



INSURANCE MARKET OF UKRAINE

League of Insurance Organizations of Ukraine

Ukraine



League of Insurance Organizations of Ukraine



The League was founded in 1992 to represent and protect the interests of its members and other participants of the insurance market and is the largest association of Ukrainian insurers.

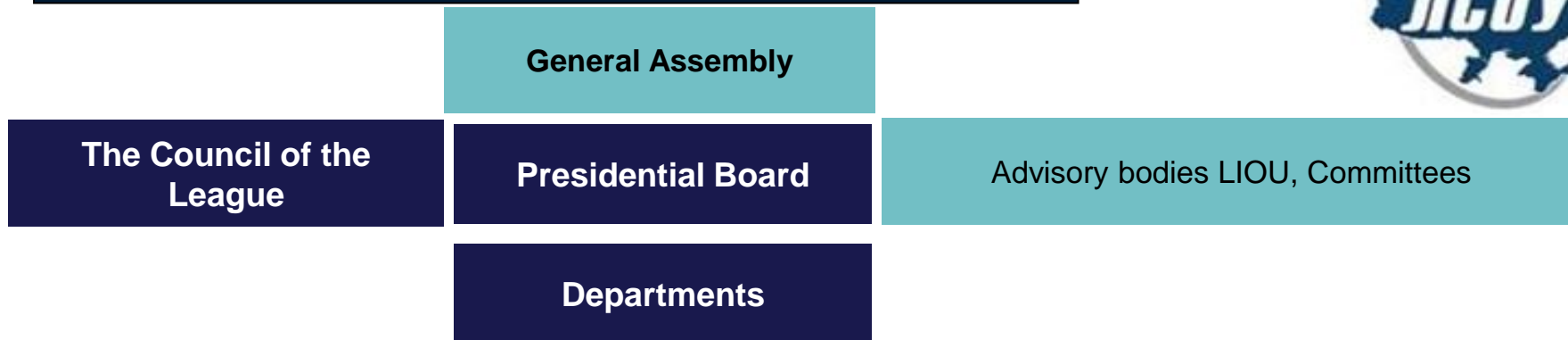
The League includes 56 members, submitted by various sectors of insurance market : Member - 35 insurance companies on non-life insurance, 11 - life insurance companies, 6 - insurance intermediaries, 3 - representations of reinsurers non-resident and one insurance pool. Insurers LIOU members occupy key positions in the insurance market of Ukraine.

League of Insurance Organizations of Ukraine acts on the principles of legality, transparency, autonomy and independence from government agencies, equality of the members, trust and mutual aid between members of the League.

League of insurance organizations of Ukraine

11, M. Raskovoy st., block A,
office 500, Kyiv, 02660, Ukraine
tel/fax.: +38(044) 516-82-30
www.uainsur.com

LIOU's committee structure



The Council for Life Insurance

The Committee on Professional Ethics

The Committee on Health Insurance

The Committee on Risk Insurance in the agricultural sector

The Committee on Legislative and regulatory support insurance market

The Finance Committee

The Committee on motor insurance

The Insurance Committee in tourism

The Committee on Financial Monitoring

Partnerships



Participation in key national and international organizations (selection)

Bilateral collaboration with Insurance associations of foreign countries: Austria, Germany, Poland, Israel, Kazakhstan, Latvia, Belarus, other countries.

LIOU is a constant member of projects on development of insurance and financial services markets, financed by the World Bank, European Commission, USAID and other international organizations.

LIOU is a organizer of the International Carpathian Insurance Conference

LIOU is a organizer of the International Financial Forum of Insurance Market Participants



Ukraine Union of Businessmen,
International Chamber of Commerce

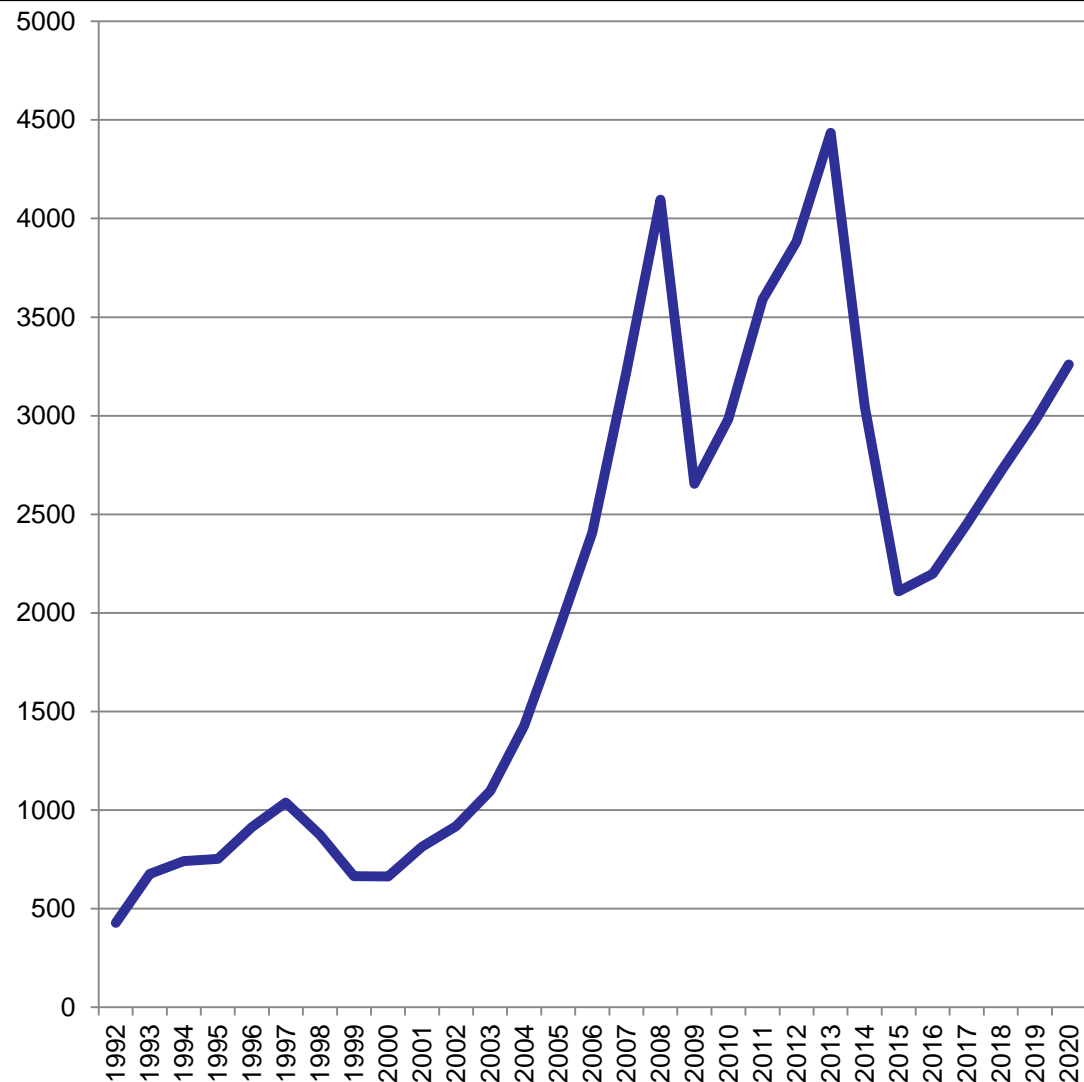
Insurance arbitration court

Actuarial Association of Ukraine,
Federation of insurance
intermediaries Ukraine, Nuclear
Insurance Pool, Motor (Transport)
Insurance Bureau of Ukraine

Promotion of science

Taras Shevchenko National University of
Kyiv,
*Kyiv National Economic University by V.
Hetman*

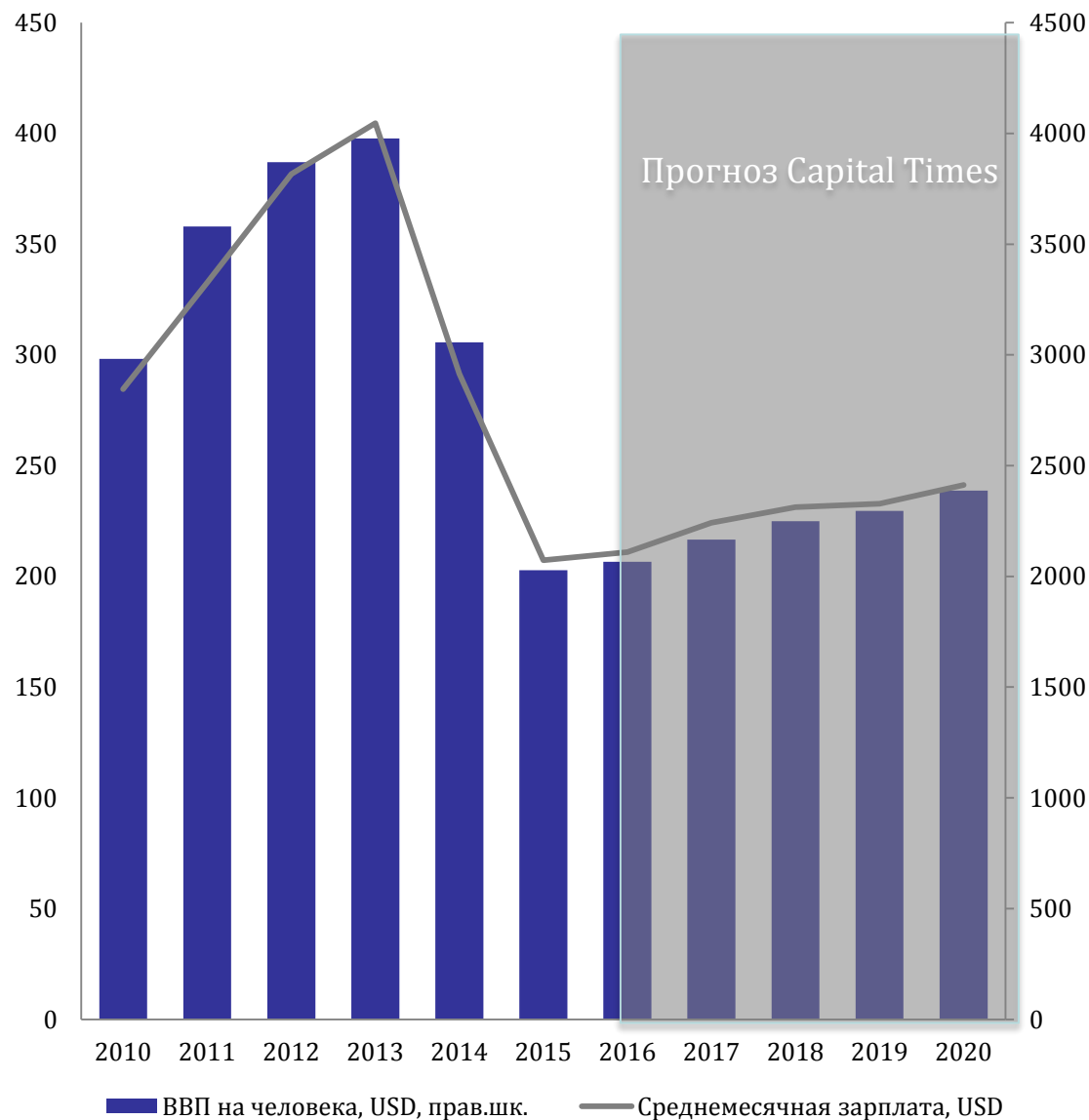
GDP per capita (per person), USD



The key indicator for comparison with other countries

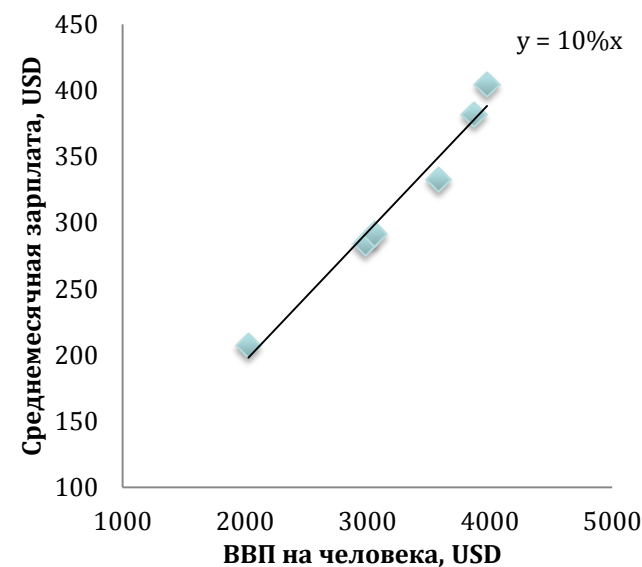
The IMF forecast

GDP per capita, USD

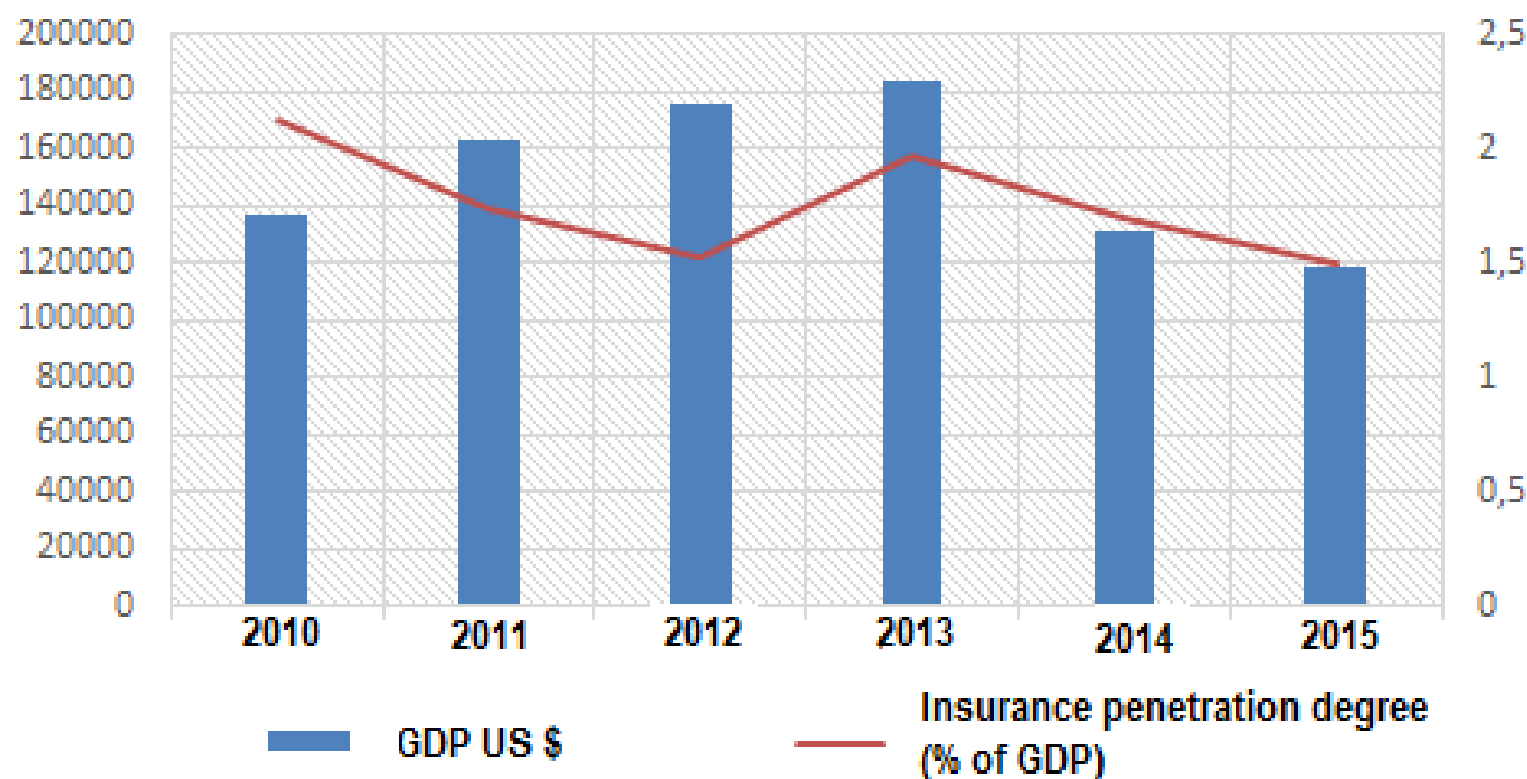


Direct correlation:

the average monthly salary in Ukraine is about 10% of GDP per person.
\$ 2,000 GDP / person \approx \$ 200 sal. / month

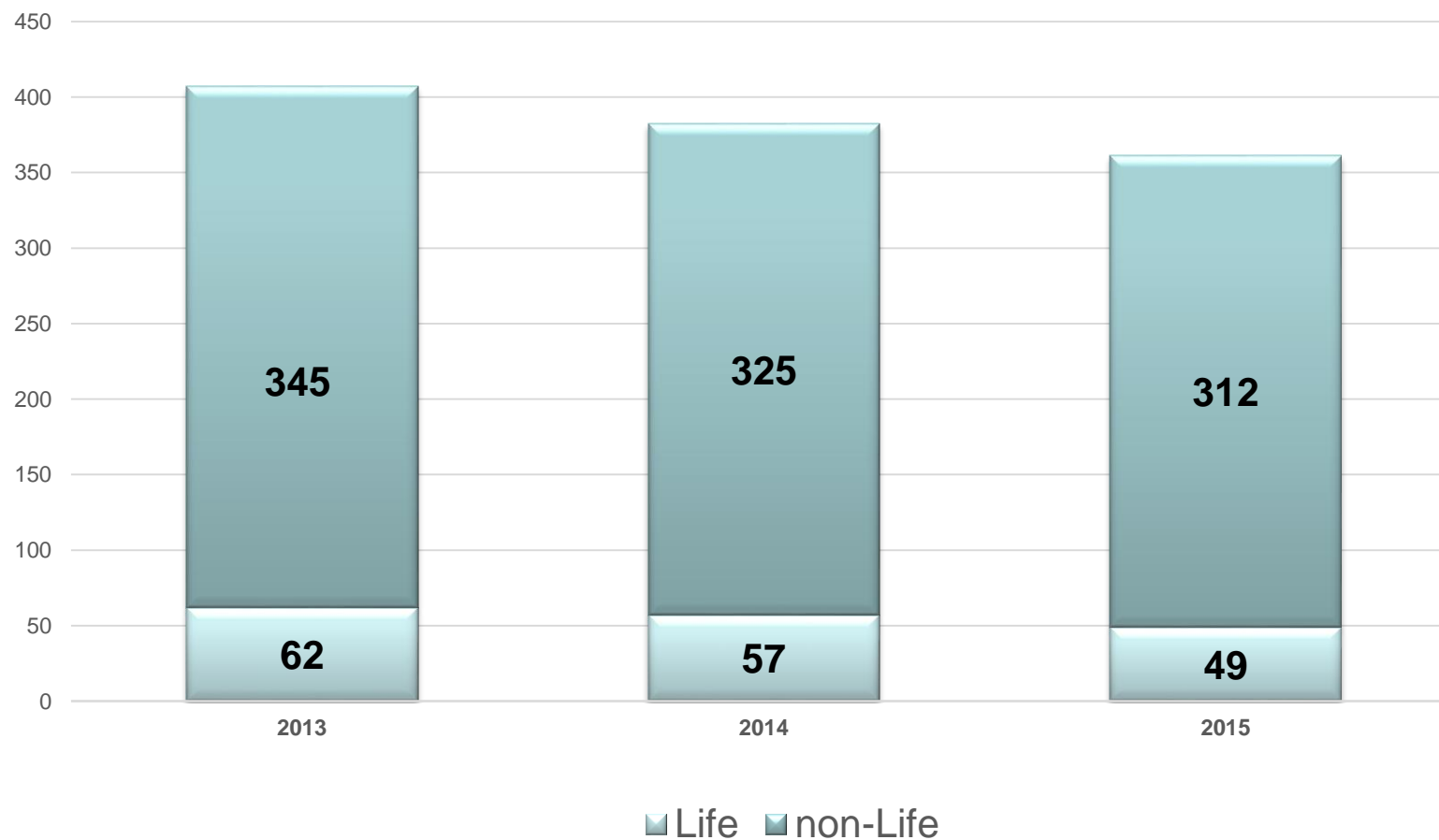


GDP and insurance penetration





The amount of insurers in Ukraine





The amount of insurers in Ukraine

First (Top)	“Life insurance”		“Non-Life insurance”		
	Premium Income (Mln. US \$)	Market share, %	Premium income (mln. US \$.)	Market share, %	Number of insurance companies that more than 50% of premiums received from reinsurers
Top 3	37,444	42,8	161,992	14,7	1
Top 10	76,856	87,9	400,448	36,3	4
Top 20	86,560	99,0	664,532	60,3	7
Top 50	87,464	100,0	936,348	85,0	11
Top 100	X	x	1 058,88	96,1	13
Top 200	X	x	1 100,34	99,9	15
Total market	87,464	100,0	1 101,98	100,0	22

The role of the insurance market to the public, 2015 (mln. US dollars)



Attracted long-term investments – **\$264** (+19%)

Paid for life insurance – **\$33,240** (+37%)

An investment income – **\$23** (+26%)

Compensation damages to the damaged private vehicles and property – **\$76** (+11%)

Payment of expenses for treatment and medicines – **\$56** (+7%)

Paying for travelers abroad – **\$14** (+40%)

The role of the insurance market for corporations, 2015 (mln. US dollars)



Invested in shares – **\$476** (-34%)

Investments in corporate law – **\$88** (-16%)

Investments in other financial investments – **\$460** (-20%)

Invested in bonds – **\$29,400** (-9%)

Refunded damage to damaged commercial auto transport – **\$38**
(+14%)

Compensation damages to the damaged property – **\$18,760**
(+80%)

The role of the insurance market for banks, 2015 (mln. US dollars)



Insured risks of banks and their customers – **\$18** bln.

Deposited – **\$504** (+40%)

Received interest on deposits – **\$44** (+26%)

Received bank loans – **\$15,600** (+6 %)

The role of the insurance market for budget, 2015 (mln. US dollars)



Attracted foreign investments to the economy – \$200

Invested in internal government bonds and state banks – \$236 (+13%)

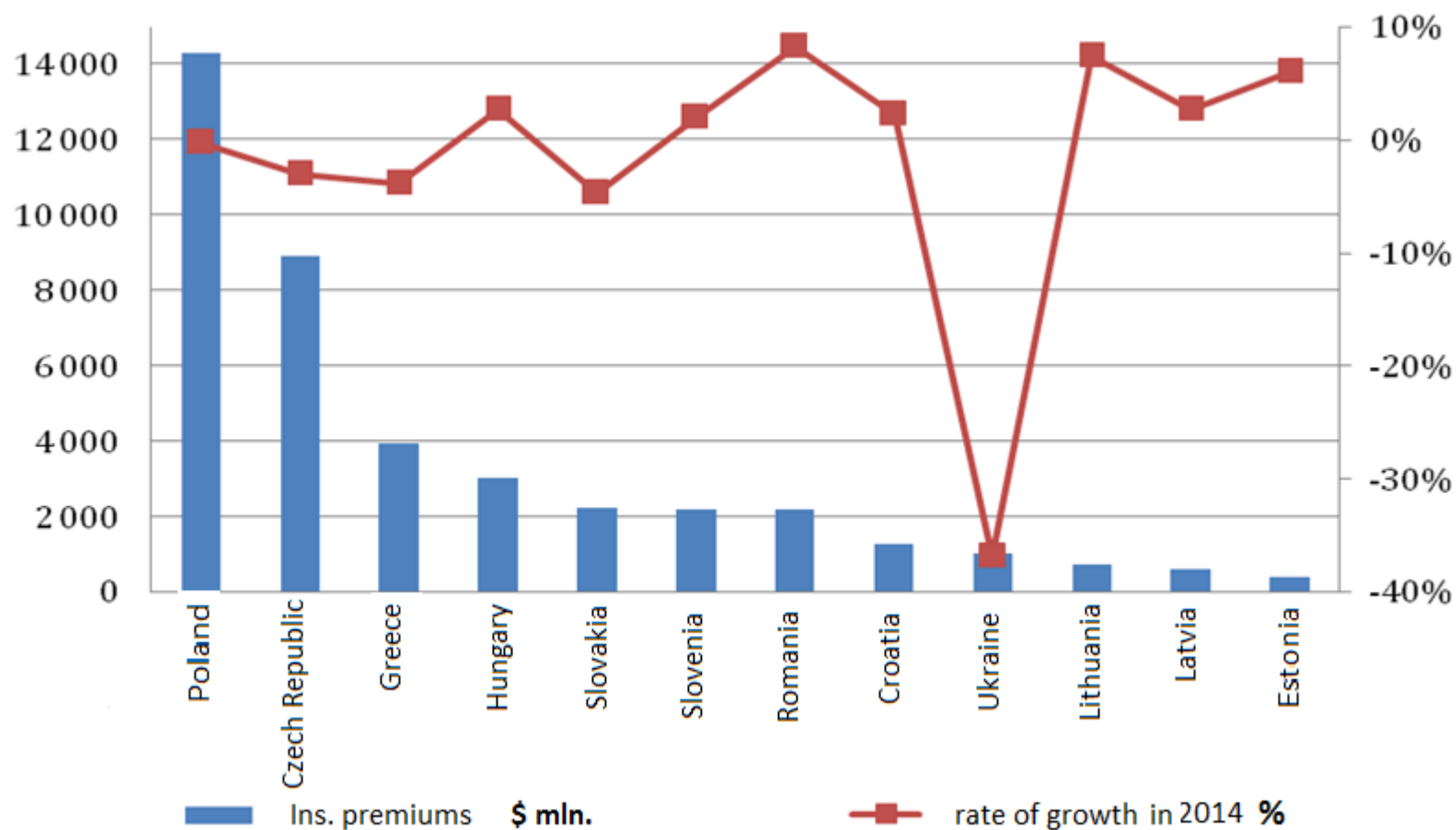
Unshadowing transport sector – \$116 (+12%)

Unshadowing healthcare sector - \$56 (+7%)

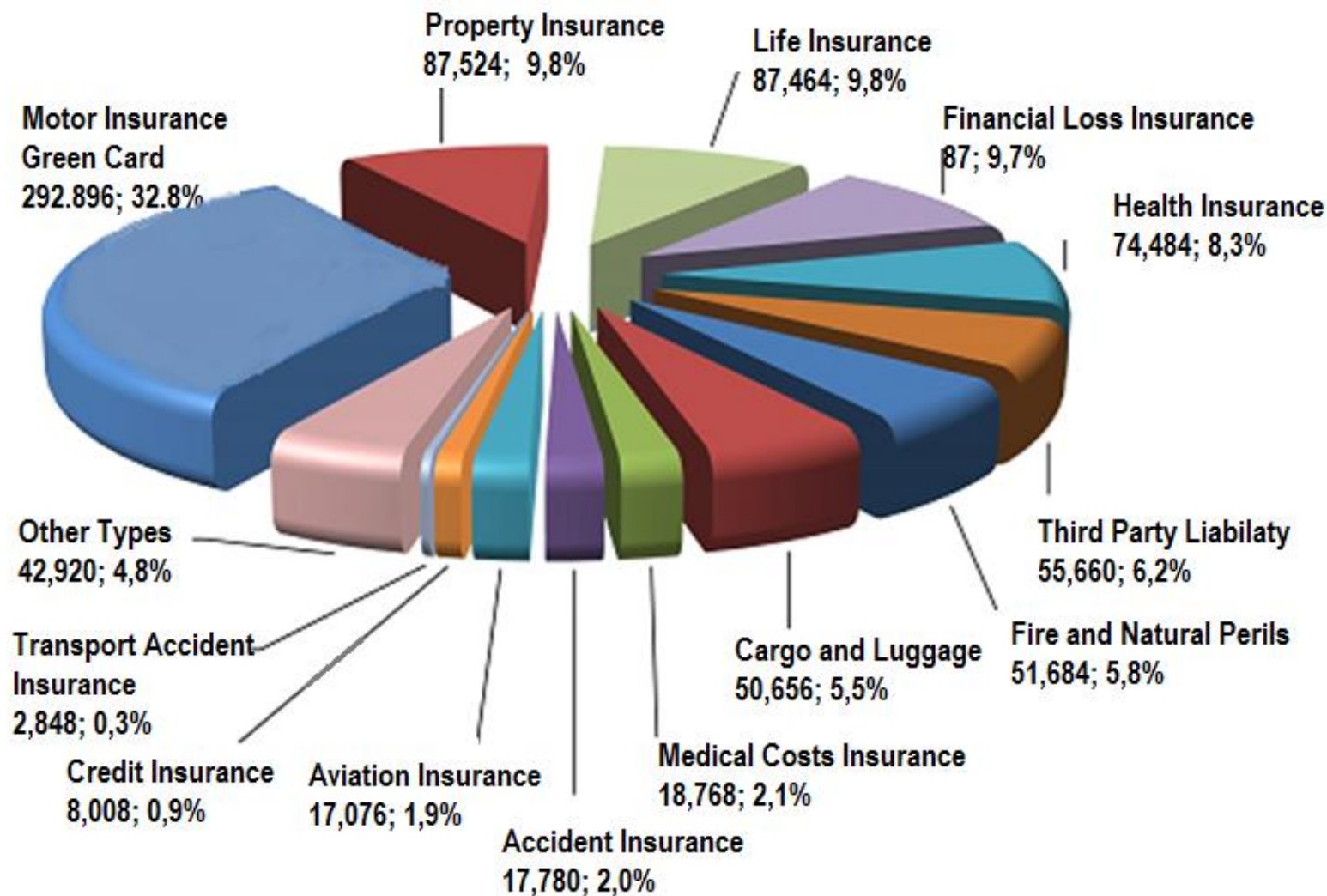
Insurers paid taxes – \$34,200 (+9%)

Unified social tax deduction – \$17,80 (+4%)

The insurance markets of CEE, 2015 (mln. US dollars)



Dynamics of net premiums Top-15 types of insurance, 2005-2015 (mln. US dollars)



Changes in net premiums Top-15 types of insurance, 2005-2015 (mln. US dollars)



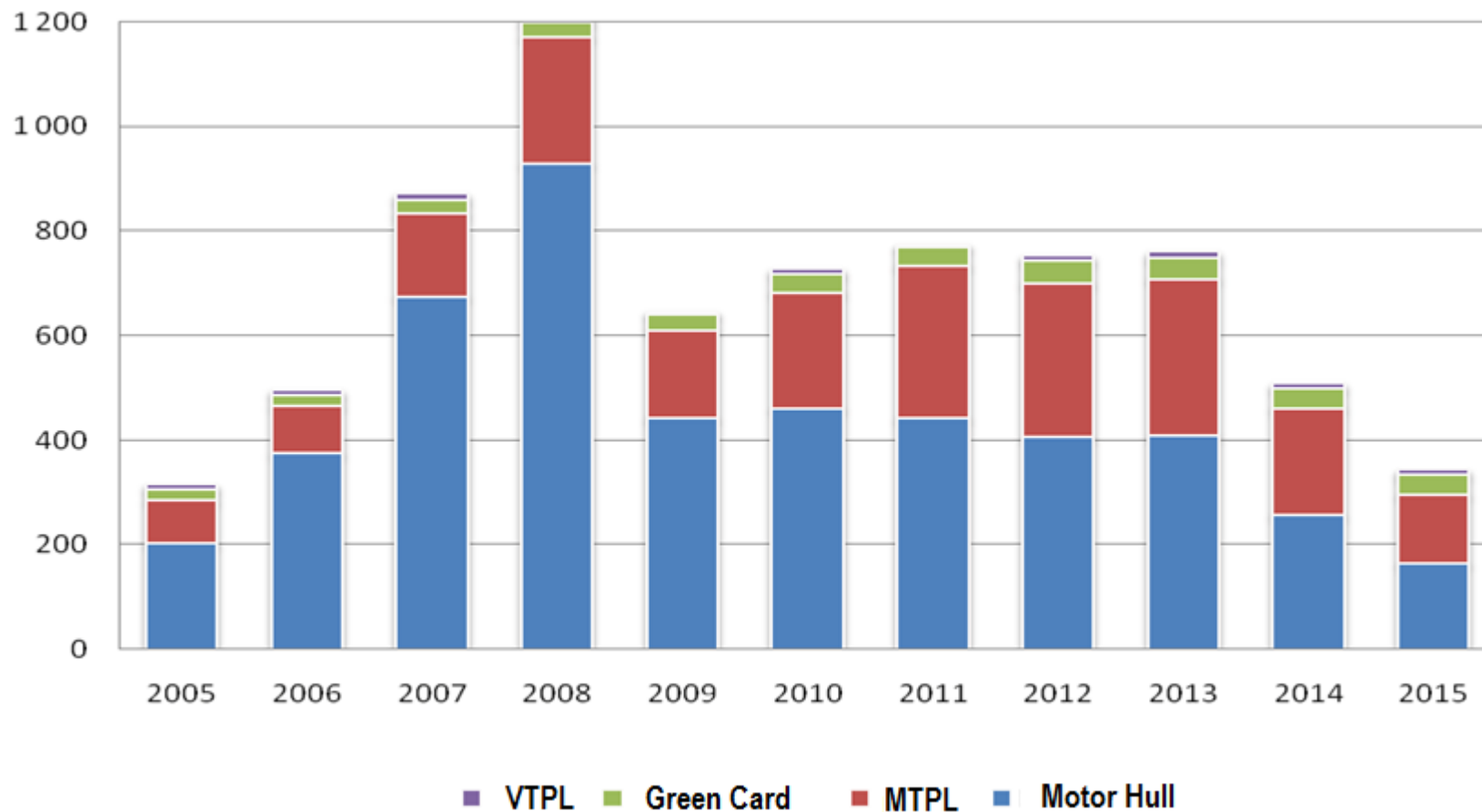
Types of insurance	2006/ 2005	2007/ 2006	2008/ 2007	2009/ 2008	2010/ 2009	2011/ 2010	2012/ 2011	2013/ 2012	2014/ 2013	2015/ 2014
Property insurance	75	110	9	-228	45	136	63	-37	-241	-118
Motor Hull	173	298	255	-486	17	-16	-38	3	-152	-94
MTPL	6	71	83	-76	56	66	6	3	-95	-69
Life insurance	27	66	207	-256	8	55	58	83	-128	-84
Health insurance	20	20	31	-28	9	35	24	15	-48	-42
Insurance of the freight and cargoes	-18	10	27	-84	52	15	3	2	-49	-12
Third party liability	8	11	26	-20	1	22	32	12	-73	1
Accident insurance	15	18	25	-42	7	27	24	29	-70	-33
Green card	0	5	2	1	5	2	5	0	-1	-3
Medical costs insurance	4	7	10	-5	5	9	4	1	-13	-6
Aviation insurance	-3	5	5	-2	2	-3	7	-5	-6	-3
Sickness insurance	3	3	9	-15	1	-2	24	7	-21	-13
VTPL	0	4	0	-6	3	-5	5	2	-3	0
Nuclear insurance	-5	6	2	-1	0	0	0	1	-1	-1
Total	305	634	692	-1 250	211	341	218	115	-901	-475



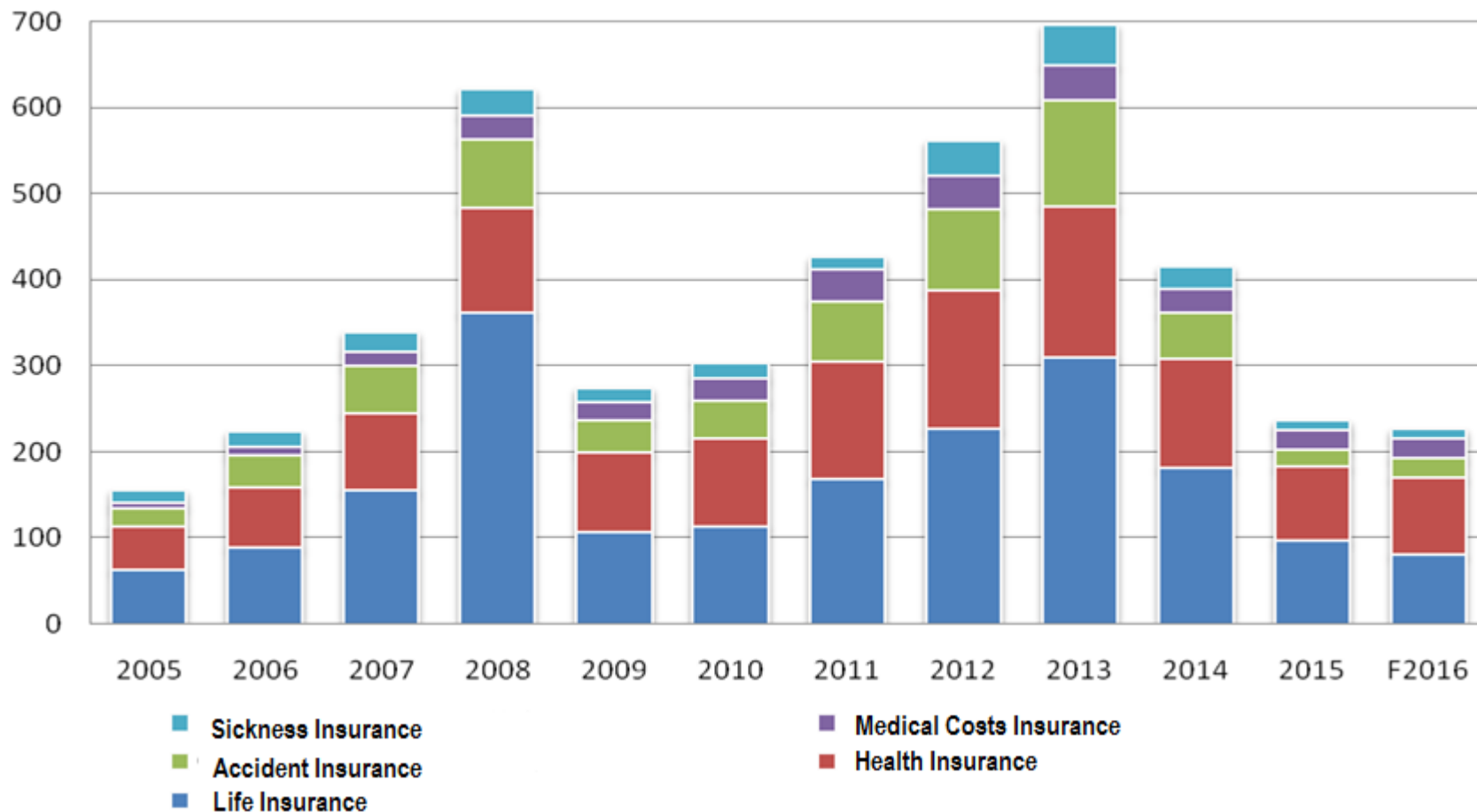
Reinsurance (mln. US dollars)

	2013	2014	2015	Rate of growth	
				2014/ 2013	2015/ 2014
				%	%
Paid for reinsurance, including:					
	8 744,8	9 704,2	9 911,3	11,0	2,1
- Reinsurers - residents	7 110,4	8 173,7	7 381,1	15,0	-9,7
- Reinsurers - non-residents	1 634,4	1 530,5	2 530,2	-6,4	65,3
Payments reimbursed by reinsurers, including:					
	486,7	640,9	1 345,8	31,7	110,0
- Reinsurers - residents	85,2	172,4	497,7	102,3	188,7
- Reinsurers - non-residents	401,5	468,5	848,1	16,7	81,0
Received premiums from reinsurers – non-residents					
	324,0	12,9	38,1	-96,0	195,3
Payments reimbursed to reinsurers – non-residents:					
	27,4	9,9	12,9	-63,9	30,3

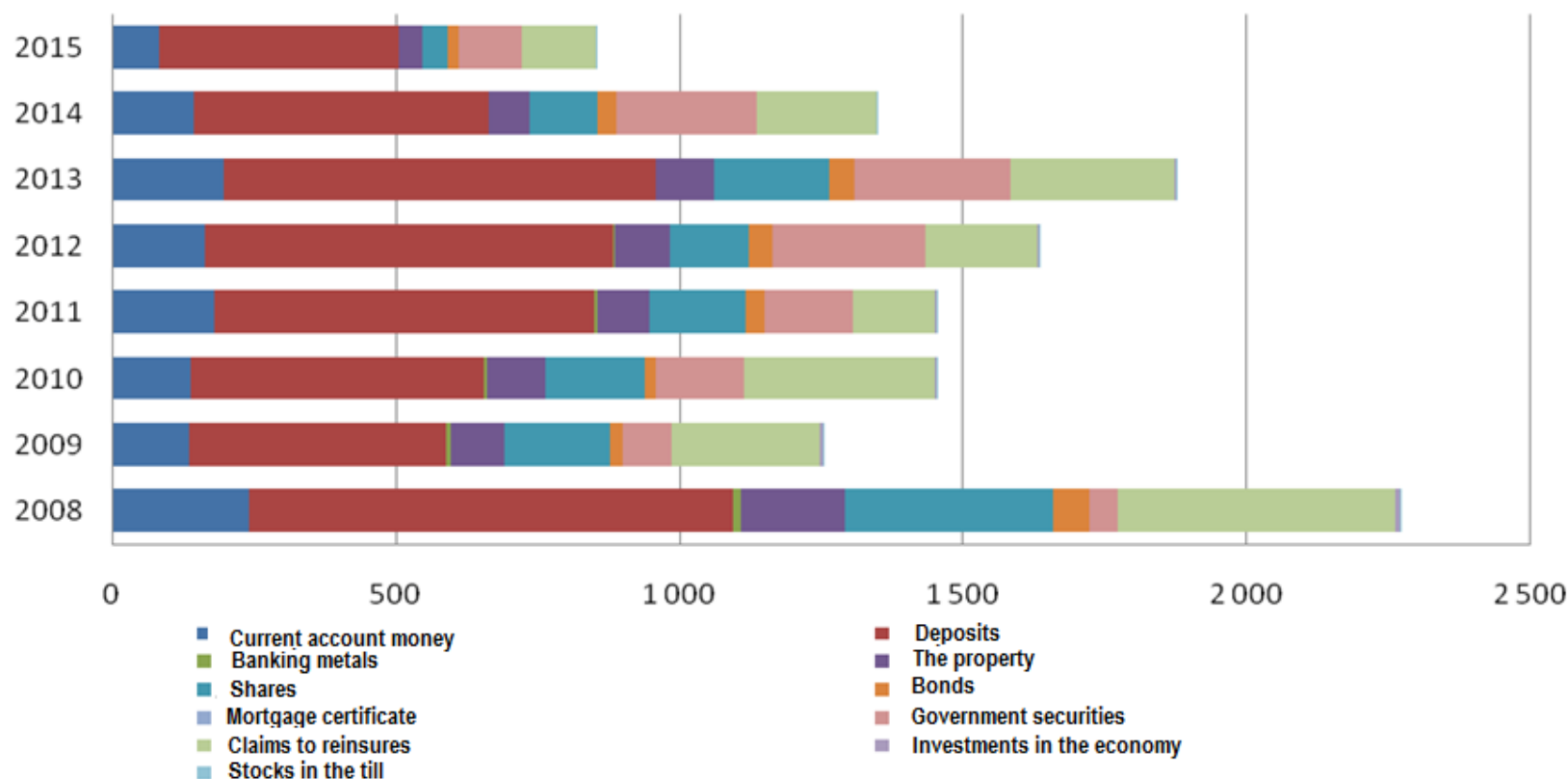
Dynamics of net premiums in motor insurance, 2005-2015 (mln. US dollars)



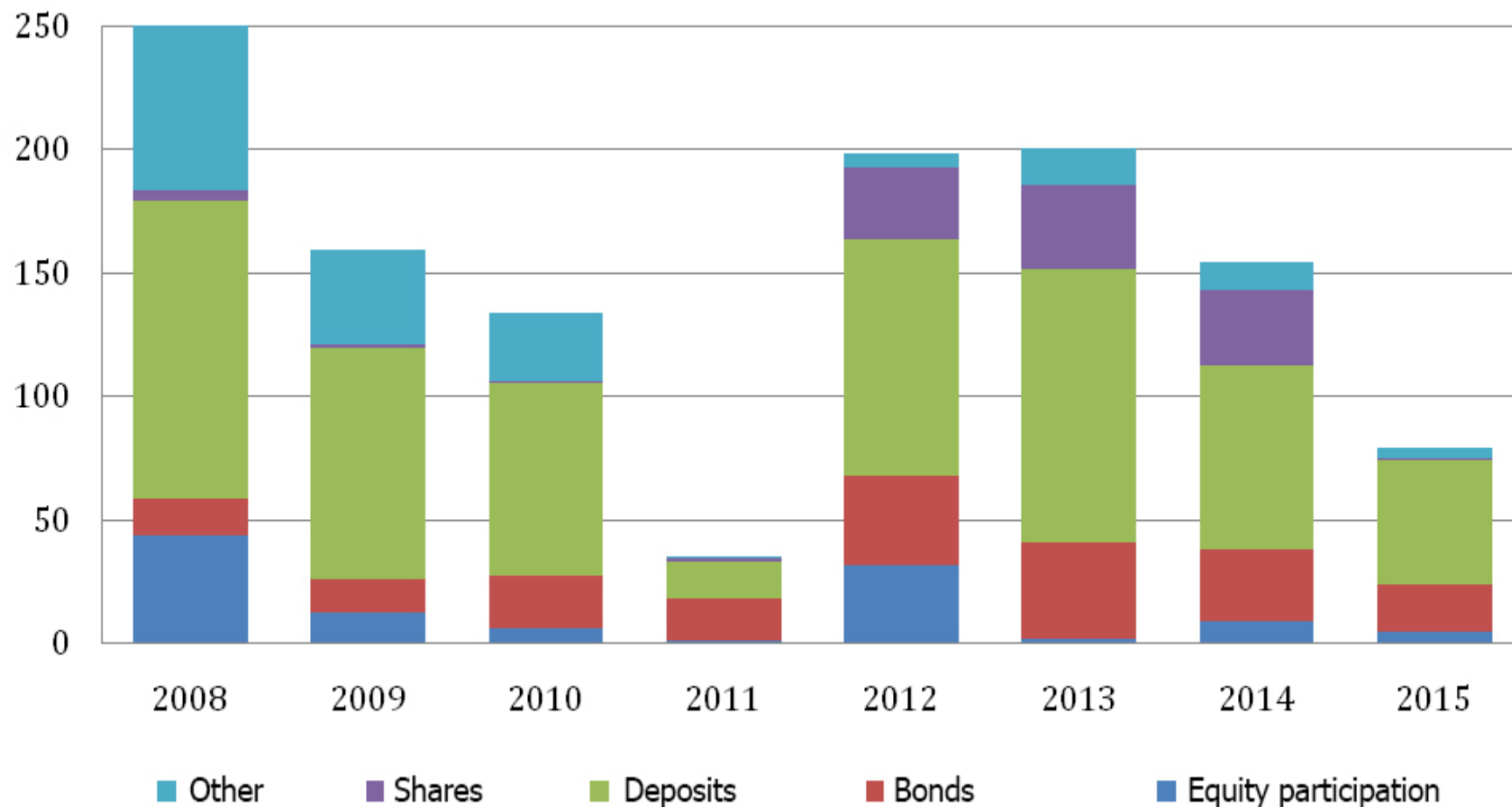
Dynamics of net premiums from insurance of the person, 2005-2015 (mln. US dollars)



Dynamics of eligible assets to cover insurance reserves, 2005-2015 (mln. US dollars)



Investment income, 2008-2015 (mln. US dollars)



The share of foreign capital in the authorized fund of insurers in Ukraine

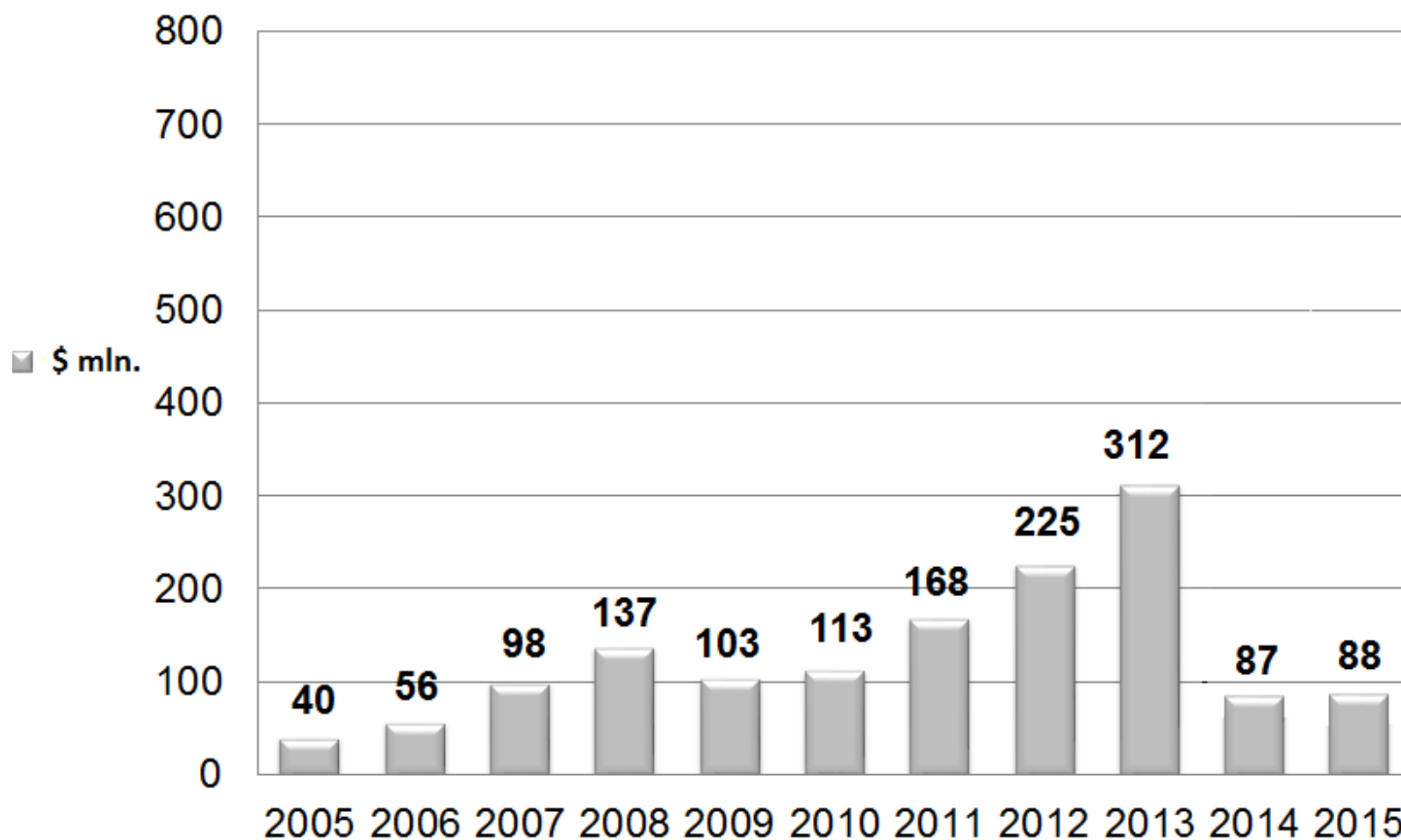


Country	The share of foreign capital in the authorized capital of insurance companies as for 31 December 2015
	%
Austria	10,1%
Cyprus	58.8%
Kazakhstan	5,6%
USA	2,1%
Netherlands	5,8%
France	3,6%
Germany	1,5%
Poland	0,7%
Slovenia	0,7%
Other countries	11,1%
Total	100,0%

As for 31 December 2015 in the insurance market of Ukraine registered 85 insurance companies with foreign capital 192 mln. US dollars (33, 4%)



Life insurance market





Life Insurance Distribution - 2016

**Own network - \$ 25 million, incl.
central offices - 74%
regional offices and agents - 26%.**

**Outsourcing - \$ 200 million, incl.
insurance brokers - 51%
Banks and other lending institutions - 49%**

The main priorities of the insurance market development in Ukraine till 2020



Priorities	Main tasks
The increase in life expectancy of citizens	Ensure participation of insurers in the compulsory health insurance Include payments on voluntary health insurance for enterprise costs
Improving the quality of citizens life	Establish the economic value of human life Strengthen the financial responsibility for the damage caused to life and health
Improving the welfare of citizens	Set compulsory insurance of property of citizens from the elements Strengthen the financial responsibility for poor-quality housing
The acceleration of pension reform	Provide insurers part in the second level of the pension system Cancel payment of the unified social contribution Enter investment insurance Enter a guarantee mechanism
Increasing the export potential	Simplified procedure of buying foreign currency Liberalization of operations inwards reinsurance from non-residents The reduction of export tax of insurance (reinsurance) services



Rule-making work (draft insurance laws)

The key bills registered in Verkhovna Rada of Ukraine (basic):

On insurance (№ 1797-1 from 02 June 2015)

On consolidation the functions from state regulation of financial services markets (№ 2413a from 20 July 2015)

On obligatory civil liability insurance of vehicles owners (new version) (№ 3670 from 17 December 2015)

To resolve the licensing features of financial services (№ 3739 from 29 December 2015)

On amendments to the Tax Code of Ukraine concerning the taxation of insurance and income, related to insurance (№3668 from 17 December 2015)

On amendments to some laws of Ukraine on consumer protection in financial services market (№1652 from 26 December 2014)

On Guarantee Fund insurance payments for life insurance contracts (№0958 from 27 November 2014)



Rule-making work (draft insurance laws)

The key bills projects registered in the Verkhovna Rada of Ukraine (branches):

On Introduction funded system of compulsory state pension insurance (№2767 from 30 April 2015)

On providing large-scale expansion of export Ukrainian producers through insurance, guarantee and export credit reduction (№2142a from 22 June 2015)

On amendments to Some Laws of Ukraine on compulsory insurance of liability for damage caused to life, health of passengers and third parties (№3732 from 28 December 2015)

On railway Transport of Ukraine (№3650 from 14 December 2015)

Consumer Credit (№2455 from 23 March 2015)

On amendments to certain legislative acts of Ukraine regarding the establishment of the State road fund of Ukraine (№2724 from 24 April 2015)

On Amendments to Certain Legislative Acts of Ukraine regarding clinical drug trials (№4036 from 05 February 2016)

On Medicines (№2162 from 17 February 2015)

On pawnshops and Lombard activity (№1800 from 20 January 2015)

National commission for financial services markets regulation of Ukraine rule-making work



Cabinet of Ministers of Ukraine regulation projects that are on agreement:

On approval of the license conditions of the business of providing financial services (except activities in the securities market)

On criteria for assessing the risk of economic activity and is determined frequency of National commission for financial services markets regulation enforcement planned activities of state supervision (control)

Developed projects orders of National commission for financial services markets regulation that are on agreement:

On approval of amendments to the Regulation on the State Register of Financial Institutions

On approval of the required criteria and standards of adequacy, diversification and quality assets of the insurer

On approval of the disclosure of information by financial institutions in a public information database on financial institutions and on the websites of financial institutions and

On confirmation of amendments to the Procedure for approval of the acquisition or increase a qualifying holding in a financial institution

How effective is the Government of Ukraine



- The economy shows growth of the last two quarters to a series in 2015 .: + 0.5% 3 quarter, + 0.9% 4 quarter
- Record the primary surplus of state budget: 3.2% of GDP, 2.0% (state budget)
- Restructuring of foreign national debt: \$ 3 billion reduction in the nominal value, offset payments for 2019
- The accumulation of funds of Cabinet Ministers of Ukraine in foreign currency: \$ 1.7 billion at December 15, against \$ 0.03 billion in February 14
- Increased coverage ratio of external debt to pay for the following 12 months by funds of Cabinet of Ministers of Ukraine in foreign currency: 71% in December 15, versus 1% in February 14

SWOT –The insurance market of Ukraine analysis Strengths



- International market recognition
- Strong positions of insurers associations
- Close work of LIOU with state authorities
- Adopted legislation on insurance market transparency

SWOT – The insurance market of Ukraine analysis Weaknesses



- 1. Insufficient development of legislation relating to the solvency requirements, liquidity and investment reserves**
- 2. Military-political crisis**
- 3. Not sufficiently developed market of intermediaries and the law that governs their activities**
- 4. Fight against corruption**

Insurance market of Ukraine

What is expected in the next 5 years?



- 1. Market attractiveness for foreign investors**
- 2. Market consolidation**
- 3. Approximation of Ukraine legislation to the EU directives**
- 4. The predominance of electronic insurance policies**
- 5. Population income growth and development of life insurance, property and professional liability**



Thank you for attention!

**League of insurance organizations
of Ukraine**

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