

# INSURANCE MARKET IN POLAND 2008–2010, CEE INSURANCE SERIES

SAMPLE



by Intelace Research  
June 2008

Version: 2008/07

# ORDER FORM / ZAMÓWIENIE



We order following report: / Zamawiamy następujący raport:

**Insurance Market in Poland 2008 – CEE insurance series**

## Order Details/Szczegóły dotyczące przedmiotu zamówienia / :

Publication date / Data publikacji : June 2008

Number of pages / Liczba stron : 87

Language / Język/: [Angielski](#) / [English](#)

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

**Cena/Price:** (please mark the appropriate)

- ☐ **8500 PLN + 22% VAT\***  
or  
☐ **2600 EUR\***

## Client Details / Dane Zamawiającego na potrzeby wystawienia faktury/

Company name / Nazwa firmy/	
Name / Osoba zamawiająca	
Address / Adres	
Address 2 / Adres c.d.	
City & ZIP / Miasto i Kod pocztowy	
Country / Państwo	
Phone /Telefon kontaktowy	
Email / Adres email	
VAT TAX Id number / Numer NIP	

## Intelace address:

Intelace Research  
Stryeńskich 13c/78  
02-791 Warszawa, POLAND

Tel./Fax./ +48 22 408 66 20  
Tel. /kom./ +48 502 512 178  
Fax: +48 22 349 21 40

email: [info@intelace.com](mailto:info@intelace.com)  
website: [www.intelace.com](http://www.intelace.com)

NIP: 1230807095  
REGON: 140235909

**Bank:** BRE Bank,  
Mickiewicza 10, 90-050 Łódź  
POLAND

Acct# / Numer konta (IBAN)

PL 94 1140 2004 0000 3102 3953 4011

BIC/SWIFT: BREXPLPWMUL

\* Podatek VAT (22%) może nie być naliczany w przypadku klientów posiadających siedzibę poza terytorium Polski / VAT is not charged to commercial clients from outside Poland, if VAT tax Id has been provided

Date and place / Data i Miejsce

Podpis osoby upoważnionej, potwierdzający złożenie zamówienia  
Authorized signature confirming the order

Please return signed form to fax or email to: FAX: +48 22 349 2140 or EMAIL: [info@intelace.com](mailto:info@intelace.com)

Prosimy odesłać wypełniony formularz na nasz numer fax lub email: 022 349 21 40: [info@intelace.com](mailto:info@intelace.com)

# TABLE OF CONTENT (1/3)

Slide 1: Executive summary

## **1. Macroeconomic overview**

Slide 2: Poland - General overview

Slide 3: Key macroeconomic indicators, 2000-2007

Slide 4: Foreign trade statistics, C/A, FD, I 2000-2007

Slide 5: Warsaw Stock Exchange - Turnover, Market cap and indexes, 2000-2007

Slide 6: Unemployment and wages, 2000-2007

Slide 7: Disposable income in households and distribution, 2000-2007, (2004)

Slide 8: Consumer confidence index evolution, 2005-Feb. 2008

Slide 9: Yield curves, 2001-2007

Slide 10: Banking assets evolution, 2000-2007

Slide 11: Top 12 foreign investors in banking sector and their subsidiaries 2007

## **2. Insurance market**

Slide 12: Insurance Markets in CEE – Size vs. growth matrix, 2005-2007

Slide 13: Insurance premium per capita & premium/GDP penetration – International comparison, 2007

Slide 14: Insurance gross premium (life/non-life) in Poland evolution (in LCU), 2003-2007

Slide 15: Insurance gross premium (life/non-life) in Poland evolution (in EUR), 2003-2007

Slide 16: Number of insurance companies, share of foreign funds in core capital, 2000-2005

Slide 17: Top 12 insurance groups in Poland by total premium written, 2007

Slide 18: Insurance market concentration and Herfindahl-Hirschman Index (life/non-life), 2005/2007

Slide 19: Number of agents and personnel, 2005-2007

Slide 20: Insurance regulatory overview, 2007

Slide 21: Recent major regulatory initiatives (1/2) Solvency II, “Religa Tax”

Slide 22: Recent major regulatory initiatives (1/2) Private health Insurance, Mandatory crop insurance

Slide 23: Solvency margin and coverage with own funds. 2006-2007

## TABLE OF CONTENT (2/3)

### 3. Non-life insurance

- Slide 24: Non-life insurance markets in CEE – Size vs. growth matrix, 2005-2007
- Slide 25: Non-life premium per capita & premium/GDP penetration – International comparison, 2007
- Slide 26: Non-life insurance gross and net premium evolution, 2003-2007
- Slide 27: Top 10 non-life insurance players in Poland, 2007
- Slide 28: Market shares of top non-life players, evolution 2004-2007
- Slide 29: Number of policies & premium evolution by segment (retail vs. corp.), 2004-2007
- Slide 30: Non-life premium and no. of policies by risk class, 2007
- Slide 31: Sales channels of non-life insurance, direct sales, 2005-2007
- Slide 32: Direct players - Overview
- Slide 33: Link4-Leader in direct sales in Poland , Profile (1/2)
- Slide 34: Link4-Leader in direct sales in Poland , Website functionalities (2/2)
- Slide 35: Liberty Direct – A “premium” direct player model
- Slide 36: Alternative physical distribution concept - Motobank
- Slide 37: Top Retailers – Will Insurance become another add-on service for their clients?
- Slide 38: Non-life insurers results, Technical and profit account, 2007
- Slide 39: Non-life insurance - profitability tree, 2004-2007
- Slide 40: Non-life insurance - claims and expense ratio evolution, 2004-2007
- Slide 41: Non-life insurance - combined ratio and its elements, 2004-2007
- Slide 42: Motor insurance - premium and no. policies evolution, MTPL, Casco, 2004-2007
- Slide 43: Motor insurance - Top players, MTPL, Casco, 2006-2007
- Slide 44: Motor insurance - combined ratio and its elements, 2004-2007
- Slide 45: Motor insurance – MTPL tariffs 2008 – mystery shopping (1/2)
- Slide 46: Motor insurance – MTPL tariffs 2008 – mystery shopping (2/2)
- Slide 47: Motor insurance – PZU Case: MTPL property claims evolution (2002-2007)
- Slide 48: Motor insurance – PZU Case: MTPL personal claims evolution (2002-2007)

## TABLE OF CONTENT (3/3)

### 4. Life insurance

- Slide 49: Life insurance markets in CEE – Size vs. growth matrix, 2005-2007
- Slide 50: Life premium per capita & premium/GDP penetration – International comparison, 2007
- Slide 51: Life insurance gross and net premium evolution, 2003-2007
- Slide 52: Top 10 life insurance players in Poland, 2007
- Slide 53: Market shares of top life players, evolution 2004-2007
- Slide 54: Life premium and no. of policies by risk class, 2007
- Slide 55: Life premium and no. of policies by client segment and policy type, 2007
- Slide 56: Life insurance technical reserves by type evolution, 2003-2007
- Slide 57: Sales channels of life insurance, direct sales, 2005-2007
- Slide 58: Life insurers results, Technical and profit account, 2007
- Slide 59: Life insurance - profitability tree, 2004-2007

### 5. Bancassurance

- Slide 60: Premium written by bank channel (life/non-life), 2005-2007
- Slide 61: Bancassurance example: Cooperation of PZU with banks

### 6. Top players profiles

- Slide 62: Non-life Insurance: PZU, 2004-2007
- Slide 63: Non-life Insurance: Warta, 2004-2007
- Slide 64: Non-life Insurance: Ergo Hestia, 2004-2007
- Slide 65: Life Insurance: PZU Życie, 2004-2007
- Slide 66: Life Insurance: Commercial Union (Aviva), 2004-2007
- Slide 67: Life Insurance: Aegon, 2004-2007

### 7. Forecast

- Slide 68: Non-life Insurance premium forecast, 2008-2010
- Slide 69: Life Insurance premium forecast, 2008-2010
- Slide 70: Note on Methodology

# EXECUTIVE SUMMARY – INSURANCE MARKET IN POLAND IN 2007-2008

• **Growing market.** With over 12 billion EUR in total annual premium written and ~40% share within CEE14\* area, Poland is clearly the biggest single insurance market in this part of Europe. During the period of 2003-2007 the insurance sector in Poland performed very well, both in life (31% premium CAGR\*\*) and non-life segment (~15% premium CAGR\*\*). The total insurance premium per capita reached 317€ in 2007, while the life /non-life (premium) ratio advanced to 139%.

• **Falling concentration.** The initially almost monopolized market is continuing to de-concentrate. The major player - PZU is still dominating on the market with: 25-50% share depending on segment. Its position is however gradually eroding thanks to mid-size and smaller players aggressively challenging the giant with better sales skills, lower prices, client friendly service and alternative sales channels. It is also worth mentioning that few mid-size groups including: Vienna IG, HDI Gerling and ERGO grow fast by engaging in M&A activity and consolidating smaller players

• **Profitability.** After setting new records in 2005/2006 the profitability indicators of both non-life and life players deteriorated in 2007. The combined profit of non-life insurers fell down by almost 50%, affected mostly by quickly rising claims, higher acquisition costs and lower than expected investment result. In the life business insurers could still grow their profits by 14%, but their average return on equity declined on lower than expected investment results

• **Distribution.** Entry of aggressive direct players in 2005-2007, growing price competition and increased role of banks initiated a structural shift in insurance sales channels. Although during 2005-2007 the traditional sales structures could still defend themselves (especially in non-life segment), the increasing competition and price pressures force even established players to redesign distribution systems, including introduction of low cost / direct sales channels, especially for most simple / lower margin products

• **Still good perspectives.** Strong economy, good condition of enterprises and increasing wealth of individuals driven by rising employment and higher wages will contribute to further growth of premiums. In mid-term perspective especially the non-life segment (property and motor insurance) is expected to show a solid premium growth following the revival on new cars market and increased property prices. In life insurance business the volatility of stock market is likely to temporarily negatively affect premium collection of unit-linked products. At the same time it is possible that tax friendly „deposit-like” , structured products with low risk profile will become more important in life insurance segment

Intelace Research expects that insurance premiums in Poland will grow by 8% & 13% in life and non-life segments respectively until 2010, while overall profitability of insurers is likely to go down

\* Not including: Macedonia, Bosnia &H, Russia and the former Soviet Republics (with exception of Baltic countries)

\*\* Compound Annual Growth Rate; Calculated after conversion of LCU to EUR

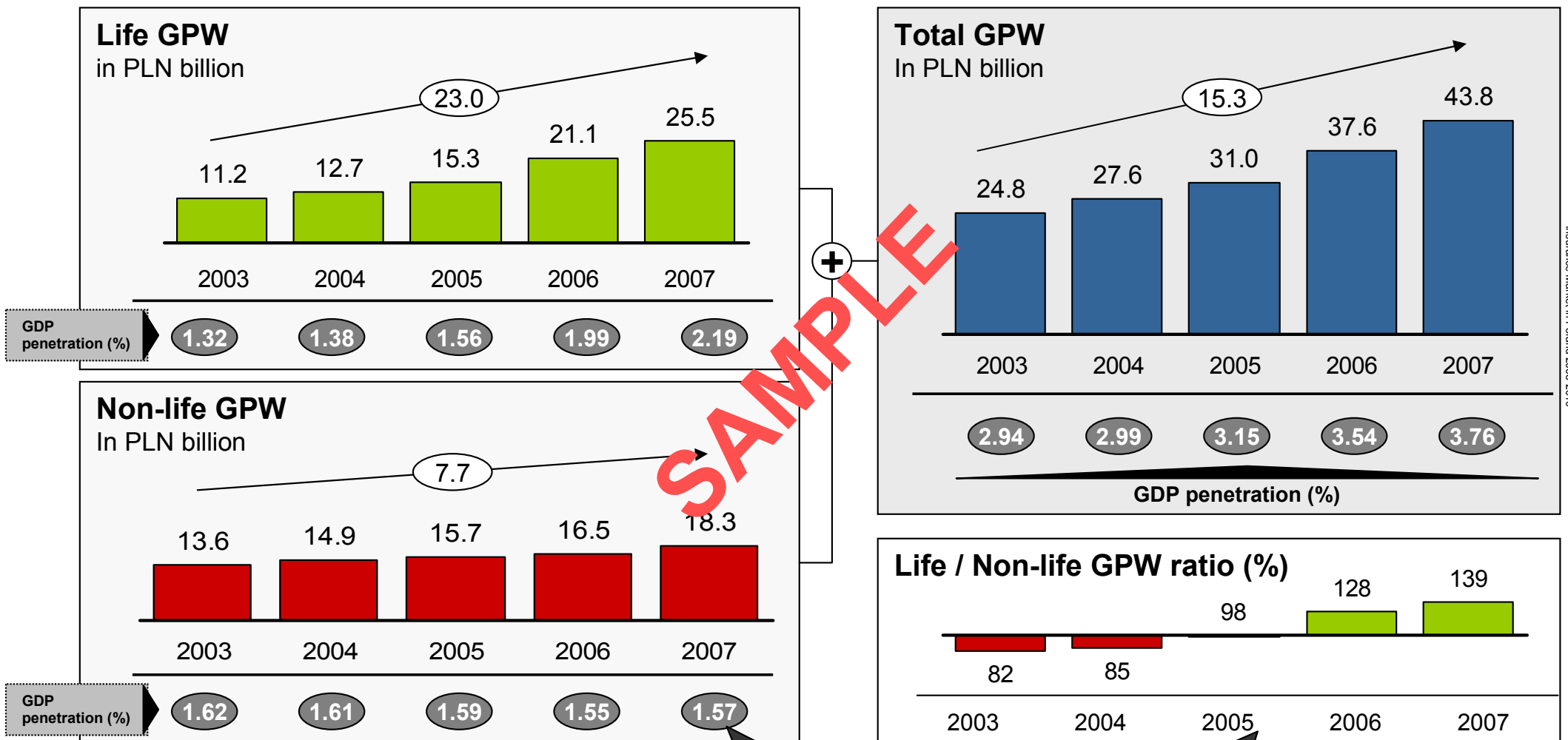
- **Macroeconomic overview**
- **Insurance market**
- **Non-life Insurance**
- **Life insurance**
- **Bancassurance**
- **Top players profiles**
- **Forecast**

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

CAGR\*

## Evolution of gross premium written (GPW) and GPW/GDP penetration, 2003-2007

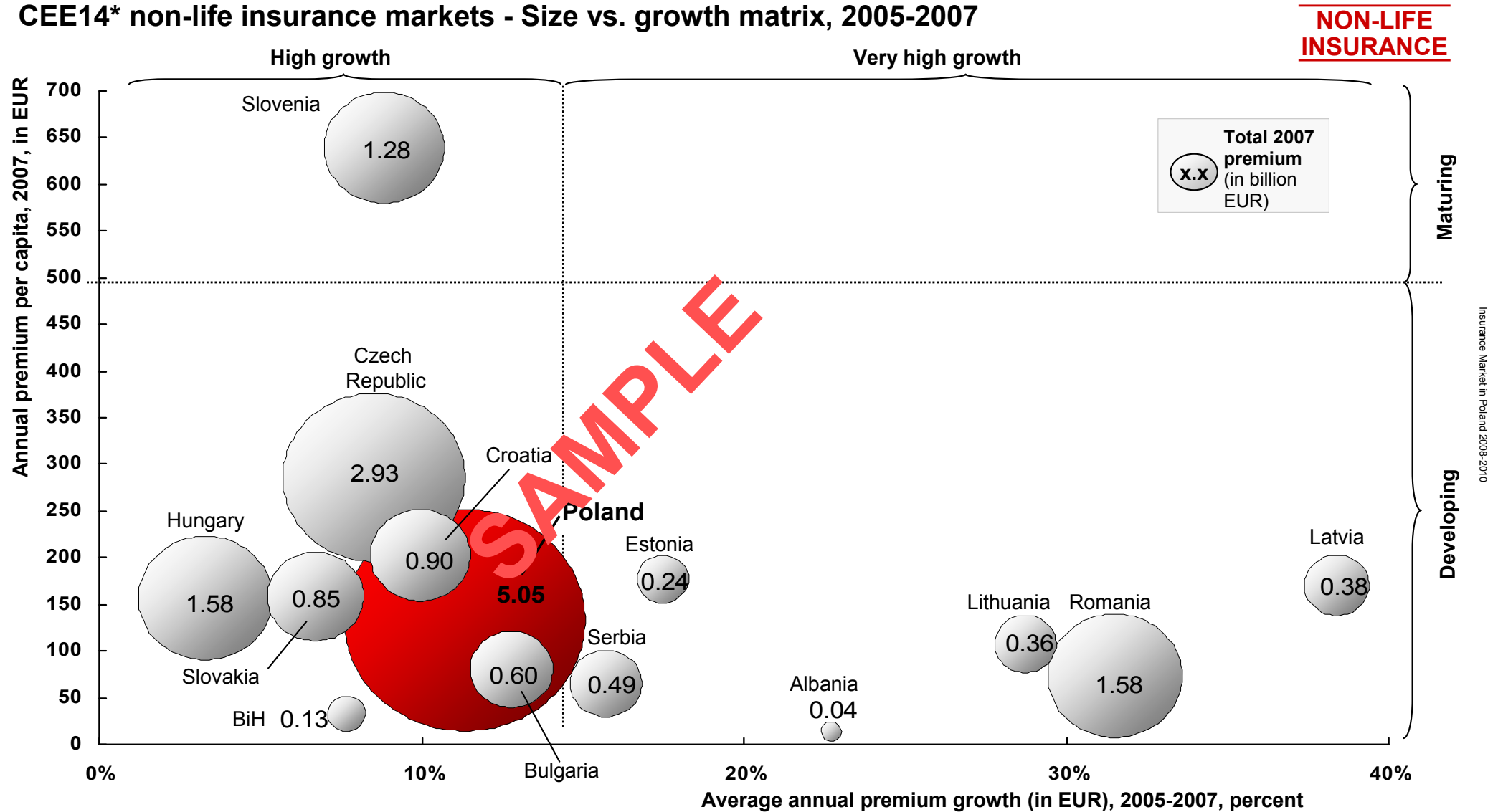
IN LOCAL CURRENCY





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

CEE14\* non-life insurance markets - Size vs. growth matrix, 2005-2007

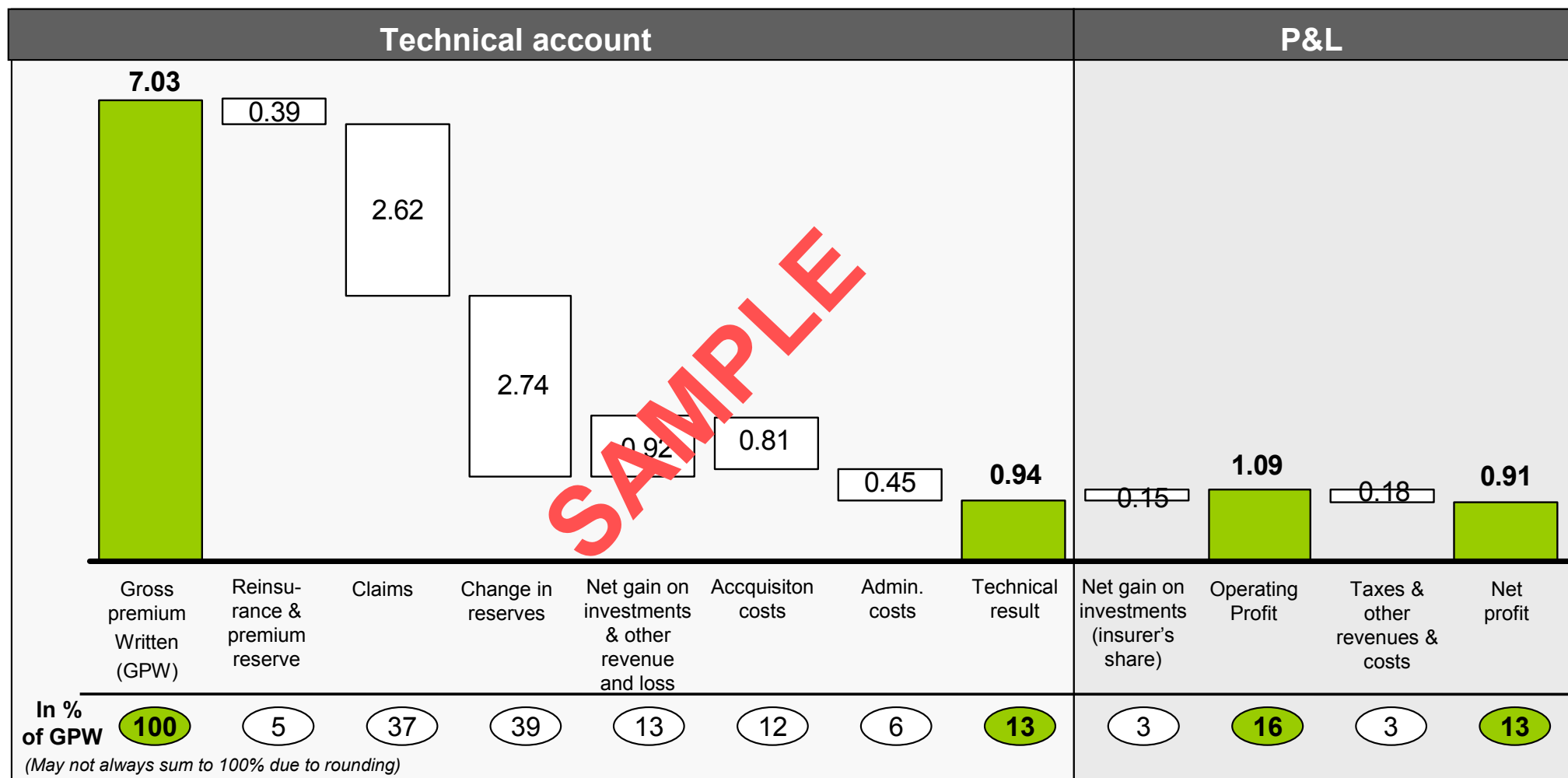


# IN 2007 LIFE INSURERS EARNED EUR 0.94 BN ON TECHNICAL LEVEL AND EUR 0.91 BN IN NET PROFITS

## Life insurance accounts, 2007

EUR billion

**LIFE  
INSURANCE**



Insurance Market in Poland 2008-2010

# MOTOBANK IS A GOOD EXAMPLE OF INNOVATIVE AND COST-EFFECTIVE DISTRIBUTION CONCEPT

## Motobank – Stand design

*„Cheapest insurance or money back”*



*Are you paying too much on your TPL or Casco insurance?*



## Overview

- MotoBank is an insurance multi-agency offering mostly car insurance bundled with basic advisory
- The concept relies on direct comparison of multiple insurer's offers according to the specific client situation. Client gets the most favorable offer .
- Project started with one branch in 2004 in Warsaw, expanded in 2005 by few other stands and in 2006/2007 by 3 new cities

## Channels

- Sales stands located in high traffic places -shopping malls: 12 stands in 4 major cities: Warsaw (7), Katowice (2), Poznań (1) and Kraków (2) - as of May 2008
- Announced plans of rollout to other major cities
- Sales staff (2-3 people per stand)
- Call center opened in 2007

## Products

- TPL, Casco and Travel insurance from 12 insurers
- Special discount packages: motor+home/accident

## Other features

- Convenient payment with credit card
- Optional payment in installments
- „Low-price guarantee”

# NON-LIFE INSURANCE PLAYERS - PZU



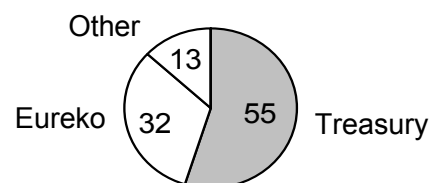
## Background

- PZU is the largest, traditional local insurer in Poland with extremely high brand awareness (91%)
- Its previously dominant position is slowly eroding with market share falling below 44% in 2007

## 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, further claims h. centralization
- 2008 Development of direct sales model for selected products

## Shareholders (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 GPW

## Channels:

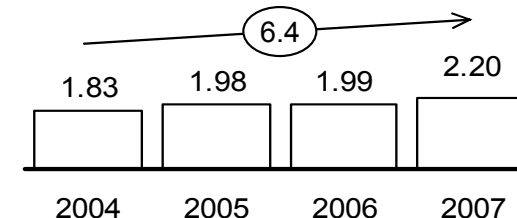
- Insurance is distributed through own network of 350 non-life PZU branches
- Non-life policies are sold through: ~7000 agents, ~1000 multi-agencies, ~750 brokers, ~1000 used and new car dealers and a group of banks including: PKO, Millennium, BOŚ

## Customers

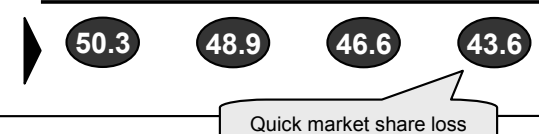
- PZU is traditionally serving mass market clients in retail business (mostly motor and property) and all segments in corporate business
- Total number of clients in the whole PZU Group (life+nonlife) exceeds 15 million

## Results

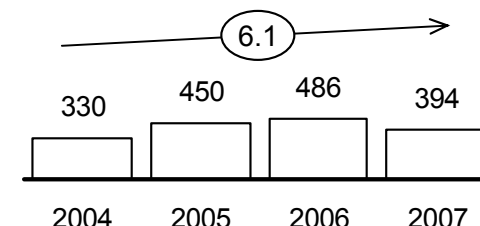
### Gross Premium Written EUR billion



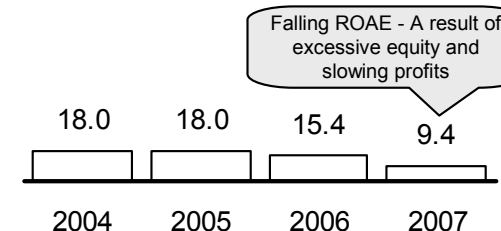
### Market share\* (percent)



### Net profit EUR million



### Return on Average Equity (ROAE) Percent



\* Non-life insurance share by gross premium written

\*\* Compound Annual Growth Rate

Source: Company, Press, Intelace Research

# NOTES ON METHODOLOGY

---

## FX rates:

- For the purpose of conversion of balances expressed in local currency (PLN) into EUR the end of year exchange rates have been used
- Exchange rates used in the report:

EUR / PLN	2000	2001	2002	2003	2004	2005	2006	2007
End of year	3.90	3.53	4.03	4.72	4.09	3.86	3.86	3.63
Average	4.02	3.68	3.85	4.40	4.53	4.03	3.91	3.79

## 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.

## About this report

---

This report has been prepared using Intelace Research proprietary research and publicly available sources including: financial reports, press publications, industry magazines, directories, financial databases and expert opinions.

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

### Disclaimer

All due care has been taken in the production of this report, however Intelace Research does not accept any responsibility or liability for any omissions or inaccuracies of the information contained in this publication.

### Copyright

This report is copyrighted. Any distribution, storage, replication and usage is restricted to Intelace Research clients only. In case of any doubt please contact us at: [info@intelace.com](mailto:info@intelace.com)

## About Intelace Research

---

Intelace Research is an independent and privately owned research firm based in the heart of Eastern Europe in Warsaw / Poland.

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

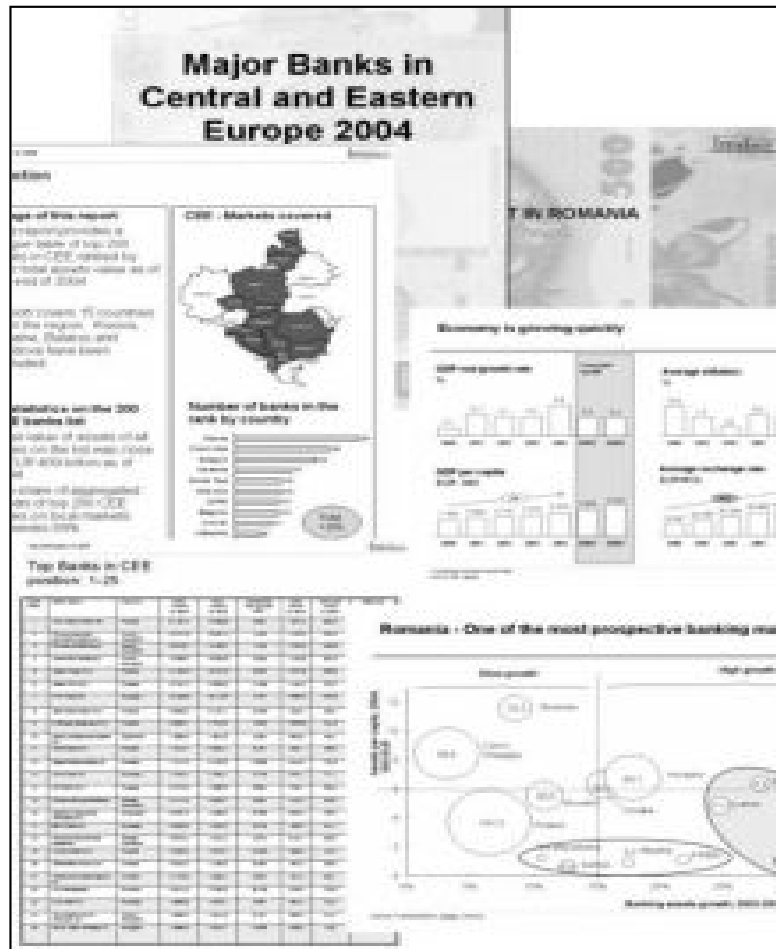
Through our customized research services we help our clients to better understand their consumers, competitors and overall market dynamics.

The lead researcher and founder of Intelace Research is Marcin Mazurek.

Our contact details:  
Intelace Research  
Stryjenskich 13c  
02-791 Warszawa, Poland

Tel. +48 22 408 66 20,  
Tel. +48 502 512 178  
Fax. +48 22 349 21 40  
mail: [info@intelace.com](mailto:info@intelace.com) url: [www.intelace.com](http://www.intelace.com)

# OUR RECENT PUBLICATIONS



## Available

- January 2007 - Banking market in Romania '07
- February 2007 - Mortgage market in Poland '07
- April 2007 - Banking market in Serbia '07
- May 2007 - Banking market in the Baltics '07
- July 2007 - Asset Management in Poland '07
- August 2007 - Top 200 banks in CEE '07
- October 2007 - Banking market in Ukraine '07
- October 2007 - Banking market in Poland '07, update H1
- October 2007 - Cooperative banking sector in Poland '07

## 2008

- January 2008 - Banking Market in Bulgaria '08
- February 2008 - Mortgage Market in Poland '08
- March 2008 - Banking market in the Baltics '08
- May 2008 – Insurance Market in Poland '08

*and many other ...*

Visit <http://www.intelace.com> for more details

# INSURANCE FIRMS MENTIONED IN THE REPORT

---

PZU ŻYCIE S.A.  
COMMERCIAL UNION POLSKA - TUŃŻ S.A.  
AEGON TU na ŻYCIE S.A.  
PAPTUŃŻIR AMPLICO LIFE S.A.  
TU ALLIANZ ŻYCIE POLSKA S.A.  
ING TUŃŻ S.A.  
TUŃŻ EUROPA S.A.  
SKANDIA ŻYCIE TU S.A.  
NORDEA POLSKA TU na ŻYCIE S.A.  
TUŃŻ WARTA S.A.  
GENERALI ŻYCIE TU S.A.  
AXA ŻYCIE TU S.A.  
COMPENSA TUŃŻ S.A. Vienna Insurance Group  
BENEFIA TUŃŻ S.A. Vienna Insurance Group  
UNIQA TU na ŻYCIE S.A.  
STUŃŻ ERGO HESTIA S.A.  
ASPECTA ŻYCIE TU S.A.  
LINK4 LIFE TUŃŻ S.A.  
AIG POLSKA TU S.A.  
TU ALLIANZ POLSKA S.A.  
AXA TU S.A.  
BENEFIA TU S.A. Vienna Insurance Group  
BRE UBEZPIECZENIA TU S.A.  
COMMERCIAL UNION POLSKA-TU OGÓLNYCH S.A.  
TU COMPENSA S.A.  
CONCORDIA POLSKA TUW  
D.A.S.TU OCHRONY PRAWNEJ S.A.  
STU ERGO HESTIA S.A.  
TU EULER HERMES S.A.  
TU EUROPA S.A.  
GENERALI TU S.A.  
HDI ASEKURACJA TU S.A.  
LINK4 TU S.A.  
MTU Moje Towarzystwo Ubezpieczeń S.A.  
PZU S.A.  
UNIQA TU S.A.  
TUIR WARTA S.A.