

INSURANCE MARKET IN POLAND 2009–2011, CEE INSURANCE SERIES

SAMPLE



by Intelace Research
June 2009

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Number of pages / Liczba stron : 88

Language / Język/: Angielski / English

Delivery / Sposób dostarczenia/ : (.pdf file recorded on CD-R)

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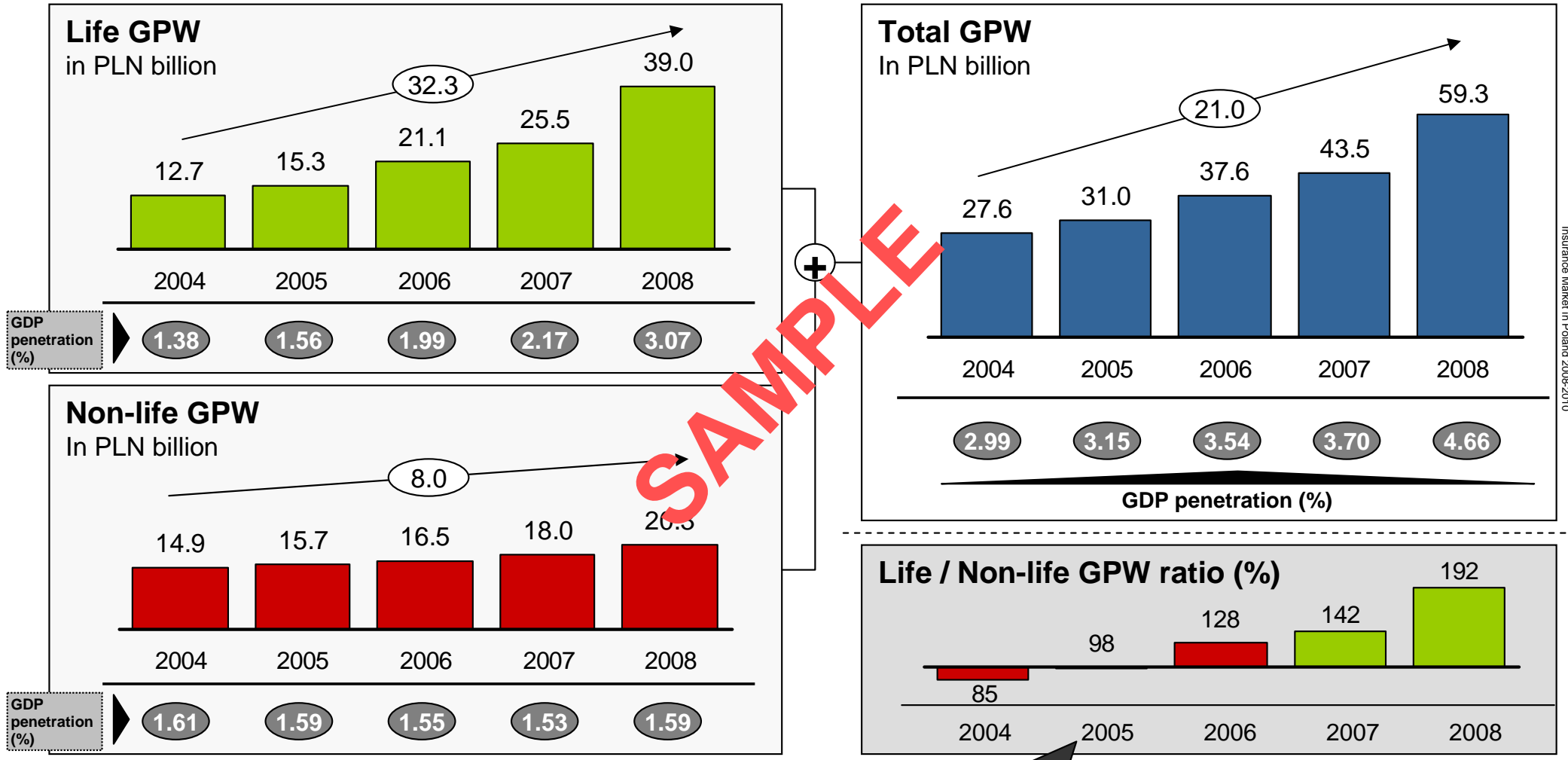
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- **Insurance market**
- **Non-life Insurance**
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- **Bancassurance**
- **Top players profiles**
- **Forecast**

RECENT GROWTH OF THE INSURANCE MARKET HAS BEEN DRIVEN MOSTLY BY LIFE BUSINESS

CAGR*

Evolution of gross premium written (GPW) and GPW/GDP penetration, 2004-2008

IN LOCAL CURRENCY

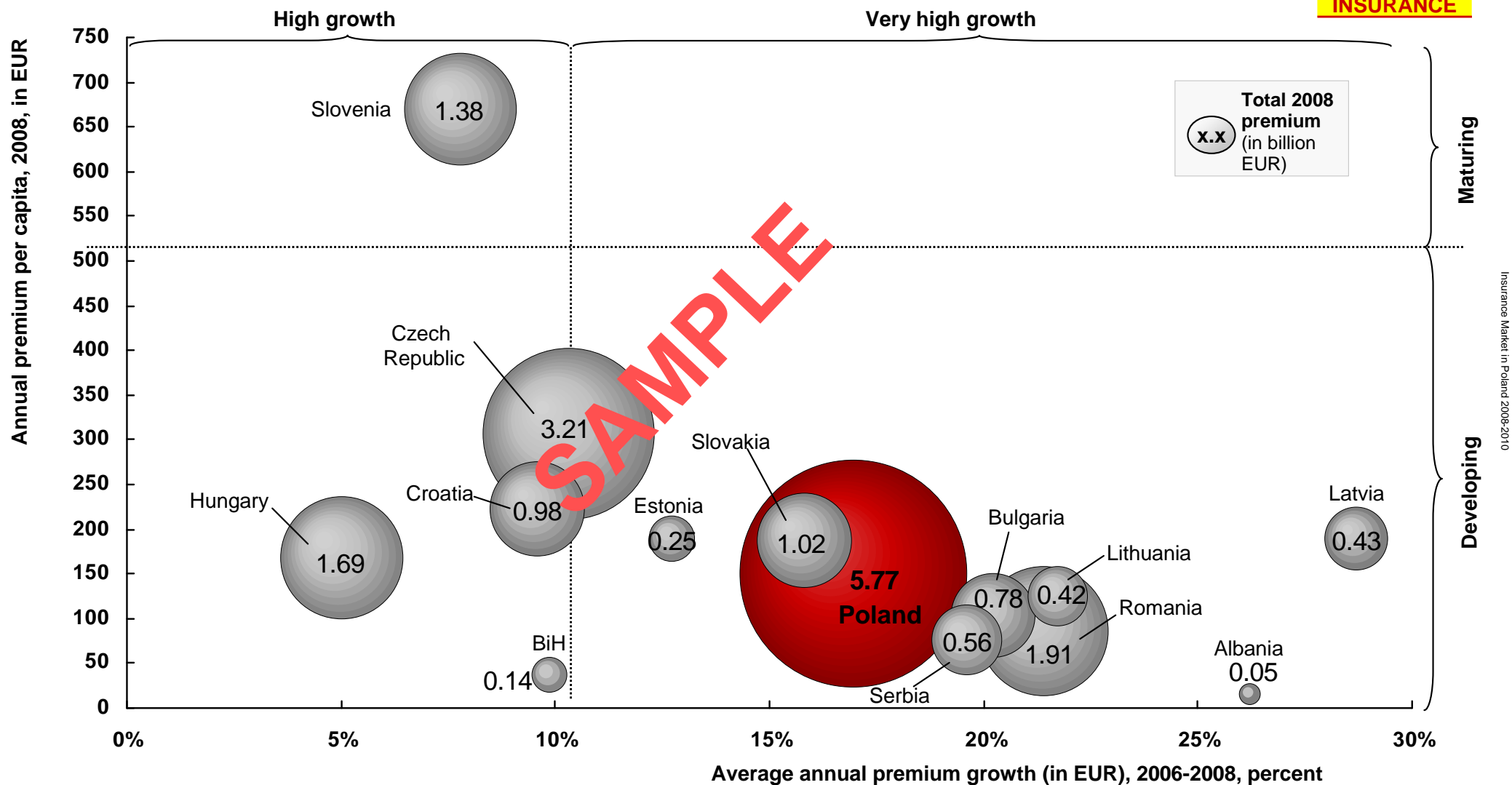


* Compound Annual Growth Rate
Source: KNF, Intelace Research

POLAND HAS THE LARGEST NON-LIFE INSURANCE MARKET IN CEE14*

CEE14* non-life insurance markets - Size vs. growth matrix, 2006-2008

NON-LIFE INSURANCE



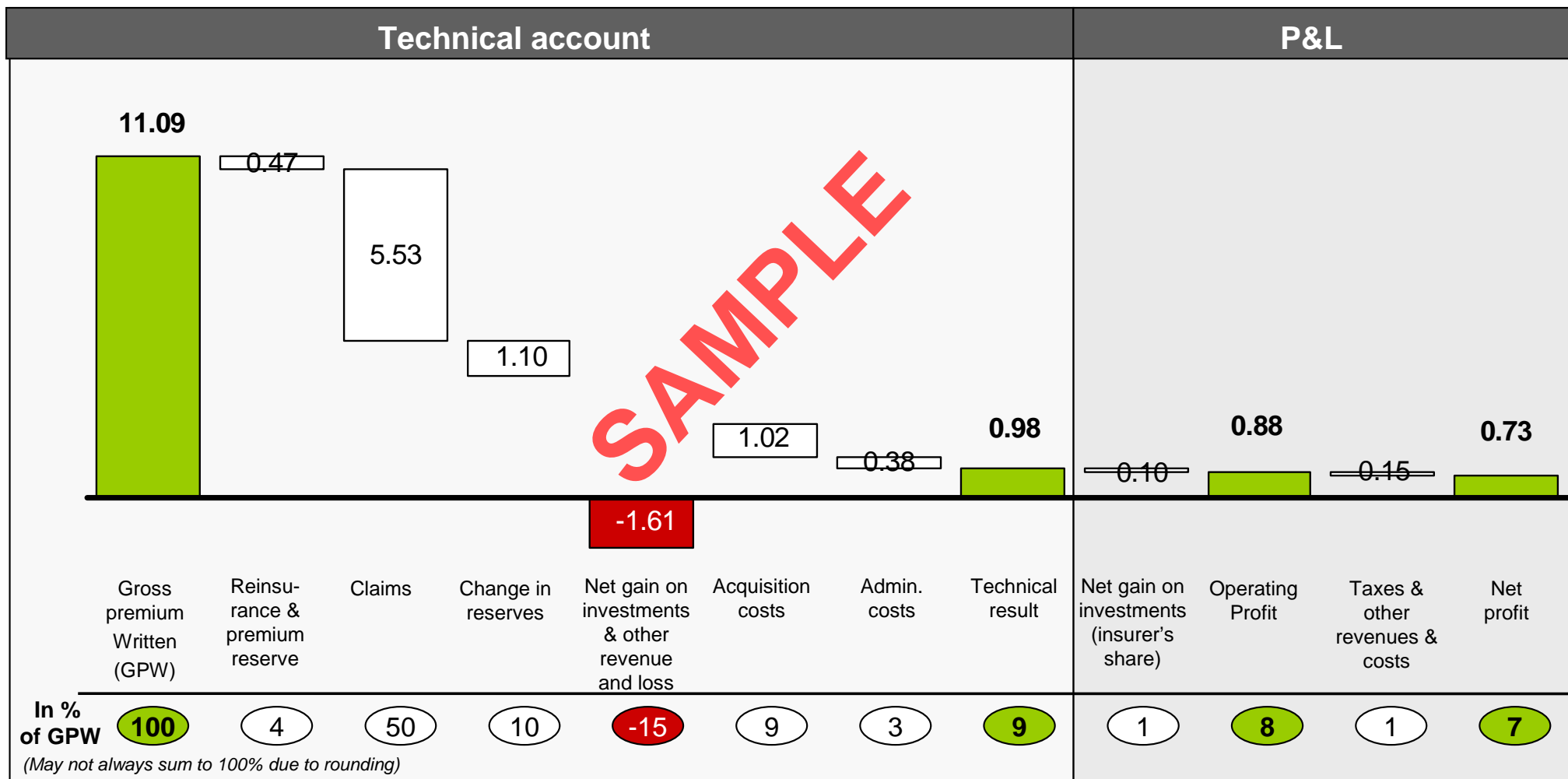
* Major 14 CEE countries. Russia, Ukraine, Belarus and Macedonia not included
 Source: National supervision authorities, IMF, Intelace Research Intelace Research

IN 2008 LIFE INSURERS EARNED EUR ~1 BN ON TECHNICAL LEVEL AND EUR 0.73 BN IN NET PROFITS

Life insurance accounts, 2008











EUR billion

**LIFE
INSURANCE**



Insurance Market in Poland 2008-2010

COMPARISON ENGINES AND ONLINE SALES PLATFORMS ARE GROWING VERY FAST, BUT WITH EXCEPTION OF mBANK ALL OF THEM STILL PLAY A MINOR ROLE

	Company	Number of cooperating insurers	Insurance type				Remarks
			Car	Property	Travel	Other	
Independent insurance comparing websites	ipolisa 	16	✓	✓	✓	✓	<ul style="list-style-type: none"> • Major player on the market • Wide product offer • Highest brand recognition in the peer group
	POLI-NET (polisynonstop) 	14	✓	✓	✓	✓	<ul style="list-style-type: none"> • Relatively wide offer • Over 44 thsd. policies sold online
	inseco 	6	✗	✓	✓	✗	<ul style="list-style-type: none"> • Service Managed by Blue Media • Car insurance offer expected soon
	other  	Many other players; weaker brands; low transparency; but competition increasing					
	 						
Sales platforms under bank's brands	mBank 	5	✓	✓	✓	✓	<ul style="list-style-type: none"> • Wide product offer but limited number of insurers (4) • 145 thousand policies sold in `08
	iPKO 	1	✗	✓	✓	✓	<ul style="list-style-type: none"> • So far close cooperation with PZU only • Very large database of PKO clients
	Millennium 	3	✗	✗	✓	✗	<ul style="list-style-type: none"> • Service managed by Blue Media • Millennium just providing the brand

Insurance Market in Poland 2008-2010

SAMPLE

NON-LIFE INSURANCE PLAYERS - PZU



CAGR**

NON-LIFE INSURANCE

Background

- PZU is the largest, traditional local insurer in Poland with extremely high brand awareness (93%)
- Its previously dominant position is consistently eroding

History

- 1991 State-owned insurer PZU converted to public joint-stock company
- 1999 Partial privatization of PZU holding – 30% share in the mother company PZU SA has been sold to Eureko and Big Bank Gdanski
- 2003 Claims handling centralization
- 2004 Launch of repair-shops network
- 2005 New strategy for the whole PZU group, claims centralization
- 2008 Online sales model introduced
- 2009 Restructuring: focus on operations and distribution

Shareholders (share in %)

Shareholder	Share (%)
Treasury	55
Eureko	32
Other	13

Products

- PZU offers ~80 various products in the non-life retail business. Products offered cover all 18 non-life insurance classes
- Car insurance (MTPL+Casco) is dominating within non-life business with ~67% share in the total GPW (as of 2008)

Channels:

- Insurance is distributed through own network of 350 non-life PZU branches
- Non-life policies are sold through: ~7200 agents, ~1800 multi-agencies, ~750 brokers, ~800 used and new car dealers and a group of banks including: PKO, DB, Millennium & BOŚ

Customers

- PZU is traditionally serving mass market clients in retail business (mostly motor and property) and all segments in corporate business
- Total number of clients in the whole PZU Group (life+nonlife) exceeds 14 million

Results

Gross Premium Written (EUR billion)

Year	GPW (EUR billion)
2005	1.90
2006	1.97
2007	2.11
2008	2.34

CAGR: 7%

Market share* (percent)

Year	Market share (%)
2005	48.9
2006	46.6
2007	44.4
2008	40.5

Quick market share loss

Net profit (EUR million)

Year	Net profit (EUR million)
2005	432
2006	481
2007	378
2008	245

CAGR: -17%

Return on Average Equity (ROAE) (Percent)

Year	ROAE (%)
2005	18.0
2006	15.4
2007	9.4
2008	4.8

Falling ROAE - A result of excessive equity and slowing profits

Insurance Market in Poland 2008-2010

* Non-life insurance share by gross premium written
 ** Compound Annual Growth Rate
 Source: Company, Press, Intelace Research

NOTE ON METHODOLOGY

FX rates:

- For the purpose of conversion from local currency (PLN) into EUR of most values presented in this report, including premium written, annual results etc. the **average** exchange rates have been used
- Exchange rates used in the report:

EUR / PLN	2001	2002	2003	2004	2005	2006	2007	2008
End of year	3.53	4.02	4.72	4.08	3.86	3.83	3.58	4.17
Average	3.68	3.85	4.40	4.53	4.03	3.90	3.78	3.52

Estimates and Forecasts:

- In some cases, recent or verified data was not available. Therefore, necessary short-term estimations have been done to fill the gaps. Estimates are always indicated with the letter “E”
- When preparing forecasts/estimates we have built models using latest observed trends, available forecasts of main economic indicators, seasonal changes observed in the past and other specific factors considered important.

Multiple sources:

- In some cases multiple sources of similar data exist. In this situation we always try to select the most appropriate one /in our view/. The source is indicated in the footer area of each slide. Nevertheless in specific cases, before interpreting the data it is recommended to get a good understanding on the methodology of data collection.

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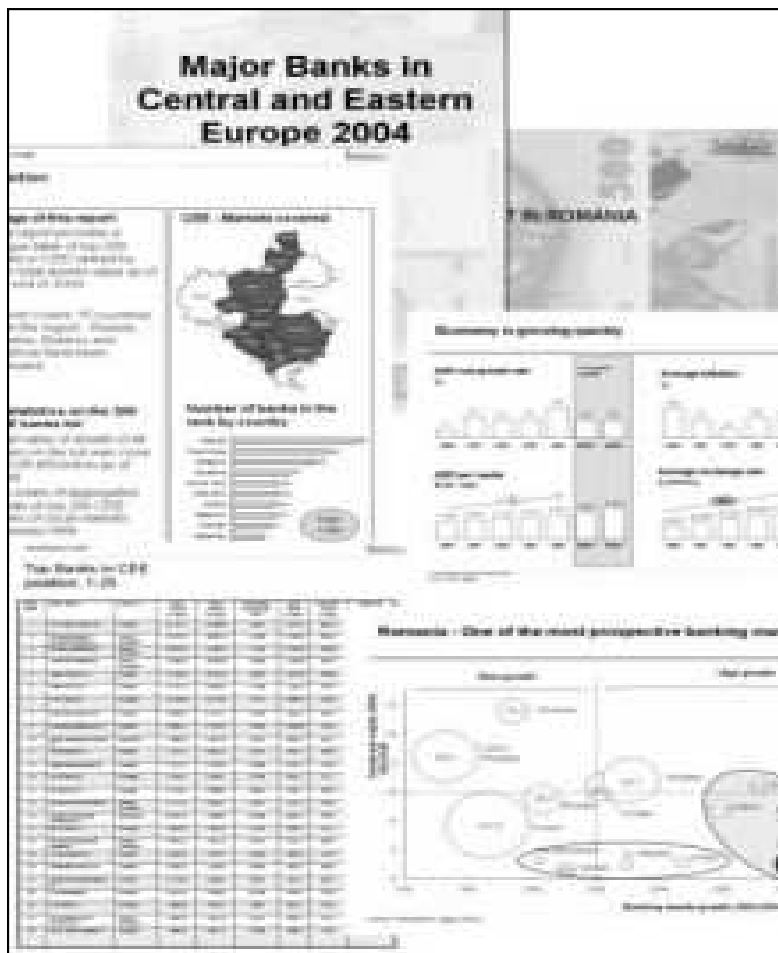
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