

Interview with:

# Andrei UNTON

## BELARUS Re, General Manager



**XPRIMM: How would you assess your company's evolution in 2018? Did you have any big claims paid last year?**

**Andrei UNTON:** Last year our company saw a positive development trend, as we achieved all targets set in the business plan. Thus, total GWP in 2018 amounted to BYN 94.4 million, +10.7% y-o-y. The largest shares in BELARUS Re's GWP reinsurance portfolio belong to financial risks (36.56%), property of legal entities (21.25%), civil liability of vehicle owners under Green Card (11.96%) and aviation risks (11.21%).

The main company's indicators also went up. Thus, the charter capital of BELARUS Re in 2018 increased by 10% and amounted to BYN 167.6 million, the equity grew by 6% and reached BYN 179.5 million. Insurance reserves increased by one third and amounted to BYN 90.6 million.

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**BYN 14.4 million**  
claims paid in 2018

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Profitability of financial and economic activity reached 18%. Net income in 2018 was at the level of BYN 15.4 million – based on this BELARUS Re ranks second in the insurance market of the Republic of Belarus after BELGOSSTRAKH.

BELARUS Re fulfills its payment obligations in a timely manner and in full. In 2018, we have paid claims worth BYN 14.4 million, but the claim ratio is low – 15.2% of the total GWP (vs 16.7% in 2017). Retrocessionaires paid BYN 1.5 million. The combined ratio for 2018 reached 30.5%.

Among the major claims paid last year, we can point out:

- » a claim paid in April 2018, in the amount of BYN 0.5 million for an insured event (impact of severe weather), that occurred on 26.10.2017 at the construction site "Terminal for reception, storage and regasification of natural gas in the Kaliningrad region" (insurer GAZPROM Invest, Russia);
- » in June 2018, BELARUS Re paid a part of the insurance indemnity in the amount of BYN 0.3 million for an event (explosion and fire), that occurred on 16.07.2016 on the territory of "Hydrocracking" complex at the Ufaneftekhim refinery (insurer – the branch of ANK Bashneft, Bashneft-Ufaneftekhim);

» in December 2018, BELARUS Re paid BYN 1.5 million of reinsurance indemnity under voluntary liability insurance for non-fulfillment (improper fulfillment) of the bond issuers' obligations upon a failure of the insurer TAMBAZ to comply with obligations to pay (transfer living premises in a residential building) based on called bonds.

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## **BYN 94.4 million**

gross premiums written in 2018

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**XPRIMM: What are, in your opinion, the most important trends seen in the market last year? Will they continue to affect the market this year?**

**A.U.:** The key trends of 2018 were the continuous market growth, the increasing financial potential of insurance organizations and the increasing investments. Voluntary insurance types fueled the rapid development of the market.

In 2018 GWP of insurance organizations under direct insurance and co-insurance amounted to BYN 1 203.3 million. The growth rate of GWP in 2018 reached 12.4% y-o-y.

The main growth drivers were some voluntary insurance types, such as life insurance, health insurance and property of legal entities. The GWP growth rate of these voluntary insurance types in 2018 amounted to 26%, 27.7% and 26.6% y-o-y respectively. We believe that this trend will continue in 2019.

This year Belarus Re will keep working on expanding its international footprint. The volume of reinsurance GWP from foreign cedents in 2018 reached BYN 15.5 million or 16.4% of the total company's GWP. At that, the growth rate of international business amounted to 27.7% y-o-y.

**XPRIMM: How much does the current year differ from 2018 in terms of the number of renewed contracts, conditions and risks?**

**A.U.:** According to the 2018 results, BELARUS Re concluded 13,055 reinsurance contracts under 54 insurance types, which is 46 contracts more than in 2017. At renewal of contracts in 2019 we had no significant changes in their number, conditions or rates.

XPRIMM: How would you describe your current cooperation with the Russian and CIS markets? What further prospects would you name in this regard?

A.U. CIS companies are traditionally the main partners of BELARUS Re. They provide a significant share of inward reinsurance business for our organization, as well as reinsurance capacity for

large Belarusian projects, requiring retrocession coverage from abroad. We should separately note Russian companies here, their GWP share in our total foreign business in 2018 amounting to about 70%.

In 2019 the company will continue to diversify its insurance portfolio also in geographical terms, based on the intensified cooperation with foreign insurance organizations.

In terms of GWP volume, the geographical distribution of risks for our state organization in 2018 is as follows: the share of reinsurance GWP from insurance organizations of the Republic of Belarus amounted to 79.66%, from the Russian Federation – 14.72%, from Germany – 2.31%, from India – 0.38%, from other countries – 2.93%.

**XPRIMM: What are your business expectations for 2019?**

**A.U.** The company's development in 2019 will not undergo significant changes and will be aimed at unconditional achievement of targets, as established in the business plan. To achieve these targets, we are working on the national market by participating in implementation of larger investment projects. Thus, in order to organize the system of insurance and reinsurance of property interests of the Republican Unitary Enterprise "Belarusian Atomic Power Station" and its operation, as well as to accept risks for reinsurance from foreign nuclear insurance pools, on February 27, 2019 an agreement on the Belarusian nuclear insurance pool was signed. In April-May 2019, it is planned to sign an insurance contract on civil liability for nuclear damage of the Belarusian Atomic Power Station.

Development of mutually beneficial cooperation with foreign partners and expansion of the reinsurance services geography remain our key developmental pathways.

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## **+10.7%**

2018 GWP's growth rate

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In its work BELARUS Re, as before, will adhere to the principle of transparency by providing full financial information about its activities, including IFRS format, as well as information on its financial strength rating, and by placing the above-mentioned information on the website of our company.

\*EUR 1 = BYN 2,4734 (31.12.2018)

