

IIF2012 **The International Insurance Forum**

Financial discipline is critical for strengthening the Green Card system

- Transborder road accidents result in more than 50,000 victims and 150,000 injured every year in the EU
- In 2010, over 381 thousand transborder claims were registered within the EU area, for which insurers paid over EUR 1.7 billion
- The “MTPL price war” is still an ongoing phenomenon in the CEE and CIS motor insurance markets, with a significant negative impact on the profitability of this line of business
- Market leaders play a very important role in what the correct underwriting and market soundness are concerned
- Financial discipline is critical for strengthening the Green Card system. Commercial underwriting in motor insurance should be abandoned in favor of the technical one in order to develop a sound, profitable and sustainable business.



“Every year are more and more transborder road accidents, because people are moving, working and travelling abroad to a larger extent. This means we are paying more claims. For example, in 2010 insurers have paid over EUR 1.7 billion for transborder claims. In many cases, in the CEE countries, the local claims are not so high because the limits are low, especially in the younger markets. But in the EU mature markets, as France or Belgium, there is no limit for coverage, or the limits are very high, and this fact should be considered by all insurers when setting the MTPL tariffs”, stated Mariusz WICHTOWSKI, President, Council of Bureaux, at **The International Insurance Forum 2012**.

IIF 2012 focused on a major topic – profitability in motor insurance -, taking into consideration both the future trends and the most relevant past experiences. Data presented by the IIF’s speakers showed that despite the current financial crisis, motor insurance remains the main business line in most of the emerging markets. More and more people and businesses use the roads and motorways of CEE and CIS countries as part of their day-to-day operations. However, the part motor insurance played for decades was shaded in the recent years as high claims ratio and low profitability occurred. Ever-increasing repair costs, unprecedented bodily injury claims and growing insurance fraud became difficult to manage for insurers, thus threatening their profitability, especially considering the highly competitive and price sensitive environment created by the crisis, leading to a really alarming “price war” on the MTPL markets.



"Market leaders have a very important role in what the MTPL price war is concerned. When the market leader, a company with significant market share, stops fighting in this war, than the other players may be stimulated to quit the race for grabbing customers through low prices and the whole market is safe", said Matjaz RAKOVEC, President of the Management Board, Zavarovalnica TRIGLAV.

Following the MTPL market presentations given by the Forum's speakers and the debates, the most important findings were that both in the CEE and CIS markets, the MTPL price war is still going on, although in the most developed markets across the region the first attempts to end it are visible. Also, insurance fraud and high acquisitions costs, as well as a still hesitating involvement of the supervisory agencies, are issues that need an immediate consideration.

"The combined ratio in MTPL is one of the biggest problems in many countries, and in many cases is close or even higher than 100%. During this conference we had the opportunity to some case studies showing that it is possible to have claims ratios of 90% or even better than that and this the direction we should all go", stated Mariusz WICHTOWSKI. "Financial discipline is critical for strengthening the Green Card system", also emphasized Ionel DIMA, Vice-President of AVUS International. "Insurers need to abandon commercial underwriting in favor of the technical one in order to develop a sound, profitable and sustainable business", he added.

As for the future trends, internet sales development, liberalization of MTPL markets in many countries, decreasing the acquisition costs and the increased activities of supervisory agencies are some of the most important ones.

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The second edition of **The International Insurance Forum**, an event produced in cooperation by XPRIMM Group and IUC-Istanbul Underwriting Centre, took place in Istanbul, on March 4-5. More than 100 insurance professionals from 22 countries attended the event. A group of relevant speakers contributed to the Forums' debates:

- Mariusz WICHTOWSKI, President, Council of Bureaux
- Matjaz RAKOVEC, President of the Management Board, Zavarovalnica TRIGLAV
- Julia CILLIKOVA, Director, Regulation and Financial Analyses Dept., National Bank of Slovakia
- Ionel DIMA, Vice-President, AVUS International
- Gheorghe AXINTE, General Manager, AUDATEX Romania
- Çağrı AKIN, Managing Director, AUDATEX & Country Manager, AUTOonline Solera, Turkey
- Azer ALIYEV, Executive Director, Azerbaijan Insurers Association
- Vladan MANIC, Secretary General, Association of Serbian Insurers
- Liviu STOICESCU, President, Romanian Motor insurers' Bureau
- Ismail YILDIZ, Foreign Claims Dept. Manager, Turkish Motor Insurance Bureau
- Rudolf ELVERS, Managing Director, German Green Card Bureau
- Atanas TABOV, Chairman, National Bureau of Bulgarian Motor Insurers
- Volodymyr ROMANYSHYN, President, Motor Insurance Bureau, Ukraine

All presentations, as well as video interviews with the IIF's attendees are available on the event's website <http://www.internationalinsuranceforum.com>