

# INSURANCE MARKET IN POLAND, 2014–2016

## CEE INSURANCE SERIES

**SAMPLE**



**by Inteliace Research**  
June 2014

Version: 2014/01

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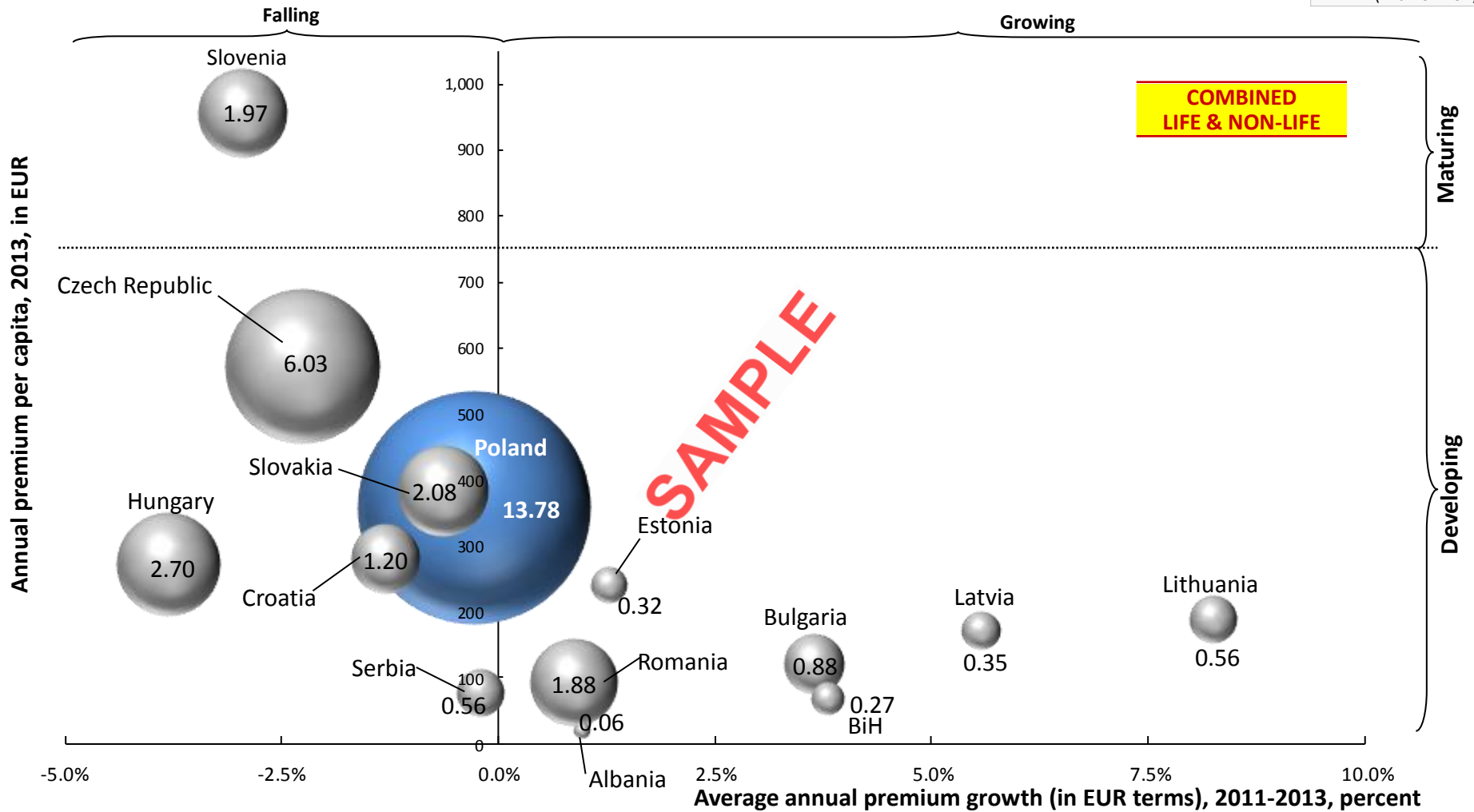
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# POLAND HAS THE LARGEST INSURANCE MARKET IN CEE14\*

CEE14\* insurance markets - Size vs. growth matrix, 2011-2013

x.x Total 2013 premium (in billion EUR)

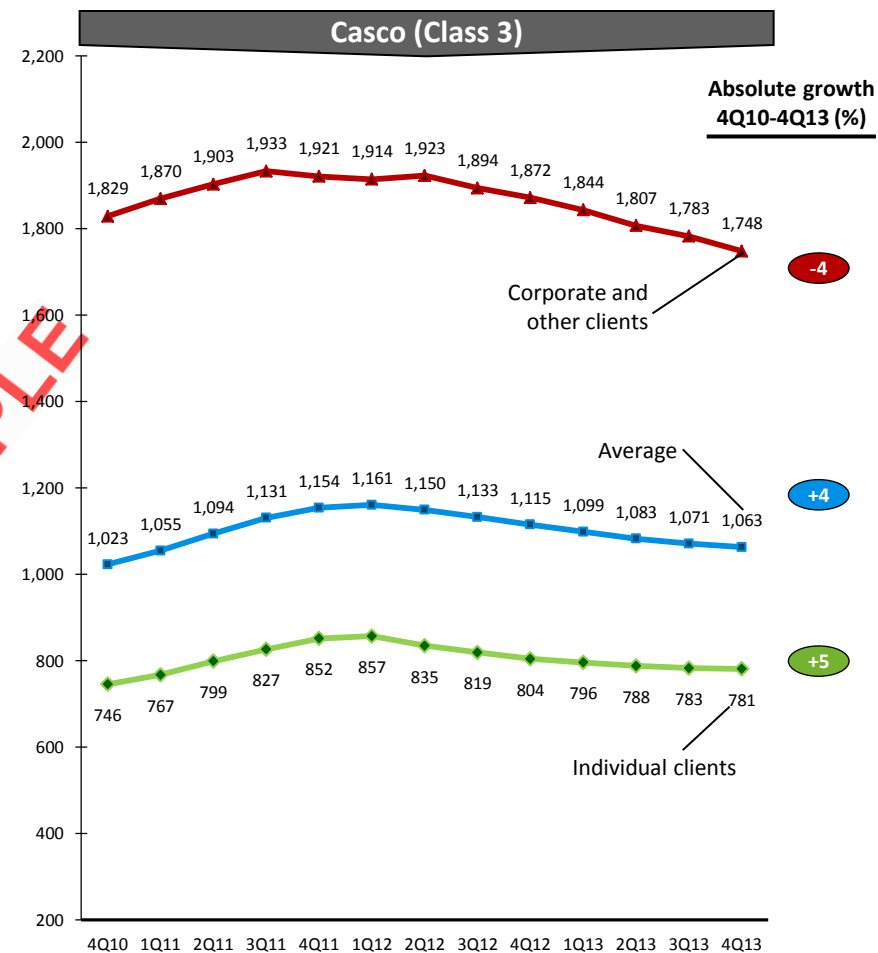
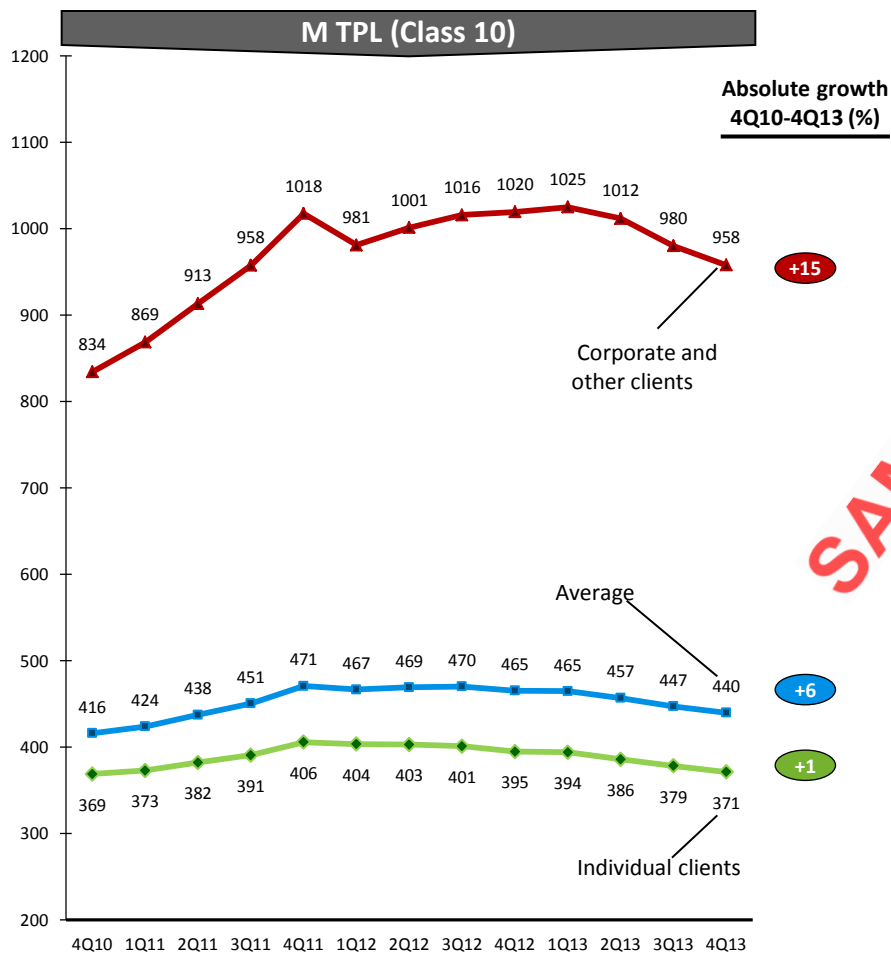


Insurance Market in Poland, 2014-2016

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

# PRESSURE ON CAR INSURANCE TARIFFS RESUMED AGAIN IN 2012/2013

Average premium per policy\* by class and by type of client, 4Q2010-4Q2013  
in PLN



SAMPLE

Insurance Market in Poland, 2014-2016

\* Premium collected within last four consecutive quarters divided by the average number of outstanding insurance policies in the same period.



CAGR\*\*

NON-LIFE INSURANCE

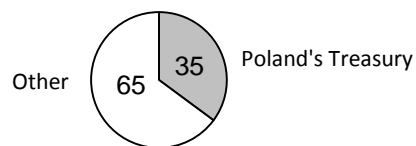
## Background

- PZU is the largest traditional local insurer in Poland with very high brand awareness (93%).
- PZU's previously dominant position is consistently eroding in favor of smaller competitors. However, it is still over 3 times bigger than its closest competitor.

## 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 sold to Eureko & Big Bank Gdański.
- 2003: Claims handling centralization.
- 2004: Launch of repair-shops network.
- 2009: Restructuring.
- 2009: Shareholders conflict resolved.
- 2010: IPO on the WSE.
- 2010/2011 Cost /employment restructuring
- 2012 New Strategy: „PZU 2.0” adopted.
- 2012/2013 Entry into new markets: Latvia, Estonia; eyeing Croatia.
- 2014 Acquisition of insurance businesses of RSA in Baltics and in Poland (Link4).

## Shareholders, 1Q 2014 (share in %)



## 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 >60% share in the total GWP.
- „PZU Pomoc” – proprietary assistance service company is rounding up the traditional product offer.

## Channels

- Own network: In total 412 branches
- Exclusive agents: 8.4 thousand of which 5.6 thousand in non-life.
- Multi-agents: 2178 agents (all business lines)
- Brokers: >850 brokers
- Employees: 800 employees dedicated to sales - mainly in the corporate segment.
- Bancassurance: cooperation with 9 banks and 4 strategic partners including telecoms and airlines.
- Cooperation with ~ 1.4 thousand repair shops.

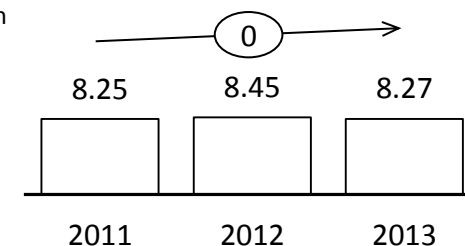
## Customers

- PZU traditionally serves mass-market clients in retail business (mostly car and property) and all segments in corporate business.
- Total number of clients in the whole PZU Group (life + nonlife) exceeds 16 million or half of the whole adult population in Poland.

## Results

### Gross Premium Written

PLN billion

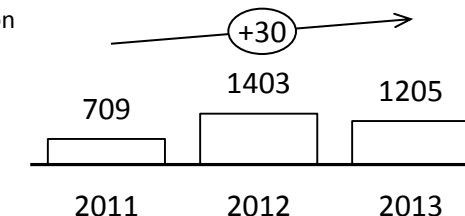


Market share\* (percent)



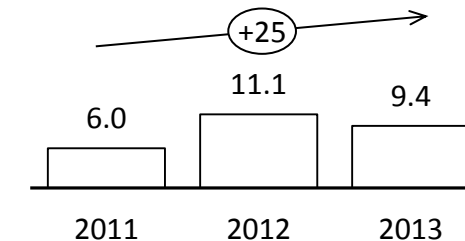
### Net profit \*\*\*

PLN million



### Return on Average Equity (ROAE)\*\*\*

Percent



\*Non-life insurance share by gross premium written

\*\*Compound Annual Growth Rate

\*\*\* Net profit excluding dividend payments received from PZU Życie (life subsidiary)

Source: Company, Press, Inteliace Research

## About this report

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Views presented in this report reflect solely the independent and unbiased opinion of Inteliace Research and authors.

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## About Inteliace Research

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Our company specializes in value-added research services and tailored business intelligence solutions.

Through our customized research services we help our clients to better understand their customers, competitors and overall market dynamics.

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### Major Banks in Central and Eastern Europe

### BANK OUTLETS DENSITY IN POLAND (1/3) GĘSTOŚĆ SIECI PLACÓWEK BANKOWYCH W POLSCE (1/3)

Number of bank outlets per 1000 sq km, by region, 2011  
Liczba placówek na 1000 km<sup>2</sup> powierzchni wg. województw, 2011r.

**Srednia / Average: 59**

The Southern and Central Poland have the largest density of bank outlets.  
Południowa oraz centralna Polska są najsilniej pokryte siecią placówek bankowych na km<sup>2</sup>.

### BANK OUTLETS DENSITY IN POLAND (3/3) GĘSTOŚĆ SIECI PLACÓWEK BANKOWYCH W POLSCE (3/3)

Number of outlets per 1 million inhabitants, by county „powiat”, 2011  
Liczba placówek bankowych na 1 milion mieszkańców, wg. powiatów, 2011r.

Minimum: 126  
Mediana: 443  
Maximum: 947

Number of bank outlets per 1 million inhabitants varies a lot on county level  
Na poziomie powiatów gęstość placówek jest bardzo zróżnicowana

### GE MONEY BANK – OVERVIEW

History & Background	Concept Description	Results																														
<p><b>Timeline</b></p> <ul style="list-style-type: none"> <li>In 1995, GE group purchased a small regional bank, „Sektorowi Otwór D.T. Bank”. Bank was rebranded under GE Capital bank.</li> <li>In 1998, GE group purchased another small bank (Poznań-based) converted to a mortgage specialist GE Bank Miejski.</li> <li>In 2000, GE group acquired GEK lending specialist credits with a record of 1000000. GEK was rebranded to „Dobry kredyt”.</li> <li>In 2004, GE credit or GEK network was merged under the GE Capital brand, being the main channel for car finance.</li> <li>As of Jan. 2005, all GE activities in Poland were consolidated under one brand: GE Capital bank.</li> </ul> <p><b>Channels</b></p> <ul style="list-style-type: none"> <li>GE money bank - 48 branches</li> <li>GE Capital - 1000 used car dealers</li> <li>Dobry kredyt consumer finance - 12 outlets and 1000 POS</li> <li>Expander - 33 branches - financial products distributor*</li> </ul> <p><b>Shareholders</b></p> <ul style="list-style-type: none"> <li>General Electric</li> <li>Other</li> </ul>	<p><b>Target Clients</b></p> <ul style="list-style-type: none"> <li>affluent individuals and professionals looking for mortgage, valuing quick processing and flexibility, sometimes not fulfilling lending criteria set by other banks (for example job contract or own funds loan)</li> <li>Mass market clients looking for simple and quick consumer loans</li> </ul> <p><b>Products</b></p> <p>Only lending products on offer:</p> <ul style="list-style-type: none"> <li>mortgage</li> <li>credit cards</li> <li>installment loans</li> <li>cash loans</li> <li>car loans</li> </ul>	<p><b>Assets</b> PLN billion</p> <table border="1"> <tr><td>2003</td><td>7.4</td></tr> <tr><td>2004</td><td>8.3</td></tr> <tr><td>2005</td><td>9.1</td></tr> </table> <p><b>Market share (%)</b></p> <table border="1"> <tr><td>2003</td><td>4.9</td></tr> <tr><td>2004</td><td>5.8</td></tr> <tr><td>2005</td><td>6.9</td></tr> </table> <p><b>Loans</b> PLN billion</p> <table border="1"> <tr><td>2003</td><td>6.6</td></tr> <tr><td>2004</td><td>7.6</td></tr> <tr><td>2005</td><td>8.8</td></tr> </table> <p><b>Net Profit</b> PLN billion</p> <table border="1"> <tr><td>2003</td><td>0.14</td></tr> <tr><td>2004</td><td>0.30</td></tr> <tr><td>2005</td><td>0.52</td></tr> </table> <p><b>ROE (%)</b></p> <table border="1"> <tr><td>2003</td><td>10.2</td></tr> <tr><td>2004</td><td>13.9</td></tr> <tr><td>2005</td><td>22.8</td></tr> </table>	2003	7.4	2004	8.3	2005	9.1	2003	4.9	2004	5.8	2005	6.9	2003	6.6	2004	7.6	2005	8.8	2003	0.14	2004	0.30	2005	0.52	2003	10.2	2004	13.9	2005	22.8
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