



The way to an effective Russian crop insurance system. A contribution to the discussion

Moscow, 28 November 2012



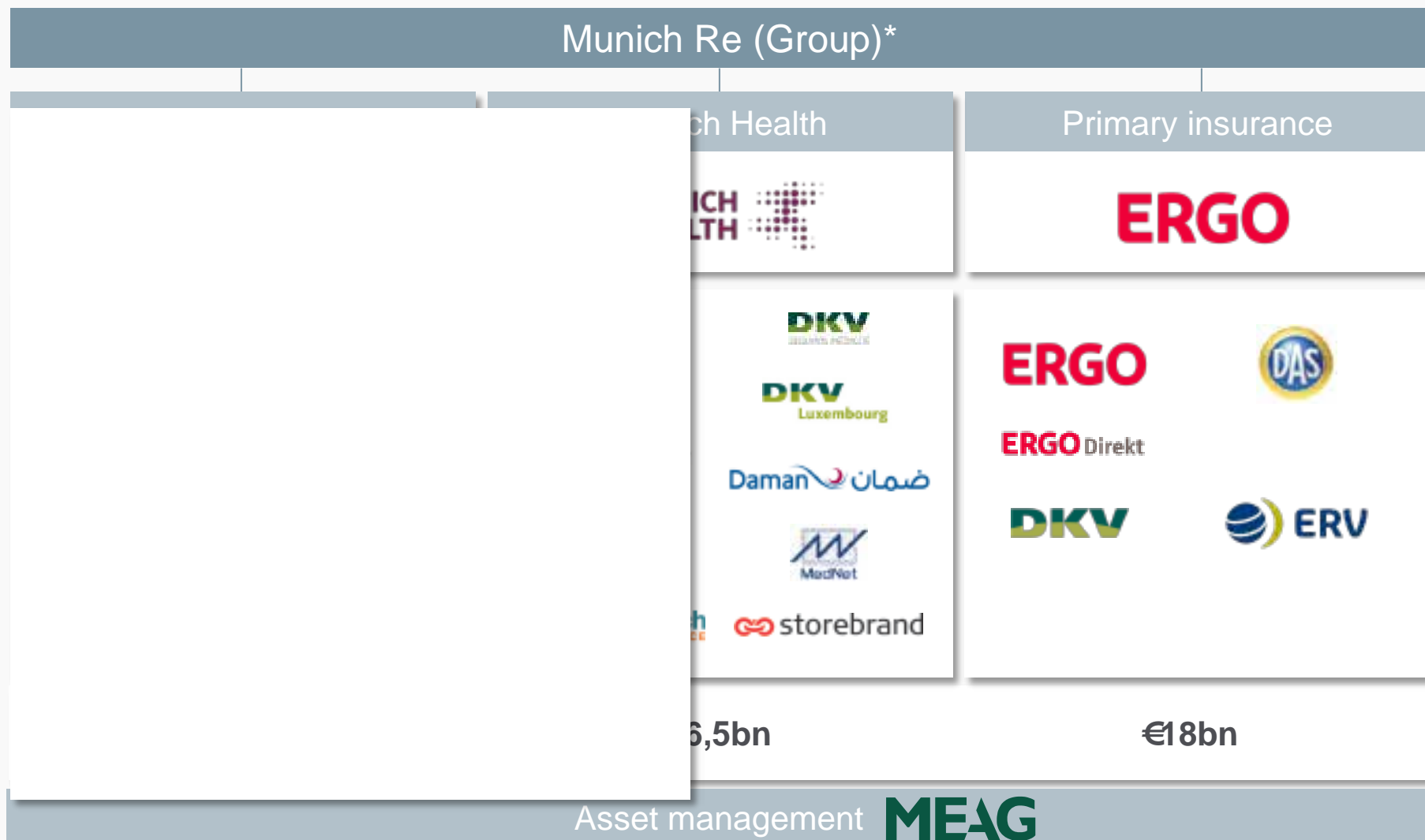
- § Introduction of Munich Re and the Divisional Unit Agro
- § Insurance penetration in Russia - how to increase?
- § Key components to be improved in Russia

INTRODUCTION OF MUNICH RE AND THE DIVISIONAL UNIT AGRO



Munich Re Group

Diversified structure – more security



*This listing is incomplete and provides no precise indication of shareholdings.

Structure of the Divisonal Unit Agro

30 agricultural experts - worldwide



Divisional Unit Agro = worldwide responsibility for agricultural business:

Acquisition, underwriting, controlling, pricing, management and knowledge transfer

What Munich Re can contribute to establish and operate successful crop insurance markets

Key markets for crop insurance Insurance premiums in 2011 (m€)

Country	GWP [m. €]	Market Penetration [%]
USA	9.217	80%
China	1.854	33% crop / 50% Livestock
Canada	1.350	60%
Spain	410	55% (incl. Livestock)
France	370	32% MPCl / 55% Hail
Russia	300	15%
India	301	20%
Italy	300	19% Hail / 1% MPCl
Argentina	199	45%
Brazil	189	12%
Germany	183	61% (crop hail only)
Mexico	131	8%
Australia	111	80%
South Africa	109	33%
Turkey	108	6%
Austria	89	79%
Republic of Korea	72	72%
Total	15.361	

§ High potential for Russia

§ MR is able to provide the essential key components

§ System structure

§ Insurance products

§ Operational technology

§ Capital

to substantially increase market penetration in Russia.

A SUCCESSFUL CROP INSURANCE SYSTEM IN RUSSIA COMES ALONG WITH HIGH MARKET PENETRATION



1. High attractiveness to farmers:

- Ø Crop insurance as a comprehensive risk management tool
- Ø Adequate deductible
- Ø Affordable rates
- Ø Transparent approach (products, rates, demanded documents and certificates)
- Ø Reliable loss regulation (based on binding loss adjustment guidelines)
- Ø Reliable state support of the premium (available for all farmers)
- Ø Insurance companies which provide a high service level to the farmer

2. High attractiveness to insurance industry:

- Ø High investments to insurance infrastructure need to deliver returns
 - Ø Sustainable long term governmental commitment
 - Ø Reliable premium support
 - Ø Limited operating expenses (agent commissions, admin costs, etc.)
- Ø Sufficient regional spread for efficient risk capital use
- Ø Risk adequate rates (differentiated per region and crop)
- Ø Limited loss potential in cat years

3. High attractiveness to agricultural policy:

- Ø Governmental ad hoc disaster payments (not predictable/budgetable) not necessary
- Ø Reliable and long-term budgeting of the co-financing of insurance premiums
- Ø Access to all farmers
- Ø Efficient and transparent use of public money
- Ø Protection of agricultural investments serves for high efficient and modern agricultural production

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- § Increased transparency
 - § Increased requirements on licensed crop insurers
 - § Establishment of uniform insurance terms and conditions based on technically sound coverages, deductibles and rates
 - § Public co-financing of insured cat losses
 - § New approach in loss regulation
 - § Central unit authorized to make decisions for the mentioned components



СПРОСИТЬ И КОММЕНТАРИИ?

ANY QUESTIONS OR COMMENTS?

www.munichre.com/systemagro