

IMIA Country Analysis 2010

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
<p>Russia</p>	<p>In 2010 total market premiums (excluding compulsory health insurance) increased by 8.2% as compared to 2009, to RUR 555.6 billion (US\$ 18.4 billion). Insurance market grew with a rate of 5% in Q1, 5% in Q2, 11% in Q3 and 12.5% in Q4. The positive trend is an indication of a gradual market recovery after the financial crisis, especially in the segments of voluntary health, personal accidents and life insurance, as well as to the continuing growth of the compulsory motor third party liability insurance market.</p> <p>Engineering insurance premium increased by 6.4%; the growth is higher than in overall P&C segment (3.1%). The contribution of CAR/EAR lines was 93% of all engineering premiums, like a year earlier. The premium growth in 2010 was mainly due to insurance of several large projects in oil& gas, offshore pipeline construction.</p> <p>The share of the top 10 insurers in Engineering market increased to 79%.</p>	<p>Engineering claims paid in 2010 decreased by 18.2% to 2,212 million rubles (US\$ 73.3 million).</p> <p>According to reporting pattern in Russia only claims paid in the reporting period are submitted by insurers (i.e. no information on reserved claims is available). On the other hand, the above figures include claims of previous years which were paid in 2010, including two large claims:</p> <ul style="list-style-type: none"> - Storm damage to a seaport under construction at Sochi, settlement 557.8 million rubles (US\$ 18.5 million). - Fire at a 220KV/110KV 250MVA autotransformer at 500 kV substation during commissioning, partial payment in 2011 (the loss was mentioned in the report for 2008.) 	<p>Loss ratio in 2009 slightly decreased to 12.2% remaining at an excellent level like in all previous years. Good profitability puts additional pressure on the market leading to further drop of premium rates and stronger competition. It is expected that the soft market will remain for the foreseeable future.</p>	<p>Results of Q1 of 2011 demonstrated further recovery of the insurance market. The premiums increased by 18.1% and claims – by 11.3% as compared to same period of 2010. The forecast for 12 month is from 8% to 25% growth of the market, depending on the source.</p> <p>The new requirements to minimum shareholders' capital of insurers will come into force from 1st January 2012. According to recent report of FSFR (Russian insurance supervision authority) 387 (65% of total number) insurance companies currently do not comply with those requirements, lack of capital in the market is 45.7 billion rubles (US\$ 1.5 billion). Mergers are considered as one of the ways to increase the capital and it is expected that M&A activities will intensify by the end of the year. Though it mainly concerns small companies, large deals are not foreseen. Those insurers who are not able to increase capital to the required level will have to withdraw from the market.</p>