

RUSSIAN INSURANCE MARKET

Structure of the insurance market and expectations in its development

1. 1532 insurance companies were registered in Russia as of January 1, 2000. For the past two years the number of insurance organizations decreased by more than 800, and that was caused by strengthening of the control by the insurance supervisory body for the observance of the requirements of the Russian insurance legislation, and also by cessation of activities by many small and medium companies who left the market, competition between the insurers becoming more fierce.
2. Evident changes were marked in capitalization of Russian insurers. The aggregate charter capital of insurance organizations reached the level of 9.6 billion rubles, that is more than 390 million USD. While in 1997 the share of insurance companies with charter capital less than 600 000 (approximately 100 thousand USD) rubles was about 70% of the total number of companies, their share dropped to 30% at the end of 1999.
3. Before the year 2000, according to the requirements set by the Law the paid-authorized capital formed by monetary assets of the companies registered earlier should be raised: for the insurance organizations carrying on non-life insurance – up to 25 000 minimum wages (according to current valuation – 2.087 million rubles), for insurance organizations engaged in life insurance – up to 35000 mw (2.921 million rubles respectively) and for professional reinsurers – up to 50000 mw (4.174 million rubles respectively). Many insurers in Russia have the right to carry on simultaneously both life insurance as well as other classes of insurance that is why the minimum amount of authorized capital should be no less than 2.92 million rubles which is equivalent to 108.1 thousand USD as at 1st January 2000.
4. 57 new insurance organizations were registered during 1999 (or 3,7 % of the total number of registered companies), and the licenses of 500 insurers were stopped or withdrawn (32.6% respectively). The number of insurance brokers exceeded 620 increasing by 81 or more than 13%. The Russian legislation does not prevent from the participation of foreign insurance brokers in establishing their affiliates and offices in the territory of the Russian Federation, nevertheless limiting their intermediary activities by the allocation of insurance risks only with the Russian insurers and reinsurance with the foreign reinsurance companies.
5. One of the important events that may significantly influence the development of insurance in Russia has become the adoption in November 1999 of the amendments to the Law of the Russian Federation “*On the organization of insurance business in the Russian Federation*” which change the conditions of establishment and the operations of foreign insurers on the Russian insurance market. New regulation fills a considerable gap in the insurance legislation and assigns a definite procedure for the emergence of affiliated companies of foreign insurers in Russia. The adoption of such a regulation makes it possible to form a balanced basis for the future integration of the Russian insurance market into the global market.
6. First of all the limitations earlier in force related to the share of foreign participation in the equity of insurance organizations in the size no more than 49% were liquidated. Such an approach is followed due to fulfillment of Russia’s obligations on *Agreement on partnership and cooperation between the Russian Federation and the European Union (PCA)* signed in 1994.

7. Alongside the quantitative share of 15% is set for the foreign equity in the indicator for the consolidated authorized capital of insurance organizations registered in Russia. In case of exceeding 15% barrier, the issuing of licenses for insurance companies which have non-resident share in charter capital more than 49% would stop. For the rest of the companies this limitation is not valid. Thus, the maximum limited share of foreign capital may be 57%.

8. As at the 1st of January 2000 this index is about 4%, and this gives wide opportunities for the further growth of investments in the Russian insurance market. At the same time the law toughened the requirements for the foreign investors using funds to create affiliated companies or participate in the equity of operating insurance undertakings: no less than 15 year activity in the home country and no less than two years operating in the insurance activities of undertakings established in the territory of the Russian Federation. Besides the increased requirements are set to the size of authorized capital of the affiliated companies of foreign insurers: 250000 minimum wages for insurance undertakings and 300000 minimum wages for professional reinsurers that is correspondingly 780000 USD and 936700 USD. Such requirements will allow avoiding the emergence of financially unstable foreign companies on the Russian insurance market those who do not possess stable and long-term reputation on the national insurance market.

9. Additional legislative limitations are set at the stage of operations of affiliated companies of foreign insurers. If the share of foreign participation in a newly established companies in the territory of Russia exceeds 49% in the authorised capital than such undertakings have no right to carry on life insurance activities, compulsory insurance, compulsory state insurance, property insurance related to the deliveries to the state and implementation of contraction works for the state needs, and besides the property insurance of state and municipal organisations.

10. Alongside the legislator fixed the status-quo of those insurers with foreign participation who received the state licences to carry on insurance operations prior to the moment the legislative innovations were introduced, having set that their right to carry on insurance operations in the territory of Russia is still immutable.

11. 60 companies with foreign participation are registered, their number diminished by 10 during the last year, and the share in the total number of Russian insurers is 4 percent. Largest international insurance companies such as AIG, ALLIANZ, ZURICH GROUP, COLOGNE and others represent foreign insurers. The consolidated share of insurers with foreign participation in the total volume of the insurance premium collected in voluntary insurance is a bit more than 10.8 % and about 10 percent in life insurance.

12. The number of professional reinsurers in Russia practically did not change during the last years and is equal to 26. The share of Russian reinsurers in the total volume of insurance premium collected in voluntary insurance other than life insurance is about 4% and 4.6 percent in payments made.

Development of insurance operations

13. The total volume of premium collected by Russian insurance organisations is 96.6 billion rubles, that is more than a two times growth (2.3times) which corresponds to 2.16% of GNP.

14. The amount of insurance premium per capita in the Russian Federation was on the whole equal to 663 rubles or 27 USD (according to exchange rate set by the Central Bank of Russia as at 01.01.2000) that is still less than equivalent indicator reached in 1997 - 49 USD.

15. Voluntary insurance developed with advanced rates of growth, premium in different lines of voluntary insurance increased 2.7 times. The share of insurance premium in voluntary insurance continued to grow in 1999 having reached 77.3 % of the total volume of insurance premium.

16. A serious reason restraining the development of property insurance in Russia is the limitation in force in the size of 1 percent of the prime cost of goods manufacturing, works and services to the stipulated by legislation the permitted level of expenditures for the insurance of property interests of the economic operators. Thus a problem of insufficient insurance of industrial enterprises arises, leads to-provokes low rates on the insurance market, and distorts the real demand of the society in the insurance protection. Amendments to the legislation envisaged by the draft of the *Civil Code of the Russian Federation* should drastically influence the formation of solvent demand for property insurance and the liability insurance in industry, trade, agriculture and other industries of the economy.

17. The increase in the rates and volume of insurance premium is achieved thanks to the advanced growth of property insurance (the rate of growth in 1999 was 3,1 times greater in comparison with 1998), liability insurance (rates of growth accordingly 3,15 times) and life insurance (accordingly - 2,64 times). As the result the share of property insurance including the liability insurance in the total insurance premium collected by the Russian insurance market was 31,7% having risen by 7.8 points in comparison with 1998 and 4,6 points in comparison with 1997.

18. The concentration in non-life insurance business is rather high. 100 largest insurers collected 82.2% of the total volume of insurance premium. This indicator has increased significantly during the last year - by 12 points. The share of 10 largest insurers is 43.8% that is 9.3 points higher than in 1998. The positions of the leaders in the property insurance, among them are SOGAZ, LUKOIL, INGOSSTRAKH, ROSNO, INTERROS-SOGLASIYE, RESO-GARANTIYA, ENERGOGARANT have strengthened even greatly. But the competition among the leading property insurers is to an ultimate extent fierce thus affecting the decrease of insurance tariffs. According to valuations made by experts the rates of insurance premiums have lowered by 5-10% in most types of insurance.

19. Life insurance is still the leader in the insurance offered by the Russian insurers. Its share is more than 36% of the total volume of premium with the 2,8 times growth for the period of 1999. The share of operations in life insurance has significantly increased in comparison with 1998 – almost by 10 points. Insurance payments in life insurance are 89% percent to the premium collected. The insurers managed to overcome negative tendencies of 1998 caused by the sharp growth in the cases of pre-term cancellation of insurance contracts that led to a dramatic growth in insurance payments, the level of which exceeded the premium by 6 points in life insurance operations on the whole in the insurance market.

20. As earlier the main demand for the insurance in life insurance is determined by the interest of corporations in the Group Life Insurance of the personnel. The leaders of the Russian insurance market offer insurance products that successfully unite the insurance and the savings element of their client's interests taking into account the requirements of the insurance and taxation legislation in force, including the long-term annuity, накопительное life insurance using the means of both employees and the employers. The lack of legislative incentives permitting to make the full use of corporate means to protect the property interests of the employees in connection with the cessation of active labor activities does not yet allow to sell long term products in pension insurance. Nevertheless this problem is in the focus of the insurance community and there is certain basis to suppose that the initiatives of the insurers will be supported at the level of lawmakers.

21. The concentration in the life insurance area is much higher than in other classes of insurance. 100 largest insurers collected 97% of the premium, and first 10 companies collected 66% of the insurance premium. During this year the process of concentration went on and the aforementioned level similarly to

property insurance increased almost by 10 points. PROMEYSHLENNO-STRAKHOVAYA KOMPANIYA, SPASSKIYE VOROTA GROUP, EAST-EUROPEAN INSURANCE AGENCY and INKORSTRAKH are among the permanent leaders in this area of insurance forming 10 top companies.

22. Formation of the Russian reinsurance market takes place in conditions of competition between the national reinsurance companies and the international brokers and reinsurers. That is why, data related to the development of insurance operations of the professional Russian reinsurers do not reflect the real scope of reinsurance. It is obvious that the necessity in the international reinsurance is extremely high taking into account rather low capitalization of the Russian insurance and reinsurance markets. Offices of the largest international reinsurers such as MUNICH RE, SWISS RE, "GENERAL AND COLOGNE RE", SCOR and international brokers are registered in the Russian insurance market.

Regional Aspects of Russian Insurance Market Development

23. The insurers registered in Moscow have a decisive impact on the development of Russian insurance market. Their share of a total collected insurance premium is equal to more than 63%, although the number of registered Moscow insurance companies is a little bit more than one quarter of a total number. To a great extent it is explained by the fact that the biggest Moscow insurance companies have a well-developed branch network (up to 60-70 branches working practically in all regions of the country). Besides, they use a widely spread structures of insurance agents and representatives in the biggest cities and districts of Russia.

24. Such a wide representation in all the regions of the country allows them to provide a high level of insurance protection of the population, using modern technologies and supplying new insurance products.

25. The remarkable role in the insurance market is played by the insurers of Tumen District (6.4% of the total premium), City of St-Petersburg (3.3%), Samara District (2.4%), Moscow District (2.1%), Kemerovo District (1.7%) and some others.

26. The role of the regional insurers in underwriting compulsory medical insurance is especially great. Their share in this type of insurance is equal to more than 70% of a total volume of insurance operations.

27. In 1999 the development of Russian insurance market took place in not simple conditions of overcoming consequences of financial and economic crisis, absence of real economic stimulus of insurance development, low level of paid demand for insurance services from population and business. Nevertheless, Russian insurance companies have not only overcome results of financial avalanche and prevented from mass bankrupts of insurance companies, but they have achieved substantial quality changes in attitude of citizens and leaders of enterprises towards better understanding the role of insurance in property protection and solvency of national insurance companies.

Expected Development of Insurance Market

28. The analysis of the current state and of the most important tendencies of national insurance system bears witness about possible qualitative increasing role of the insurance in the social-economic system of Russia, under the conditions of preserving economic principals of insurance market construction and widening sphere and higher level of state regulation.

29. It is expected that the basic indexes of Russian insurance system, in their real interpretation, will increase by 2-3 times in the middle time perspective. The share of a total insurance premium in GNP will increase up to 11%, that is in absolute figures is equal to 10-15 billion US dollars, and stable growth tendency will continue.

30. The number of insurance companies is to be 700-900 organizations. The share of the Moscow District insurers will fall down up to 40% of the total insurance premium. There is a tendency of establishing relatively big interregional insurance organizations. It is expected gradual increase in the foreign capital market share up to 12-14%.

31. Long-term life insurance is being developed, including pension insurance as well as voluntary medical insurance and some other types of insurance, which become an important element of social protection.

32. No less important element of the Russian social-economic system is mechanism of compulsory insurance. A number of new lines in industrial insurance are being introduced, especially in financial risks insurance.

33. In the structure of risks distribution there is seems to be stable a tendency of decreasing share of risks which are not covered by insurance protection. In turn it will result in decreasing budget burden, connected with the necessity of overcoming catastrophe consequences, natural disasters and other events resulted in substantial property damage and necessity of social support for the population.

The practice of market regulation and control

34. In accordance with the Law of the Russian Federation “*On organisation of insurance business in the Russian Federation*” (Federal Law of 31.12.97 № 157-FL) the duties of regulating the insurance market and control over its participants are placed on the federal executive body to supervise insurance activities and its regional inspections (before 1996 – Federal Service of Russian Federation on Supervision of Insurance Activities). At present these functions are entrusted to the Ministry of Finance which has the Department of Insurance Supervision in its structure.

35. The functions to regulate the activities of the players in the insurance market are to set:

- order of licensing of the insurers;
- conditions, principles of insurance and reinsurance;
- rates policy, size and structure of tariffs in compulsory lines of insurance;
- standards related to the solvency of insurers;
- requirement referring to formation, localisation and usage of insurance reserves;
- maximum volume of insurance liabilities which the insurer leaves without reinsurance;
- the rules and conditions of setting and submitting accountancy, and statistical returns, the returns submitted by the insurers in the supervisory order, the order of reflecting the transactions in the accounts.

36. The federal executive body to supervise insurance activities works out normative and methodological documents on the insurance activities issues, generalises the insurance activities practice; works out and submits proposals concerning the development and improvement of the legislation of the Russian Federation on insurance takes part in the elaboration of Federal laws related to insurance.

37. The main areas of the control over the activities of insurers are:

- To exercise preliminary control while licensing the insurance activities in the territory of the Russian Federation, the issuance of preliminary approval to raise the authorised capital with the help of means of foreign investors and/or their affiliates, making deals with the participation of foreign investors on the alienation of shares in the authorized capital of insurance undertakings and besides the establishment of branches by insurance undertakings with foreign participation.
- To carry the current control by analysing the financial position of insurers, conducting the *United State Register of insurers and insurance brokers*, control over validity of insurance tariffs, and over insurance reserving and the placement of reserves, analysis of the stipulated returns submitted by the insurers.

38. In order to carry on its control functions the supervisory authorities have the right to:

- receive the reporting on the insurance activities, information on insurer's financial situation, to obtain from enterprises, institutions and organisations, including banks as well as from citizens, the information related to insurance operations;
- to carry out checks to verify how insurers comply with the requirements of the legislation of the Russian Federation , and to verify liability of their reporting and information;
- to prepare materials to apply to arbitrage court with suit to liquidate the insurer in case of repeated violations by the latter of the legislation, as well as with the suit to liquidate those undertakings and organisations which effectuate insurance activities without licences;
- to prepare materials related to charging the persons, who are obliged to insure, with the sums groundlessly saved, to the income of the Russian Federation and to accrue interest on these sums in the defined order.

39. In case the supervisory authorities reveal the violations by the insurers, the supervisory authorities order them directions on elimination of those violations and in the instance of directions non-fulfillment the federal executive body ether suspends or limits their licenses operations until the elimination of the violations revealed or makes the decision to revoke a license.

40. The relations in the field of insurance are regulated by the standards of Chapter 48 of the *Civil Code of the Russian Federation*, the Law of the Russian Federation of 27.12.1992 #4015-1 (edition of 20.11.1999) "*On the organization of insurance business in the Russian Federation*", and by other regulations and legislative acts of the Russian Federations, adopted on the basis of this law (hereafter the Law).

41. The conditions of licensing of insurance activities is defined in the *Conditions of licensing of insurance activities in the territory of the Russian Federation* worked out in accordance with the Law and approved by the Federal Insurance Supervisory Service of Russia on 19 May 1994 # 02-02/08 (hereafter Conditions of licensing).

42. The insurer has the right to carry on insurance business after he was issued a licence to carry on insurance activities.

43. Only legal entities may act as insurers (physical persons and individual entrepreneurs can not act as insurers), established in any organisational and legal form stipulated by the law of the Russian Federation to carry on insurance activities (insurance undertakings and mutual societies) which were issued in the stipulated order the license to carry on insurance activities inn the territory of the Russian Federation.

44. Industrial, mediatory and banking activities may not be subject to direct activity of insurers. Legal entities which fail to meet the aforementioned requirements may not engage in insurance activities.

45. Licenses are issued by the federal executive body to supervise insurance activities to carry on voluntary and compulsory :

- personal insurance
- property insurance
- liability insurance
- reinsurance if the activities of the insurer is the reinsurance only

for classes of insurance activities, according to the *Classification by objects and types of insurance risks* shown in the annex 2 to the Conditions of licensing. Specific lines of insurance which the insurers has the right to carry on are indicated in the Annex to the License and which is its integral part.

46. Voluntary insurance shall be affected on the basis of the contract between the policyholder and the insurer. The rules defining the general terms and the procedure for voluntary insurance are set in the rules of insurance for the corresponding line, laid down or approved by the insurer, or by associations of insurers. Specific terms of insurance are defined during the signing of an insurance contract.

47. Compulsory insurance is the insurance effected by force of law. The types, conditions and procedure governing compulsory insurance are established by appropriate laws of the Russian Federation.

48. To be issues a license the insurance undertaking files an application with an enclosure of documents specified in article 32 of the Law and para 4.1 of the Conditions of licensing.

49. The applications from the legal entities for the issue to them a license are considered within a period of under 60 days after the receipt of all the documents specified by Article 32 of the Law and para 4.1 of the *Conditions of licensing*.

50. Having considered the submitted documents the federal executive body to supervise the insurance activities makes the decision to issue or for refusing an insurance license.

51. The non-conformity of documents, enclosed with the application for licensing, to the requirements of the legislation of the Russian Federation may serve as a ground for refusing an insurance license. They inform in writing about the refusal to issue a license indicating the reasons for the refusal.

52. Foreign citizens, stateless individuals and foreign legal entities on the territory of the Russian Federation shall enjoy equal insurance rights with citizens and legal entities of the Russian Federation.

53. In conformance with the Law the federal executive body to supervise insurance activities has the right to lay down requirements to bookkeeping and to the reports on insurance activities.

54. While implementing this right special forms of accounting in the Russian Federation are set (balance and report on revenues and losses) having their structure which is nearly close to the requirements of the Third Directive of the European Economic Community related to the reporting of insurance undertakings (starting with reports for 1995). Besides a new special *Chart of Accounts for insurance undertakings and Instruction on its usage* have been approved which will be revised after standards of accounting are adopted including the special standard for insurance undertakings.

55. Insurance undertakings alongside with the forms of accounting submit to the Ministry of Finance of the Russian Federation some special fixed-format reports for supervisory needs.

56. This report includes:

- report on solvency
- report on investments
- report on insurance reserves for non-life insurance
- report on reinsurance transactions

57. Special peculiarities are set for insurance undertakings related to the composition of aggregate (consolidated) reporting, publication of balance and the report on revenues and losses.

58. Presently the Department of Insurance Supervision in the framework of the *Programme of reforming the accountancy in accordance with the international standards of financial reporting*, approved by the resolution of the Government of the Russian Federation of 06.03.1998 #283, studies the original document, worked out by the Working Group of the Committee for International Standards of Financial Reporting referring to elaboration of the standard “*Accountancy of the insurance undertaking*”, in order to prepare a standard for insurance organizations and to put the national system of bookkeeping for insurance undertakings in conformity with the international standards of accounting.

59. In order to implement the work referring to the transfer of bookkeeping in accordance with the requirements of international standards of financial reporting some amendments should be introduced to civil, insurance and taxation legislation.

60. In particular one should solve the issue of reflecting the insurance premiums and the premiums in direct insurance contracts, taking into account the factor of time definiteness, that is using the accrual basis.

61. The legislation stipulates the powers of the Ministry of Finance to lay down the rules of insurance reserving, of insurance reserves placement (requirements for the assets covering insurance reserves), requirements for the relation between the assets and insurance liabilities (solvency margin).

62. The approach followed in regulating these issues is close to that adopted in the EU Member states and current regulations in force on the whole are based on the EC Directives in particular #92/49/CEE of 18.07.1992, #92/96/CEE of 10.11.1992, #73/239/CEE of 24.07.1973, #73/267/CEE of 05.03.1979.

63. The requirements to the standard relation between the assets and liabilities are bases on the corresponding EC Directives.

64. The real value of free assets is defined as the equity of the insurance company less intangible assets.

65. The value of solvency margin for non-life transactions is defined depending on the premium collected (taking into account the part indemnified by the reinsurers in the insurance payment occurred), and for life insurance transactions – depending on the value of reserves for life insurance).

66. Some changes to the order of calculation of solvency margin are being planned to be introduced, in particular, to take into account the volume of insurance payments (in non-life insurance) and the value of equity under risk (in life insurance) with the goal to make a more accurate compliance with the requirements of the Directives.

67. In accordance with the legislation the assets securing the insurance reserves must satisfy the requirements of diversification, profitability, refundability and liquidity.

68. “*The rules of Insurance Reserves Placement*” lay down the requirements for the assets accepted as security for insurance reserves. These requirements include: the composition of assets, qualitative characteristics of assets, limitations on the amount of assets (in comparison with the amount of insurance reserves) accepted as security for insurance reserves, for each type of asset and for each asset (for each debtor).

69. The following types of assets are accepted as security for insurance reserves:

- state and municipal securities;
- bonds;
- bank deposits, including those confirmed by deposit certificates, bank bills of exchange;
- shares;
- investment shares of the investment share funds;
- shares in the share capital of shareholding limited liability companies and the contributions to the share capital of the limited partnerships;
- real estate property;
- shares of reinsurers in insurance reserves;
- premium deposited due to the risks accepted in reinsurance;
- accounts receivable from the insurance transactions;
- cash money;
- silver and golden bullions.

70. Quantitative limitations on the type of asset and for one asset are close to those set by EC Directives. Alongside, taking into account the insufficient development of the financial market in Russia, presently (in particular there is no such a traditional for the insurance companies instrument as corporate

securities) the aforementioned limitations are higher (less stringent) than it is prescribed by the EC documents.

71. Currently the “*Rules of life insurance reserving*” are worked out. They are planned to be introduced in 2001.

72. These Rules prescribe to make valuations using actuarial methods. The prospective method, based on net premium, is envisaged to be used as the main method. The technical reserves include net reserve, reserve for future expenditures, reserve of premium deficit. The basis for calculation should be chosen founded on conservatory principles.

73. The present “*Rules of reserving for non-life insurance*” envisages the formation of the unearned premium reserve and the reserve of losses (incurred but not reported). In addition to these reserves insurance undertakings may form the catastrophe reserve and the equalization reserve.

74. The legislation does not anticipate any limitations with regards to the investment activities of insurance undertakings relating to assets that are the own equity of the insurers.

Organization of Insurance Supervision

75. Department of Insurance Supervision (DIS) is a structural unit of the Ministry of Finance of the Russian Federation and within its framework providing (together with regional bodies of insurance supervision) the implementation of functions of state supervision over insurance activities entrusted to the Ministry of Finance. The Department performs its activity according to the Charter of the Russian Ministry of Finance, approved on the 6th of March, 1998 (order of the Minister of Finance # 273), and to the Charter of the Department of Insurance Supervision approved by the Minister on the 13th of July, 1998 (# 124).

76. The basic tasks of the DIS are:

- carrying out within its competence the state supervision over insurance activities in the Russian Federation with the view to ensure observation of the Russian Federation insurance legislation requirements, effective development of insurance services, protection of rights and interests of insured, insurers, other concerned and the state;
- ensuring in accordance with the approved order licensing activities of the insurance organizations;
- ensuring methodological management of accounting, statistical reporting of the insurers;
- participating in relationship with the international organizations in the field of insurance control and regulation.

77. DIS is headed by the Director who is appointed and dismissed by the Minister of Finance of the Russian Federation. In accordance with the entrusted tasks, the DIS' structure is as follows:

- Division of Registration and Licensing of insurers and brokers;
- Division of Control over the activities of the insurers and brokers;
- Division of Control over financial state of insurers;

- Division of Tariffs and Reserves;
- Division of Insurance and Reinsurance methodology;
- Division of United Reporting of insurance market and Information System;
- Division of Accounting and Statistics Reports Methodology of insurance organizations;
- Division of Insurance Organizations Economy;
- Division of Organization of Insurance Supervision System;
- Division of International Cooperation.

Items of Insurance Market Liberalization

78. At the present time the integration of Russia into world financial market is continuing. Expanding cooperation with international financial institutes, facilitating strengthening and development of mutually beneficial economic ties, is one of the priorities of further development of Russian economy as a whole as well as of insurance market in particular.

79. The document “*Priorities in development of national system of insurance in Russian Federation in 1998-2000*”, adopted by the Russian Federation Government on the 1st of October, 1998 (# 1139) contains the concept of national insurance market development which provides for step-by-step liberalization of foreign insurance companies access to the Russian insurance market.

80. Choosing this strategy in relations with international insurance market was preceded by signing in 1994 on the Korfu Island “*Agreement on Partnership and Cooperation between Russian Federation and European Union*” (PCA) which became the most important step towards cooperation of Russia with the countries of European Community.

81. PCA was to come into force in 5 years after signing. PCA general purpose is forming free trade zone, including with regard to insurance services. After expiring 5 year transmitting period, starting with the date of signing, Russia has no right to introduce limits with regard to establishment of EU countries subsidiaries, and grants them the most favorable national treatment.

82. PCA, having declared the equality of functional regimes of Russian and foreign insurance organizations, has not taken into account the degree of development of national insurance markets and economies as a whole, and as a consequence – unrealistic tempos of Russian insurance market liberalization.

83. On the 20th of November, 1999 a new Federal Law “On Introduction of Changes and Amendments to Law of Russian Federation “On Organization of Insurance Business in the Russian Federation” was adopted, which determines the terms and order of foreign insurers functioning on the Russian market.

84. The limitations, relating to foreign capital participation in the Russian insurance organizations, are applicable only towards those insurance companies which would have more than 49% of foreign capital share, but which did not exist before adopting new law last November according to previous legislation requirement.

85. Besides, these limitations are not applicable to the activities of the insurance companies which were established before adopting new law and which have non-resident share in the charter capital less than 49%.

86. The adopted measures are oriented, first of all, to ensure the access to the insurance market of authoritative and experienced foreign companies; minimization of insurance fraud cases; observation of insured rights.

87. The limitations with regard to underwriting certain types of insurance by insurers with foreign capital participation, firstly, is in agreement with para 3B of PCA Amendment 7 "Financial Services", according to which Russia may introduce limitation measures with regard to issuing licenses to EU companies in the field of compulsory insurance, in the sphere of social insurance and in the field of state deliveries, and, secondly, will allow to preserve investment potentialities of national insurance market and to prevent from currency reserves flowing abroad.

88. The special requirement applied to leading personnel are caused by the desire to guarantee civil rights and freedoms of the residents and by increasing responsibility of insurer before the law for implementation of insurance contract as well as by absence of international agreements on banishment of insurance legislation breakers.

89. The adoption of the above mentioned law was not aiming at discrimination, but is oriented towards improvement of Russian insurance legislation, strengthening control over activities of insurance companies in the territory of the Russian Federation.

90. The introduced limitations are of a temporary character and are aiming at using investment potentialities of foreign insurers in the interests of national economy development for the sake of creating system of insurance defense and deepening international cooperation.

91. Similar measures have been introduced in a number of countries: USA, Venezuela, Japan, Check and others.

92. At present the Russian side participates in the negotiations to join the World Trade Organization. General Agreement on Trade of Services (GATS), providing as a basic rule application of the most national treatment allows exemptions from these rules during transmitting period of 10 years.

93. Taking into consideration the real situation in the national insurance market as well as strengthening protectionism tendencies in the world, the position of the Russia, directed at step-by-step liberalization of national insurance market and reflected in WTO special commitments, seems to be justified.

94. As a result of consultations with internal insurance community and with the leading insurance countries which the Russian side had in 1999 and in the first half of 2000 the stages of liberalization of the access to Russian market seems to be the following:

- Adoption of the Federal Law on Insurance Supervision, which would strengthen the regulation of the market and would bring new dimensions and quality to the state regulation;
- Introduction of a system of control over insurance companies solvency;
- Application of international standards of accounting in insurance;

- Adoption of new taxation schemes which take into account the specificity of insurance.

95. If these principal measures would have been realized in the coming 2-3 years, than the access to the market in Russia would be compatible with those which exist in the developed countries now.

96. The liberalization of the national market and its future integration into the world market is a historically non-alternative process

Voluntary Medical Insurance, Private Pension Funds, Environmental Risks

97. The legal, economic and organizational basis of voluntary medical insurance of the population in the Russian Federation is determined by the Civil Code of the Russian Federation (Chapter 48), by the Laws of the Russian Federation “*On Organization of Insurance Business in Russian Federation*” of 27 November 1992 (#4015-1) and “*On Medical Insurance of the Citizens of Russian Federation*” of 28 June 1991 (# 1499-1).

98. Among the subjects of voluntary medical insurance are: a citizen, an insured, medical insurance organization and medical institution.

99. The object of voluntary medical insurance is insurance risk connected with expenses on medical treatment when insurance case occurred.

100. The voluntary medical insurance is being performed on the basis of an agreement, underwritten among subjects of medical insurance. The subjects of voluntary medical insurance bear the responsibility on the signed agreement according to the law.

101. A voluntary medical insurance contract is an agreement between an insured and medical insurance institution, and according to which the later takes the responsibility to arrange and finance medical assistance provided for the insured contingent of certain volume and quality or other services in accordance with programs of voluntary medical insurance.

102. The rules of voluntary medical insurance which determine the terms and order of its implementation (including insurance tariffs, insurance premium, program of voluntary medical insurance) is set by an insurer himself but with observation of the Russian Federation legislation. The concrete terms of voluntary medical insurance are fixed while signing a contract.

103. Medical insurance institutions are legal entities which are independently managed bodies of any form of property, foreseen by the legislation of the Russian Federation, and which posses charter capital, needed for realization of medical insurance (not less than 25 thousand of the fixed minimum rate of wage) and which arrange their activities within the lines of the Russian Federation legislation. A medical insurance institution is out of the system of state medical care.

104. Thus, the system of voluntary medical insurance is based on the contracts, signed between subjects of voluntary medical insurance: an insurer signs a contract of voluntary medical insurance with an insured and grants for the later arranging and financing medical and other assistance according to a certain program of voluntary medical insurance. If an insured is a legal entity, than the citizens (insured) who are covered by the insurance contract receive insurance polices proving the existence of the insurance contract. To fulfill his obligations under voluntary medical insurance contract, the insurer signs an agreement with professional medical institutions which provide medical care for the insured.

105. An agreement on providing medical services is a contract according to which a medical institution takes an obligation to grant medical care of certain volume and quality and in certain period of time to the insured contingent.

106. According to Chapter 3 of the “*Concept of the Pension System Reform*”, approved by the Russian Government on the 7th of August, 1995 (# 790), the changes in the system of the state pension provision envisage introduction of non-state pension systems based on combination of possibilities of non-state pension funds and insurance organizations.

107. At present non-state pension provision is realized either in a form of additional (to the state pension) pension insurance of the citizens who sign an insurance contract with insurance company, or through savings in non-state pension funds. Additional pension insurance is carried out by insurance companies within life insurance, and allows the insured to accumulate money by the time of retiring.

108. Licensing and control over the activities of insurance organizations dealing with pension insurance are the functions of the Department of Insurance Supervision. Control of the non-state pension funds is responsibility of the Russian Federation Ministry of Labor and Social Development.

109. The legislation in the sphere of nature usage envisages the responsibility for non-rational use of natural resources, for damage to the state, population and environment caused by enterprises while exploring, reproducing or using natural resources.

110. The responsibility of citizens and legal entities for causing possible damage to the third parties and to the environment as well as compensation of damage, connected with natural usage, are envisaged by the Civil Code of the Russian Federation, Federal Laws “*On Bowels of the Earth*”, “*On Environment Protection*”, “*On Fauna*”, “*On Continental Shelf of Russian Federation*”, Russian Federation “*Water Code*” and “*Forest Code*”.

111. The Law of the Russian Federation “*On Environment Protection*”, adopted on the 19th of December, 1991 (#2060-1) provides for the possibility of ecological insurance in voluntary and obligatory forms. However obligatory insurance of ecological risks does not exist in the territory of the Russian Federation. The insurance companies have the right to grant services under voluntary insurance of responsibility for damage caused to the third parties as a result of environment pollution.

112. Insurance case is a sudden and unintentional damage to the environment by catastrophe or accident resulted in unforeseen pollution of atmosphere, land or throw sewage down.

113. The Federal Law “*On Industrial Security of Dangerous Enterprises*”, adopted on the 20th of July, 1997 (#116-FL) stipulates legal, economic and social basis for ensuring safe exploitation of dangerous productions and is aimed at prevention and liquidation of results of the accidents. According to the Law, an organization, responsible for the exploitation of the dangerous enterprise, has to insure its responsibility for causing damage to life, health or property of the citizens and to the environment in case of accident at the enterprise.

114. The Federal Law “*On Agreements on Division of Products*”, adopted on the 30th of December, 1995 (#225-FL) determines legal basis of relationship occurred in a process of Russian and foreign investments in searching and exploring mineral resources on the territory of the Russian Federation, as well as on the continental shelf. The Law provides for the investor obligation to insure responsibility on damage compensation in case of accidents.

INFORMATION ABOUT THE INSURANCE MARKET

Table 1.

Total Number of Insurance Companies

| As of: | The Number of Insurance Companies in the State Register | Including Insurance Companies Created with Participance of Foreign Capital |
|--------------|---|--|
| 01.01.2000г. | 1532 | 60 |
| 01.01.1999г. | 1866 | 60 |
| 01.01.1998г. | 2334 | 70 |

Table 2.

Aggregate Charter Capital

| As of: | Aggregate Charter Capital, mln. rub. | Share of Foreign Capital, % |
|--------------|--------------------------------------|-----------------------------|
| 01.01.2000г. | 9585 | 3,97 |

Table 3.

Dynamics of the Insurance Companies Charter Capital Growth

| As of: | Charter Capital Amount | | | | | |
|----------------|-------------------------|--------------------------------------|---------------------------------------|--------------------------------------|--|----------------------------|
| | Less than 50 thsd. rub. | From 50 thsd. rub. to 100 thsd. rub. | From 100 thsd. rub. to 600 thsd. rub. | From 600 thsd. rub. to 2087250* rub. | From 2087250* rub. to 10000 thsd. rub. | More than 10000 thsd. rub. |
| 01.01.2000 | 122 | 60 | 271 | 116 | 847 | 116 |
| 01.01.1999 | 290 | 128 | 612 | 60** | 692*** | 84 |
| 01.01.1998**** | 531 | 198 | 883 | 79** | 643***** | |

*25000 of Minimum Official Salary
 **or 600 thsd. rub. to 1000 thsd. rub.
 ***or 1000 thsd. rub. to 10000 thsd. rub.
 ****taking into account denomination
 *****more than 1000 thsd. rub.

Table 4.

Information on Legal Company Structure of Insurance Firms

| As of: | Legal Company Structure | | | | |
|--------------|-------------------------|---------------|-------------------------------------|-------------------------------------|---|
| | JSC | Open-type JSC | LLA (Limited Liability Association) | LLP (Limited Liability Partnership) | Other types including private companies |
| 01.01.2000г. | 607 | 382 | 63 | 450 | 31 |
| 01.01.1999г. | 907 | 453 | 216 | 242 | 48 |
| 01.01.1998г. | 1217* | 519** | 391 | 149 | 58 |

* Closed-type JSC - 652 and JSC - 565

** Open-type JSC - 230 and JSC - 289

Table 5.

Aggregate Data on Insurance Business in 1999 and 1998

| Index | 1999 mln. rub. | 1998 mln. rub. | Growth rate (%) | Share in total scope for 1999 (%) | Share in total scope for 1998 (%) | Changes in shares (percentage) |
|---------------------------------------|----------------|----------------|-----------------|-----------------------------------|-----------------------------------|--------------------------------|
| I. Insurance premiums | 96639.49 | 42175.28 | 229.14 | 100.00 | 100.00 | |
| 1. Voluntary insurance - total | 75119.61 | 27414.54 | 274.01 | 77.73 | 65.00 | 12.73 |
| Including: | | | | | | |
| life insurance | 35523.36 | 12451.69 | 285.29 | 36.76 | 29.52 | 7.24 |
| non-life insurance: | 39596.25 | 14962.85 | 264.63 | 40.97 | 35.48 | 5.49 |
| - personal (excluding life insurance) | 8983.03 | 4886.19 | 183.85 | 9.30 | 11.59 | -2.29 |
| - property | 26141.08 | 8659.89 | 301.86 | 27.05 | 20.53 | 6.52 |
| - liability | 4472.14 | 1416.77 | 315.66 | 4.63 | 3.36 | 1.27 |
| 2. Obligatory insurance | 21519.88 | 14760.74 | 145.79 | 22.27 | 35.00 | -12.73 |
| II. Insurance payments | 62332.04 | 32441.48 | 192.14 | 100.00 | 100.00 | |
| 1. Voluntary insurance - total | 43237.67 | 18981.65 | 227.79 | 69.37 | 58.51 | 10.86 |
| Including: | | | | | | |
| life insurance | 31639.72 | 12532.74 | 252.46 | 50.76 | 38.63 | 12.13 |
| non-life insurance | 11597.95 | 6448.91 | 179.84 | 18.61 | 19.88 | -1.27 |
| - personal (excluding life insurance) | 4509.82 | 3096.85 | 145.63 | 7.24 | 9.55 | -2.31 |
| - property | 6590.45 | 3063.89 | 215.10 | 10.57 | 9.44 | 1.13 |
| - liability | 497.68 | 288.18 | 172.70 | 0.80 | 0.89 | -0.09 |
| 2. Obligatory insurance | 19094.38 | 13459.84 | 141.86 | 30.63 | 41.49 | -10.86 |

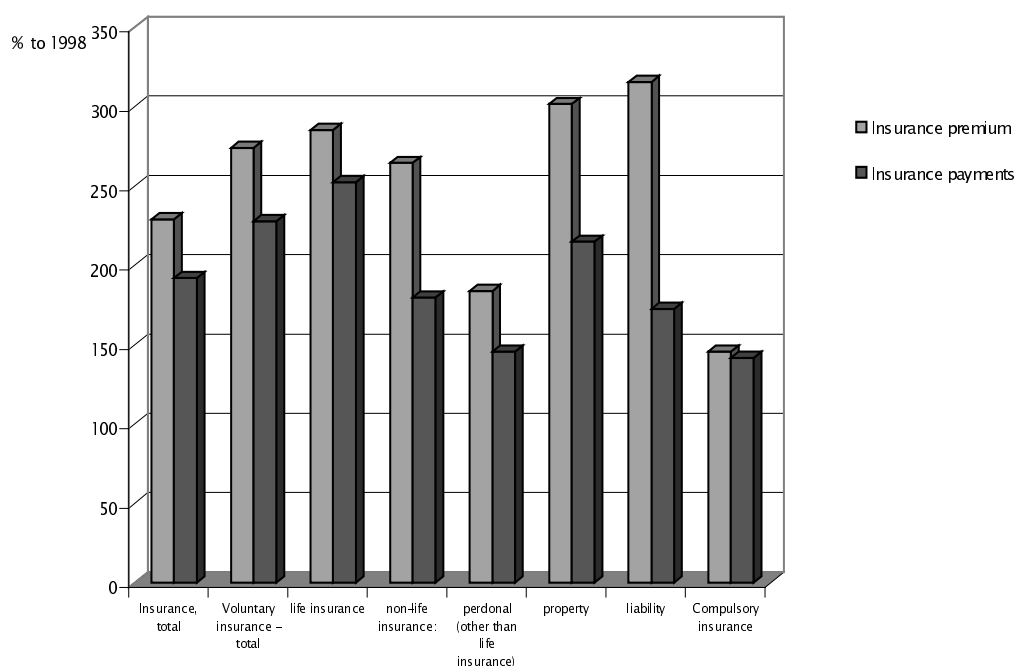


Diagram 1.

Insurance premiums and payments growth rates for 1999 in comparison with 1998, %

Table 6.

Insurance premiums by types of insurance business

| Year | Voluntary insurance | | | | | | | | Obligatory insurance | | Total, mln. rub. |
|------|---------------------|-------------------|-----------|-------------------|-----------|-------------------|-----------|-------------------|----------------------|-------------------|------------------|
| | Personal | | Property | | Liability | | Total | | mln. rub. | in % to total sum | |
| | mln. rub. | in % to total sum | mln. rub. | in % to total sum | mln. rub. | in % to total sum | mln. rub. | in % to total sum | | | |
| 1992 | 28.73 | 32.03 | 32.29 | 36.00 | 25.97 | 28.95 | 86.99 | 96.98 | 2.71 | 3.02 | 89.70 |
| 1993 | 487.94 | 43.99 | 314.25 | 28.33 | 202.65 | 18.27 | 1004.84 | 90.60 | 104.29 | 9.40 | 1109.14 |
| 1994 | 4294.25 | 57.00 | 1348.30 | 17.90 | 314.76 | 4.18 | 5957.30 | 79.08 | 1576.24 | 20.92 | 7533.55 |
| 1995 | 12193.87 | 52.60 | 3799.03 | 16.39 | 427.31 | 1.84 | 16420.20 | 70.83 | 6762.36 | 29.17 | 23182.57 |
| 1996 | 10846.24 | 37.26 | 5866.00 | 20.15 | 565.31 | 1.94 | 17277.54 | 59.36 | 11830.62 | 40.64 | 29108.16 |
| 1997 | 12494.34 | 34.36 | 8376.48 | 23.03 | 1157.32 | 3.18 | 22028.15 | 60.57 | 14339.31 | 39.43 | 36367.46 |
| 1998 | 17680.13 | 41.05 | 9035.52 | 20.98 | 1425.35 | 3.31 | 28141.01 | 65.34 | 14929.36 | 34.66 | 43070.37 |
| 1999 | 44506.39 | 46.05 | 26141.08 | 27.05 | 4472.14 | 4.63 | 75119.61 | 77.73 | 21519.88 | 22.27 | 96639.49 |

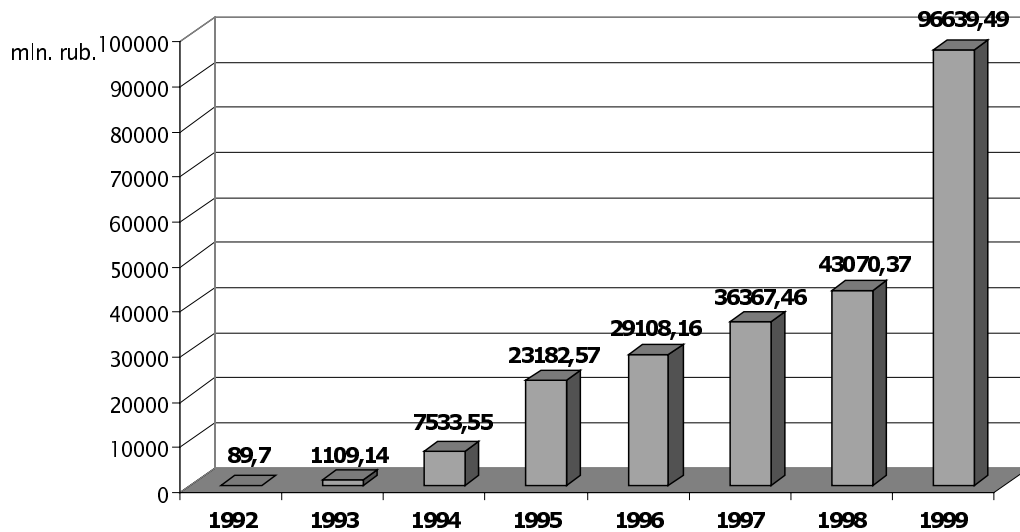


Diagram 2.
Insurance premium, mln.rub.

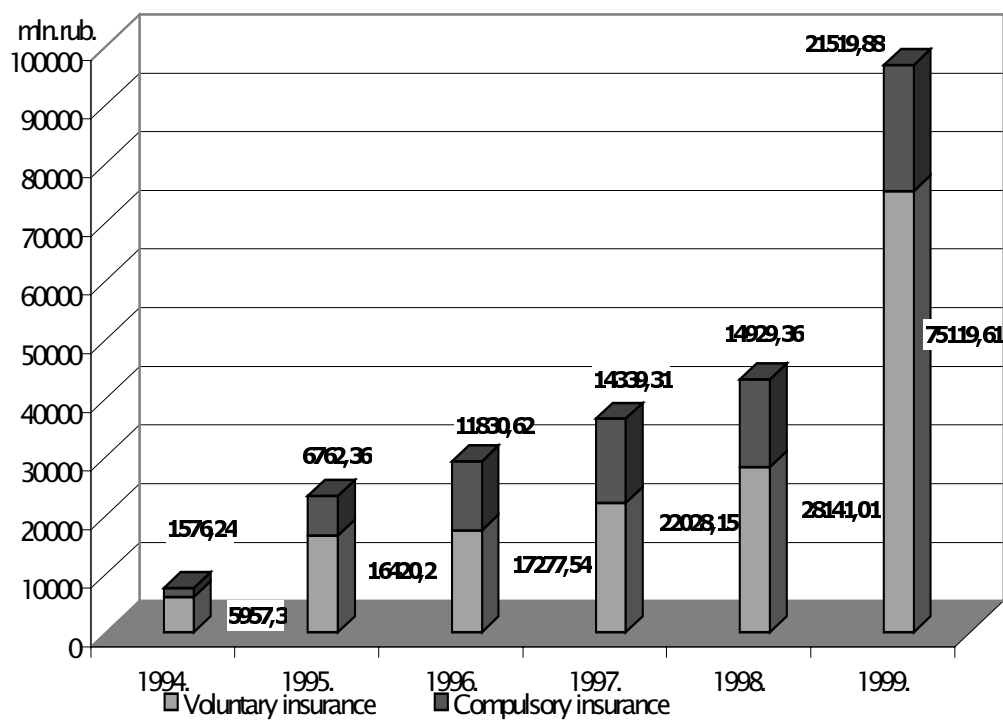


Diagram 3.
Correlation of insurance premiums
on voluntary and obligatory types of insurance, mln. rub.

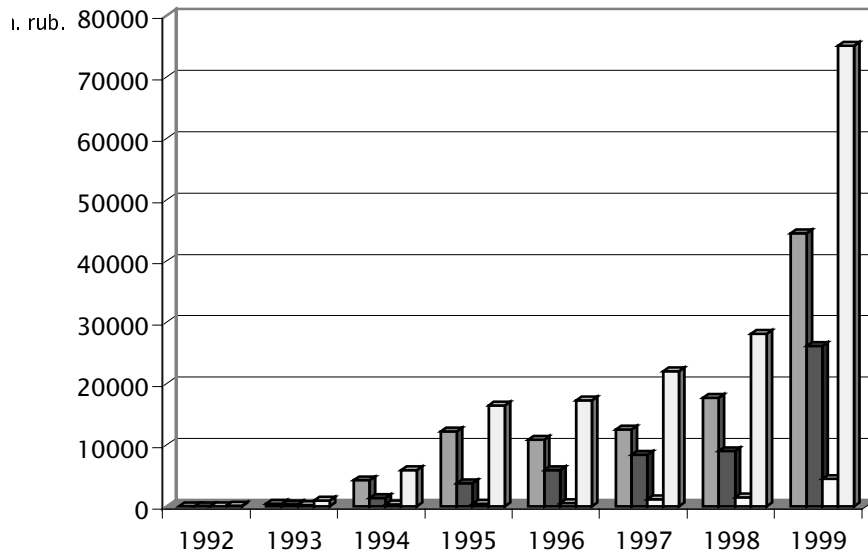
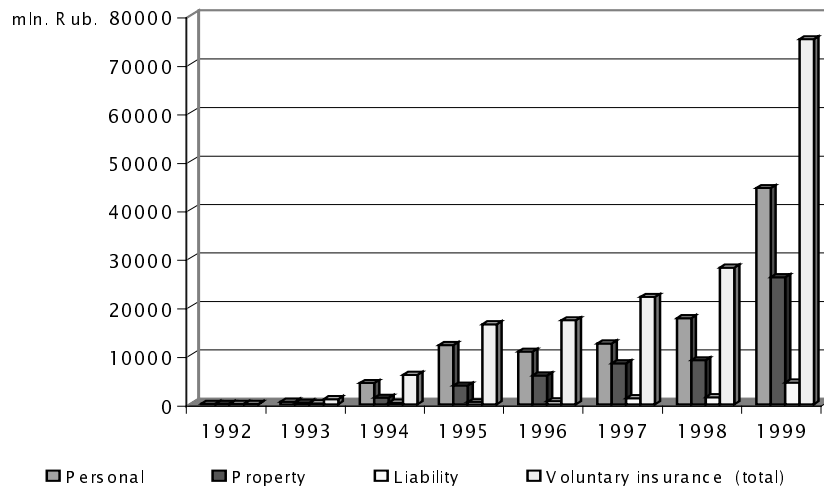


Diagram 4.
Insurance premiums on voluntary types of insurance, mln.



rub.

Diagram 5.
Insurance premiums: share of personal, property insurance and liability insurance in voluntary insurance, %

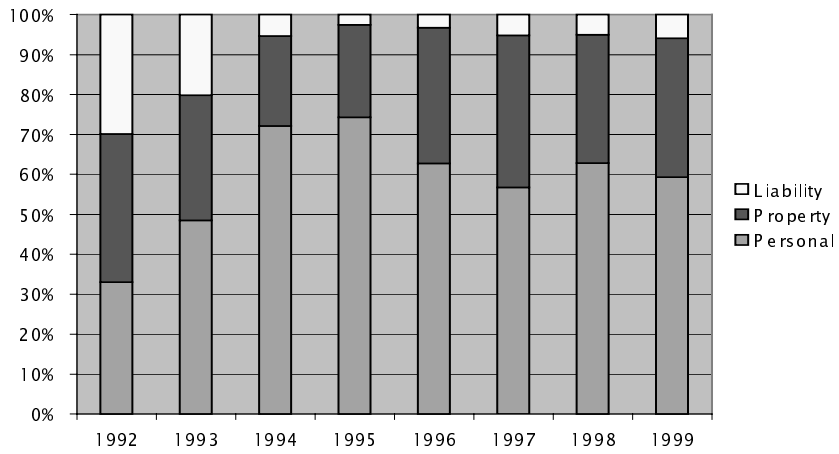


Diagram 6.
 Premiums on personal, property insurance,
 liability insurance and voluntary insurance
 as % to aggregate insurance premiums.

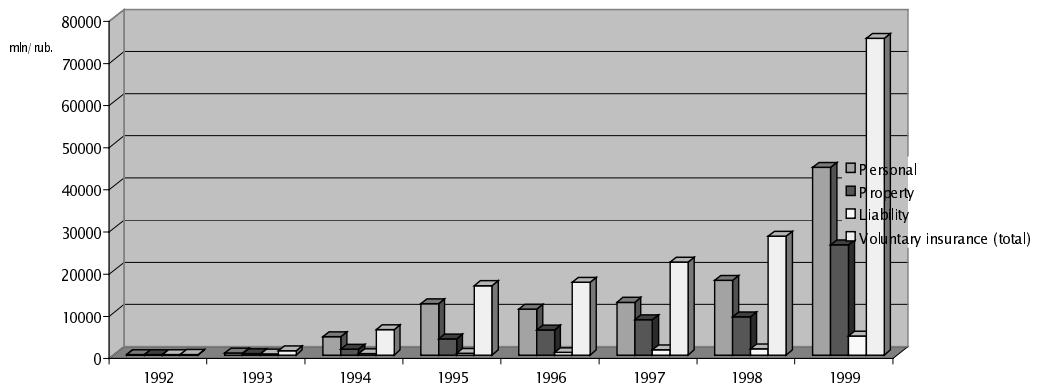


Diagram 7.
 Premiums on personal, property insurance,
 liability insurance and voluntary insurance (total), mln. rub.

Table 7.

Insurance payments by types of insurance business

| Year | Voluntary insurance | | | | | | | | Obligatory insurance | | Total, mln. Rub. |
|--------|---------------------|-------------------|-----------|-------------------|-----------|-------------------|-----------|-------------------|----------------------|-------------------|------------------|
| | personal | | property | | liability | | Total | | mln. rub. | in % to total sum | |
| | mln. rub. | in % to total sum | mln. rub. | in % to total sum | mln. rub. | in % to total sum | mln. rub. | in % to total sum | | | |
| 1992 | 11,16 | 36,83 | 10,47 | 34,55 | 7,57 | 24,98 | 29,20 | 96,37 | 1,10 | 3,63 | 30,30 |
| 1993 | 259,74 | 46,99 | 139,99 | 25,33 | 91,18 | 16,50 | 490,91 | 88,81 | 61,83 | 11,19 | 552,74 |
| 1994 | 2877,83 | 59,69 | 537,10 | 11,14 | 181,15 | 3,76 | 3596,08 | 74,58 | 1225,57 | 25,42 | 4821,66 |
| 1995г. | 9159,33 | 54,48 | 1411,38 | 8,39 | 221,47 | 1,32 | 10792,17 | 64,19 | 6020,25 | 35,81 | 16812,42 |
| 1996г. | 10229,11 | 43,59 | 1953,11 | 8,32 | 307,66 | 1,31 | 12489,88 | 53,23 | 10974,17 | 46,77 | 23464,06 |
| 1997г. | 10679,17 | 40,32 | 2756,52 | 10,41 | 304,44 | 1,15 | 13740,13 | 51,87 | 12747,47 | 48,13 | 26487,61 |
| 1998г. | 15955,41 | 48,36 | 3139,82 | 9,52 | 288,30 | 0,87 | 19383,53 | 58,76 | 13606,40 | 41,24 | 32989,93 |
| 1999г. | 36149,54 | 58,00 | 6590,45 | 10,57 | 497,68 | 0,80 | 43237,67 | 69,37 | 19094,38 | 30,63 | 62332,04 |

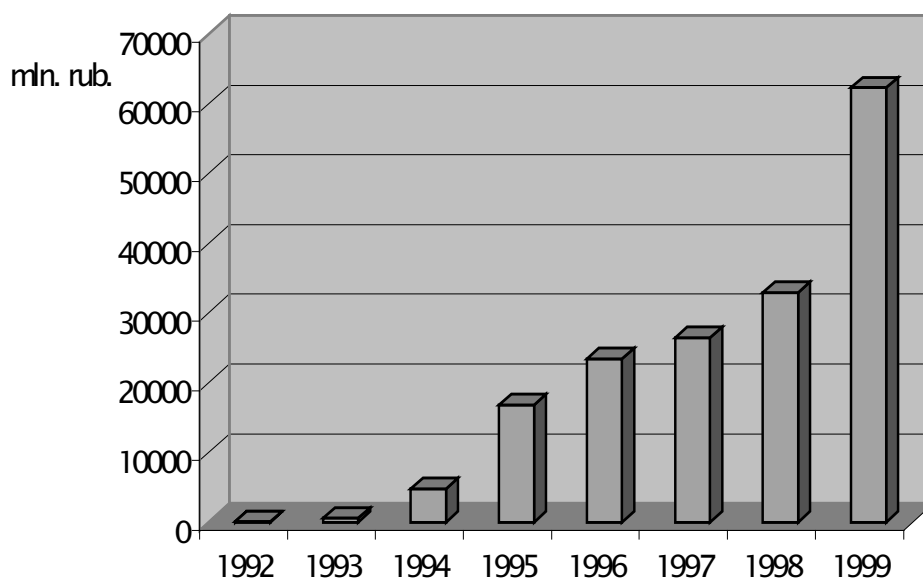


Diagram 8.
Insurance payments, mln. rub.

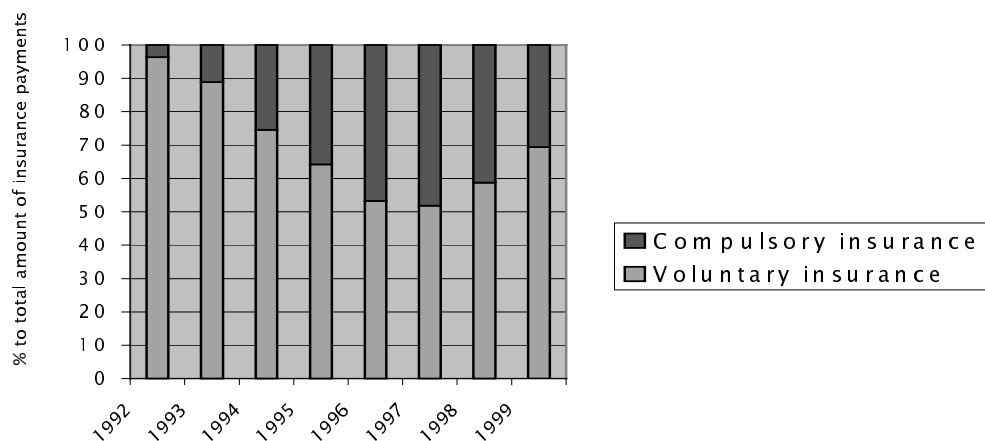


Diagram 9.
Correlation of insurance payments
on obligatory and voluntary types of insurance
(in % to total amount of insurance payments).

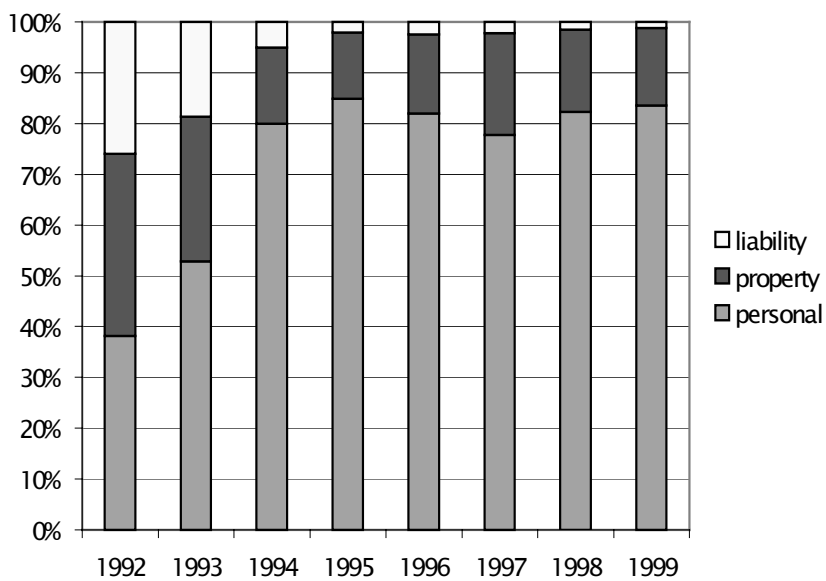


Diagram 10.
Insurance payments
on voluntary types of insurance, mln. rub.

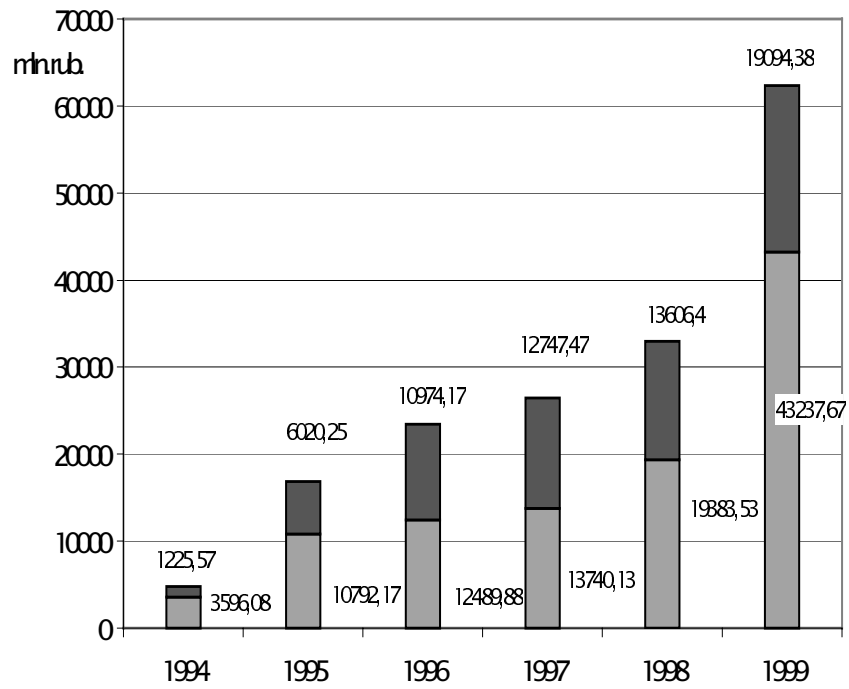


Diagram 11.
Correlation of insurance payments
on obligatory and voluntary types of insurance, mln. rub.

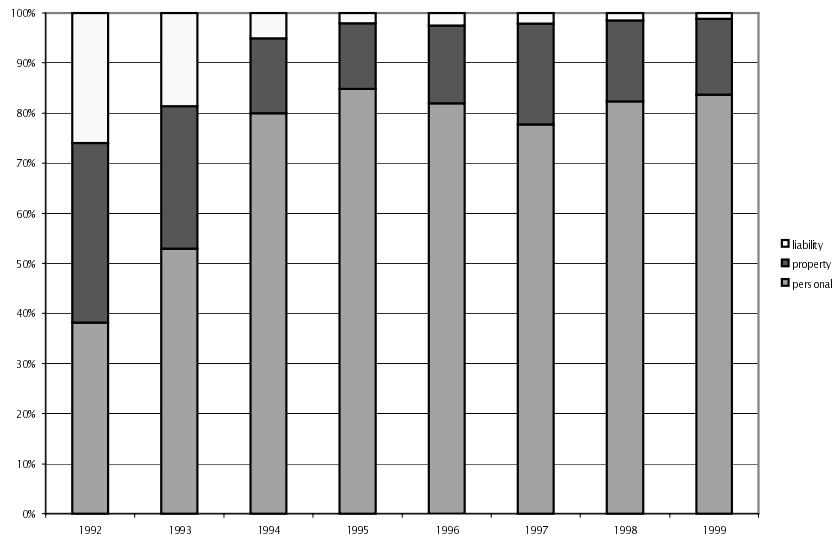


Diagram 12.
Payments: share of personal, property insurance
and liability insurance in voluntary insurance, %.

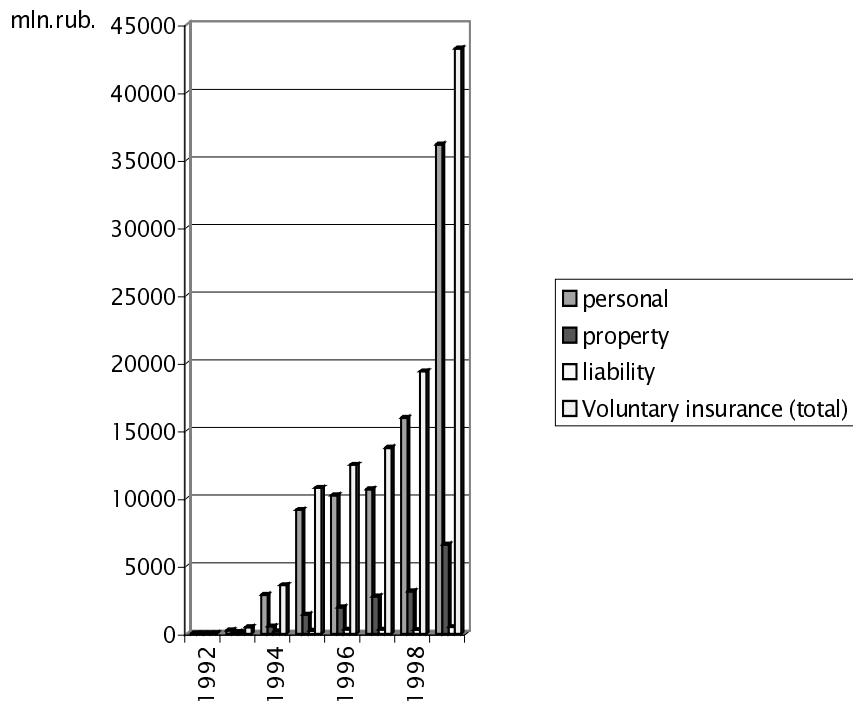


Diagram 13.
Payments on personal, property insurance,
liability insurance and voluntary insurance (total), mln. rub.

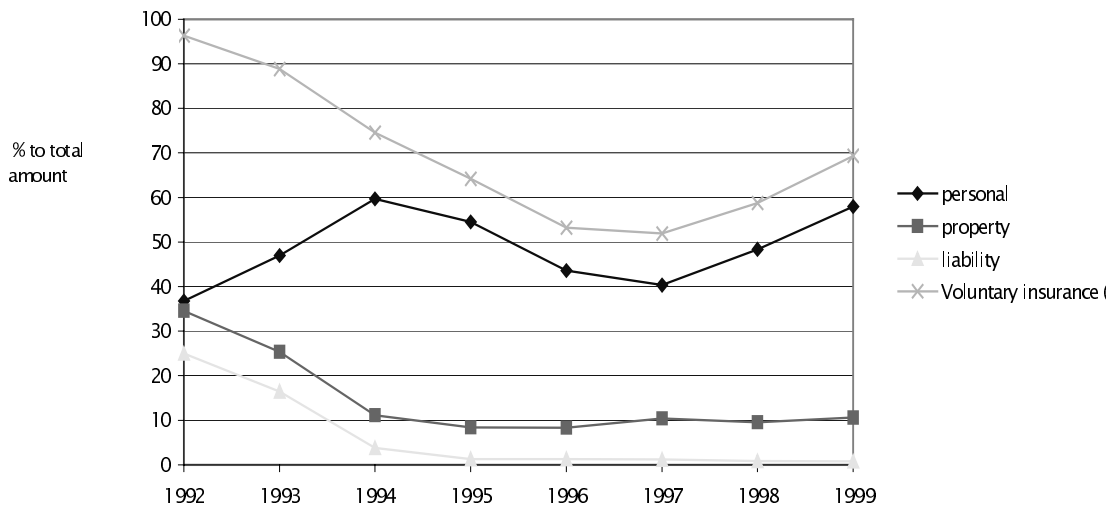


Diagram 14.
Payments on personal, property insurance,
liability insurance and voluntary insurance (total),
in % to aggregate payments

Table 8.

Correlation of insurance payments with insurance premiums, %

| Year | Voluntary insurance | | | | Obligatory insurance | Total |
|------|---------------------|----------|-----------|-------|----------------------|-------|
| | personal | property | liability | total | | |
| 1992 | 38.86 | 32.42 | 29.14 | 33.57 | 40.64 | 33.78 |
| 1993 | 53.23 | 44.55 | 44.99 | 48.85 | 59.29 | 49.84 |
| 1994 | 67.02 | 39.84 | 57.55 | 60.36 | 77.75 | 64.00 |
| 1995 | 75.11 | 37.15 | 51.83 | 65.72 | 89.03 | 72.52 |
| 1996 | 94.31 | 33.30 | 54.42 | 72.29 | 92.76 | 80.61 |
| 1997 | 85.47 | 32.91 | 26.31 | 62.38 | 88.90 | 72.83 |
| 1998 | 90.24 | 34.75 | 20.23 | 68.88 | 91.14 | 76.60 |
| 1999 | 81.22 | 25.21 | 11.13 | 57.56 | 88.73 | 64.50 |

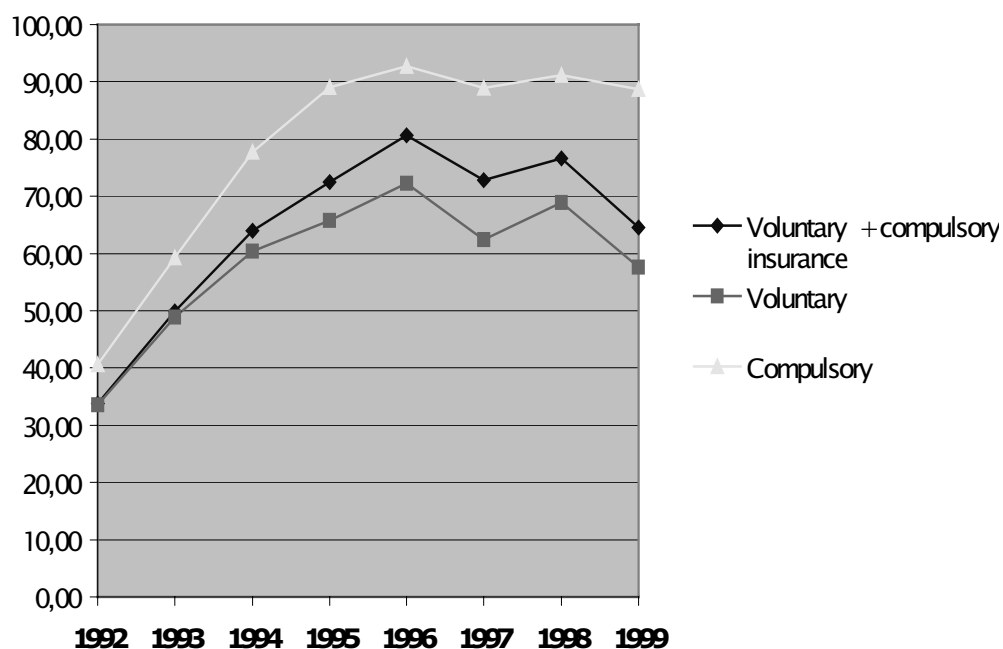


Diagram 15.
Correlation of insurance payments with insurance premiums

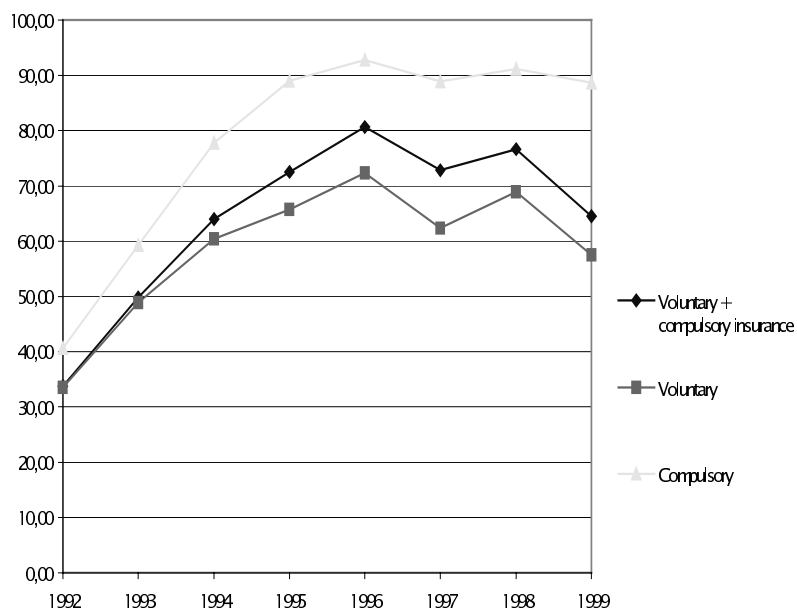


Diagram 16.
Correlation of insurance payments with insurance premiums (voluntary insurance)

Table 9.
Data on insurance premiums received in 1999 on companies with participance of foreign capital

thsd. rub.

| No. | Insurance company | City | Premiums, total | Voluntary insurance | | | | | | Obligatory insurance |
|-----|-----------------------------|------------------|-----------------|---------------------|-----------|--------------------|-----------|----------|---------|----------------------|
| | | | | total | including | | | | | |
| | | | | | life | non-life insurance | | | | |
| | | | | | | total | including | | | |
| | | | | | personal | property | liability | | | |
| 1 | Reso-Garantiq | Moscow | 2016739.5 | 2016714.3 | 996560.0 | 1020154.3 | 357328.5 | 639172.2 | 23653.6 | 25.1 |
| 2 | Inkorstarkg | Moscow | 1551533.1 | 1551471.5 | 1360431.9 | 191039.6 | 14840.4 | 145671.7 | 30527.5 | 61.6 |
| 3 | Ingosstrakh | Moscow | 1409089.8 | 1409089.8 | 882837.7 | 526252.2 | 54978.3 | 454013.9 | 17260.0 | |
| 4 | Akviko | Moscow | 415125.8 | 415125.8 | 407473.0 | 7652.8 | 2204.3 | 5095.5 | 353.0 | |
| 5 | National Insurance Group | Dolgoprudny | 342367.1 | 342367.1 | 202307.1 | 140060.0 | 91969.6 | 47469.0 | 621.3 | |
| 6 | AIG Russia | Moscow | 275374.2 | 275374.2 | 25875.5 | 249498.7 | 78577.5 | 154404.0 | 16517.3 | |
| 7 | Ost-West-Allianz | Moscow | 255767.5 | 255767.5 | 21079.9 | 234687.7 | 31180.2 | 188035.9 | 15471.5 | |
| 8 | Rus | Saint-Petersburg | 250203.8 | 250203.8 | | 250203.8 | 10944.1 | 143221.8 | 96037.9 | |
| 9 | Oranta | Moscow | 214106.6 | 214106.6 | | 214106.6 | 25033.3 | 189073.3 | | |
| 10 | Ural-Ail | Perm | 178192.3 | 178192.3 | 110498.7 | 67693.6 | 9332.3 | 58058.5 | 302.8 | |
| 11 | Zuerich-Rus | Moscow | 160033.3 | 160033.3 | 295.3 | 159738.0 | 4396.1 | 135978.7 | 19363.1 | |
| 12 | Russkoyereinsurance Society | Moscow | 128098.6 | 128098.6 | | 128098.6 | 5169.7 | 118719.5 | 4209.4 | |
| 13 | Russian Insurance Company | Moscow | 105936.7 | 105764.0 | 3989.8 | 101774.2 | 24376.9 | 53418.0 | 23979.3 | 172.8 |
| 14 | LK-City | Moscow | 101418.6 | 101418.6 | 28783.1 | 72635.5 | 12246.1 | 59189.4 | 1199.9 | |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|--------|------------------------------------|--------------------|-----------|-----------|-----------|-----------|----------|-----------|----------|---------|
| 15 | Zhiva | Moscow | 97573.5 | 97573.5 | 17083.2 | 80490.3 | 3216.2 | 75923.7 | 1350.5 | |
| 16 | Mikoraa | Himki | 78316.6 | 78316.6 | 75546.6 | 2770.0 | 981.8 | 1715.6 | 72.5 | |
| 17 | Rus-med | Saint-Petersburg | 71692.7 | 15527.3 | | 15527.3 | 15527.3 | | | 56165.4 |
| 18 | Avikos | Moscow | 70945.3 | 70945.3 | | 70945.3 | 16515.5 | 29930.3 | 24499.4 | |
| 19 | Itera-Garant | Moscow | 49189.1 | 49189.1 | | 49189.1 | 22993.8 | 25277.4 | 917.8 | |
| 20 | MedExpress | Saint-Petersburg | 46274.4 | 46251.6 | | 46251.6 | 42664.3 | 2920.0 | 667.2 | 22.9 |
| 21 | Tit | Moscow | 44542.7 | 44542.7 | | 44542.7 | 1749.5 | 24420.5 | 18372.8 | |
| 22 | Genstrakh | Moscow | 41290.8 | 41290.8 | | 41290.8 | 2369.0 | 38672.4 | 249.4 | |
| 23 | Adskoil | Moscow | 39513.2 | 39513.2 | | 39513.2 | 10465.1 | 29048.1 | | |
| 24 | Anglo-Russkaya | Moscow | 38109.4 | 38109.4 | | 38109.4 | 11280.6 | 25806.5 | 1022.3 | |
| 25 | Gaide | Saint-Petersburg | 36470.1 | 36468.5 | 7494.8 | 28973.7 | 7566.4 | 15402.8 | 6004.5 | 1.7 |
| 26 | American Insurance House | Moscow | 36221.6 | 36221.6 | 10110.5 | 26111.1 | 1142.5 | 24682.6 | 285.9 | |
| 27 | Alma | Saint-Petersburg | 31105.8 | 31105.8 | | 31105.8 | 104.2 | 30870.7 | 130.9 | |
| 28 | Eko-Sfinx | Saint-Petersburg | 28643.4 | 28643.4 | 5764.8 | 22878.6 | 8252.4 | 11181.9 | 3444.3 | |
| 29 | Transsibirskaya Re | Krasnoyarsk | 24254.0 | 24254.0 | | 24254.0 | 277.3 | 14301.4 | 9675.3 | |
| 30 | Ural-Zoloto | Moscow | 19487.0 | 19487.0 | 7614.5 | 11872.5 | 1210.8 | 10645.7 | 16.0 | |
| 31 | Sibiria-Polis | Tumen | 19179.2 | 19179.2 | | 19179.2 | 17343.5 | 1753.7 | 82.1 | |
| 32 | Class | Saint-Petersburg | 17119.7 | 17119.7 | | 17119.7 | 13361.4 | 3063.4 | 694.9 | |
| 33 | Mesko | Moscow | 16952.7 | 16952.7 | 312.2 | 16640.4 | 5950.4 | 10509.7 | 180.3 | |
| 34 | Rosgal | Moscow | 8700.4 | 8700.4 | 5601.8 | 3098.6 | 77.6 | 3012.1 | 8.9 | |
| 35 | Ostin Re | Ekaterinburg | 8262.7 | 8262.7 | | 8262.7 | 8.2 | 8187.0 | 67.6 | |
| 36 | Soyuznik | Moscow | 6402.8 | 6402.8 | 19.1 | 6383.7 | 1416.6 | 2926.3 | 2040.8 | |
| 37 | Inrikos | Moscow | 4962.3 | 4962.3 | 107.5 | 4854.8 | 321.2 | 2492.8 | 2040.7 | |
| 38 | Renaissance | Moscow | 3832.1 | 3832.1 | 2818.2 | 1013.9 | 1013.9 | | | |
| 39 | Ingvar | Moscow | 3094.4 | 3094.4 | | 3094.4 | | 2824.4 | 270.0 | |
| 40 | Energen | Yuzhno-Sakhalinsk | 2616.8 | 2616.8 | | 2616.8 | 10.6 | 2053.0 | 553.2 | |
| 41 | Merkuriy | Moscow | 1890.9 | 1890.9 | | 1890.9 | 40.6 | 714.5 | 1135.8 | |
| 42 | Principal | Moscow | 1214.2 | 1214.2 | 59.3 | 1155.0 | | 1155.0 | | |
| 43 | Balva | Saint-Petersburg | 1206.4 | 1206.4 | | 1206.4 | 5.7 | 1165.0 | 35.7 | |
| 44 | Basko- Garant | Kaliningrad region | 938.6 | 938.6 | 62.1 | 876.5 | 105.4 | 453.2 | 318.0 | |
| 45 | Stola | Moscow | 904.8 | 904.8 | 904.8 | | | | | |
| 46 | Vostok-Allianz | Moscow | 408.5 | 408.5 | | 408.5 | 337.3 | 68.8 | 2.5 | |
| 47 | Benevita- Lks | Moscow | 280.5 | 280.5 | 280.5 | | | | | |
| 48 | Komi Financvial | Syktvykar | 271.0 | 271.0 | | 271.0 | 5.6 | 265.4 | | |
| 49 | XXI Vek | Moscow | 238.6 | 238.6 | | 238.6 | 4.8 | 233.7 | | |
| 50 | Puksar | Gukovo | 52.7 | 52.7 | | 52.7 | | 52.7 | | |
| 51 | Rusko-Italian | Moscow | 20.0 | 20.0 | | 20.0 | 15.2 | 1.3 | 3.5 | |
| 52 | Transportno-Promyshlenno Co | Moscow | 16.6 | 16.6 | | 16.6 | 16.2 | 0.4 | 0.1 | |
| 53 | First International Promyshlennaya | Moscow | 13.2 | 13.2 | | 13.2 | | 13.2 | | |
| 54 | Natsionalnoye Kachestvo | Moscow | 5.4 | 5.4 | | 5.4 | | 1.0 | 4.4 | |
| TOTAL: | | | 8256201.0 | 8199751.7 | 4173911.9 | 4025840.0 | 908928.2 | 2793267.6 | 323643.9 | 56449.5 |

Table 10.

Data on insurance payments in 1999 on companies with participance of foreign capital

thsd. rub.

| No. | Insurance company | City | Payments total | Voluntary insurance | | | | | | Obligatory insurance |
|-----|-------------------------------|------------------|----------------|---------------------|----------|------------|------------|----------|-----------|----------------------|
| | | | | total | life | including: | | | | |
| | | | | | | total | including: | | | |
| | | | | | | | personal | property | liability | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1 | Ingosstrakh-Russia | Moscow | 1375339.8 | 1375339.8 | 969259.2 | 406080.6 | 50411.7 | 349972.0 | 5696.9 | 53320.1 |
| 2 | Reso-Garantia | Moscow | 1247660.6 | 1247660.6 | 984258.1 | 263402.4 | 181221.2 | 81994.5 | 186.7 | |
| 3 | Akviko | Moscow | 974494.7 | 974494.7 | 972009.1 | 2485.6 | 1581.2 | 807.2 | 97.2 | |
| 4 | Inkorstrakh | Moscow | 246095.9 | 246095.9 | 233243.2 | 12852.7 | 5435.8 | 7298.6 | 118.3 | |
| 5 | Natsionalnaya Insurance Group | Dolgoprudny | 170779.3 | 170779.3 | 154953.7 | 15825.6 | 8214.1 | 7260.3 | 351.2 | |
| 6 | URAL-AIL | Perm | 162678.3 | 162678.3 | 154547.1 | 8131.2 | 3949.6 | 3912.6 | 268.9 | |
| 7 | AIG Russia | Moscow | 98706.3 | 98706.3 | 767.6 | 97938.7 | 25731.4 | 72183.7 | 23.6 | |
| 8 | Rus-Med | Saint-Petersburg | 63020.1 | 9700.0 | | 9700.0 | 9700.0 | | | |
| 9 | Russkoye Re | Moscow | 56067.4 | 56067.4 | | 56067.4 | 1842.2 | 53119.4 | 1105.8 | |
| 10 | LK-Siti | Moscow | 55994.4 | 55994.4 | 52711.2 | 3283.2 | 1925.3 | 1356.3 | 1.6 | |
| 11 | Zurich-Rus | Moscow | 45808.3 | 45808.3 | | 45808.3 | 801.3 | 43632.6 | 1374.4 | |
| 12 | Mikora | Himki | 41829.3 | 41829.3 | 41749.9 | 79.4 | | 79.4 | | |
| 13 | Ost-West-Allianz | Moscow | 35670.4 | 35670.4 | 2680.4 | 32989.9 | 2122.2 | 30725.1 | 142.5 | |
| 14 | Russkaya Insurance Co | Moscow | 35502.5 | 35502.5 | 3376.6 | 32125.9 | 5981.0 | 22731.4 | 3413.5 | |
| 15 | Oranta | Moscow | 34476.0 | 34476.0 | | 34476.0 | 30852.5 | 3623.4 | | |
| 16 | Zhiva | Moscow | 28011.8 | 28011.8 | 16922.7 | 11089.1 | 747.9 | 10323.3 | 18.0 | |
| 17 | Itera-Garant | Moscow | 20256.1 | 20256.1 | | 20256.1 | 15149.0 | 5107.1 | | |
| 18 | Medexpress | Saint-Petersburg | 18055.1 | 18055.1 | 240.3 | 17814.8 | 15281.3 | 2453.8 | 79.7 | |
| 19 | Gaide | Saint-Petersburg | 15949.6 | 15949.6 | 7848.8 | 8100.8 | 3489.6 | 4253.4 | 357.8 | |
| 20 | Avikos | Moscow | 11015.8 | 11015.8 | | 11015.8 | 5213.5 | 5471.7 | 330.5 | |
| 21 | Tit | Moscow | 9125.1 | 9125.1 | | 9125.1 | 43.6 | 8388.8 | 692.7 | |
| 22 | Askoil | Moscow | 8679.2 | 8679.2 | | 8679.2 | 8622.9 | 56.3 | | |
| 23 | Rus | Saint-Petersburg | 6833.0 | 6833.0 | | 6833.0 | 730.9 | 5170.3 | 931.8 | |
| 24 | Eko-Sphinx | Saint-Petersburg | 4955.2 | 4955.2 | | 4955.2 | 4938.4 | 6.0 | 10.8 | |
| 25 | Mesko | Moscow | 4871.6 | 4871.6 | 337.5 | 4534.1 | 3651.8 | 798.9 | 83.4 | |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|--------|---------------------------------|--------------------|-----------|-----------|-----------|-----------|----------|----------|---------|---------|
| 26 | Sibir-Polis | Tumen | 3899.4 | 3899.4 | | 3899.4 | 3645.6 | 232.6 | 21.2 | |
| 27 | Class | Saint-Petersburg | 3805.6 | 3805.6 | | 3805.6 | 2610.7 | 1077.9 | 116.9 | |
| 28 | English-Russian Insurance Co | Moscow | 3590.5 | 3590.5 | | 3590.5 | 1702.8 | 1619.0 | 268.6 | |
| 29 | Soyuznik | Moscow | 2660.1 | 2660.1 | 1634.6 | 1025.6 | 18.7 | 877.4 | 129.5 | |
| 30 | Ural-Zoloto | Moscow | 2454.3 | 2454.3 | 1699.4 | 754.9 | 754.9 | | | |
| 31 | American Insurance House | Moscow | 2329.5 | 2329.5 | | 2329.5 | | 2301.0 | 28.5 | |
| 32 | Transsiberian Reinsurance Corp. | Krasnoyarsk | 1651.5 | 1651.5 | | 1651.5 | 0.5 | 1436.5 | 214.5 | |
| 33 | Renaissance Insurance | Moscow | 1564.6 | 1564.6 | 1182.8 | 381.8 | 381.8 | | | |
| 34 | Rosgal | Moscow | 1456.5 | 1456.5 | 1176.6 | 279.9 | 2.2 | 277.7 | | |
| 35 | Genstrakh | Moscow | 1329.2 | 1329.2 | | 1329.2 | 1041.3 | 190.6 | 97.3 | |
| 36 | Ingvar | Moscow | 990.8 | 990.8 | | 990.8 | | 702.2 | 288.6 | |
| 37 | Inrikos | Moscow | 656.6 | 656.6 | 382.4 | 274.2 | 258.5 | 13.4 | 2.3 | |
| 38 | Basko Garant | Kaliningrad region | 530.7 | 530.7 | 205.7 | 325.0 | 91.2 | 207.1 | 26.8 | |
| 39 | Alma | Saint-Petersburg | 462.7 | 462.7 | | 462.7 | 16.4 | 446.2 | | |
| 40 | XXI Vek | Moscow | 300.2 | 300.2 | | 300.2 | 1.8 | 298.4 | | |
| 41 | Ostin Re | Ekaterinburg | 256.8 | 256.8 | | 256.8 | 13.6 | 243.2 | | |
| 42 | Vostok-Allianz | Moscow | 148.5 | 148.5 | | 148.5 | 148.5 | | | |
| 43 | Benevita LKS | Moscow | 132.4 | 132.4 | 132.4 | | | | | |
| 44 | Energen | Yuzhno-Sakhalinsk | 47.5 | 47.5 | | 47.5 | | 47.5 | | |
| 45 | Merkuriy | Moscow | 46.1 | 46.1 | | 46.1 | 46.1 | | | |
| 46 | Balva | Saint-Petersburg | 19.1 | 19.1 | | 19.1 | | 19.1 | | |
| 47 | Komi Financial Co | Syktvykar | 10.0 | 10.0 | | 10.0 | | 10.0 | | |
| TOTAL: | | | 4800218.4 | 4746898.3 | 3601319.3 | 1145578.9 | 398373.0 | 730725.9 | 16479.5 | 53320.1 |

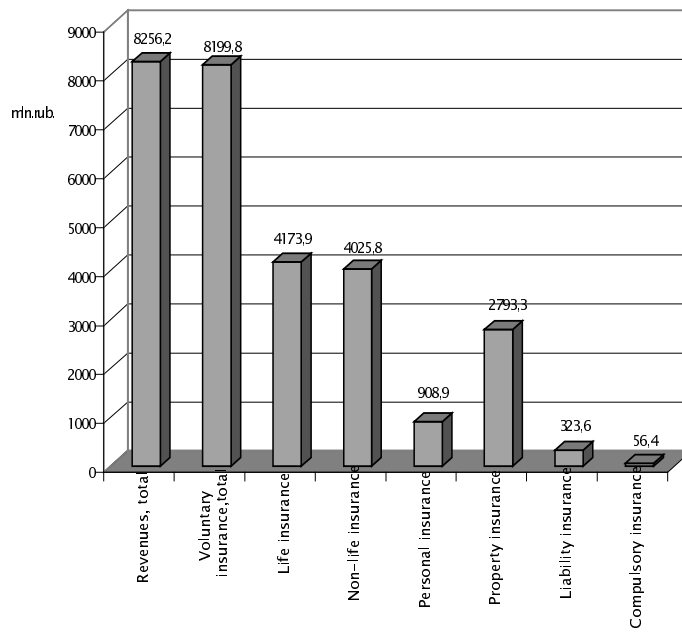


Diagram 17.
Insurance premiums in 1999
on insurance companies with participance of foreign capital, mln. rub.

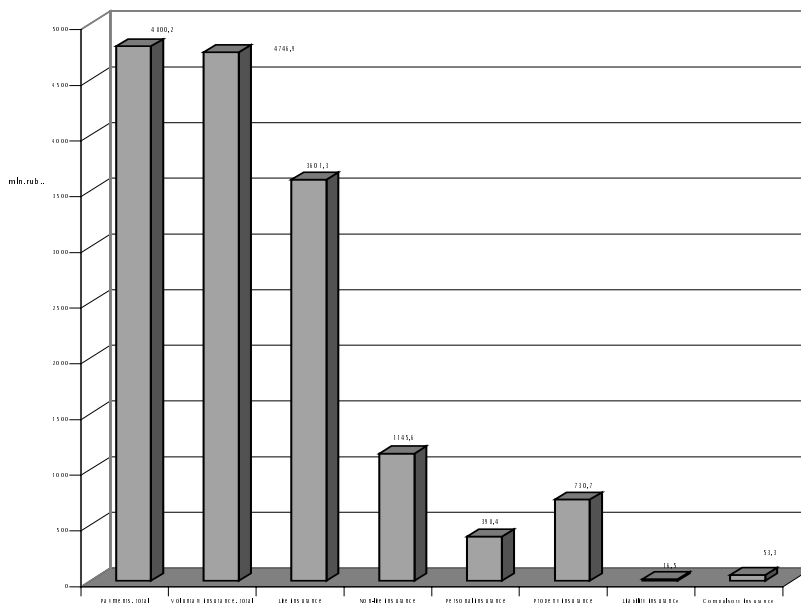


Diagram 18.
Insurance payments in 1999
on insurance companies with participance of foreign capital, mln. rub.

Table 11.

Aggregate data on insurance business in 1998 and 1999
Reinsurance companies

| Index | 1999 mln. rub. | 1998 mln. rub. | Growth rate (%) | Share in total scope 1999 (%) | Share in total scope 1998 (%) | Changes in shares (percentage) |
|---|-------------------|-------------------|--------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| I. Insurance premiums | 1628.50 | 624.00 | 260.98 | 100.00 | 100.00 | |
| 1. Voluntary insurance – total | 1623.91 | 622.38 | 260.92 | 99.72 | 99.74 | -0.02 |
| Including: | | | | | | |
| life insurance | 124.63 | 5.08 | 2453.35 | 7.65 | 0.81 | 6.84 |
| non-life insurance: | 1499.28 | 617.30 | 242.88 | 92.07 | 98.93 | -6.86 |
| personal (excluding life insurance) | 183.05 | 21.93 | 834.70 | 11.24 | 3.51 | 7.73 |
| property | 1097.71 | 550.05 | 199.57 | 67.41 | 88.15 | -20.74 |
| liability | 218.52 | 45.31 | 482.28 | 13.42 | 7.26 | 6.16 |
| 2. Obligatory insurance | 4.59 | 1.62 | 283.33 | 0.28 | 0.26 | 0.02 |
| II. Insurance payments | 544.80 | 165.10 | 329.98 | 100.00 | 100.00 | |
| 1. Voluntary insurance – total including: | 544.80 | 165.10 | 329.98 | 100.00 | 100.00 | |
| life insurance | 11.61 | 5.40 | 215.00 | 2.13 | 3.27 | -1.14 |
| non-life insurance | 533.19 | 159.70 | 333.87 | 97.87 | 96.73 | 1.14 |
| personal (excluding life insurance) | 55.17 | 11.96 | 461.29 | 10.13 | 7.24 | 2.89 |
| property | 468.40 | 147.02 | 318.60 | 85.98 | 89.05 | -3.07 |
| liability | 9.63 | 0.73 | 1319.18 | 1.77 | 0.44 | 1.33 |
| 2. Obligatory insurance | | | | | | |

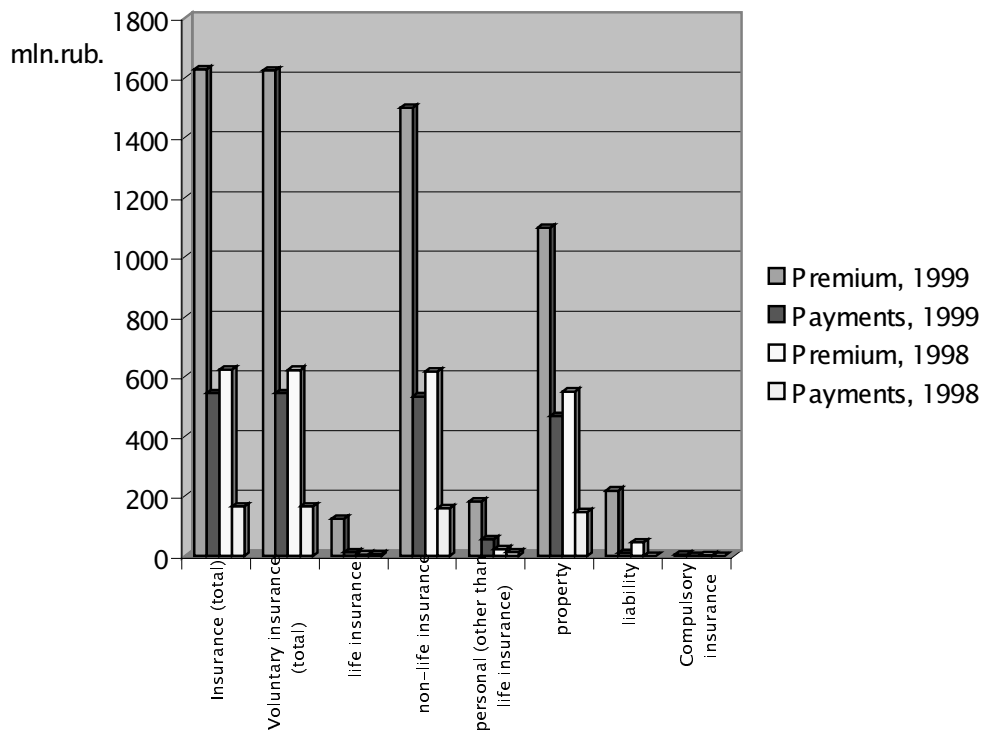


Diagram 19.
Amounts of insurance premiums and payments (reinsurance) in 1998 and 1999, mln. rub.

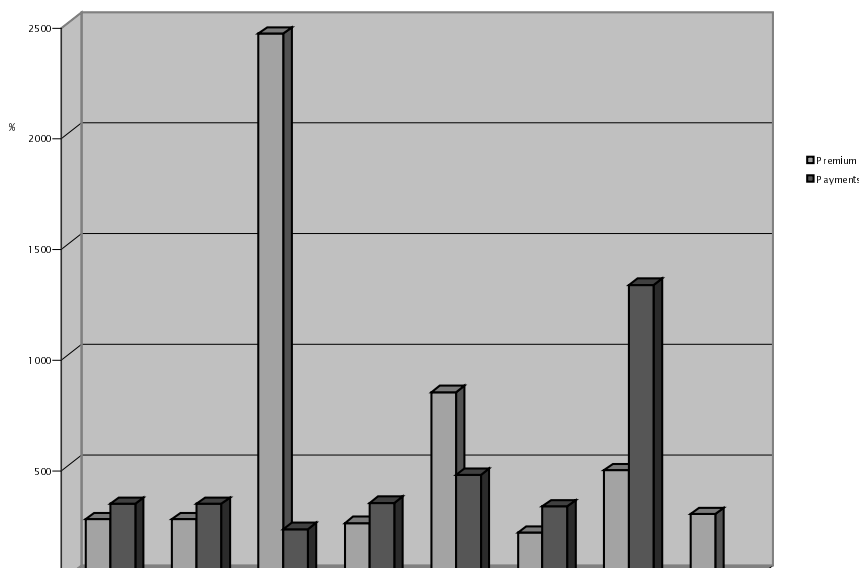


Diagram 20.
Growth rates of insurance premiums and payments (reinsurance) in 1999 in comparison with 1998, %

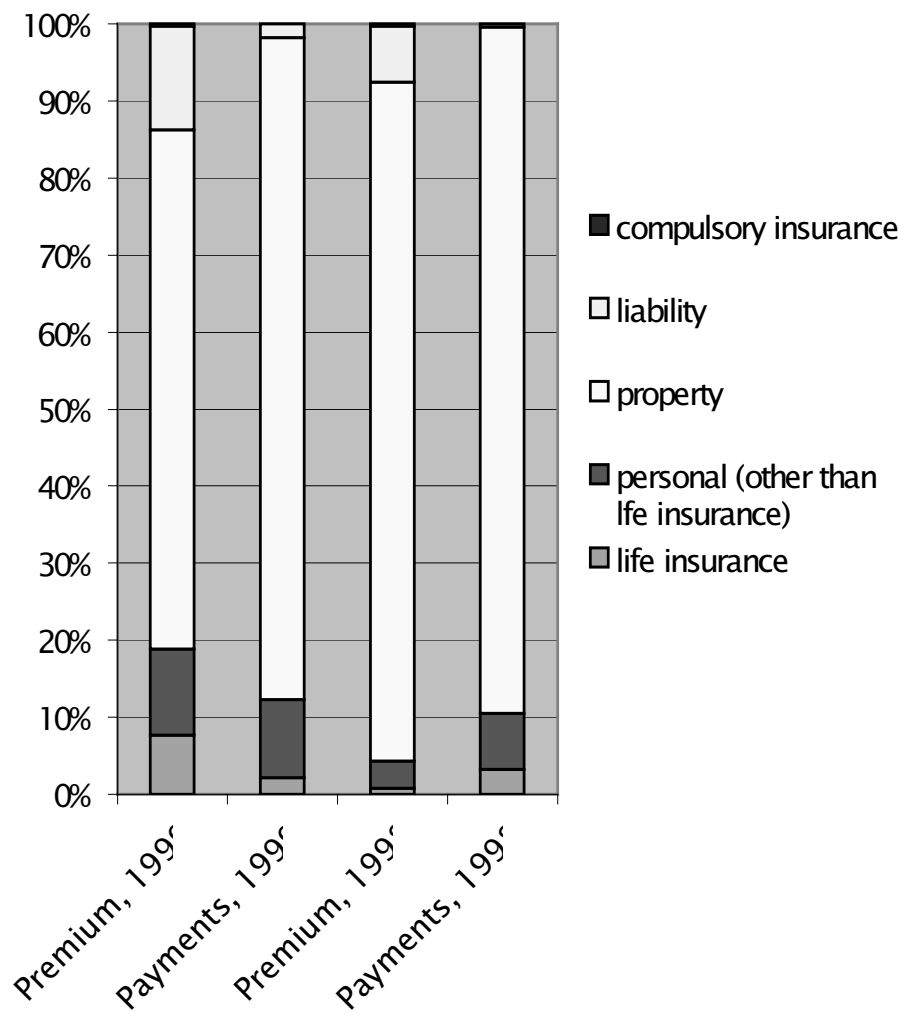


Diagram 21.
 Share in total scope of reinsurance
 in life insurance, liability, personal,
 property and obligatory insurance, 1998 and 1999

Table 12.

Data on reinsurance companies on insurance premiums received in 1999

| No. | Insurance company | City | Premiums received, total | Voluntary insurance | | | | | | Obligatory insurance |
|-------|---------------------|------------------|--------------------------|---------------------|------------|--------------------|----------|-----------|-----------|----------------------|
| | | | | total | including: | | | | | |
| | | | | | life | non-life insurance | | | | |
| | | | | | | total | personal | property | liability | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1 | Industrial Re | Elista | 700475.5 | 697530.3 | 124627.2 | 572903.1 | 85331.2 | 426957.6 | 60614.2 | 2945.2 |
| 2 | Megarus | Moscow | 394949.4 | 394949.4 | | 394949.4 | 853.7 | 339407.0 | 54688.7 | |
| 3 | Nevskaya Re | Saint-Petersburg | 133375.1 | 131727.6 | | 131727.6 | 52192.3 | 18271.2 | 61264.1 | 1647.6 |
| 4 | Russkoye Re | Moscow | 128098.6 | 128098.6 | | 128098.6 | 5169.7 | 118719.5 | 4209.4 | |
| 5 | Nakhodka Re | Nakhodka | 65817.9 | 65817.9 | | 65817.9 | | 61361.3 | 4456.6 | |
| 6 | Moskva Re | Moscow | 42187.6 | 42187.6 | | 42187.6 | 1198.0 | 38333.9 | 2655.8 | |
| 7 | West East Re | Moscow | 37226.9 | 37226.9 | | 37226.9 | 35800.0 | 802.4 | 624.5 | |
| 8 | Transsiberian Re | Krasnoyarsk | 24254.0 | 24254.0 | | 24254.0 | 277.3 | 14301.4 | 9675.3 | |
| 9 | Express Re | Moscow | 15346.4 | 15346.4 | | 15346.4 | 56.5 | 4815.8 | 10474.2 | |
| 10 | Rosno Centre | Moscow | 13375.6 | 13375.6 | | 13375.6 | 121.8 | 12014.4 | 1239.4 | |
| 11 | Nasta Re | Moscow | 12765.4 | 12765.4 | | 12765.4 | 72.7 | 11884.7 | 807.9 | |
| 12 | Volga | Samara | 9616.2 | 9616.2 | | 9616.2 | 120.8 | 8559.6 | 935.8 | |
| 13 | AsiaTrans Re | Khabarovsk | 8979.6 | 8979.6 | | 8979.6 | 82.1 | 8311.3 | 586.2 | |
| 14 | Ostin Re | Ekaterinburg | 8262.7 | 8262.7 | | 8262.7 | 8.2 | 8187.0 | 67.6 | |
| 15 | Srednevolzhskaya Re | Samara | 7965.0 | 7965.0 | | 7965.0 | 358.5 | 4839.1 | 2767.4 | |
| 16 | Natsionalnoye Re | Moscow | 7366.7 | 7366.7 | | 7366.7 | 839.4 | 5961.3 | 566.0 | |
| 17 | Peterburg Re | Saint-Petersburg | 6220.7 | 6220.7 | | 6220.7 | | 6220.7 | | |
| 18 | West Siberian Re | Novosibirsk | 3927.4 | 3927.4 | | 3927.4 | 484.5 | 3002.8 | 440.0 | |
| 19 | Classic Reinsurance | Moscow | 2373.9 | 2373.9 | | 2373.9 | | 5.3 | 2368.6 | |
| 20 | Tasfir –Apeko | Kazan | 2258.7 | 2258.7 | | 2258.7 | | 2258.7 | | |
| 21 | Rosles Re | Moscow | 1095.7 | 1095.7 | | 1095.7 | 1.5 | 1089.3 | 5.0 | |
| 22 | Antei | Moscow | 991.0 | 991.0 | | 991.0 | 4.5 | 971.1 | 15.4 | |
| 23 | Kama Re | Almetievsk | 781.3 | 781.3 | | 781.3 | 75.9 | 659.3 | 46.1 | |
| 24 | Izhevskoye Re | Izhevsk | 780.4 | 780.4 | | 780.4 | 0.1 | 772.4 | 7.9 | |
| 25 | Monomakh | Moscow | 6.8 | 6.8 | | 6.8 | | 6.8 | | |
| TOTAL | | | 1628498.5 | 1623905.8 | 124627.2 | 1499278.6 | 183048.7 | 1097713.9 | 218516.1 | 4592.8 |

Table 13.

Data on insurance payments in 1999 on reinsurance companies

thsd. rub.

| No. | Insurance company | City | Payments, total | Voluntary insurance | | | | | | Obligatory insurance |
|-------|-------------------------|------------------|-----------------|---------------------|---------|------------|--------------------|----------|--------|----------------------|
| | | | | total | life | including: | | | | |
| | | | | | | total | non-life insurance | | | |
| | | | | | | | personal | property | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1 | Megarus | Moscow | 376984.5 | 376984.5 | | 376984.5 | 1.5 | 372725.3 | 4257.6 | |
| 2 | Russkoye reinsurance Co | Moscow | 56067.4 | 56067.4 | | 56067.4 | 1842.2 | 53119.4 | 1105.8 | |
| 3 | Industrialnaya Re Co | Elista | 55472.8 | 55472.8 | 11608.8 | 43864.0 | 40060.0 | 3458.2 | 345.9 | |
| 4 | Nevskaya re Co | Saint-Petersburg | 13390.8 | 13390.8 | | 13390.8 | 13211.9 | 178.9 | | |
| 5 | Nakhodka re | Nakhodka | 9380.2 | 9380.2 | | 9380.2 | | 8949.2 | 431.1 | |
| 6 | Rosno Center | Moscow | 8224.4 | 8224.4 | | 8224.4 | 0.9 | 5476.9 | 2746.5 | |
| 7 | Moskva –Re | Moscow | 6219.2 | 6219.2 | | 6219.2 | | 6219.2 | | |
| 8 | Natsionalnoye Re | Moscow | 5665.9 | 5665.9 | | 5665.9 | 3.1 | 5631.2 | 31.7 | |
| 9 | Aziatrans Re | Khabarovsk | 3686.7 | 3686.7 | | 3686.7 | 23.6 | 3601.5 | 61.6 | |
| 10 | Express Re | Moscow | 2215.3 | 2215.3 | | 2215.3 | 2.5 | 2115.4 | 97.5 | |
| 11 | Izhevskoye Re | Izhevsk | 1782.1 | 1782.1 | | 1782.1 | 0.7 | 1781.4 | | |
| 12 | Transsibirskoye Re | Krasnoyarsk | 1651.5 | 1651.5 | | 1651.5 | 0.5 | 1436.5 | 214.5 | |
| 13 | Ante | Moscow | 1387.3 | 1387.3 | | 1387.3 | 6.7 | 1363.6 | 17.0 | |
| 14 | Volga | Samara | 1367.1 | 1367.1 | | 1367.1 | | 1367.1 | | |
| 15 | Volga Re | Moscow | 426.6 | 426.6 | | 426.6 | | 412.0 | 14.6 | |
| 16 | West-Sibirian Re | Novosibirsk | 400.4 | 400.4 | | 400.4 | | 118.7 | 281.7 | |
| 17 | Ostin Re | Ekaterinburg | 256.8 | 256.8 | | 256.8 | 13.6 | 243.2 | | |
| 18 | Sredne-Volzhska Re | Samara | 98.1 | 98.1 | | 98.1 | | 98.1 | | |
| 19 | Tasfir- Apek | Kazan | 78.3 | 78.3 | | 78.3 | | 78.3 | | |
| 20 | Rosles Re | Moscow | 44.2 | 44.2 | | 44.2 | | 23.9 | 20.3 | |
| 21 | Kama Re | Almetievsk | | | | | | | | |
| 22 | Classic Reinsurance Re | Moscow | | | | | | | | |
| 23 | West-East R | Moscow | | | | | | | | |
| 24 | Monomakh | Moscow | | | | | | | | |
| 25 | Peterburg Re | Saint-Petersburg | | | | | | | | |
| TOTAL | | | 544799.6 | 544799.6 | 11608.8 | 533190.8 | 55167.2 | 468398.0 | 9625.8 | |

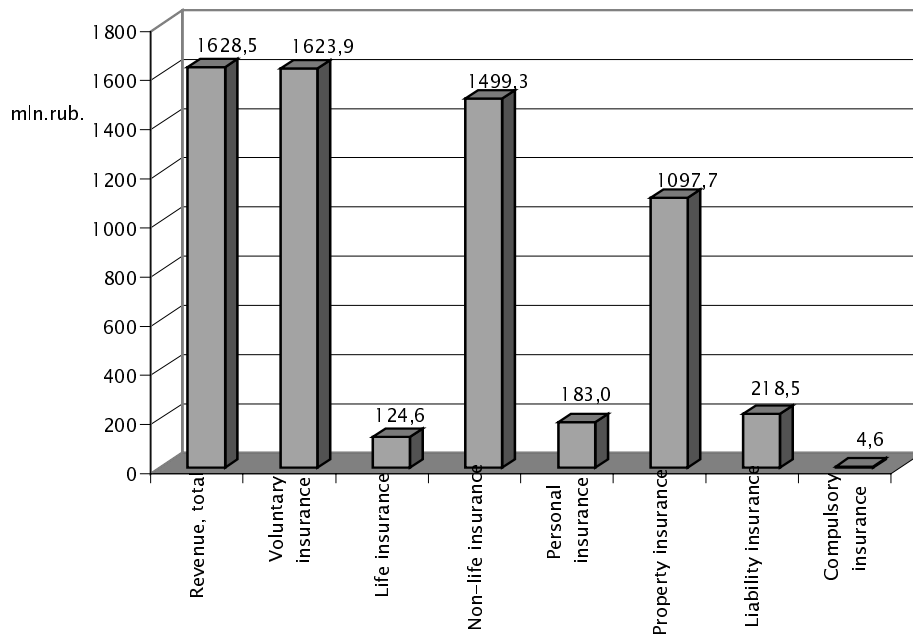


Diagram 22.
Insurance payments in 1999
on reinsurance companies, mln. rub.

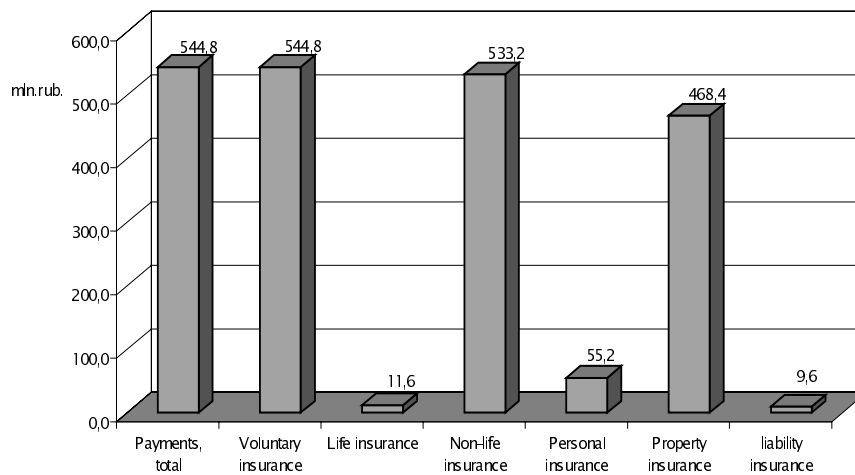


Diagram 23.
Insurance payments in 1999
on reinsurance companies, mln. rub.