support of the CNPF and the National Bureau of Motor insurers. Among issues discussed by the participants, it's worth noting new regulatory standards for insurance, new legislation, challenges for the insurance market caused by the pandemic, etc.

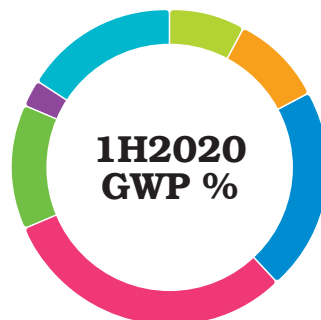
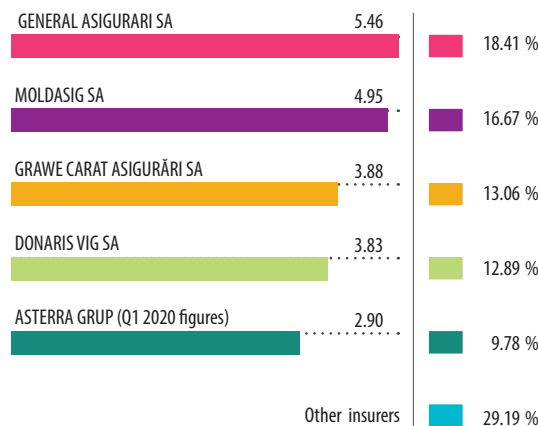
As Valeriu CHITAN emphasized, over two years the regulator and market participants have been implementing several measures to tighten the regulatory framework in order to introduce prudential standards related to risk supervision. Requirements for liquidity, technical reserves and solvency have been improved and established. During the last 12 months, measures on improvement and financial strengthening of some market participants on the verge of bankruptcy and with a shortage of assets have been also taken. In addition, he noted that the portfolio of insurance contracts should be *released from the pressure of compulsory insurance in favor of expanding voluntary types*.

Speaking about the challenges caused by the pandemic, Valeriu CHITAN noted that all parties should be involved in the process - the regulator, market participants, shareholders, and corporate management. *We are in a situation (force majeure),*

Life insurance ranking (GWP, EUR m)



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



Life	7.93
Property	9.30
Motor hull	21.02
MTPL	30.48
Green Card	12.92
GTPL	2.52
Other	15.83



Life	4.19
Property	3.33
Motor Hull	26.17
MTPL	29.61
Green Card	15.06
GTPL	0.05
Other	21.58

when entrepreneurs, and not only them, must reconsider their methods, thinking about business from the point of intensity, while austerity should become the rule in everything. And in our case, this means,

first of all, reduction and rationalization of expenses, especially procurement costs and mainly for intermediary services, he said.

M.M.

Russia



S&P Rating

BBB-, STABLE

Moody's rating

BAA3, STABLE

Fitch Rating

BBB, STABLE

Sources:

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

² The Central Bank of the Russian Federation

³ Financial Markets Service of the Bank of Russia

⁴ XPRIMM calculations

🌸 This year due to the amendments to the law on MTPL, aimed at tariff individualization, the specialty market became more competitive

🌸 The pandemic accelerated growth of premiums sold via internet (to almost 6%), while the share of sales through offices decreased to 19.3%

🌸 Despite growing unprofitability and volatility of the stock market, the profit of insurers increased by 21.2%

🌸 Life insurance accounts for 51.6% of the total number of complaints about mis-selling

Market's main indicators-timeline



		2015	2016	2017	2018	2019
GDP, current prices	RUB billion 1	83,094.30	86,014.20	92,101.30	103,875.80	109,097.43
	EUR billion 4	1,042.63	1,347.95	1,337.38	1,307.26	1,573.36
GDP per capita, current prices	RUB 1	567,197	585,928	626,966	707,601	743,527
	EUR 4	7,117	9,182	9,104	8,905	10,723
Unemployment rate	% of total labor force 1	5.58	5.53	5.20	4.80	4.62
Population	Millions 1	146.50	146.80	146.90	146.80	146.73
RUB/EUR exchange rate	End of period 2	79.70	63.81	68.87	79.46	69.34
Gross written premiums	RUB million 3	1,023,819.32	1,180,631.59	1,278,841.60	1,479,501.13	1,481,177.59
	EUR million 4	12,846.36	18,501.98	18,569.78	18,619.33	21,360.90
Paid claims	RUB million 3	509,217.48	505,790.11	509,722.13	522,468.01	610,865.42
	EUR million 4	6,389.40	7,926.37	7,401.57	6,575.19	8,809.64
Insurance penetration degree	% in GDP 4	1.23%	1.37%	1.39%	1.42%	1.36%
Insurance density	EUR/capita 4	87.69	126.04	126.41	126.83	145.58

At the end of 1H2020, total market GWP amounted to RUB 739 billion (~EUR 9.39 billion*) and remained almost at the level of 1H2019 (-0.03%). In 2Q2020, the decline in economic activity, caused by the pandemic, led to a decrease both in GWP and paid claims, mainly because of the reduction of insured events.

As the regulator noted, among the main insurance types, y-o-y growth in 2Q2020 was observed only in insurance of other property of legal entities and accumulative life insurance. At the same time, the decrease in the number of motor bank loans and sales of new cars led to a decrease in Motor Hull. But the loss

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	9,393.16	10,293.40	-8.75	3,770.95	3,976.64	-5.17	100.00	100.00
LIFE INSURANCE*	2,277.26	2,557.84	-10.97	1,089.21	716.51	52.02	24.24	24.85
OVERALL NON-LIFE INSURANCE	7,115.91	7,735.56	-8.01	2,681.73	3,260.13	-17.74	75.76	75.15
VOLUNTARY NON-LIFE INSURANCE	5,561.64	6,053.93	-8.13	1,733.44	2,158.50	-19.69	59.21	58.81
Personal insurance, of which:	2,599.60	2,869.73	-9.41	794.35	931.33	-14.71	27.68	27.88
Accidents and diseases	1,115.07	1,260.01	-11.50	107.99	120.76	-10.57	11.87	12.24
Health	1,484.53	1,609.71	-7.78	686.36	810.57	-15.32	15.80	15.64
Property insurance, of which:	2,487.68	2,612.68	-4.78	842.14	1,108.93	-24.06	26.48	25.38
Motor Hull	960.14	1,089.93	-11.91	572.08	640.80	-10.72	10.22	10.59
Railway, aircraft and ships insurance	121.38	129.24	-6.08	77.09	56.98	35.30	1.29	1.26
CARGO insurance	117.66	132.11	-10.93	16.14	92.34	-82.52	1.25	1.28
Real estate property insurance, of which:	1,245.52	1,223.35	1.81	171.54	301.81	-43.16	13.26	11.88
Property of legal entities	860.84	793.09	8.54	120.66	244.27	-50.60	9.16	7.70
Property of individuals	384.67	430.26	-10.60	50.88	57.54	-11.57	4.10	4.18
Agricultural insurance	42.98	38.06	12.94	5.28	17.01	-68.95	0.46	0.37
Civil liability insurance**	220.17	223.41	-1.45	46.72	59.14	-20.99	2.34	2.17
Business risks	114.54	120.26	-4.76	17.17	29.98	-42.73	1.22	1.17
Financial risks	139.64	227.84	-38.71	33.07	29.12	13.55	1.49	2.21
MANDATORY INSURANCE	1,568.71	1,670.37	-6.09	948.77	1,095.13	-13.36	16.70	16.23
Personal insurance***	216.21	200.49	7.84	78.28	94.26	-16.96	2.30	1.95
Compulsory MTPL	1,308.59	1,414.53	-7.49	864.23	993.36	-13.00	13.93	13.74
Dangerous installations' owners TPL insurance	25.43	27.97	-9.08	1.68	2.22	-24.44	0.27	0.27
Other	18.49	27.38	-32.48	4.58	5.28	-13.33	0.20	0.27
OTHER****	-14.44	11.26	-228.28	-0.48	6.51	-107.32	-0.15	0.11

*life and pension plans, summed

**carriers and other voluntary TPL insurances, summed

***mandatory life and health insurance for military personnel and other compulsory personal insurances provided by the federal laws

****Premiums with no reliable figures due to late receipt of the primary accounting documents and collection write-off under court decisions

1 EUR = 71.8179 RUB (June 30th, 2019)

1 EUR = 78.6812 RUB (June 30th, 2020)



Igor YURGENS,
President of ARIA

ratio decreased as well due to reduction in the number of insured events. MTPL volumes hardly changed y-o-y due to the compulsory nature of this insurance type. At the same time, thanks to restrictive measures during the pandemic, paid claims dropped by 6.2%. *Total number of reported claims decreased by 18.5%, and the number of settled claims - by 10.9%*, explained Igor YURGENS, President of RAMI.

Total number of MTPL contracts concluded during the period decreased by 1.3%. However, in June there was already an increase, after most of the quarantine restrictions were lifted. *Now we see the deferred demand for MTPL, and dynamics of the concluded contracts is gradually flattening out*, Igor YURGENS said.

He noted that this year due to the amendments to the law on MTPL, aimed at tariff individualization, competition is getting more intensive - many insurers have reduced their average premiums.

Total amount of remuneration, received by intermediaries in 1H2020, dropped by 5.7% y-o-y, to RUB 145 billion. The pandemic accelerated growth of premiums sold via internet (to almost 6%), while the share of sales through offices decreased to 19.3%. At the same time, the share of agent channel sales increased (to 22.1%), while the share of bank sales dropped (to 34.6%).

At the end of 2Q2020, the profit of the insurance sector increased, and return on equity was the highest over the past three and half years (33.7%). Despite growing unprofitability and volatility of the stock market, the profit of insurers increased by 21.2%, to RUB 149.1 billion (~EUR 0.19 billion), which is due to the increase in their income from investment activities. At the same time, the results from insurance activities, on the contrary, dropped y-o-y. 89% of local insurers ended 1H2020 with profit (150 out of 169 companies on the market), while a year ago the same result was 81%. By the end of June 2020, total capital of insurers reached RUB 870.1 billion, and total amount of assets exceeded RUB 3.6 trillion.

Russia

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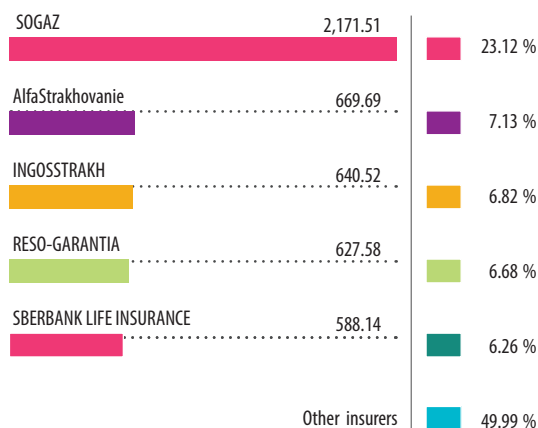
Full market rankings per company & per class

MSEcel format * in EUR and local currency

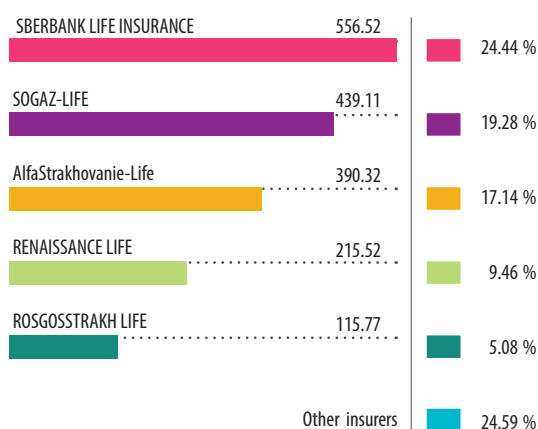
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TOP 5 Total market (GWP, EUR million)



TOP 5 Life insurance (GWP, EUR million)



Life	24.24
Accidents & diseases	11.87
Health	15.80
Motor Hull	10.22
Real estate	13.26
Civil liability	2.34
CMTPL	13.93
Other	8.32



Life	28.88
Accidents & diseases	2.86
Health	18.20
Motor Hull	15.17
Real estate	4.55
Civil liability	1.24
CMTPL	22.92
Other	6.17



Korney BIJDov
President of NAAI



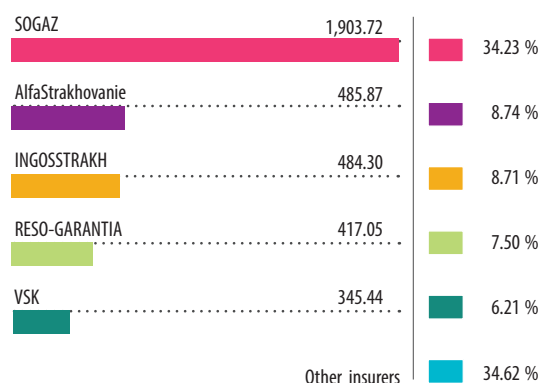
Yury VORONIN
Chief Financial
Ombudsman

In 1H2020, concentration of insurers by assets increased - the share of TOP-20 by assets amounted to 80.1%, which was facilitated by a decrease in the number of insurance companies by 10% y-o-y. At the same time, the share of TOP-20 in terms of GWP also grew to almost 85% (+2.2 p.p. per year).

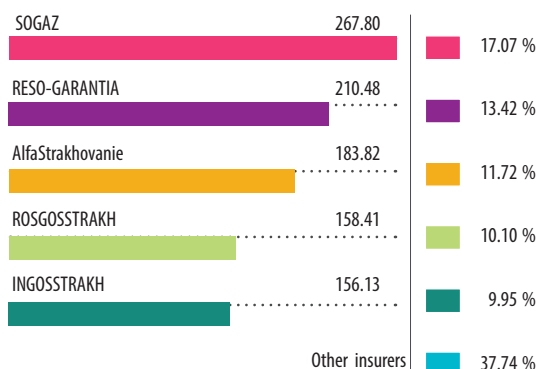
It's worth noting that the pandemic impacted the number of complaints against insurance companies. In 1H2020, the Bank of Russia received only 15 thousand complaints, which is 34.7% less y-o-y. At the same time, the number of MTPL complaints amounted to 12 thousand of the total (-35.2%). 1.3 thousand complaints, received by the regulator, were related to mis-selling. The main problem here is investment life insurance, which accounts for 51.6% of the total number of complaints about mis-selling, the regulator explained.

In the first half of 2020, about 3.4 million livestock items were insured with state support, which is 30% more y-o-y, according to the National Association of Agriculture Insurers (NAAI) figures. The President of NAAI, Korney BIJDov, noted that the demand for subsidized livestock insurance is on a growing trend: *In total, state support to livestock breeders in purchasing insurance policies was provided in 48 constituent entities of the Russian Federation in the first half of this year. Of these, in 37 regions farmers insured more livestock than on the same period a year ago, while 16 regions already exceeded the result for the entire 2019 year.*

TOP 5 Voluntary non-life insurance (GWP, EUR m)



TOP 5 Overall mandatory insurance (GWP, EUR m)



NAAI expects that the positive trend on this market will continue during the second half of 2020 as well. At the same time, for the second year in a row, livestock breeding has been showing a pronounced demand for insurance, the main drivers of which are concerns of farmers related to epizootic risks and a possibility of state partial compensation of insurance premiums. As NAAI explained, *in 2019, when insurance with state support was actually recovered, the number of livestock units insured with state support increased by 42% in the country (...). However, less than 50% of livestock was covered by insurance with state support, so there is still potential for growth in the industry.*

For the first six months of 2020, net profit of the Russian National Reinsurance Company (RNRC) increased by 29.6% y-o-y, to RUB 3.9 billion (~EUR 49.37 million*). Paid claims of the reinsurer dropped by almost 35% y-o-y, investment income exceeded RUB 1.5 billion, which is more than twice as high as for the same period a

year ago. Assets of RNRC reached RUB 50.4 billion.

The Russian financial ombudsman service this year was included into the International Network of Financial Services Ombudsman Schemes. This decision was made at the meeting of the Organization's Committee. The International Association of Financial Ombudsmen facilitates the interaction of financial ombudsmen at international level for experience exchange. As of now, 60 financial institutions from 40 countries are full members of the Association.

The Chief Financial Ombudsman, Yury VORONIN emphasized that *affiliation with the Association will expand our international cooperation allowing us to adopt the best international practices for the protection of rights of financial services consumers. I'm confident that it will be remarkably interesting for our foreign colleagues as well to learn about the Russian financial ombudsman practice and the specifics of our work*, he said. (M.M)



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

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S&P Rating
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Moody's rating
B3, STABLE

Fitch Rating
B, STABLE

Sources:

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

² National Bank of Ukraine

³ League of Insurance Organizations of Ukraine, Insurance Top Magazine

⁴ XPRIMM calculations

The total number of insurance companies decreased from 249 to 215, including 195 non-life and 20 life insurers

Since July 1, 2020 the regulatory functions with regard to the non-banking financial services markets were transferred from the National Financial Services Commission to the National Bank of Ukraine

The Ukrainian insurance market will start working in accordance with the "split" law (the new Regulation of the market of non-banking financial services) beginning with January 1, 2021

Market's main indicators-timeline



		2015	2016	2017	2018	2019
GDP, current prices	UAH billion ¹	1,988.54	2,385.37	2,982.92	3,558.71	4,023.24
	EUR billion ⁴	75.83	83.92	89.05	112.21	152.27
GDP per capita, current prices	UAH ¹	46,689	56,239	70,657	84,656	96,091
	EUR ⁴	1,780	1,979	2,109	2,669	3,637
Unemployment rate	% of total labor force ¹	9.14	9.45	9.65	9.00	8.68
Population	Millions ¹	42.59	42.42	42.22	42.04	41.87
UAH/EUR exchange rate	End of period ²	26.22	28.42	33.50	31.71	26.42
Gross written premiums	UAH million ³	29,736.00	35,170.30	43,431.77	49,367.52	53,001.19
	EUR million ⁴	1,133.96	1,237.41	1,296.65	1,556.64	2,005.95
Paid claims	UAH million ³	8,100.50	8,839.50	10,536.79	12,863.38	14,338.36
	EUR million ⁴	308.91	311.00	314.57	405.60	542.67
Insurance penetration degree	% in GDP ⁴	1.50%	1.47%	1.46%	1.39%	1.32%
Insurance density	EUR/capita ⁴	26.62	29.17	30.71	37.03	47.91

In 1H2020 the market decreased by 23% y-o-y, to UAH 21 billion (EUR 701.43 million). At the same time, the downtrend was observed only in the non-life sector, while life insurance recorded an increase of almost 10%. According to the National Bank of Ukraine, as of June 30, 2020, the total number of insurance companies decreased from 249 to 215, including 195 non-life and 20 life insurers.

Life insurance sector saw stable growth in the reporting period adding almost 10% y-o-y (GWP reached UAH 2.3 billion). On the other hand, in the non-life sector, among the main classes, growth was recorded only by medical insurance and domestic MTPL. The number of Green Card

policies dropped by 40.8% y-o-y, to 296.9 thousand units, mostly because of the restrictions on the international transport due to the Coronavirus pandemic. The MTIBU General Director Volodimir SHEVCHENKO pointed out that despite the challenging current situation, the sector demonstrates stable performance and has even improved service quality.

An important market event is related to the changes brought to the supervision system. Starting July 1, 2020, the National Bank took over from the National Financial Services Commission the functions of the regulator of the market of non-banking financial services: insurance, leasing, factoring companies, credit unions,

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	701.43	917.96	-23.59	228.13	224.27	1.72	100.00	100.00
TOTAL LIFE	76.67	70.32	9.03	9.27	9.57	-3.10	10.93	7.66
TOTAL NON-LIFE	624.76	847.64	-26.29	218.86	214.70	1.94	89.07	92.34
VOLUNTARY NON-LIFE	495.05	715.64	-30.82	159.64	163.40	-2.30	70.58	77.96
Accident insurance	26.86	31.81	-15.55	2.44	3.76	-35.07	3.83	3.47
Medical insurance	91.99	81.61	12.73	43.45	43.55	-0.23	13.12	8.89
Motor Hull	125.52	131.70	-4.69	57.21	59.30	-3.54	17.89	14.35
CARGO	22.33	51.92	-57.00	2.88	1.85	55.86	3.18	5.66
Fire and other perils	45.10	94.14	-52.09	6.21	2.99	107.89	6.43	10.26
Other property insurance	69.99	121.47	-42.38	9.09	8.56	6.14	9.98	13.23
Civil liability insurance	20.33	41.37	-50.87	1.79	2.89	-37.89	2.90	4.51
Financial risks	47.91	85.09	-43.70	18.37	30.90	-40.55	6.83	9.27
Other	45.02	76.53	-41.17	18.20	9.60	89.49	6.42	8.34
Compulsory non-life	144.59	146.02	-0.98	61.23	51.30	19.35	20.61	15.91
Domestic MTPL	98.05	82.89	18.28	43.10	40.40	6.68	13.98	9.03
Green Card	21.93	35.25	-37.80	13.17	9.61	37.14	3.13	3.84
Other	24.62	27.87	-11.68	4.96	1.29	282.91	3.51	3.04

1 EUR = 29.73 Hryvnia - UAH (June 30th, 2019)

1 EUR = 29.95 Hryvnia - UAH (June 30th, 2020)



Viacheslav
CHERNIAKHOVSKY
Director General
Insurance Business
Association

pawnshops and other financial companies. NBU decided to establish a Department for Supervision of the Non-Bank Financial Services Market.

At the VIth International Carpathian Insurance Conference held in Lviv on February 26-29, participants have discussed legislative changes and changes of the procedure of state regulation of financial markets, market results, about the motor insurance of Ukraine through the changing situation, as well as the perspectives of the insurance and reinsurance business. The Ukrainian insurance market will start working in accordance with the "split" law (Regulation of the market of non-banking financial services) beginning with January 1, 2021, explained Alexander BEVZ, Director of the National Bank's licensing department, at the Conference.

Speaking about the market development, Viacheslav CHERNIAKHOVSKY, General Director of the Insurance Business Association, noted that *the main task is to choose the right model for the transformation of the Ukrainian insurance market for its development for the next decades. This applies to both the transformation of the legislative framework and regulatory policy, and the change in business models and the work of insurers.* He also pointed out, that the Ukrainian market is far behind from European countries - GWP per capita is less than EUR 50 (vs EUR 2200 in Europe, based on 2017 data), and there is a sharp decrease in the number of insurers - from 407 to 234 over the last 6 years.

In the current situation, insurance companies are forced to choose the right transformation model, which allows them to maintain their place in the market and provide resources for development. Among the possible options for transformation are closing or selling a business, transforming the insurance company into an intermediary, enlarging insurance company, or converting to a captive insurance company, he added.

(M.M.)

Ukraine

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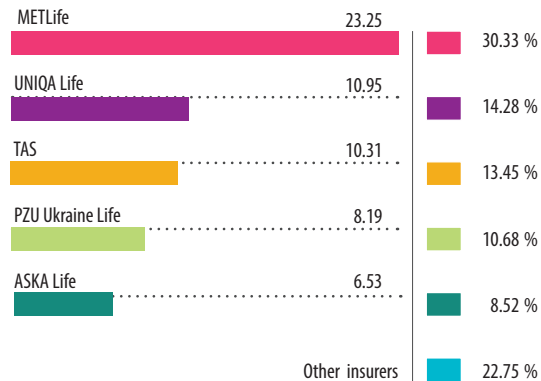
Full market rankings per company & per class

MSEcel format * in EUR and local currency

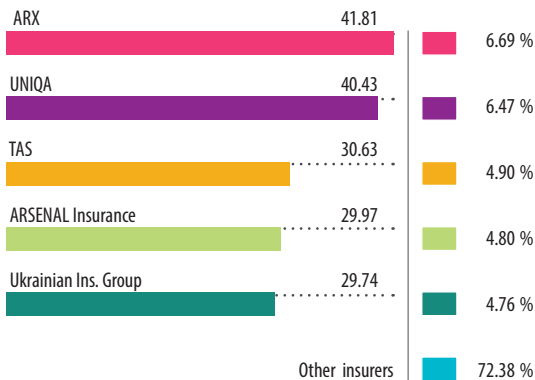
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TOP 5 Life insurance (GWP, EUR million)



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



Life	10.93
Accident	3.83
Medical ins.	13.12
Motor Hull	17.89
Fire and other perils	6.43
Other property ins.	9.98
Civil liability ins	2.90
Financial risks	6.83
Domestic MTPL	13.98
Green Card	3.13
Other	10.99



Life	4.07
Accident	1.07
Medical ins.	19.05
Motor Hull	25.08
Fire and other perils	2.72
Other property ins.	3.98
Civil liability ins	0.79
Financial risks	8.05
Domestic MTPL	18.89
Green Card	5.77
Other	10.53

Uzbekistan



S&P Rating

BB-, NEGATIVE

Moody's rating

B1, STABLE

Fitch Rating

BB-, STABLE

Sources:

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

² The Central Bank of the Republic of Uzbekistan

³ Ministry of Finance of the Republic of Uzbekistan

⁴ XPRIMM calculations

Market's main indicators-timeline



		2015	2016	2017	2018	2019
GDP, current prices	UZS billion ¹	210,183.37	242,495.44	302,536.93	407,514.47	523,373.00
	EUR billion ⁴	68.37	70.92	31.43	42.99	49.26
GDP per capita, current prices	UZS ¹	6,775,191	7,679,909	9,418,811	12,511,886	15,847,221
	EUR ⁴	2,204	2,246	979	1,320	1,492
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	31.02	31.58	32.12	32.57	33.03
UZS/EUR exchange rate	End of period ²	3,074.19	3,419.23	9,624.72	9,479.57	10,624.70
Gross written premiums	UZS million ³	551,530.03	692,594.43	927,451.40	1,635,206.55	2,313,903.59
	EUR million ⁴	179.41	202.56	96.36	172.50	217.79
Paid claims	UZS million ³	111,001.85	130,456.77	269,997.12	460,817.29	813,510.42
	EUR million ⁴	36.11	38.15	28.05	48.61	76.57
Insurance penetration degree	% in GDP ⁴	0.26%	0.29%	0.31%	0.40%	0.44%
Insurance density	EUR/capita ⁴	5.78	6.42	3.00	5.30	6.59

In the first half of 2020, the market dropped by almost 19% in local currency (almost 31% in Euro), according to the data published by the Ministry of finance of the Republic. The decline in market volumes was observed both in the life insurance sector, which decreased by almost 50% y-o-y, and the non-life one. However, the decline in the non-life sector was not as significant.

UZBEKINVEST, the market leader, increased its presence in the international reinsurance market by 8 times. According to the insurer's information, the mentioned increase was supported by its active participation in Lloyd's and other international markets, which allowed to secure commitments on incoming reinsurance in the amount of USD 345 million from January to June 2020. The company expanded its reinsurance geography and operations, and accepted risks from 36 countries.

Fitch Ratings international credit rating agency in June published a report evaluating the insurance segment of Uzbekistan. The agency *believes that regulatory oversight in Uzbekistan is developing and has limited transparency and effectiveness of enforcement*, the report said. Fitch noted that Uzbekistan *has embarked on a substantial reform program for the local insurance sector". This program is part of wider government reforms targeting improved stability and growth prospects, as well as addressing institutional and governance weaknesses in the national economy.*

The agency underlined that the insurance sector is still a small part of the local financial market, *with an unsophisticated technical level of expertise and limited product diversity. Sector development has been constrained by the previously heavily state-controlled economy, weak regulatory framework, and low levels of household disposable income* the report said. (M.M.)

Life insurance saw a 50% decline in GWP, while the non-life insurance business decreased at a slower pace

UZBEKINVEST, the market leader, recorded a spectacular increase in its presence on the reinsurance market

Market portfolio at June 30th, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2019	Change	1H2020	1H2019	Change	1H2020	1H2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET of which:	89.00	128.78	-30.89	29.87	39.42	-24.21	100.00	100.00
OVERALL LIFE	14.23	33.23	-57.19	14.66	29.87	-50.92	15.98	25.80
OVERALL NL	74.78	95.55	-21.75	15.22	9.55	59.31	84.02	74.20
Compulsory (L+NL)	16.55	16.68	-0.76	5.52	3.87	42.87	18.60	12.95
Compulsory NL	15.09	15.67	-3.67	5.17	3.62	42.85	16.96	12.17
Compulsory Life	1.46	1.01	44.21	0.35	0.25	43.30	1.64	0.79
Voluntary (L+NL)	72.45	112.10	-35.37	24.35	35.55	-31.51	81.40	87.05
Voluntary NL	59.68	79.89	-25.29	10.04	5.93	69.36	67.06	62.03
Voluntary Life	12.77	32.22	-60.37	14.31	29.62	-51.70	14.34	25.02

1 EUR = 11411.48 Som - UZS (June 30th, 2020)

1 EUR = 9731.96 Som - UZS (June 30th, 2019)



Life 15.98
Non-life 84.02



Life 49.07
Non-life 50.93

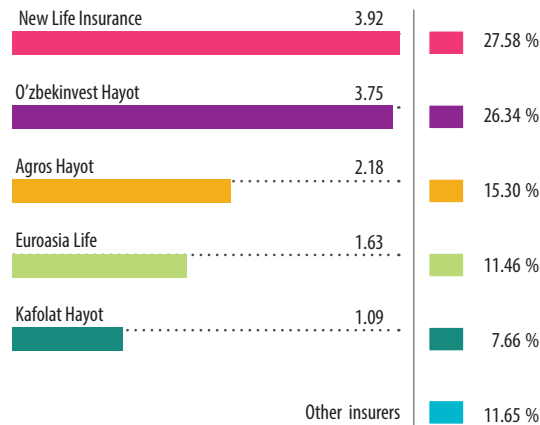
Uzbekistan

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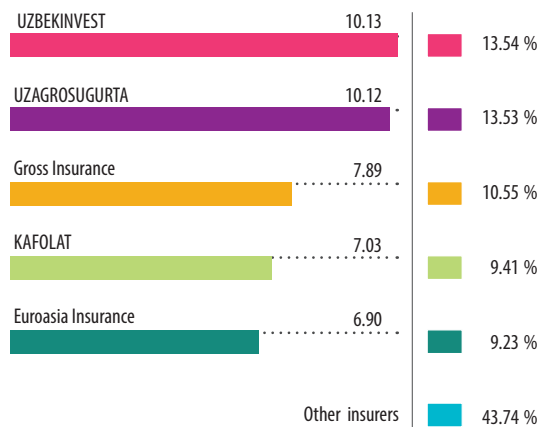


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Top 5 Life insurance (GWP, EUR m)



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



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Tajikistan



S&P Rating
B-, STABLE

Moody's rating
B3, NEGATIVE

Sources:

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

² The National Bank of Tajikistan

³ XPRIMM calculations

No data for the Q2 were available at this report's publication date; thus, the real impact of the Covid crisis cannot be estimated yet

At the end of June 2020, the law "On compulsory insurance of liability of vehicle owners", was adopted, aimed at increasing competition in the segment

Tajikistan

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At the closing date of this report, data concerning paid claims for 1H2020 were not available. The digital version of the report will be further updated.

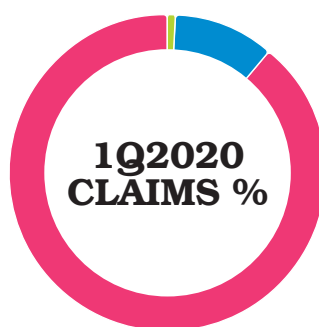
Macroeconomic indicators - timeline



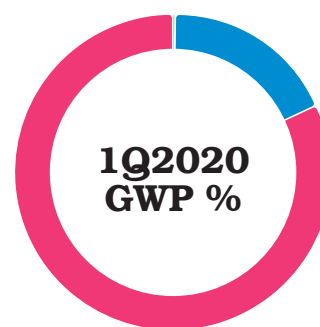
		2015	2016	2017	2018	2019
GDP, current prices	TJS billion ¹	48.40	54.47	61.09	68.84	77.71
	EUR billion ⁴	6.34	6.56	5.78	6.37	7.17
GDP per capita, current prices	TJS ¹	5,662	6,236	6,848	7,559	8,363
	EUR ⁴	741	751	647	700	771
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	8.55	8.74	8.92	9.11	9.29
TJS/EUR exchange rate	End of period ²	7.64	8.31	10.58	10.80	10.84
Gross written premiums	TJS million ³	na	na	235.84	234.20	234.27
	EUR million ⁴	-	-	22.30	21.68	21.60
Paid claims	TJS million ³	na	na	11.55	10.62	15.28
	EUR million ⁴	-	-	1.09	0.98	1.41
Insurance penetration degree	% in GDP ⁴	-	-	0.39%	0.34%	0.30%
Insurance density	EUR/capita ⁴	-	-	2.50	2.38	2.32

At the end of June 2020, the lower house of the Tajik Parliament approved the law "On compulsory insurance of liability of vehicle owners", aimed at increasing competition in the segment. Previously, there were only two insurers providing MTPL insurance: the state-owned Tajiksugurta and the private insurance company Sugurtaival avalini milli. The new law provides for higher compensation amounts for damage to

life and health (from ~USD 580 to over USD 3160), and similarly for damages to property of victims. According to the National Bank, insurance in Tajikistan is underdeveloped and the level of interest in insurance services is quite low. At the same time, motor insurance is considered as one of the most profitable insurance types.



Compulsory state ins. 0.99
Other compulsory ins. 10.33
Voluntary ins. 88.68



Compulsory state ins. 0.44
Other compulsory ins. 17.86
Voluntary ins. 81.70

Market portfolio at March 31st, 2020

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1Q2020	1Q2019	Change	1Q2020	1Q2019	Change	1Q2020	1Q2019
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET of which:	8.22	4.11	99.89	0.30	0.27	12.89	100.00	100.00
Compulsory state insurance	0.04	0.06	-38.71	0.00	0.00	2.09	0.44	1.42
Other compulsory insurance	1.47	1.51	-2.85	0.03	0.04	-16.14	17.86	36.75
Voluntary insurance	6.72	2.54	164.14	0.27	0.23	17.78	81.70	61.83

1 EUR = 10.6023 Somoni - TJS (March 31st, 2019)

1 EUR = 11.2567 Somoni - TJS (March 31st, 2020)



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