



# National Reinsurer: Launch of a Company in Russia

1<sup>st</sup> National Reinsurers Summit

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# The Law “On organization of insurance business in the RF”

Russian National Reinsurance Company was established in **October 2016** by the Central Bank of the Russian Federation in accordance with the Federal Law № 363 of July 3, 2016 "On amendments to the Federal Law "On organization of insurance business in the Russian Federation“.

The main target is to support the business under sanctions and to enlarge domestic reinsurance capacity.

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- Russian insurance companies have to offer RNRC 10% share in all outward reinsurance business (treaties or facultative)
  - RNRC has the right to abstain from the offered share or sign a share less than 10%
  - There are no restrictions on RNRC’s participation with higher lines than 10% or to sign business outside of Russia

# Background of National Reinsurer

RNRC was founded after 25 years of the fall of the USSR and commercial insurance market appearance

In the absence of market infrastructure, professional intermediaries and lack of domestic capacity there were more reasons for setting national reinsurer in

Market regulation – overall liberalization including privatization of 2 national insurers (Rosgosstrakh and Ingosstrakh)

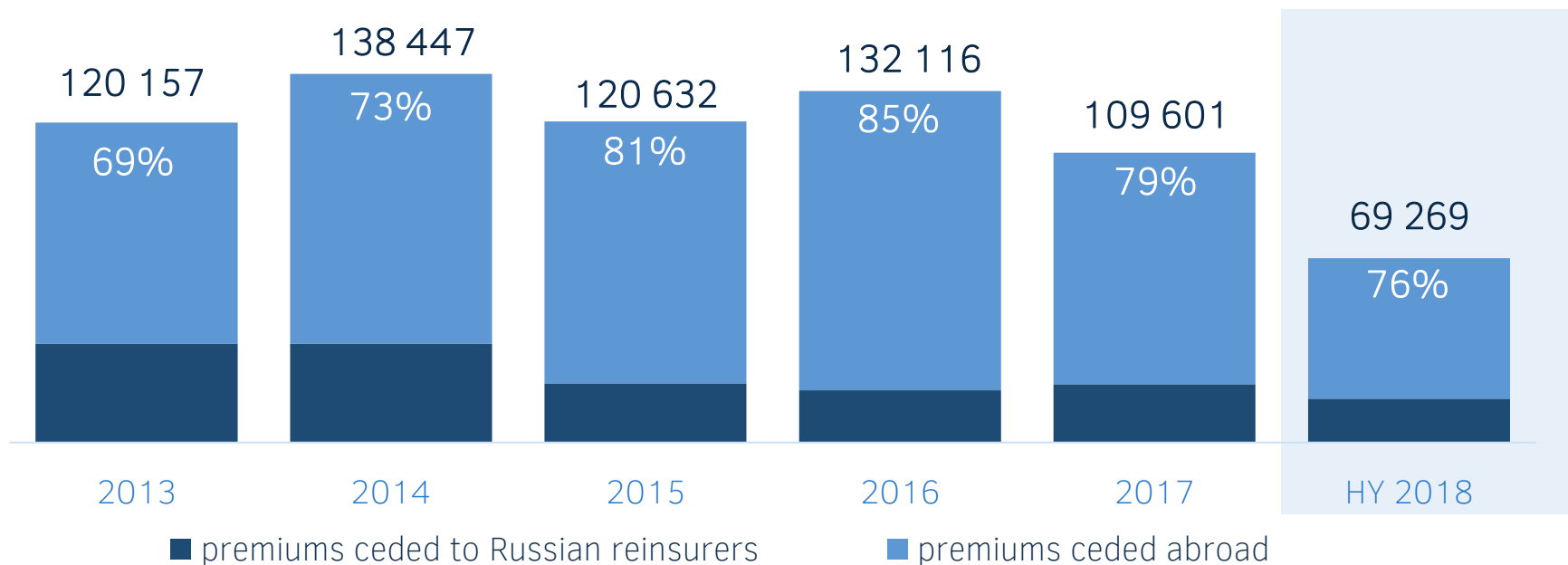
90's  
RNRC was launched by the end of 2016 to support domestic market and clients suffered from international sanctions

## Why national reinsurance wasn't launched with the market liberalization?

- Low insurance penetration
- Low Nat Cat exposure
- The Government aimed total liberalization of the insurance market
- The attempts of local Insurers to launch PPP reinsurance company failed due to contradictions of interests and ambitions
- High supply of capacity provided by international markets

# Russian reinsurance market 2013 - 2017

Outward reinsurance premium distribution: domestic & international markets



# Niches for development of RNRC

Serve clients under sanctions and 10% mandatory cession

- important role on the limited insurance market

Local market:

- growth above mandatory cession
- market development through new products and reinsurance solutions

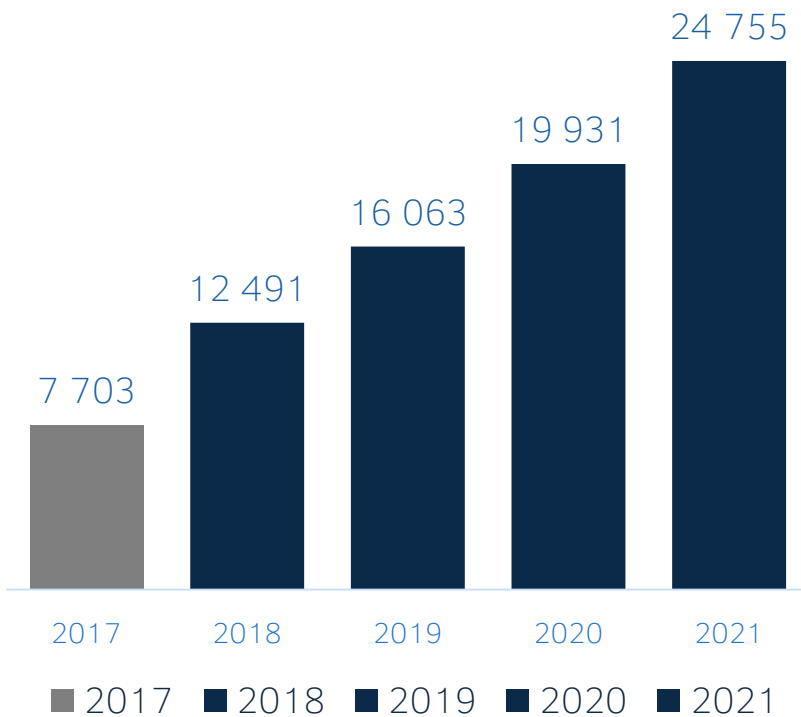
International market:

- growth and diversification

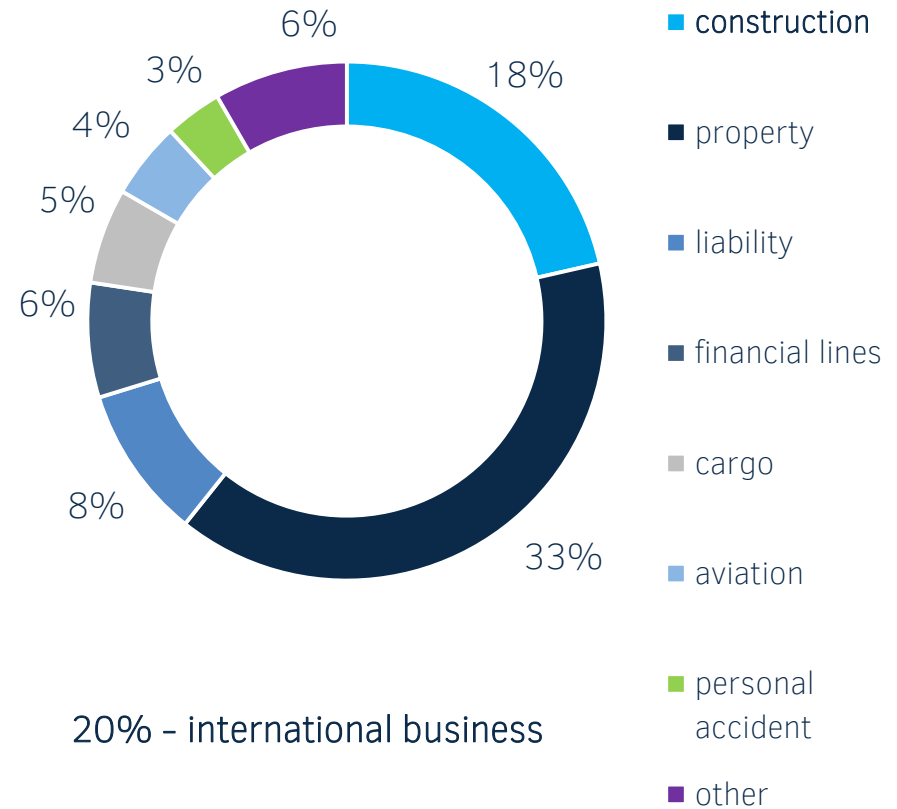
# RNRC Business Model

## Premium income forecast 2017 – 2021 (mln Rub\*)

\* \$ 1 = 68 Rub



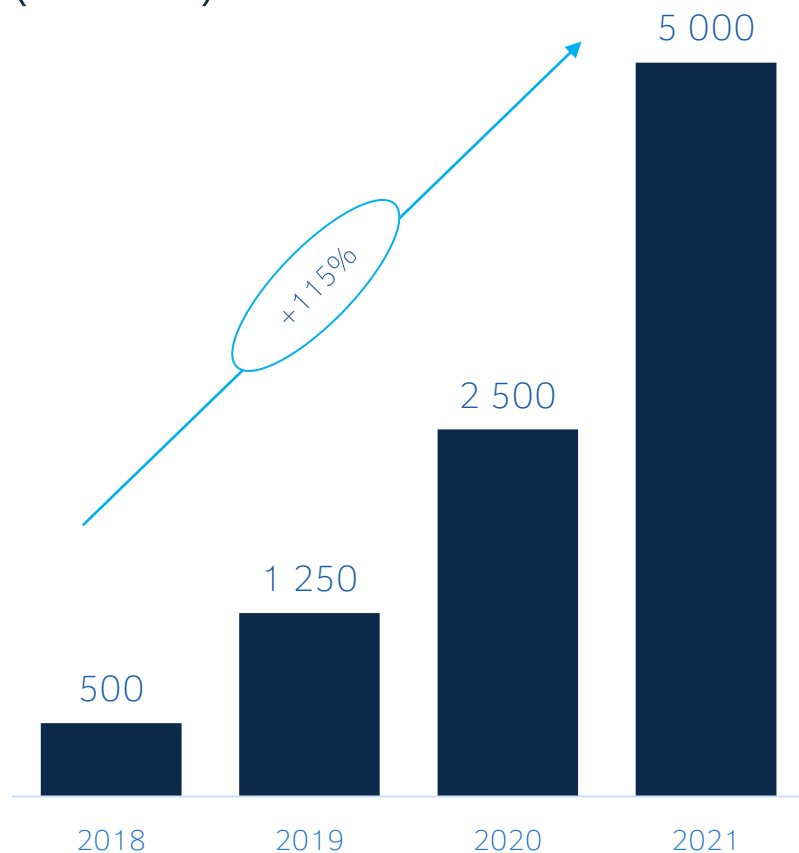
## Target portfolio structure



Target indicators: CR 70%, ROE 20%

# International business strategy

International business.  
Forecast. GPW 2017 – 2021  
(mln Rub\*)



## Geography of expansion

EEU/CIS, India, China, Eastern Europe, MENA,  
Sub Saharan Africa,  
Latin America,  
Emerging markets in Asia and Africa

\* \$ 1 = 68 Rub

# Threats and challenges

Extension of sanctions

Under the conditions of WTO: Russians insurance market will be opened to branches of international insurers in 2021

New law on household insurance against natural hazards: risk accumulation and potential antiselection



# The bounds and limits of international expansion

There are some bounds for geographical expansion

- The sovereign rating of the country
- The existence relations with the markets
- No or limited direct B2B connections
- Lack of market data
- Lack of underwriting information
- Long chains of intermediaries producing no added value
- Local markets financial instabilities, political risks, sanctions

Are there any alternative?



THANK YOU FOR YOUR ATTENTION!

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