

**IIF 2024 – AZERBAIJAN INTERNATIONAL
INSURANCE FORUM**

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**LIFE IN BANCASSURANCE:
RUSSIAN MARKET OVERVIEW,
PRACTICES AND TRENDS**

Gleb YAKOVLEV

All-Russian Insurance Association
Vice president



All-Russian
Insurance
Association

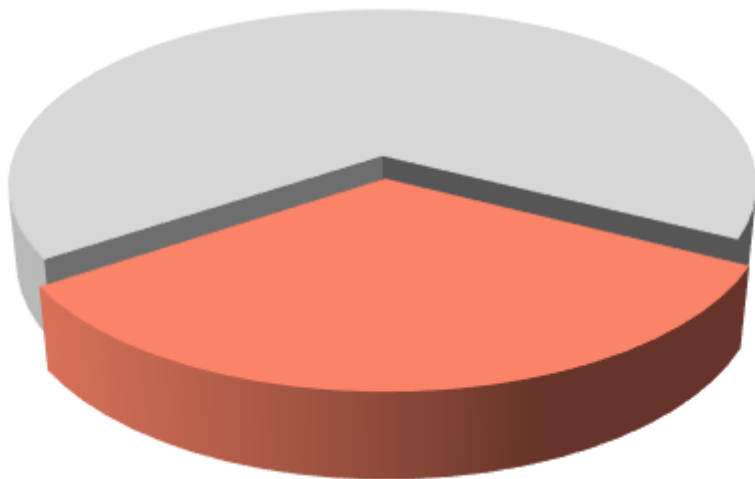
Bancassurance:



2023

33% of overall GWP of insurance market

758 Bln.RUB



- source of growth
- source of complaints
- source of clients
- source of volumes in exchange for reduced profitability
- driver for new products
- special point of focus for regulator

Basic set of products in bancassurance



Credit-linked

- Mortgage (life, property, title)
- Auto (life, CASCO, MTPL, GAP)
- POS (life, unemployment)
- Cash loans (life, unemployment)

Standalone products

- Term life insurance
- Insurance for athletes (life/VMI)

Box products:

- Box property (house/apartment)
- Credit cards insurance

Medical insurance

- Critical illnesses
- mini-VMI
- Long term care
- Telemedicine
- Travel insurance

Savings

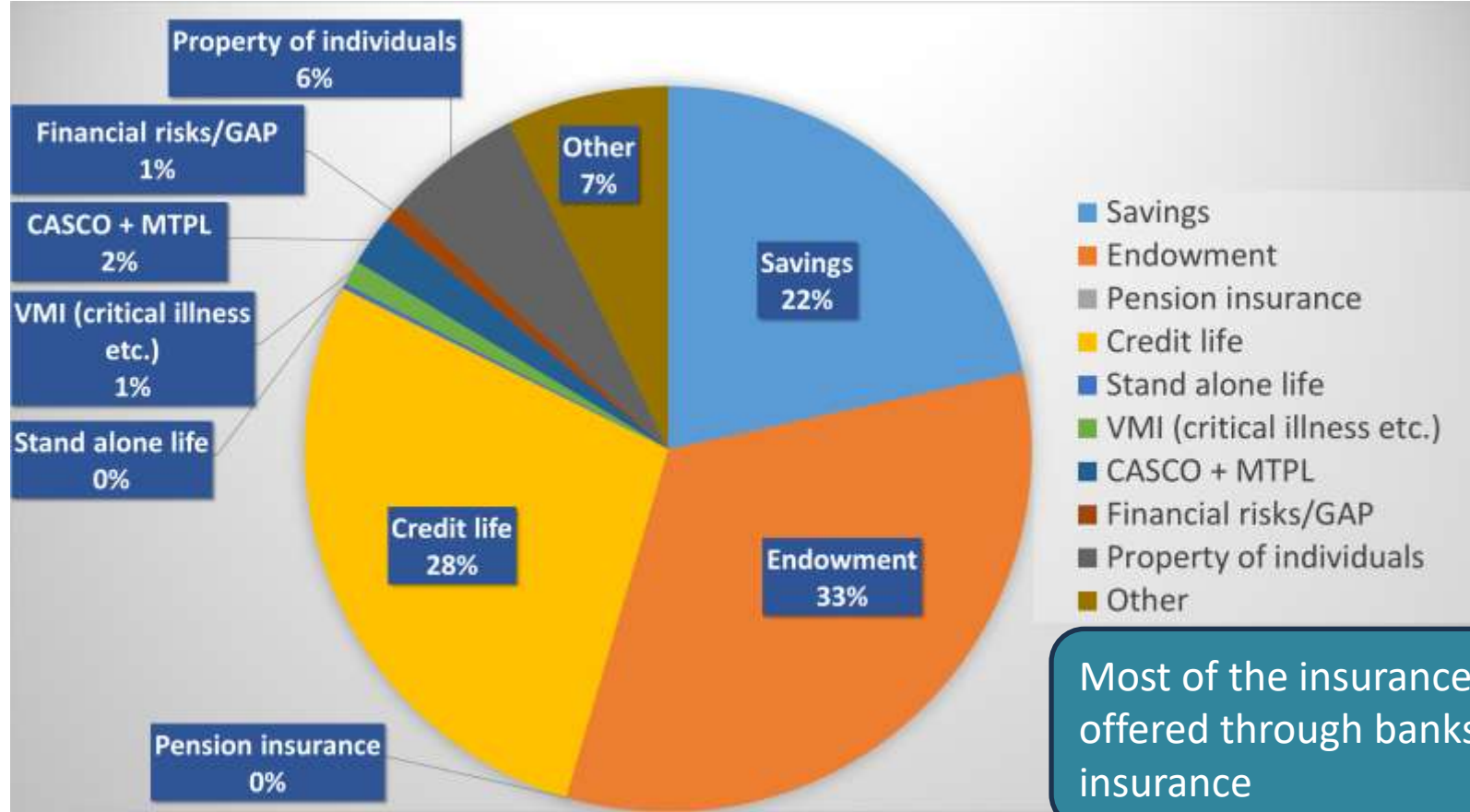
Endowment

Savings products
a la Unit-linked

Unit-Linked

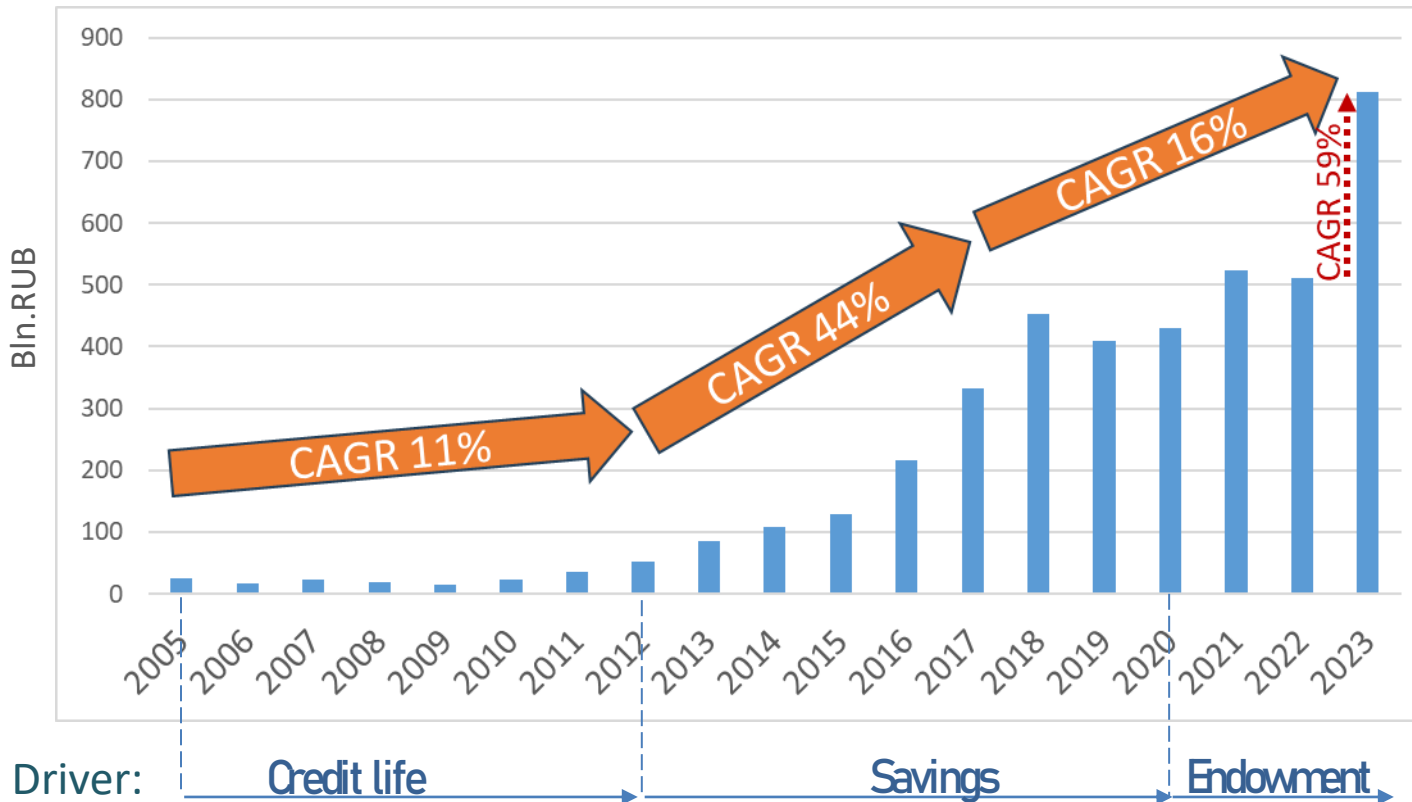
Pension insurance

Products share in banking channel by GWP



Most of the insurance products offered through banks are life insurance

Life insurance GWP: Bancassurance appears on the stage

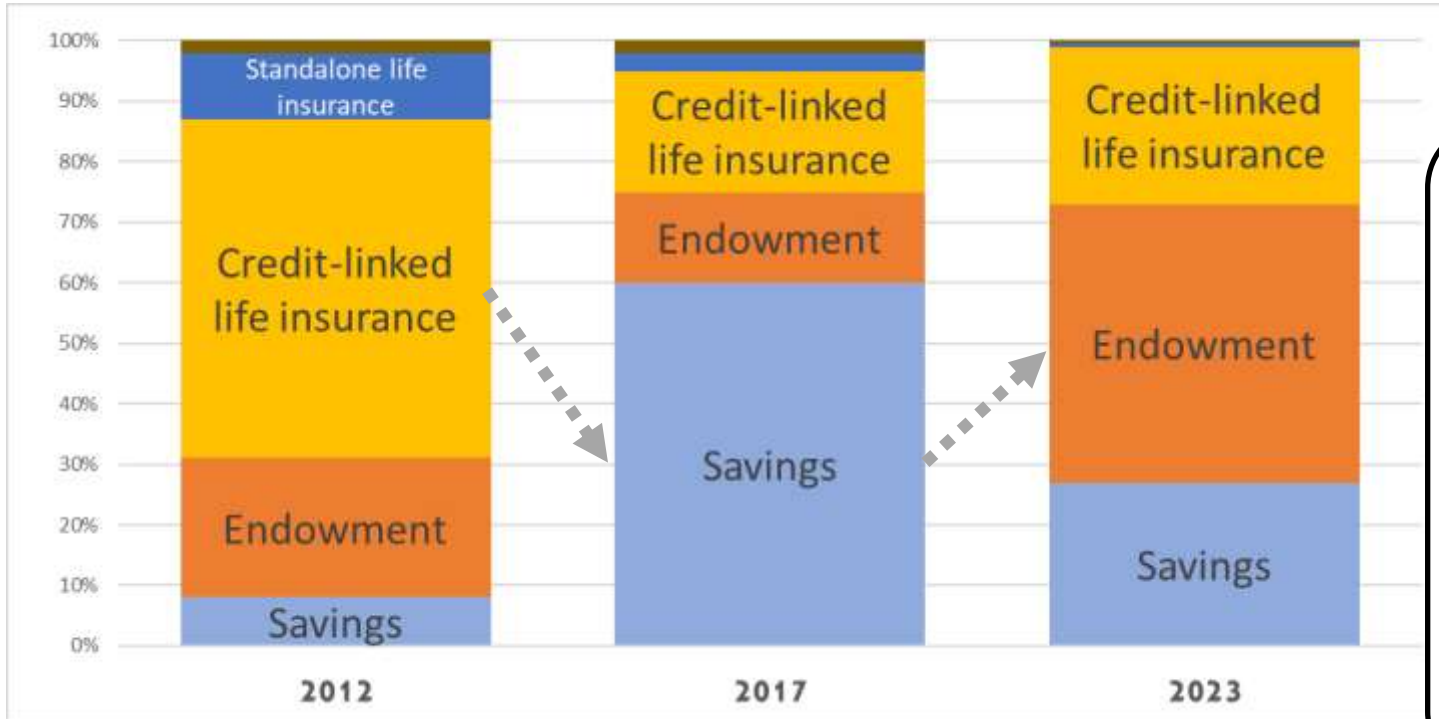


Bancassurance started in 2003-2005.

Credit life insurance products were launched first.

Around 2012 Investment life insurance was introduced (called "Savings").

Evolution of products share in life insurance by GWP



Drivers:

2003-2012 –
Credit-life
insurance

2017-2020 –
Savings

2020-2023 –
Endowment

Decrease in classic
stand-alone life
insurance products

Life insurers achievements in 2023



GWP share of
Russian insurance
market

35,6 %

GWP
2023 vs 2022

+51,8 %

**Thanks to
bancassurance
mainly**

20 mln

active policies

New life
insurers in
2024

+2

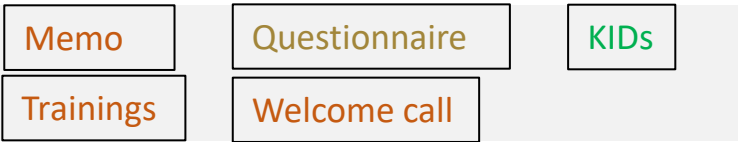
Today life insurance is more popular than other non-banking product in the banking channel.

There is still room for growth as life insurance penetration remains low.

37 mln

**clients under the
protection of life
insurance products**

Regulation to eliminate misseling



Premium refund:

- Free-look (cooling-off)
- Early repayment of the loan

Calculation of income disclosure

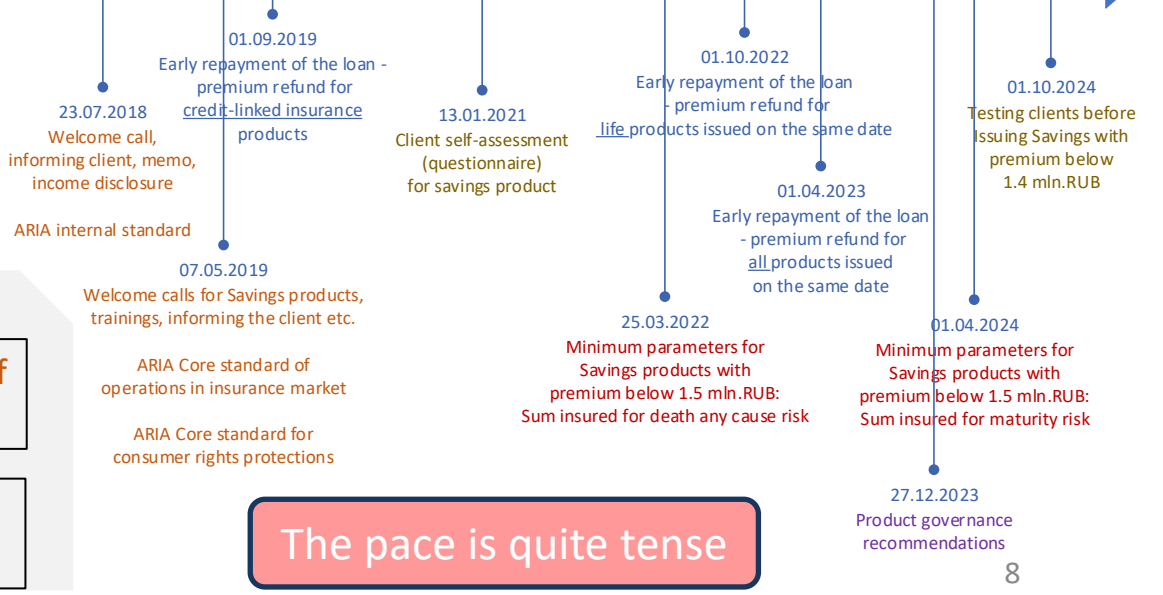
Specific product parameters:

- For credit-linked life insurance products (minimum set of covered risk and minimum exclusions)
- For savings life insurance products with premium below 1.5 mln.RUB

Testing of clients

Disclosure of commission

Product governance



The pace is quite tense

Credit-linked insurance: Access of the insurer to the bancassurance and the client to the insurer



Previous practice:

Each bank had a list of accredited insurance companies

Client was free to bring policy of any accredited insurance company (with risks and coverage specified in the loan agreement)

Policy of other insurance companies could be accepted only after accreditation by the bank.

New regulation since 01.09.2023:

Policy of any insurance company with credit rating “A-” (level 3) and higher according to national rating scale should be accepted by the bank regardless of accreditation.

Did it help to decrease price of the policy (to avoid or decrease commission)?

How many clients use this option?

Observations:



- The power of the bank's brand makes client blind
 - Client doesn't read documents
 - What is said becomes more important than what is done or signed

- Client prefers service (single-window) instead of price



Disclosure of commission/price of insurance has nearly no impact on sales



Mystery shopping seems to be the only efficient tool

- If insurance becomes less profitable for the bank it is easily replaced by products/services with a very low value for client

Launch of Unit-linked life insurance



One and the same contract will stipulate terms for a client's standard life insurance and management of the client's investment in units of a unit investment fund (UIF) aka mutual investment fund.

The launch of Unit-Linked starts since **2025** after the relevant law becomes effective.

The policyholder's assets will be managed:

- A.** by the UIF's management company
- B.** by the insurer with license of UIF's management company

Insurance premium paid is split into 2 parts:

- insurance part for insurance coverage
- investment part for purchasing UIF (units)

Percentage of each part is to be specified in the insurance agreement

The UIF's units will be owned by the client during the insurance agreement.

- ➔ Thus client will be protected against the risk of bankruptcy of both the insurer and the management company.
- ➔ The rights of UIF unit holders will be protected by the law on investment funds.



Всероссийский
союз страховщиков

Thank you !