



Tendencies of development of insurance market in Russia in the last decade

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Russian insurance market in 2011

Year	Number of licensed insurers	Written premium (bln. RUR)	RUR/USD mid-year exchange rate
2008	842	946	23.40
2009	786	978	31.03
2010	702	1044	31.25
2011	618	1268	27.87
2012	572	1458	28.00

- TOP-10 companies collected 46,1% of all premiums (58% in voluntary insurance with compulsory MTPL)
- Premiums increased by 21,8%, claims paid – 15,6% (compared 2010)
- Number of contracts increased by 3,4% to 133,4 million contracts
- Penetration is 2,7% to GDP (the goal is 7% of GDP till 2020)



Mass insurance market development-1

- Implementation of compulsory motor TP liability insurance in 2002, changes in coverage and tariffs
 - Russian Association of Motor Insurers (RAMI) is the first case of self regulatory element of regulation
 - Guarantee fund to compensate policyholder claims in case of insurer bankruptcy
- Challenges
 - Real bankruptcy customer feels early than regulator
 - Guarantee fund had been expired in 2010 for the first time



Mass insurance market development-2

- Implementation of compulsory general and employers liability insurance of an owner of a hazardous object from January 1, 2012
 - The National Union of Liability (NULI) is the second case of self regulatory element of regulation
 - Guarantee fund to compensate policyholder claims in case of insurer bankruptcy
- Challenges
 - There are about 365 000 of dangerous objects
 - Only 65 companies became eligible for selling



Mass insurance market development-3

- Implementation of compulsory carries liability before passengers from January 1, 2013
 - As of April 2012 a bill passed two readings (out of 3) in the State Duma (Russian Parliament)
 - Currently, work is under way to assess insurance rates
- Challenges
 - Decrease pressure on federal budget in case of accidents



Accession to the World Trade Organization

- On 16th December 2011 a protocol on Russia's accession to the WTO was signed:
 - it is expected that Russia will become a full member of the WTO no later than mid-summer 2012;
 - after 9 years the Russian insurance market will be open for branches of foreign insurers;
 - quota of foreign participation in the capital of the insurance companies should be increased from 25 to 50%;
 - the conditions for opening of branches of foreign companies will be quite hard (currently under development).

IFRS



- Nowadays the Law requires that consolidated financial statements for Russian insurance companies should be prepared in accordance with IFRS from as early as 2012 or 2013.
- Penetration in IFRS reporting in the insurance industry remains comparatively low relative to banks.
- We are waiting significant reform of the finance function from regulator.
- IFRS reporting will bring major benefits.
- The adoption of IFRS requires resources and specialist expertise.

Actuarial profession



- In 2009 and 2010 two new drafts of law about actuarial profession passed the first reading in State Duma.
- To date, the standards for actuaries are developed by the Guild of Actuaries, established in 1994 and became a full member of International Actuarial Association (IAA) in November 2008.
- Russian Guild of actuaries offers full range of examination for candidates to full members.
- For fully qualified actuaries there is compulsory system of permanent professional development. Eligible actions for getting necessary scores includes seminar, conferences, participation in exam preparation, self-studying etc.