



# Andrei Unton

## Belarus Re General Director



**XPRIMM: How would you rate the company results for 2019? What major financial changes would you note, if compared with 2018?**

**Andrei Unton:** In 2019, the company kept its positive dynamics, formed in previous years. Belarus Re is developing steadily, all targets of the business plan had been achieved.

Last year, the company's development opportunities expanded thanks to obtaining a license for voluntary insurance of civil liability for nuclear damage, arising from the use of nuclear energy and comprehensive insurance of risks, related to operations of the Belarusian nuclear power station. In August 2019, based on the co-insurance mechanism, the Belarusian Nuclear Insurance Pool, which has Belarus Re among its participants, signed the first voluntary civil liability insurance contract for nuclear damage arising from the use of nuclear energy. Thus, Belarus Re for the first time acted as a direct insurer. Significant changes were recorded in the insurance portfolio structure due to the international business growth. The share of exported financial services in the portfolio of Belarus Re increased from 16.38 % (BYN 15.5 million) in 2018 to 26.25 % (BYN 25.0 million) in 2019. We believe this change will positively affect the company's financial stability thanks to the insurance portfolio diversification.

Reliable reinsurance and retrocession protection was provided in relation to a number of large projects implemented on the territory of the Republic of Belarus, including the construction of a multifunctional complex in Minsk within the area of the streets Filimonova- ave. Nezavisimosti – Makaenka (insured – Gazprom transgaz Belarus OJSC), the organization of high-tech full-cycle agro-industrial production in the Minsk region (insured - CITIC Construction), the construction of a photovoltaic power station for production of electric energy in the Mogilev region (insured - POWER CHINA GUIZHOU ENGINEERING).

**XPRIMM: What were the largest claims paid by the company last year, and how did they affect the full year results?**

**A.U.:** Belarus Re confirmed the status of a reliable reinsurer by paying for several large claims:

- ▶▶ Beleximgarant for credit risk related to the loan to the Bank of development of the Republic of Belarus (borrower - Banco de Cuba), due to the lack of permission from the Central Bank of Cuba for the borrower to make payments, a share of reinsurance recovery in the amount of EUR 2.9 million was paid;
- ▶▶ Beleximgarant and Belgosstrakh – for voluntary liability insurance for non-performance (improper performance) of the obligations of the bond issuer of TAMBAZ upon the fact the

insured failed in fulfilling its obligations for payouts (transfer of premises in the residential building) under the bonds submitted for redemption BYN 5.3 million were paid;

» Independent Insurance Group (insurance broker – RT-Insurance) – on cargo insurance for an event that took place between 27.12.2017 and 08.01.2018 with Nikifor Begichev vessel (as a result of a severe storm, the cargo moved and was damaged in the hold of the vessel) RUB 79.1 million were paid;

» Ingosstrakh (broker – AFM Insurance Brokers LLC) on space risk insurance in connection with the loss of two space satellites in orbit, the company paid reinsurance recovery in the amount of RUB 46.5 million;

» Belgosstrakh - on property insurance for an event that took place on 22.02.2019 in Ukraine (as a result of a fire, the Lintec CSD asphalt mixing plant, owned by the Road construction trust #1 of Vitebsk, was damaged) paid BYN 0.8 million;

» SOGAZ (broker – Insurance broker Willis CIS, LLC) on property insurance for an event that took place on 01.10.2017 at the Yakutsk state district power station (as a result of an explosion and fire in the block of gas valves, the property of the power station was damaged), the company paid RUB 25.5 million.

All the above paid claims did not significantly affect the combined ratio, which amounted to 60% - much lower than the average market level.

**XPRIMM: What features of the contract renewal this year would you underline? Did you witness any big changes in the structure of risks and conditions?**

**A.U.:** Contract renewal in 2019 was done without any big changes in terms of the total numbers and conditions, largely because the level of paid claims in total market GWP remained the same and rather low (51.4%). Still, price dumping is the main competition tool on the insurance market of Belarus.

At the same time, an opposite trend is observed on the international insurance market – growing rates for all insurance types, especially for aviation and space risks. Thus, the rates for aviation risks increased by 20% and more than twice – for space risks.

**XPRIMM: How did your cooperation with the Russian and CIS markets develop in 2019? Did the company have any noticeable “novelties” in its activities on the international market and what perspectives in this regard would you emphasize for 2020?**

**A.U.:** As noted above, in 2019, the volume of the international business in the portfolio of Belarus Re sharply increased (to 26%).

Yet, the key partners of Belarus Re are still companies from the Russian Federation, accounting for 59% of inward GWP. It's worth noting that the GWP from this region in 2019 increased by 38% y-o-y.

The creation of the Belarusian Nuclear Insurance Pool made it possible to significantly intensify interaction with the international system of nuclear pools. To date, cooperation agreements with 13 foreign insurance pools have been concluded, which allows the Belarusian Nuclear Insurance Pool to participate in reinsurance of foreign nuclear risks. From November 2019 to the present, four proposals for reinsurance of nuclear plants have been received from Canada, Hungary and UAE.

One of the key company's activities is still the development of cooperation with foreign partners, as well as expansion of the “geography” of its reinsurance services. We expect expansion of cooperation with companies from the Russian Federation, Europe, Asia, Africa and Latin America. An increase in the export of financial services is planned on the markets of the Middle East, North Africa, India and China, as well as participation in the reinsurance programs of the Federation of African-Asian insurers and reinsurers (Federation of Afro-Asian Insurers & Reinsurers (F.A.I.R.)).

**XPRIMM: What are your expectations for 2020 in terms of volume and risks, considering the ongoing global events and trends?**

**A.U.:** We expect 2020 to be a rather difficult year, taking into account the instability of the global economy, which is caused by the well-known factors such as coronavirus and turbulence on the energy market. In addition, the reinsurance industry keeps attempting to restore financial performance by more strict reinsurance conditions and increasing its cost.

At that, it is important to realize that the vast majority of policyholders in 2020 will be in a difficult economic situation, which is likely to adversely affect the demand for insurance and reinsurance in full.

\*EUR 1 = BYN 2,3524 (31.12.2019)