

ERGO

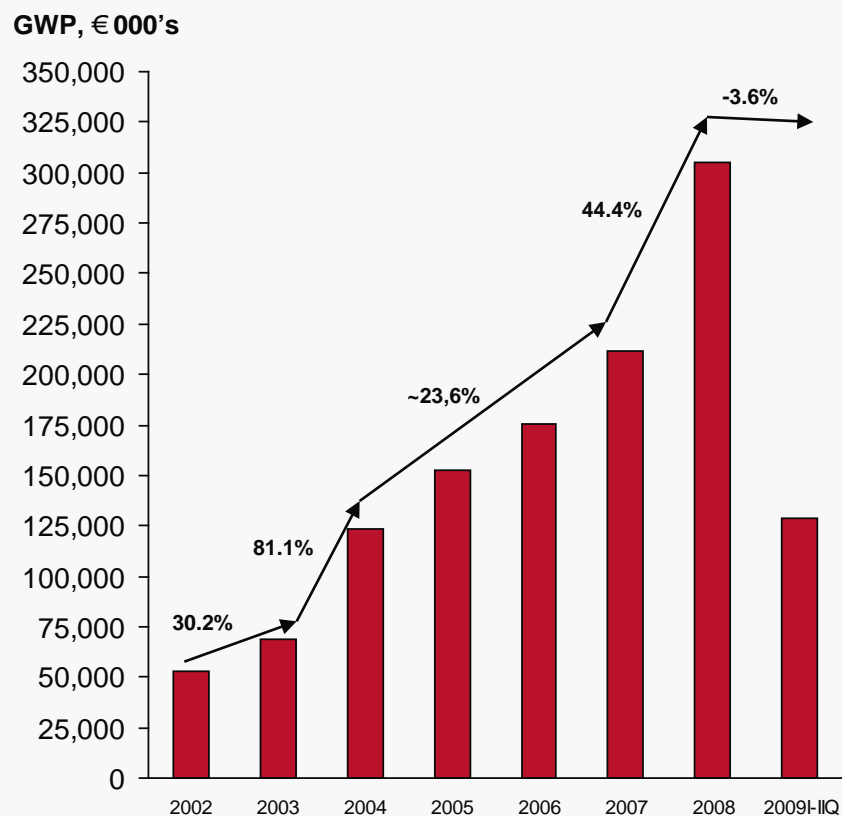
Investment protection products

Seminar “Lithuanian business opportunities in Belarus”
15th of September 2009, Vilnius / LT

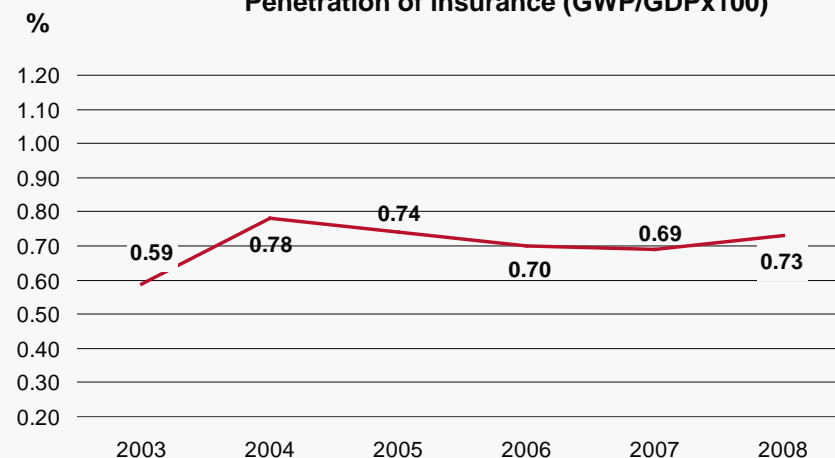
Kirill Yakubovich

- I. Belorussian insurance market
- II. ERGO in Belarus
- III. ERGO's investment protection products
- IV. ERGO valuables

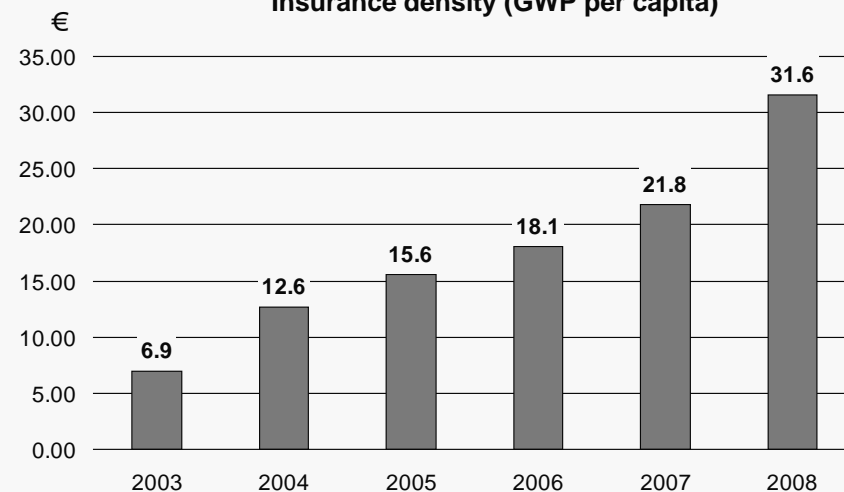
Premium development 2002-2009 I-IQ



Penetration of insurance (GWP/GDPx100)



Insurance density (GWP per capita)



Source:

official internet site of the Ministry of Finance – <http://www.minfin.gov.by>
official internet site of the National Statistic Committee – <http://www.belstat.gov.by>

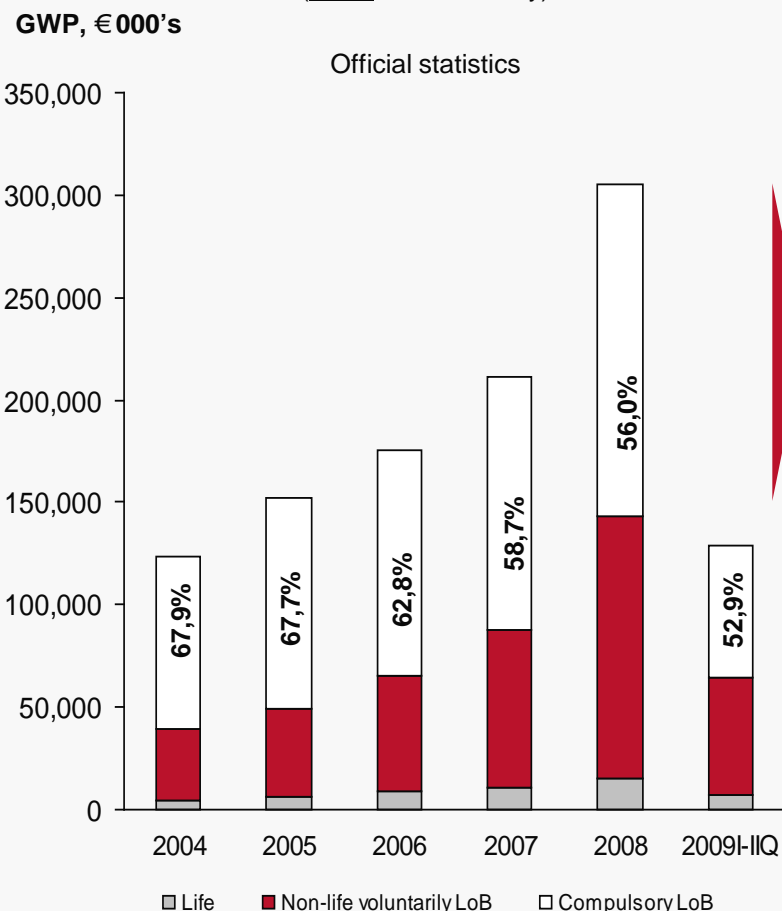
Belorussian insurance market

Characteristics and particularities



Belorussian insurance market

Premium structure and development 2004-2009 I-II Q (direct business only)



- The formation and development of the Belorussian insurance market began in 1993 when the law "Of insurance" came into force.
- In 1994-1995 in Belarus were more than 120 insurance companies. Nowadays there operate **20** P&C insurers, **4** life insurers and **1** state national reinsurer.
- According to the corporate structure 2 P&C insurance companies from 20 are owned by state. Only these 2 insurers are allowed to insure risks in all LoB.
- In 4 of the remaining 18 P&C insurance companies the share of public capital exceeds 50%. These, so called "semi-state insurers", are allowed to insure risks in several compulsory LoB, including national MTPL and "Green card".
- 14 P&C insurance companies are private. These insurers are allowed to insure risks in voluntarily LoB only.
- State supports their companies by law. One legislation is dedicated for public and "semi-state" insurers, other - for private companies.

Private companies 2008, P&C			Public & "semi-state" companies 2008, P&C		
Insurer	GWP, € Thous.	Rank	Insurer	GWP, € Thous.	Rank
B&B insurance co.	26,837.1	1	Belgosstrakh (publ.)	176 272,0	1
Belrosstrakh	5,716.1	2	Belexingarant (publ.)	8 627,6	6
Alvena	3,213.1	3	TASK (s/s)	21 043,3	2
Belvnesstrakh	2,735.7	4	Promtransinvest (s/s)	16 025,7	3
Kupala	2,198.8	5	Belneftestrakh (s/s)	12 089,4	4
Belingostrakh	1,967.2	6	Belkoopstrakh (s/s)	8 721,9	5
Viktoriya	1,454.6	7	TOTAL	242 779,9	
Kentavr	1,339.1	8	Insurance companies 2008, life		
ERGO	802.5	9	Insurer	GWP, € Thous.	Rank
Bagach	429.2	10	Stravita	10,492.4	1
Garantiya	255.3	11	BNSPF	4,181.6	2
Generali	50.3	12	Sed'maya liniya	888.3	3
Benir	26.6	13	Pensionnye garantii	4.0	4
Delta strahovanie	0.0	14	TOTAL	15,566.3	
TOTAL	47,025.6				

Source: <http://www.minfin.gov.by>

SWOT Analysis



Strengths

- Size of the market (about 9.6 million inhabitants)
- Direct neighbour of the enlarged EU
- Developing market offers big profit opportunities for investors
- Successful development (profitable growth) of the insurance market is a strategic goal of the Belorussian economy
- Insurance market has its own traditions
- Relatively small number of market players

Weaknesses

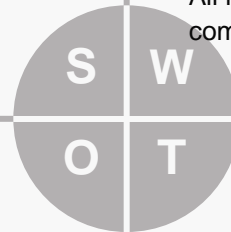
- Only public or so called “semi-state” insurance companies are allowed to insure risks of compulsory LoB (approx. 53% of total business)
- Lack of skilled staff
- Low income diminishes demand for insurance products
- Insurance broker poorly developed
- Double legislation’s standards: one - for public and “semi-state” insurers, other - for private companies
- All insurers are obliged to be reinsured in national reinsurance company

Opportunities

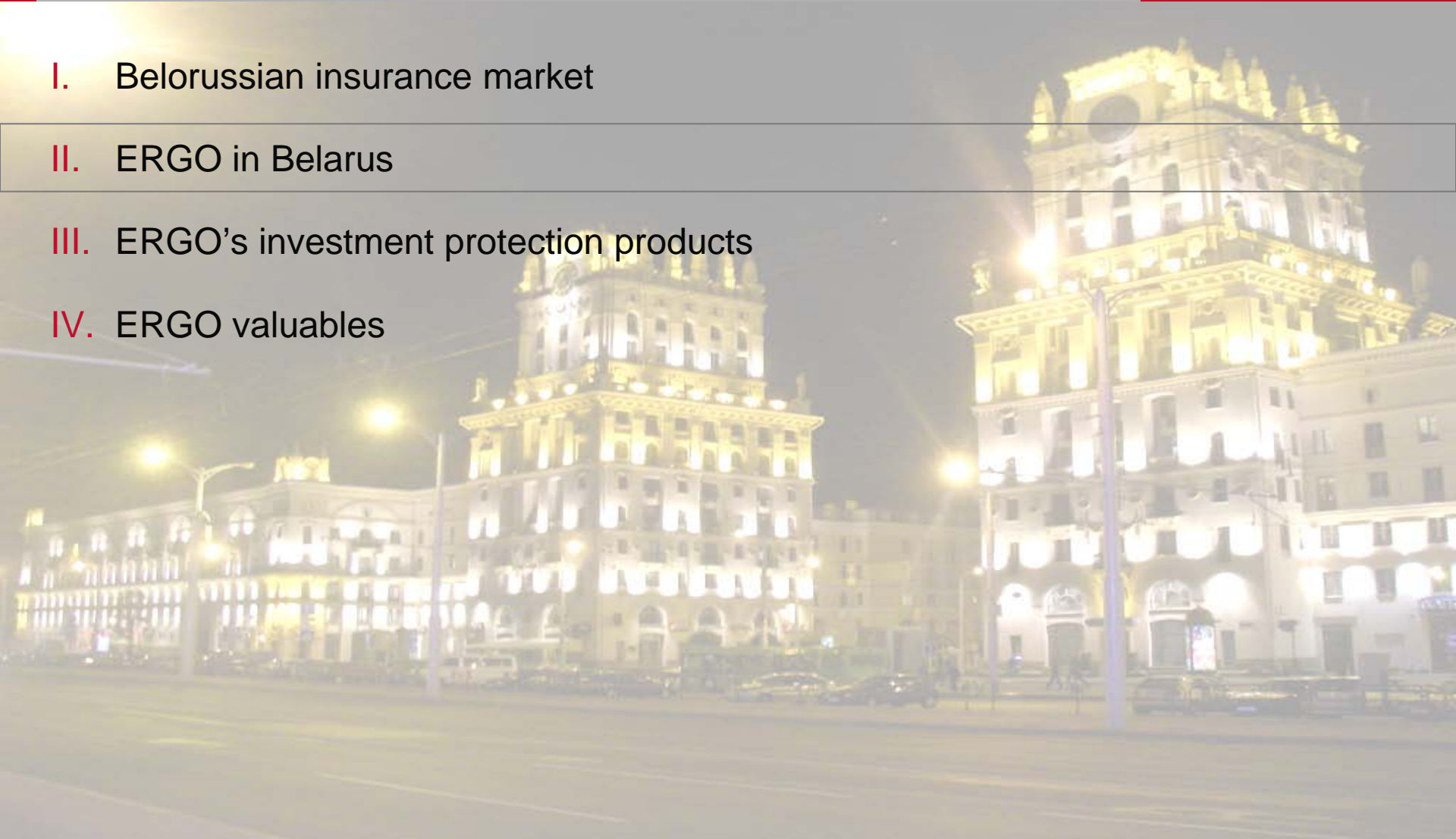
- High-potential region
- Double-digit growth rates in P&C business before the world economy recession
- Low claims ratios in P&C business (approx. 50%)
- Relatively low but steadily growing density of insurance (ca. € 32 per capita in 2008)
- Policy of business (incl. insurance) liberalization initiated by state in 2008
- The state supports the development of local insurance and reinsurance market

Threats

- Political risk / environment
- Price and commission war may be expected
- A possible increase in inflation
- Limited staff capacity / management resources on the market
- Dependence of the Belorussian economy on Russian resources

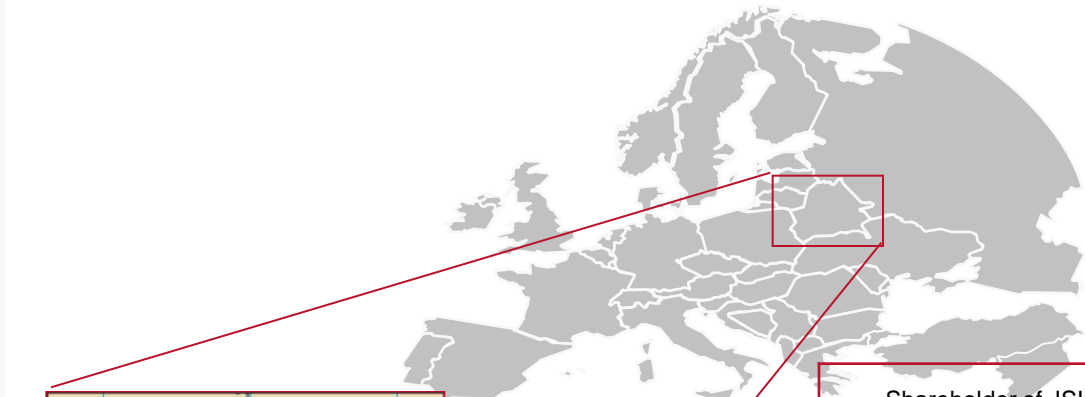


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In 2008 ERGO entered the Belorussian insurance market

Object of ERGO (especially of ERGO Baltic companies) is to have a presence in the Belorussian market, because of the significantly increasing business relationships between the Baltic's and Belarus. Moreover ERGO will be strategically well-positioned on a liberalization of the market.



Focus region Belarus

Shareholder of JSIC "ERGO"	Share
OAo Belmagistralavtotrans / Belarus	20,04 %
OAo ATEP-5 / Belarus	4,98 %
Private persons / Belarus	14,98 %
ERGO International AG / Germany	20,00 %
ERGO Lietuva UADB / Lithuania	20,00 %
ERGO Kindlustuse AS / Estonia	20,00 %
TOTAL	100,00 %

Maximum 35 % interest per shareholder

Uncomplicated increase of the share (without new registry process) possible

Prior business interest of the Baltic ERGO companies is adequately displayed by the shareholder structure

Management mainly through ERGO Baltics (Supervisory Board and Management Board present on site)

Until 2011 share capital will amount to at least 1 Mio. €

- **Share capital:** BYR 2.26 Bn. (about € 808 thous., currency conversion on the day of allocation)*
- **Staff:** 21 employee and more than 100 tied agents
- **GWP:** BYR 4.827,2 Million (about € 1,57 Million): in direct business BYR 2.469,4 Million (about € 802.500,-) with an increase of 127% and indirect business BYR 2.357,8 Million (about € 766.230,-) with an increase of 159%
- **Market position:** 14th (20 participants), 11th according to the profit (7th in Travel medical)
- **Loss ratio (brutto):** 43%
- **Profit:** BYR 693,9 Million (about € 225.500,-)
- **Profit after tax:** BYR 385,7 Million (about € 125.300,-)
- **Premises:** current value about € 750.000,-

* as of 31.07.2009



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III. ERGO's investment protection products

Legal entities' property insurance

You can insure

- buildings, structures
- transmission devices
- mobile and stationary machinery and equipment
- production and goods reserves, ready-made products, goods, production in progress
- sites of major construction works in progress
- other types of main components (parts thereof)

Risks insured

- fire, lightning, explosion, falling of a piloted airborne vehicle, parts or cargo thereof
- natural disasters
- water supply and/or heating system emergencies
- machinery and equipment breakdown (emergency)
- theft, burglary, plunder
- unlawful actions of third parties
- damage caused by water
- road accidents (emergencies)

Main insurance conditions

- An insurance contract may be concluded for a term of one day to one year inclusively. Payments may be made both in Belarusian rubles and in a foreign currency
- The amount of insurance premium is established by ERGO specialists for each individual client and depends on the following:
 - category of the property insured (building, machinery, etc.);
 - conditions of keeping, storage, and maintenance of the property insured;
 - security assurance conditions;
 - number of risks insured.

ERGO compensates

- In case of loss (destruction) of the property insured - **the value of the lost (destroyed) property** as of the date of the insured event less any remaining elements suitable for use
- In case of damage to the property insured - **the costs of restoration** of the damaged property

III. ERGO's investment protection products

Accident insurance for employees

You can insure

- your pecuniary interests with regard to damage to the life and health of your company's employees as a result of an accident

Risks insured

- temporary damage to health as a result of an accident
- permanent damage to health (disability) as a result of an accident
- death as a result of an accident

Main insurance conditions

- The amount of the sum insured is set by agreement of the parties in a foreign currency or in Belarusian rubles
- The amount of insurance premium is established by ERGO specialists for each individual client and depends on the following:
 - amount of the sum insured;
 - profession of the insured person;
 - validity of the insurance policy (during business hours, in everyday life, around the clock);
 - term of the contract
 - availability of insurance contracts concluded earlier.

ERGO disburses

- In case of temporary or permanent damage to health (disability) – **a part or the whole amount** of the sum insured depending on the grade of the damage
- In case of death of the insured person - **the whole amount** of the sum insured

Motor vehicle insurance

You can insure

- cars, cargo and passenger vehicles, trucks, haulers
- buses, minibuses, caravan vehicles
- motorcycles
- tractors, trailers, agricultural vehicles
- special vehicles (fire fighting vehicles, ambulance vehicles), vehicles for special works (ride-on rollers, bulldozers, digger, transporters, loaders, scrapers, graders, asphalt machines, garbage vehicles, etc.)
- trailers and semi-trailers for vehicles
- additional equipment

Risks insured

- road accidents (emergencies)
- vehicle theft
- theft of main joints and parts
- fire, self-ignition or explosion
- unlawful actions of third parties
- natural disasters: earthquakes, lightning, strong wind, hail, heavy rain, heavy snowfall, high water level, rising groundwater, soil subsidence, avalanches, landslides
- damage caused by animals

Main insurance conditions

- The amount of insurance premium is established by ERGO specialists for each individual client and depends on the following:
 - vehicle type;
 - vehicle make and model;
 - territory of use of the vehicle and of validity of the insurance contract ;
 - term of the contract;
 - other factors (year of manufacture, availability of antitheft systems, conditions of storage at night, etc.).

ERGO compensates

- In case of loss (destruction) of the vehicle insured - **the value of the lost (destroyed) vehicle** as of the date of the insured event less any remaining elements suitable for use
- In case of damage to the vehicle insured - **the costs of reparation** of the damaged vehicle

III. ERGO's investment protection products

Cargo insurance

You can insure

- the transported cargo during the period of transportation by any means of transport: transportation by road, air, water, railway, combined transportation

Risks insured

- all types of risks that might lead to damage or complete loss of the entire cargo or a part thereof

Main insurance conditions

- An insurance contract may be concluded both for the term of a single instance of cargo transportation and for transportation of different lots of similar cargo during a certain term (quarter, navigation, year)
- The amount of insurance premium is established by ERGO specialists for each individual client and depends on the following:
 - the amount of the sum insured;
 - type of cargo transportation;
 - geographical area of transportation;
 - goods type of the transported cargo.

ERGO compensates

- In case of damage or loss (destruction) of the goods transported – **the value of the damaged or lost (destroyed) cargo**

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IV. ERGO valuables

Values what ERGO stands for



ERGO valuables



E as **e**xcellence

R as **r**esults

G as **g**roup spirit

O as **o**penness

ВСЕ ВИДЫ СТРАХОВЫХ УСЛУГ

**НАДЕЖНО,
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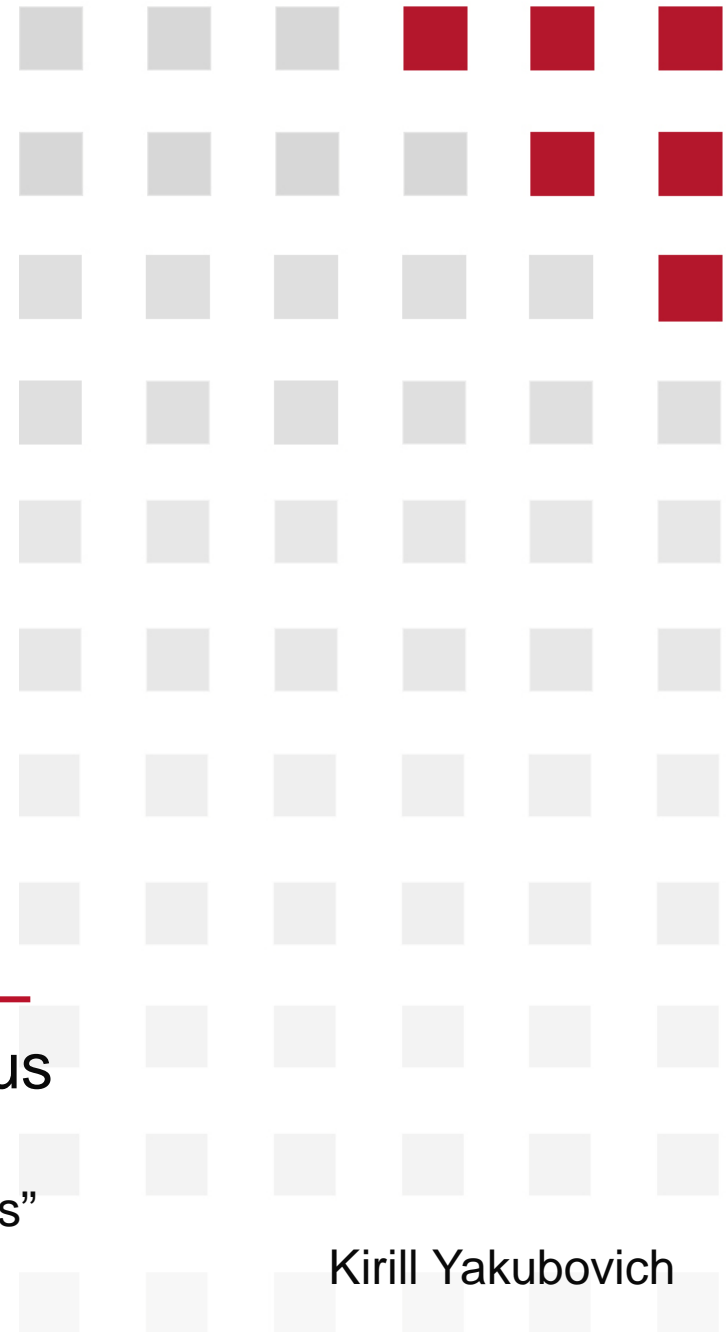
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ERGO

ЗАО «Страховая компания «ЭРГО». УНП 100367422 Министерство финансов Республики Беларусь
Лиц. №02200/0447183 от 26.02.2004 г., продлена 2.02.2009 г. до 26.02.2014 г.



ERGO

Investment protection products in Belarus

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