



## Claims Portfolio Structure | 2017

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# Report Objectives



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“The first full year of operations of RNRC JSC on the Russian and international markets has come to an end.

It is hardly possible to collect material for an adequate analytical report on trends in reported claims and settlement methods during this period.

However, we were able to get a market profile that we believe can provide a good illustration of the characteristics of the claims portfolios of the market players.

This first Report presents the distribution and geography of reported claims.”

# Overall Performance of RNRC JSC

## Total claims 1583

Claims (separate losses, non-bordereau)	601
Bordereaux and accounts	982

## Amounts

	(RUB)
Reserve for outstanding losses	4,440,000,000.00
Paid (total)	63,000,000.00
- claims (separate losses)	21,300,000.00
- dordereaux and accounts	41,700,000.00

## Claims status

Outstanding losses	1,085
Settled (total)	498
- paid	462
- withdrawn by cedents	33
- treaties Rejected by cedents due to refusal to recognize an occurrence as the event insured against	3

## Claims by contract type

(excluding bordereau claims)

### Facultative

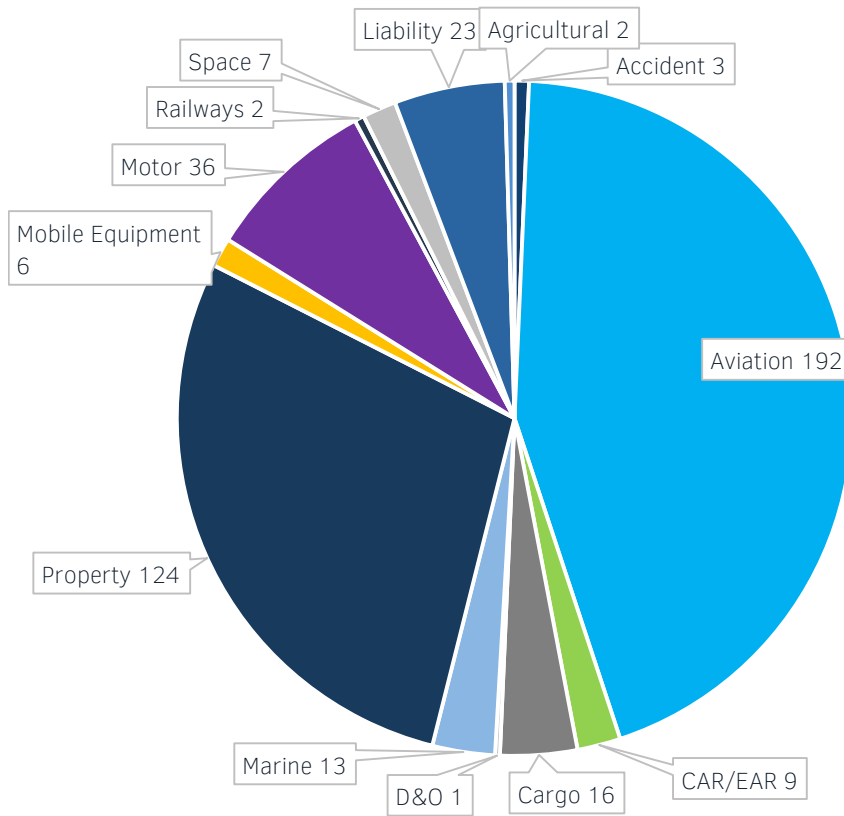
Number of claims	528
Amount of claims (RUB)	2,930,000,000.00

### Treaties

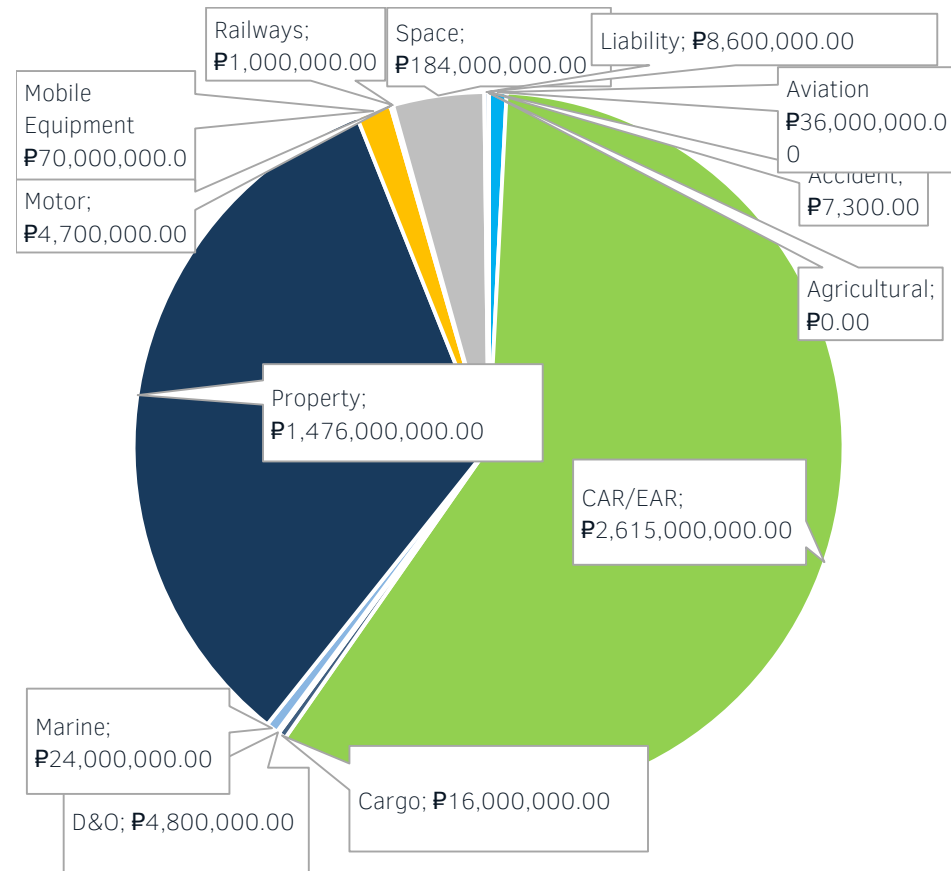
Number of claims	73
Amount of claims (RUB)	1,510,000,000.00

# Structure of separate claims by insurance types

## Outstanding claims - number

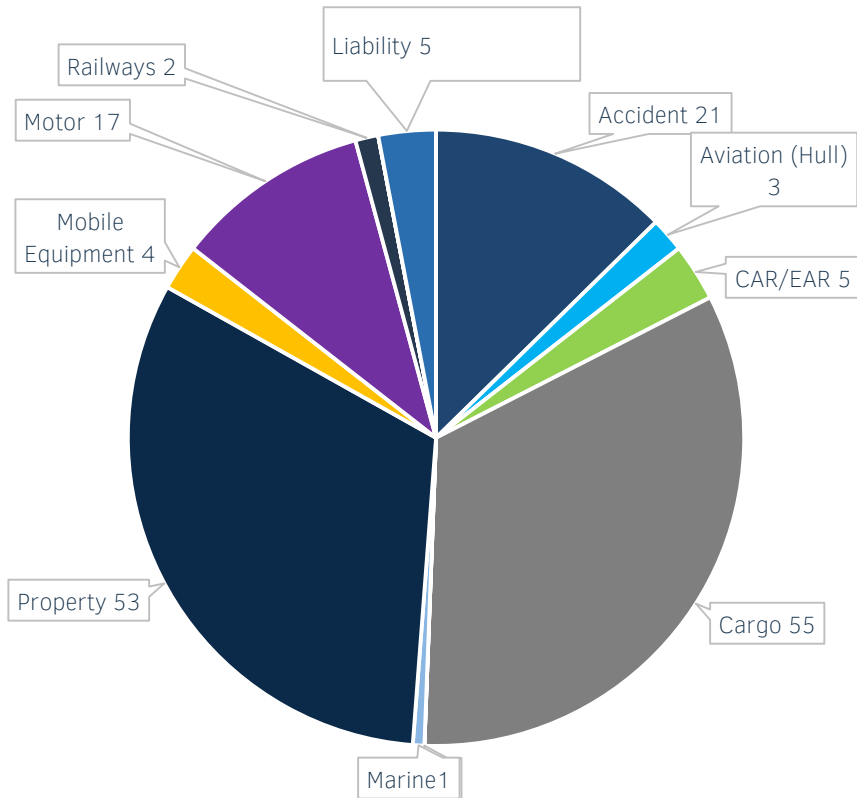


## Outstanding claims (reserve) – amounts

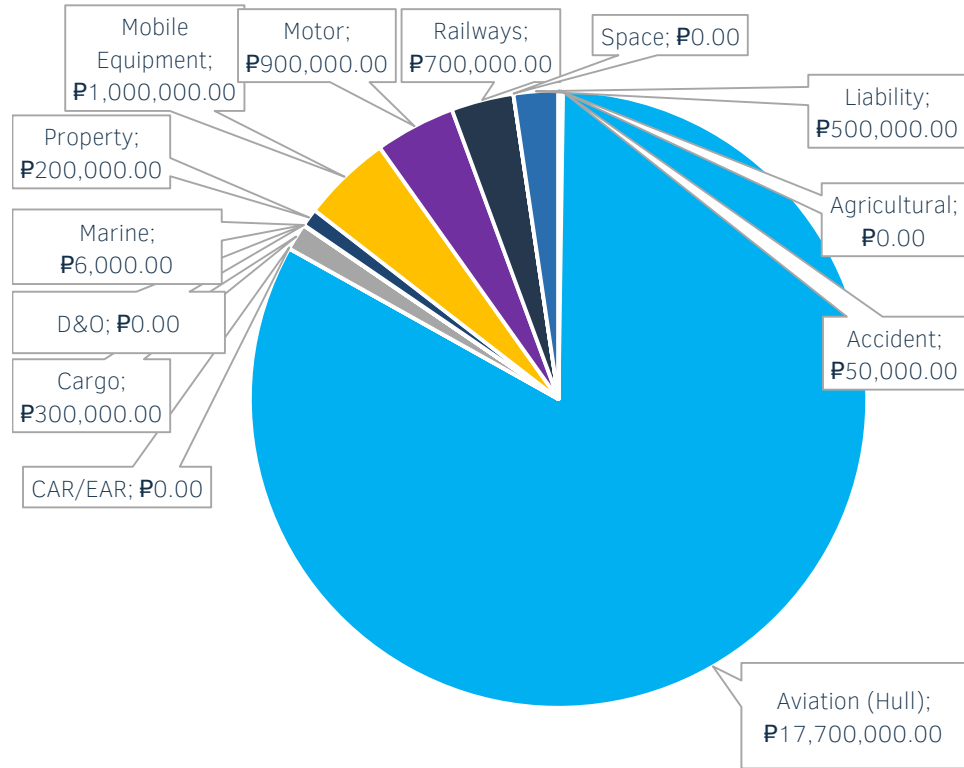


# Structure of separate claims by insurance types

## Claims settled - number



## Claims settled - amounts

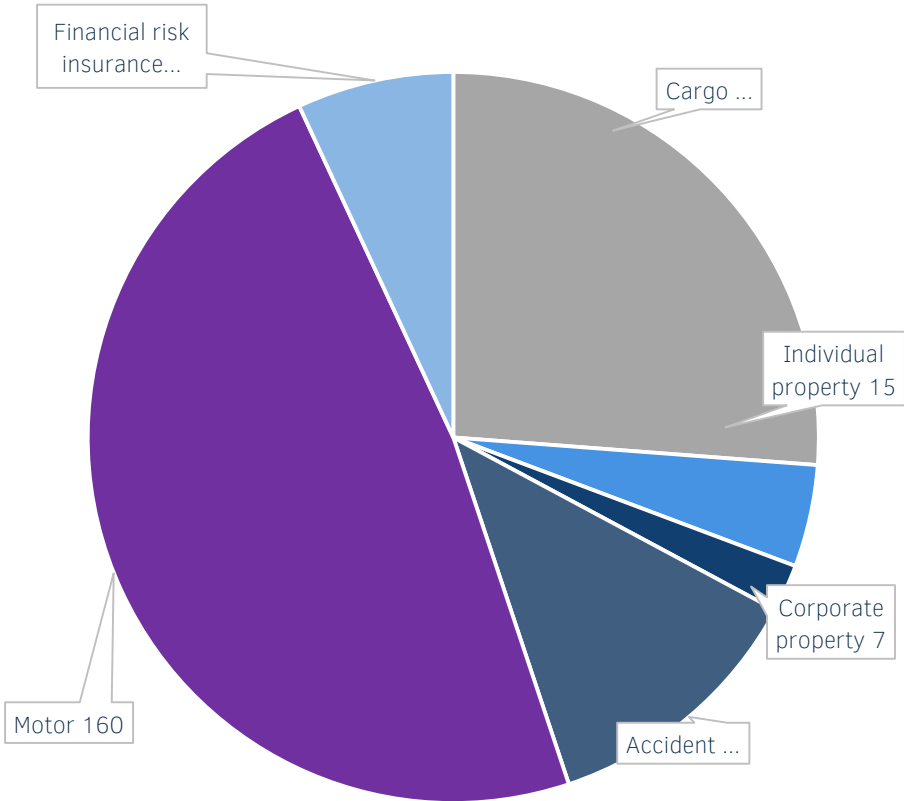


# Separate (non-bordereau) claims - total

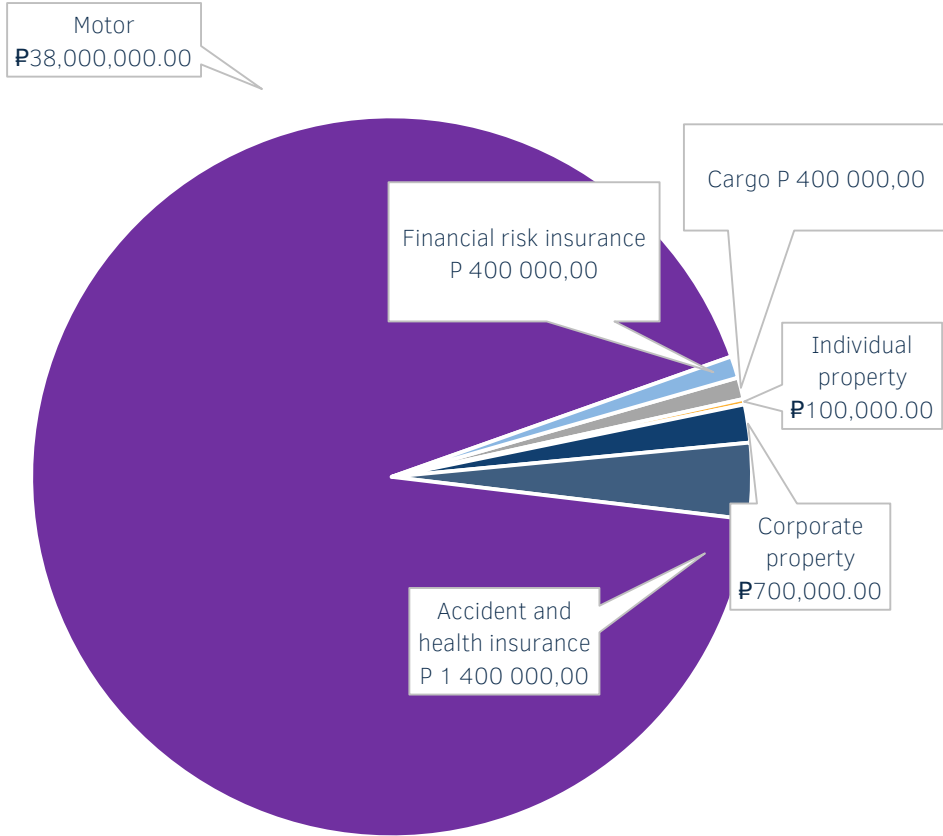
Insurance type	Outstanding Claims		Claims settled			
	Number	Amount (RUB)	Paid		Rejected/withdrawn	
			Number	Amount (RUB)	Number	Amount (RUB)
Accidents	3	7,300.00	21	50,000.00	--	
Aviation (Hull)	192	36,000,000.00	2	17,700,000.00	1	
CAR/EAR	9	2,615,000,000.00	--	--	5	
Cargo	16	16,000,000.00	55	300,000.00	--	
D&O	1	4,800,000.00	--	--	--	
Marine	13	24,000,000.00	1	6,000.00	--	
Property	124	1,476,000,000.00	28	200,000.00	25	
Mobile Equipment	6	70,000,000.00	3	1,000,000.00	1	
Motor	36	4,700,000.00	14	900,000.00	--	
Railways	2	1,000,000.00	2	700,000.00		
Space	7	184,000,000.00	--	--	--	
Liability	23	8,600,000.00	4	500,000.00	1	
Agricultural	2	--	--	--	--	
<b>TOTAL</b>	<b>434</b>	<b>4,440,107,300.00</b>	<b>130</b>	<b>21,356,000.00</b>	<b>33</b>	

# Structure of bordereau claims

Claims paid - number

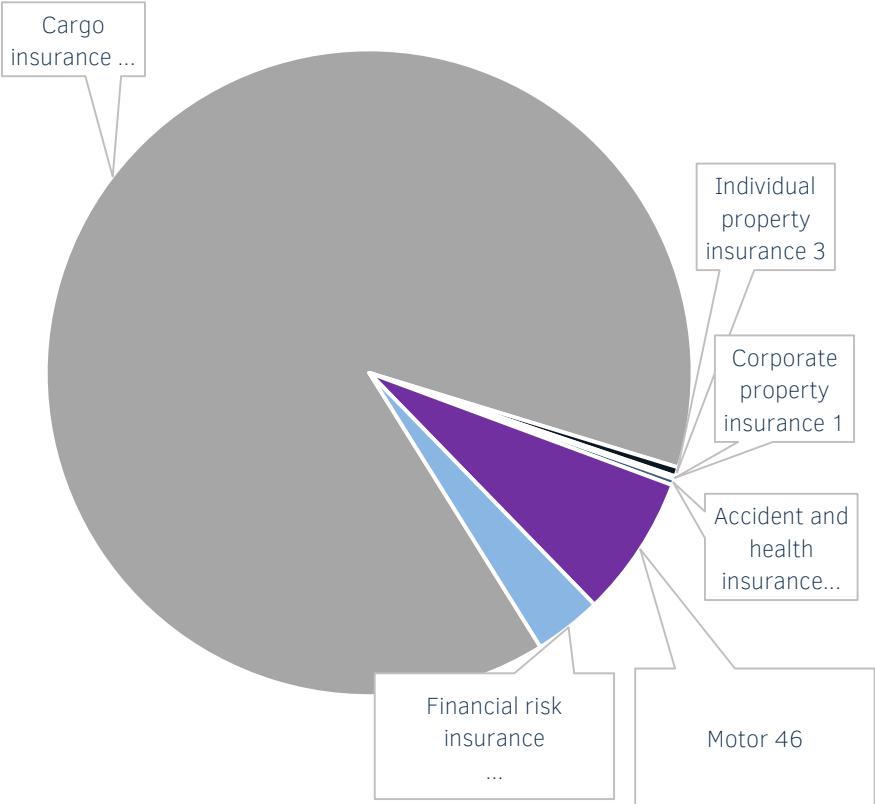


Claims paid - amounts

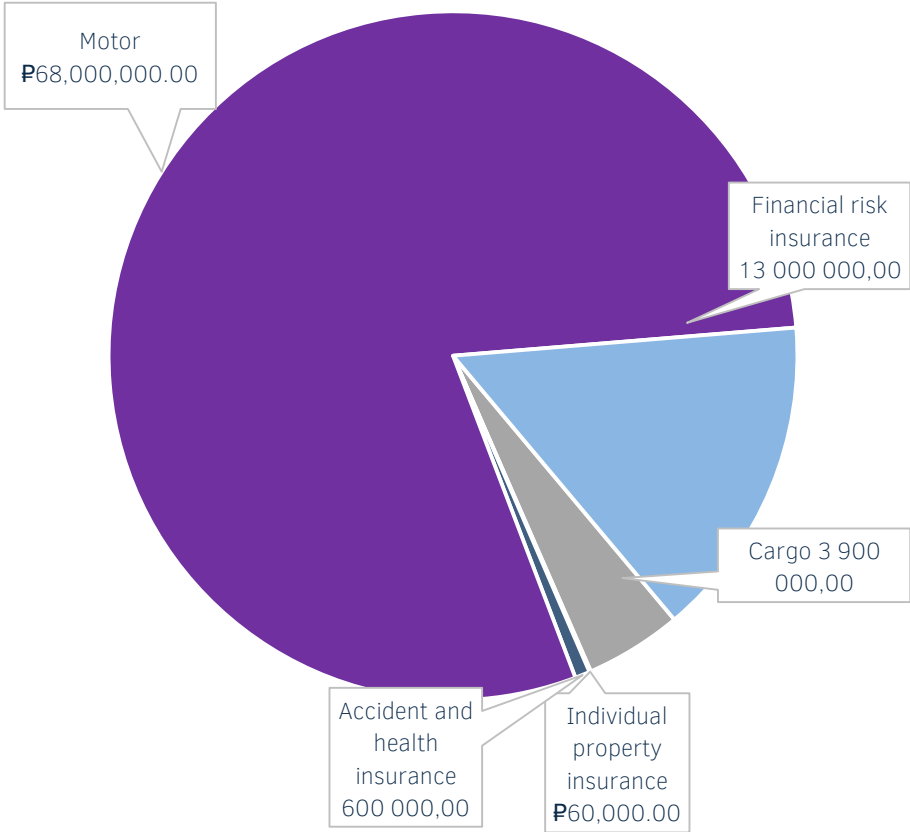


# Structure of bordereau claims

Outstanding claims - number



Outstanding claims (reserve) - amounts





# Claims on bordereaux and premium and loss accounts – total

Insurance type	Outstanding		Paid	
	Number	Amount (RUB)	Number	Amount (RUB)
Cargo	576	3,900,000.00	87	400,000.00
Individual property	3	60,000.00	15	100,000.00
Corporate property	1	0.00	7	700,000.00
Accident	2	600,000.00	40	1,400,000.00
Motor	46	68,000,000.00	160	RUB 38,000,000.00
Financial risk	22	13,000,000.00	23	400,000.00
<b>Total</b>	<b>650</b>	<b>85,500,000</b>	<b>332</b>	<b>41,000,000</b>

# Comments on specifics of the individual claims portfolio (1)

## Insurance types with the highest frequency of reported claims:

**Aviation insurance** (Hull and Liability). This trend is due to two circumstances:

1. A significant number of reinsured aircraft (more than 500).
2. An established practice for aircraft operators to report any damages caused to the aircraft regardless of the cause of occurrence and potential loss amount. Based on the available descriptions of damages and/or circumstances of losses, we believe that the majority of them will not be paid (either a loss is below the deductible or an occurrence will not be recognized as the event insured against).

**Property insurance** (Named Perils, All Risks, Machinery Breakdown, including Business Interruption). The frequency is based on claims reported under ATM and cash insurance policies. More than 30% of total property claims are related to robbery or vandalism/malicious damage to ATMs or shortfalls of cash.

Losses from fires (25% of total property claims) rank second in terms of the number of claims reported.

## Insurance types with the highest loss burden:

1. Construction and erection insurance. We believe that the “leadership” of this type of insurance is due to bad luck. The reported losses in CAR/EAR were caused by natural disasters.
2. Property insurance. More than 95% of the total amount of property claims are generated by four claims, including:
  - accident at Mir mine of Alrosa Group.
  - fire at Sindika market.
3. Specialty vehicles insurance. Virtually the entire amount of reserves for specialty vehicles insurance is generated by losses caused by one occurrence — road accident.
4. Space insurance. There are three claims reported by three cedents. One of the occurrences is failure to place Meteor-M satellite into the target orbit.

# Catastrophe claims

## Natural disasters

In 2017, 33 claims related to natural disasters were reported to RNRC JSC. For RNRC JSC, these are not shock losses in terms of the amount of each claim due to its insignificant shares in the risk. We classify them as catastrophes based on the total affected area and the potential to cause significant losses in case of a higher density of insured objects or a high unit value of insured assets in such territories.

We put a special focus on the following reported claims:

**Hurricane in Moscow on May 29, 2017.** There are six reported claims. The initial amount of the RBNS reserve for the occurrence was more than RUB 1,000,000. Subsequently, most of the losses did not exceed the deductibles under the insurance contracts. The amount of payment was less than RUB 100,000. Given that not all cedents made final settlements of losses, we believe it is still possible that claims may be reported in connection with this occurrence in the future.

**Heavy downpours in the Far East of Russia in early-mid August 2017.** Although some of the reported occurrences took place on different dates, we find it possible to consider them as a result of the same natural disaster (based on the territory (the Far East), the period and nature of impact). Notably, one of the claims was reported under a crops insurance contract.

**Harvey Hurricane in the United States in late August 2017.** One claim was reported (cargo insurance). The hurricane damaged cargo (pipes) at a temporary storage site. The amount of loss (for RNRC JSC's signed line) exceeds USD 130,000.

**Earthquake in Mexico, September 2017.** Claims were reported under a retrocession contract. The occurrence caused damage to sections of highways and a collapse of a bridge.

**Storms on the Baltic Sea, September-October 2017.** Three claims related to the effects of the storms were reported to RNRC JSC. Insurance type: CAR/EAR.

## Man-induced disasters and accidents.

These include occurrences at a man-made facility that cause significant damage to property items or natural resources or human life/health despite of their “local nature”.

In 2017, more than 10 reported claims can be classified as man-induced disasters.

The most significant of them are:

**Accident at Mir mine.** The estimated amount of losses for the owner (Alrosa PJSC) is more than RUB 16,000,000,000.

**Fire at Sindika market.** Based on expert appraisal, damages caused to the owner (Sindika-O LLC) exceed RUB 5,500,000,000.

## Individual claims – causes

Cause of claim	Number of reported occurrences	Total amount of claims (rounded, RUB, RBNS and paid)
Fire	39	475,000,000.00
Natural disaster	33	2,690,000,000.00
Machinery breakdown, industrial accidents	19	945,000,000.00
Land vehicles collisions and roll-overs	50	72,000,000.00
Accidents involving sea/river ships	13	20,000,000.00
Aircraft accidents and incidents	190	40,000,000.00
Spacecraft incidents	7	184,000,000.00
Illegal acts of third parties, thefts, robberies	57	5,000,000.00
Damage to property, life and health of third parties	29	13,000,000.00
Accidents, injuries	29	100,000.00
Other causes, including claims under investigation	135	16,000,000.00

# Geography of claims \*(1)

Region / Country	Number	Amount (thousand RUB)	Comments
Arkhangelsk Region 29	1		The amount of claim is under investigation
Astrakhan Region 30	1		The amount of claim is under investigation
Bryansk Region 32	6	500.00	
Volgograd Region 34	1	6,450.00	
Vologda Region 35	10	10,000.00	
Moscow 77	62	422 086,00	The largest claim: Fire at Sindika market. Most frequent claims: Illegal acts of third parties, including thefts (more than 30% of all occurrences); Glass breakage (30% of all occurrences)
Trans Baikal Territory 75	1	3,280.00	
Irkutsk Region 38	1		The amount of claim is under investigation
Kaliningrad Region 39	6	2,614,300.00	The bulk of the amount was claimed in connection with the storms in the Baltic Sea.
Kaluga Region 40	2	3,500.00	
Krasnodar Territory 23	6	4,530.00	
Krasnoyarsk Territory 24	6	10,053.00	
Leningrad Region 47	3	5,953.00	
Lipetsk Region 48	1		The amount of claim is under investigation
Magadan Region 49	1		The amount of claim is under investigation
Moscow Region 50	13	1,989.00	
Novosibirsk Region 54	3	228.00	
Perm Territory 59	6	594.00	
Primorsky Territory 25	1	61,123.00	
Altai Republic 04	1		The amount of claim is under investigation
Republic of Dagestan 05	2	8.00	
Republic of Crimea 91	2	305.00	
Republic of Sakha (Yakutia) 14	4	952,198.00	The bulk of the amount was claimed in connection with the accident at Mir mine.

# Geography of claims \*(2)

Region / Country	Number	Amount (thousand RUB)	Comments
Republic of Tatarstan 16	2	2 400.00	
Ryazan Region 62	2	38.00	
Samara Region 63	2	1 395.00	
St. Petersburg 78	6	824.00	
Saratov Region 64	1	8.00	
Sverdlovsk Region 66	3	26.00	
Smolensk Region 67	2		The amount of claim is under investigation
Stavropol Territory 23	1	9 689.00	
Tomsk Region 70	1	3.00	
Tula Region 71	5	263.00	
Tyumen Region 72	1		The amount of claim is under investigation
Yamalo-Nenets Autonomous District 89	2		The amount of claim is under investigation
Yaroslavl Region 76	2	3.00	
Kazakhstan	6	20.00	
Mexico	4		The amount of claim is under investigation
Pakistan	1	129.00	
UAE	1	4.00	
<b>Total:</b>	<b>182</b>	<b>4,111,900.00</b>	

\*(for Property and CAR/EAR only;  
All claims: Reported (pending) and paid).



THANK YOU FOR YOUR ATTENTION!

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