



Short Overview of key indicators of Russian Trade Credit Insurance market

1st half of 2021



Foreword



The purpose of this Overview is to provide objective information on the Russian Trade Credit Insurance market and its participants.

This Overview is not intended to provide any advice, nor does it contain direct or indirect statements, appeals or otherwise.

The Overview is based on open sources of information, including but not limited to the following: information disclosed by insurance companies on their websites, information provided by insurance companies to the Central Bank of the Russian Federation and published by the latter, arbitration cases database, other Internet resources that, in our opinion, are reliable. Despite the listed sources of information, we admit that the data presented in the Overview may have some errors, but according to our estimates within a 5% threshold.

The use of information contained in this Overview means that you have full understanding that you voluntarily assume all risks and consequences that may arise from its use.

Director General «TCI» LLC



Petrenko D.

Gratitude:

We express our gratitude to the management of the companies "Atradius Rus Credit Insurance", "Credendo - Ingosstrakh Credit Insurance", "Insurance company "Euler Hermes Ru "and "Insurance company "Soglasie" for their contribution to improving the information content of these overviews.

Executive summary



The results for 1 halfyear 2021 on trade credit insurance in the Russian Federation can be still characterized as quite good.

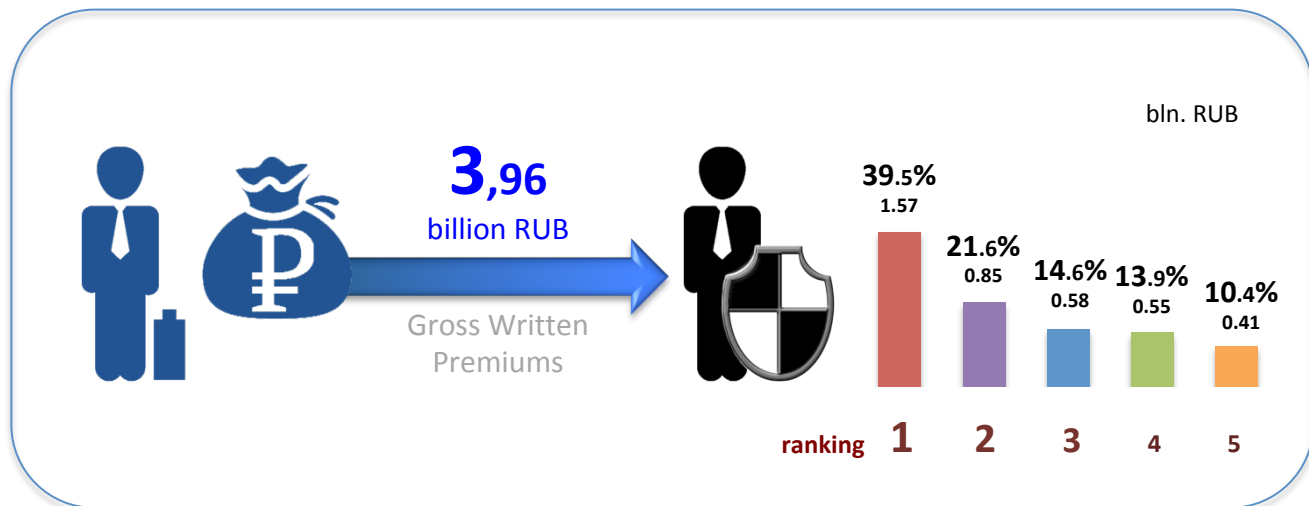
Of the noteworthy should be highlighted:

- Gross written premiums in the 1H2021 for the total market were 3.96 bln.RUB, which is by 1 bln. more, then for the same period of the previous year (+36% increase). Interesting to note, that the amount of gross written primium in the 1H2021 is higher then annual gross written primum volume of 2016;
- Excluding «Euler Hermes Ru» LLC, all insurers included herein showed an increase in gross written premiums in 1H2021 above the market average for the last 5 years;
- Insurance brokers continue to be the dominant sales channel, whose share of total written premiums in 1H2021 is 78.5%;
- Excluding IC «Soglasie» LLC, loss reserves of all insurers at the begining of 2021 amounted almost 4 bln. RUB (3 of which are IBNR), over the past six months, we can observe the following changes in these reserves:
The total amount of insurance indemnity was only 0.66 bln.RUB;
The amount of outstanding claims at the end of 1H2021 amounted to 0.34 bln RUB;
We do not have data on the size of the IBNR at the end of 1H2021, however, taking into account that at the beginning of the year this value was 3 bln RUB and taking into account that 181 calendar days passed, we certainly expected to see a more significant amount outstanding claims than 0.34 billion rubles.

At the moment, it is premature to draw any specific conclusions from the information provided on loss reserves, nevertheless, it seems that the IBNR value at the beginning of 2021 was overestimated.

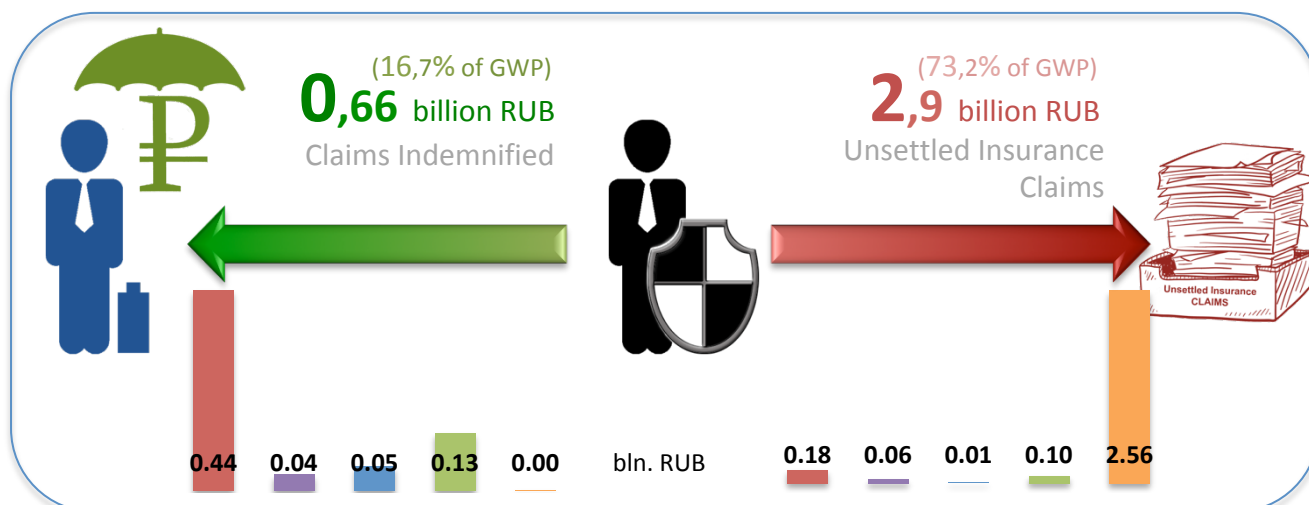
We do not currently have information on the results of the activity of JSC "Insurance Company of the Gas Industry" and IC "Sberbank Insurance" LLC in trade credits insurance.

Key Indicators of Russian Trade Credit Insurance market 1H2021



36.1% or (+1 bln.RUB) increase of insurance premium in 1H2021 to 1H2020.

Fact: Gross written premiums 1H2021 higher then annual gross written primum volume of 2016.

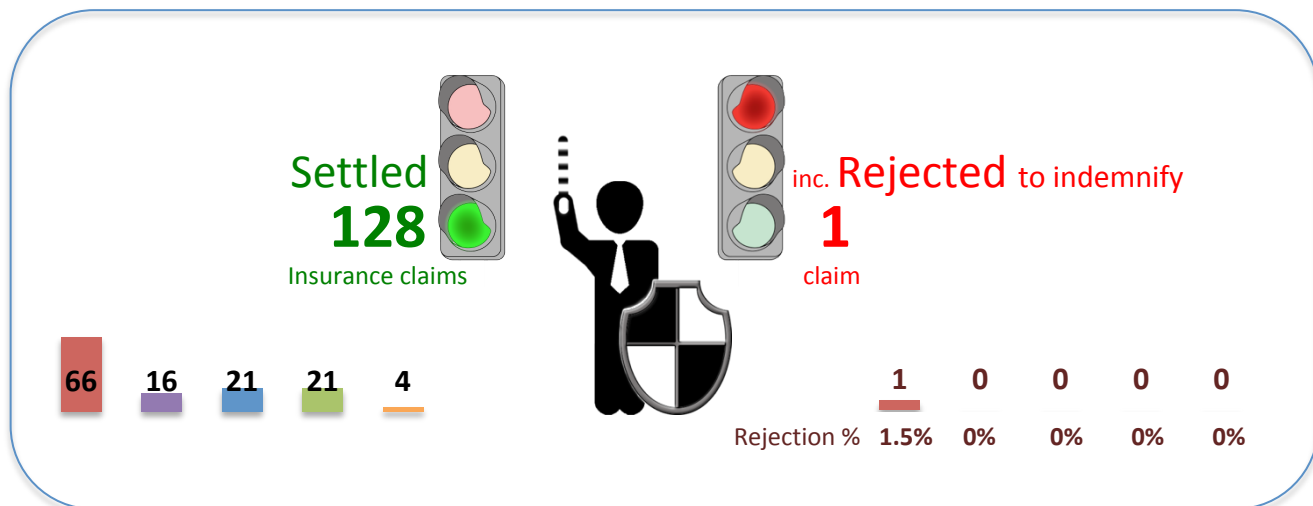


The amounts of claims indemnified and unsettled Insurance claims at the end of 1H2021 are significantly lower (almost 4 times) than the loss reserves formed by insurers (except for IC Soglasie) at the beginning of 2021.

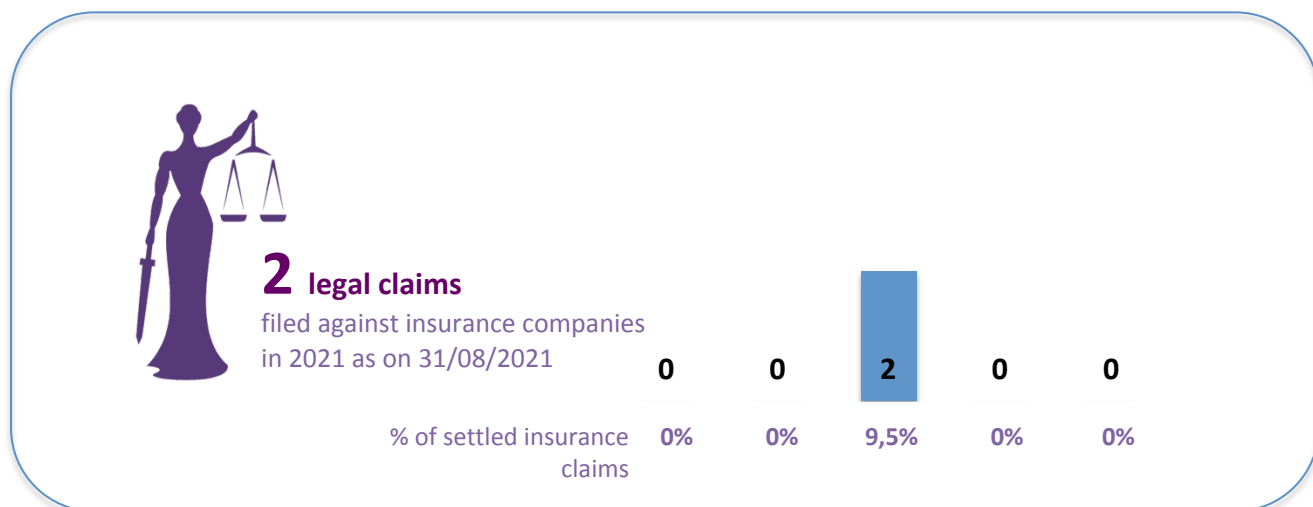
Information on IC Soglasie LLC is presented in total for entrepreneurial risks insurance.

There is a possibility that 1.8 billion RUB (out of 2.56) does not apply to trade credit insurance.

Key Indicators of Russian Trade Credit Insurance market 1H2021



Overall rejection rate in 1H2021 amounted to **0.8%** of all claims settled.



The number of legal claims filed against insurance companies in comparison to the overall amount of settled insurance claims in 1H2021 amounted to **1.6%**



Comparative charts

Gross Written Premiums **2017 – 1H2021** in mln. RUB

Insurance companies with GWP > **1 bln.** RUB annually

Chart 1.

Atradius Rus
GWP
2017-1H2021

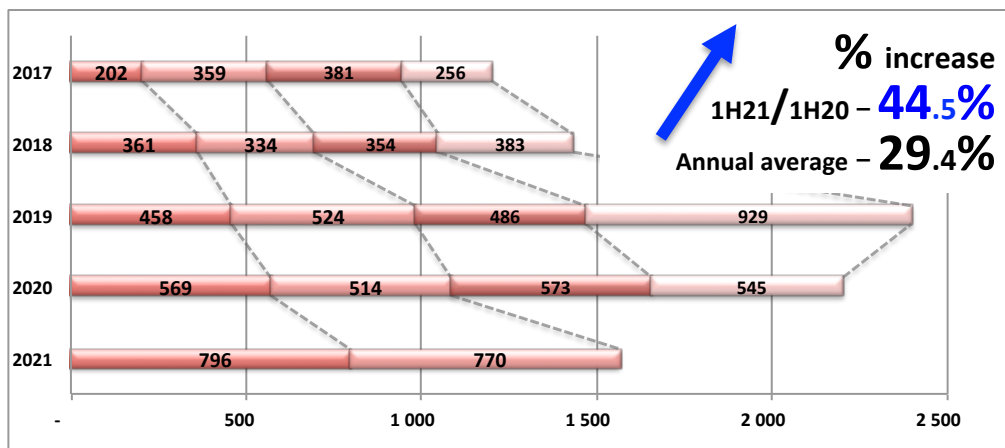


Chart 2.

Credendo-Ingosstrakh
GWP
2017-1H2021

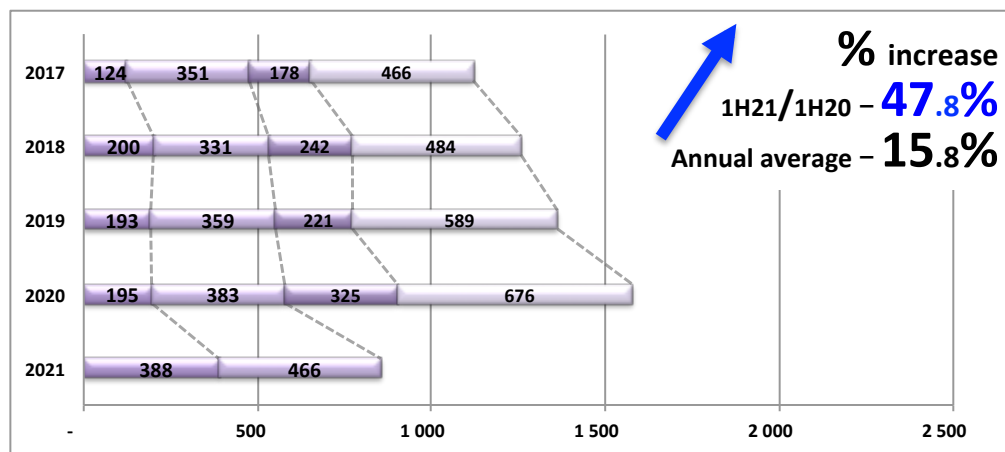
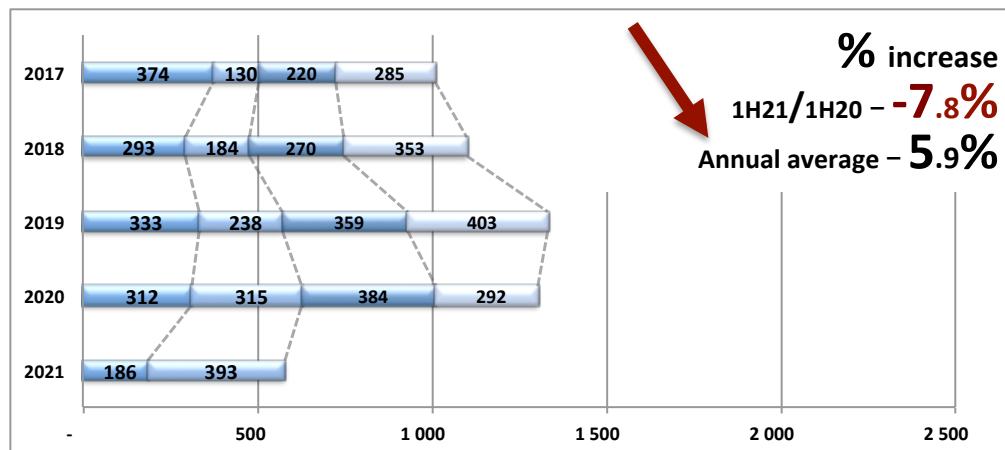


Chart 3.

Euler Hermes Rus
GWP
2017-1H2021





Comparative charts

Gross Written Premiums **2017 – 1H2021** in mln. RUB

Insurance companies with GWP <math>< 1\text{ bln.}</math> RUB annually

Chart 4.
Coface Rus
GWP
2017-1H2021

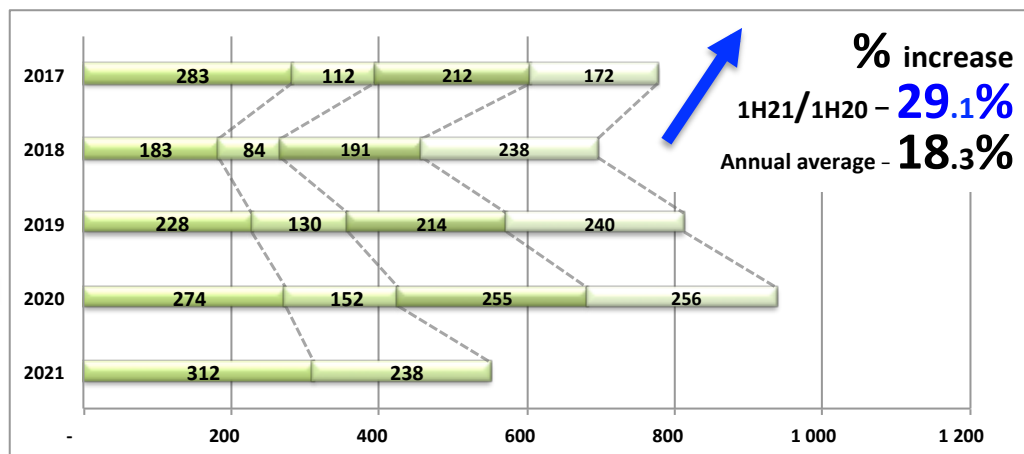
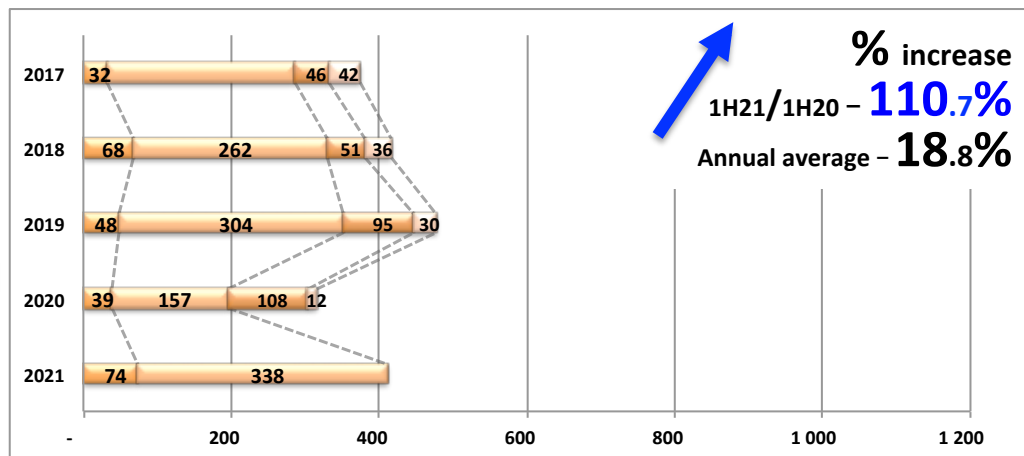


Chart 5.
Soglasie IC
GWP
2017-1H2021





Comparative charts

Gross Written Premiums **2017 – 1H2021** in mln. RUB

All Insurance companies consolidated

Chart 6.
GWP distribution per Quarters

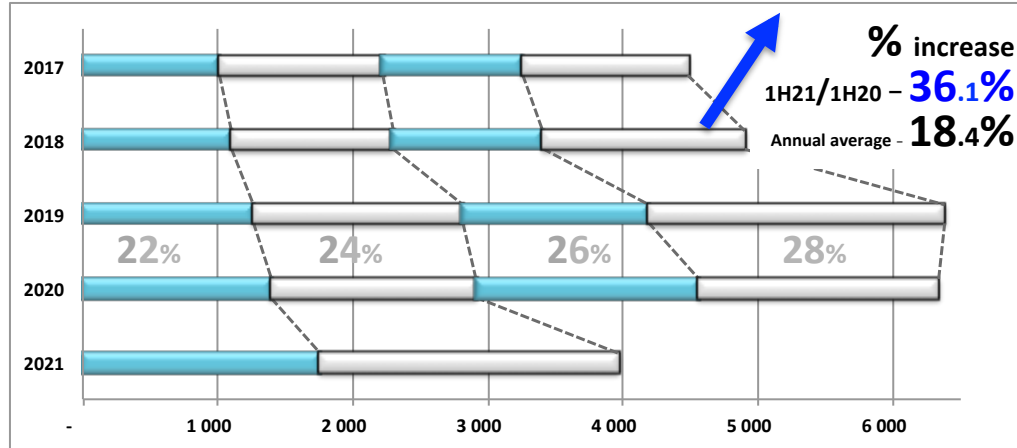


Chart 7.
GWP market share by Insurance companies

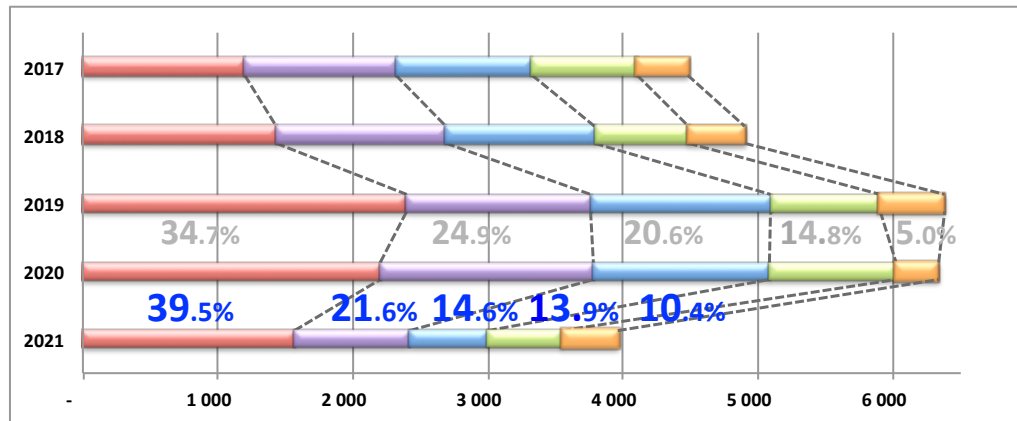
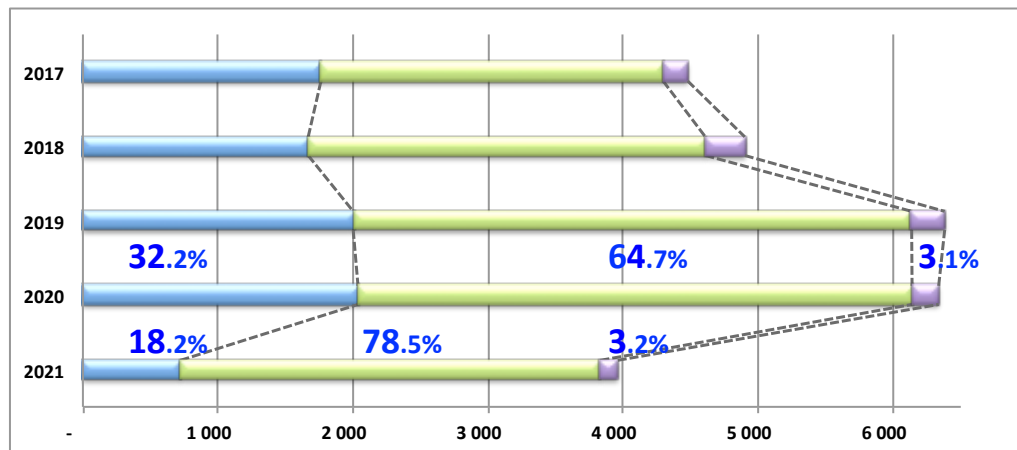


Chart 8.
GWP distribution per Aquisition channel



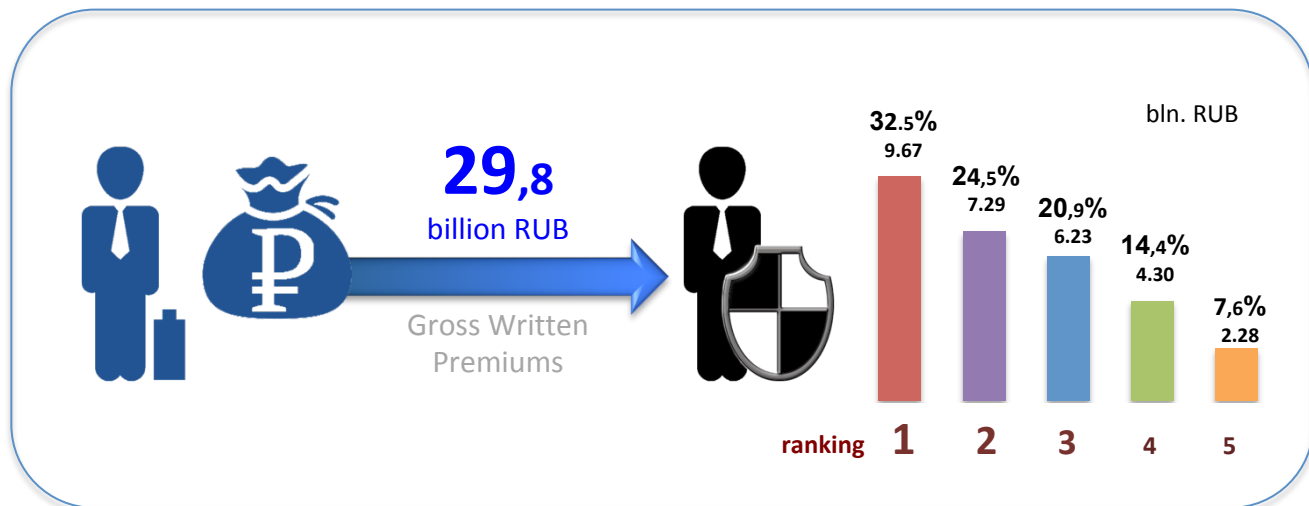


Key indicators of Russian Trade Credit Insurance market

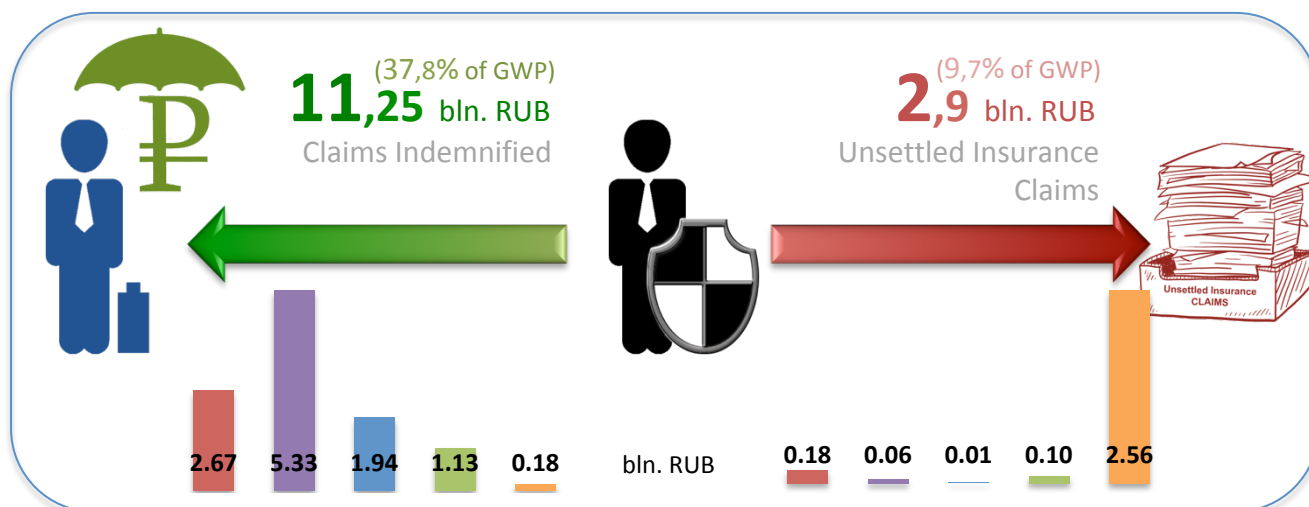
consolidated for the period 2016 – 1H2021



Summary for Insurance companies in total for **2016 – 1H2021**



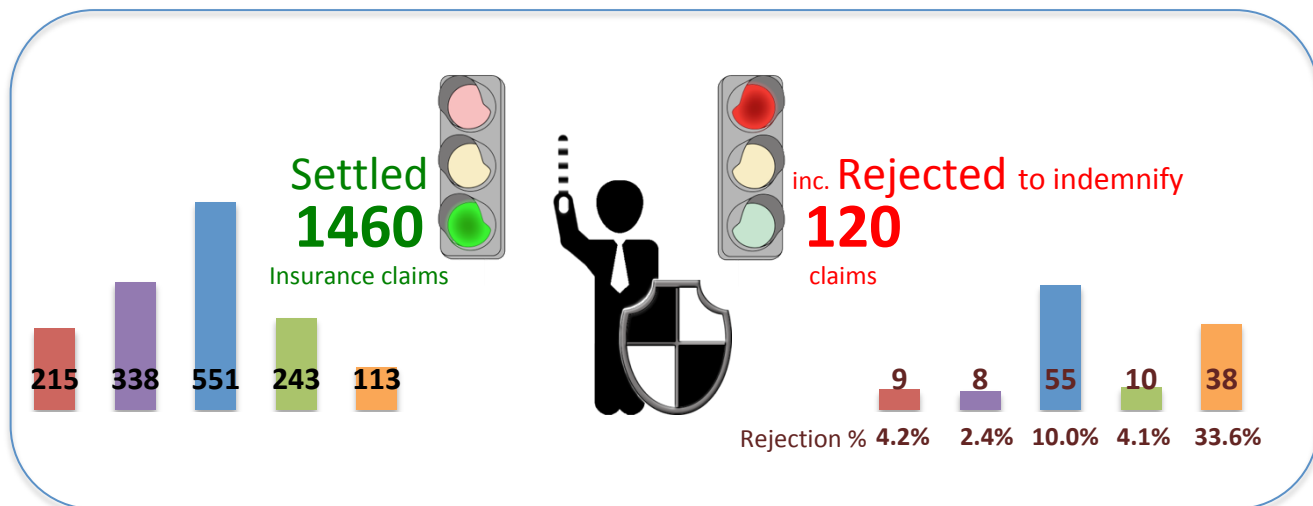
+18.4% annual average growth rate based on the past 4,5 years.



Except of IBNR, consolidated «loss» ratio for 5.5 years amounted **47.5%**
* Including unsettled claim to IC Sogalsie LLC for the amount of 1.8 bln.RUB

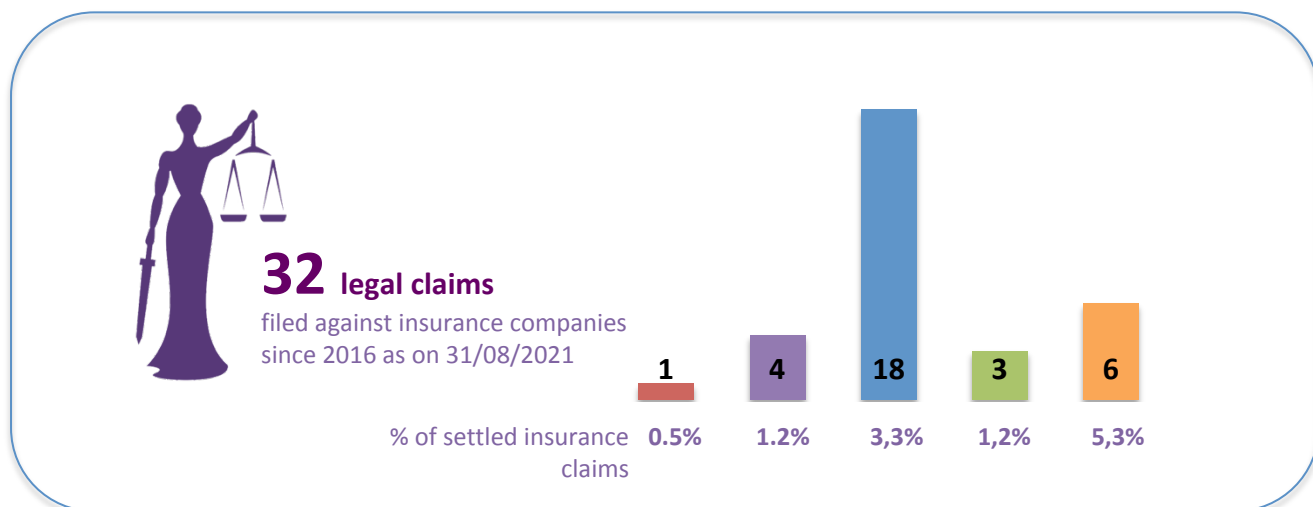
Information on IC Soglasie LLC is presented in total for entrepreneurial risks insurance.
There is a possibility that 1.8 billion RUB (out of 2.56) does not apply to trade credit insurance.

Summary for Insurance companies in total for **2016 – 1H2021**



Overall accumulated rejection rate for the period 2016 – 1H2021 amounted to **8.2%** of all claims settled.

Should be noted that the reported amount of rejected claims of Soglasie LLC is consolidated on all entrepreneurial risk insurance, means that not necessarily all rejections are related to TCI.



The number of legal claims filed against insurance companies in comparison to the overall amount of settled insurance claims since 2016 amounted to **2.2%**

Final Notes



In case you will find any errors or omissions in the overview and/or possess more accurate data, in order to increase the accuracy and objectivity of the overview, we would kindly appreciate your feedback which you may send to: info@tci-rus.com

For cooperation or purchase of analytical reports on trade credit insurance in the Russian Federation for the period from 2016 to the present, please contact petrenko@tci-rus.com