



INSURANCE SUPERVISION AGENCY

INSURANCE MARKET IN REPUBLIC OF MACEDONIA IN 2012
ANNUAL REPORT

Skopje, 2013

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The Reports have been prepared in accordance with Article 158-r, and Article 158-t in the Law on Insurance Supervision – consolidated text (Official Gazette of RM no. 30/2012) and for their preparation the Insurance Supervision Agency used the data from its own records.

1. INTRODUCTION

The Insurance Supervisory Agency of R. of Macedonia (hereinafter referred to as „ISA“) is an autonomous and independent regulatory authority on the insurance market undertaking public authorizations as stipulated by the Law on Insurance Supervision and the Law on Compulsory Insurance in Traffic. ISA aims to contribute to the legal and effective functioning of the domestic insurance market and to its continuous development and adequate protection of the rights and interests of policyholders, as well as strengthening the financial stability of the economy.

At the end of 2012, 15 insurance undertakings actively operated on the insurance market of Republic of Macedonia, out of which 11 are non-life insurance undertakings and 4 are life insurance undertakings.

During 2012, the number of insurance brokerage companies increased by 3 new companies, rising to a total of 20 companies, whereas the number of insurance agencies increased by 4 new companies, rising to a total of 10. For the first time, one of the new insurance agencies is a commercial bank, which represents a promotion of bancassurance as a new distribution channel in the country.

In 2012, the gross written premium (hereinafter referred to as GWP) on the Macedonian insurance market reached the total amount of MKD 7.01 billion, which makes an increase of 3.02% in GWP compared to 2011 (2011: MKD 6.81 billion).

Considering the analysis per insurance segments, the total of GWP in non-life insurance segment amounted to MKD 6.41 billion (2011: MKD 6.31 billion), which accounts for 91.47% of the total GWP of the insurance industry, and increase of 1.65% compared to the same period of the last year. As the life insurance segment is concerned, the total GWP amounted to MKD 598.1 million (2011: MKD 496.9 million) which is an increase of 20.35%.

On 31.12.2012, the total assets of the insurance undertakings amounted to MKD 13.06 billion, which is an increase of 1.15% compared to 2011, whereby the positive trend of growth from the previous year continued (2011: MKD 12.92 billion).

At the end of 2012, the total capital of the insurance undertakings amounted to MKD 4.4 billion, which is a drop of 3.23% in comparison with 2011 (2011: MKD 4.5 billion), whereas the solvency margin as key indicator for the insurance industry stability amounts to MKD 1.13 billion, thus making the capital of the insurance sector 3.9 times above the level of the solvency margin.

In 2012, the insurance undertakings reported loss at the amount of MKD 131.6 million. Thus, the non-life insurance segment reported loss of MKD 64.4 million, while the life insurance segment reported loss of MKD 69.28 million.

Concerning the regulations, in 2012 the consolidated text of the Law on Insurance Supervision was adopted, and three decisions of the Constitutional Court repealing certain Articles from the Law on Insurance Supervision. Also, 6 bylaws have been adopted regulating the operations of the entities in the insurance sector.

2. LEGAL FRAMEWORK

The Law on Insurance Supervision – consolidated text ("Official Gazette of the R. of Macedonia" no. 30/12), and the Law on Mandatory Traffic Insurance ("Official Gazette of the Republic of Macedonia" no. 88/05, 70/06, 81/08, 47/11 and 135/11) are the main legal framework that regulates the conditions and the manner for performing insurance and reinsurance activities, the manner and conditions for performing insurance intermediation and supervision of the operations of insurance companies, insurance brokerage companies, and insurance agencies. The Contract Law, with regard to the insurance contracts, and the Company Law serve as complementary legislation.

The **Law on Insurance Supervision** incorporates the insurance principles and standards of the International Association of Insurance Supervisors (IAIS), as well as the EU Insurance Directives. The Law regulates the establishment and operation of insurance undertakings, risk management, role of authorised actuaries, financial reporting, internal and external auditing, activities of insurance brokerage and insurance agency, supervision over insurance undertakings, procedure for decision-making by ISA, operations of insurance and reinsurance pools, cooperation with supervisory agencies and EU authorities, as well as the penalty provisions.

During 2012 the consolidated text of the Law on Insurance Supervision (Official Gazette of the Republic of Macedonia no. 30/2012) was adopted. Additionally, the Constitutional Court of the Republic of Macedonia adopted three decisions in 2012: Decision of the Constitutional Court no. 202/2011 (Official Gazette of Republic of Macedonia no. 45/2012), Decision of the Constitutional Court no. 130/2011 (Official Gazette of Republic of Macedonia no. 60/2012) and Decision of the Constitutional Court no. 122/2011 (Official Gazette of Republic of Macedonia no. 64/2012) for repealing certain Articles of the Law on Insurance Supervision that prescribed the submission of proof that the person has not been pronounced a sentence imprisonment for a criminal offence against the public finances, payment transactions, and the economy, against an official position or against the legal traffic as a condition for obtaining a permit, consent or license for shareholders, members of management and supervisory bodies of an insurance company, insurance agents, insurance brokers, or authorised actuaries.

The compulsory traffic insurance is regulated by the **Law on Compulsory Insurance in Traffic** which stipulates the following: extended protection of the interests of victims in traffic accidents by increasing the insured sum and their gradual (upon previously legally defined phases) harmonization with the insured sum adopted in the EU Directives, regulation of the deadlines for filing claims and indemnification of claims by the insurance undertakings, imposition of the entitlement to mediation, strict regulation of the competencies of the Guarantee Fund, changes in the manner of establishing the premium tariffs for which the Auto Insurance Commission has been established, as well as facilitating the provision of cross-border insurance services by introduction of the so-called Authorised claims representative and introduction of Damage Compensation Service (the last two items shall be realised once Republic of Macedonia joins the European Union).

The **Law on payment of pensions and non-contributory benefits** (Official Gazette of RM no. 11/2012) was adopted in January 2012. This Law regulates the payment of pensions from the mandatory and voluntary fully

funded pension insurance, where it allows the insurance companies that perform insurance activities for life insurance to insure the annuities of the beneficiaries of the mandatory and voluntary fully funded pension insurance.

The **Law on voluntary health insurance** (Official Gazette of RM no. 145/2012) was adopted in November 2012. The purpose of adopting the Law on voluntary health insurance was to encourage the development of the health insurance in the Republic of Macedonia by transferring part of the costs for financing health services, which are not covered with the mandatory health insurance, from the citizens to the insurance companies in order to provide conditions for better quality health protection for the citizens of Republic of Macedonia. The Law on voluntary health insurance prescribes a new system for voluntary health insurance that allows the legal possibility and opens a wider scope of activities for the insurance companies in order to offer packages of health services which are not covered with the system for mandatory health insurance.

3. INSURANCE MARKET IN R. MACEDONIA

A) INSURANCE UNDERTAKINGS

There were 15 insurance undertakings operating on the insurance market of R. Macedonia in 2012, of which 4 operated in the life insurance segment, and the remaining 11 in the non-life insurance segment. Only one insurance undertaking was licensed for reinsurance business besides the non-life insurance operations (Table no. 1).

Table 1: Register of insurance undertakings

	Insurance undertaking	Insurance segment
1	QBE MACEDONIA ¹	Non-life insurance and reinsurance
2	TRIGLAV	Non-life insurance
3	SAVA INSURANCE	
4	EUROINS INSURANCE	
5	WINNER- Vienna Insurance Group Skopje	
6	EUROLINK	
7	INSIG MAKEDONIJA	
8	UNIQA	
9	INSURANCE POLICY	
10	ALBSIG	
11	CROATIA INSURANCE- NON LIFE	
12	CROATIA INSURANCE- LIFE	Life insurance
13	GRAWE	
14	WINNER Life - Vienna Insurance Group Skopje	
15	UNIQA Life	

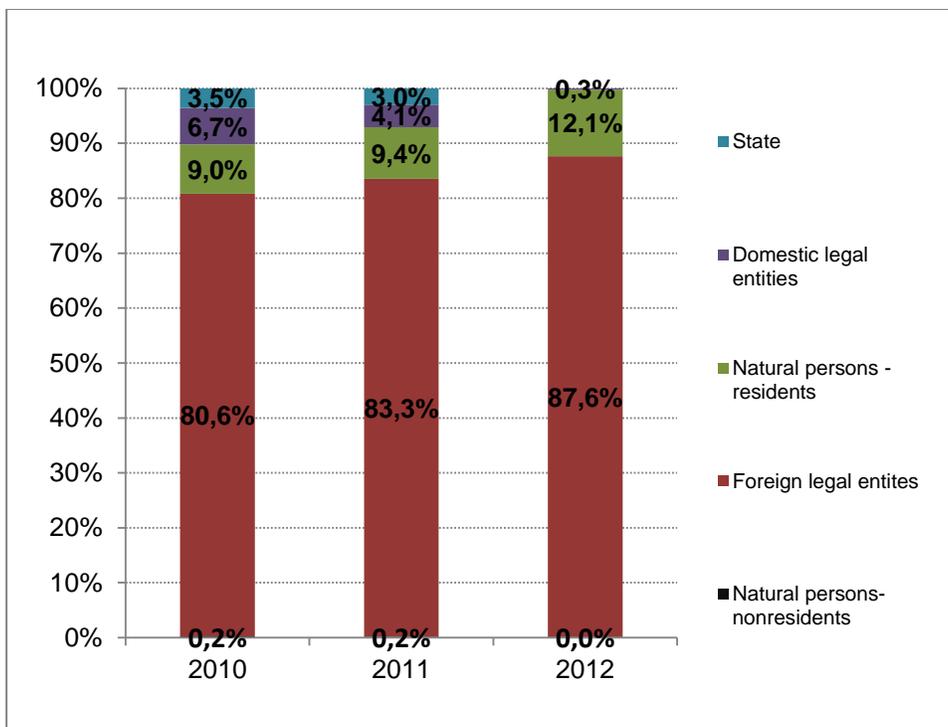
1. Ownership structure

In the course of 2012, the ownership structure of the insurance undertakings underwent no significant changes. The insurance undertakings are in dominant ownership of foreign legal entities from the financial sector (87.6%), i.e. they have partial or complete ownership in 14 from total of 15 insurance undertakings on the market. Accordingly, 9 insurance undertakings are owned by insurance groups with head office in EU Member States, and only insurance company is fully owned by domestic investors.

Graph no. 1 shows the ownership structure of the insurance undertakings as on 31.12.2012.

Chart no. 1: Ownership structure of insurance undertakings

¹ Since 2004 the company is not signing new life insurance agreement, and is only servicing the previously signed agreements for life insurance.



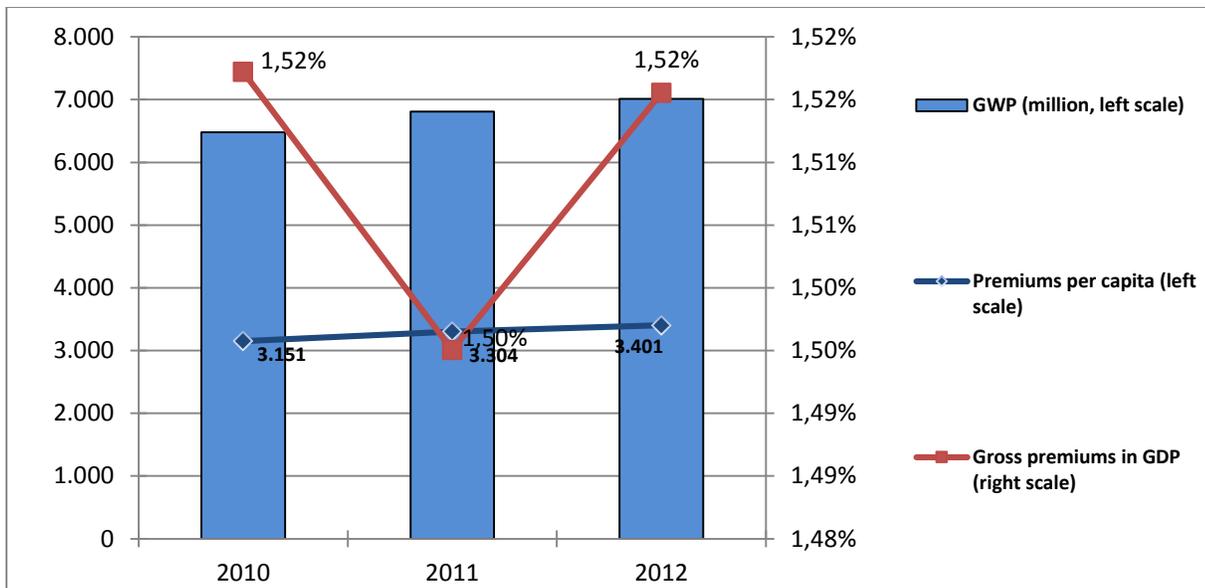
Source: Quarterly Reports, ISA

2. Insurance market development

The basic indicators that measure the level of development of the insurance market are the insurance density rate and insurance penetration rate². The data on the insurance penetration in 2012 show that the total GWP in the country accounts for 1.52% of GDP, whereas the density rate is MKD 3,401 per capita. The data trends are presented in the Graph no.2.

Graph no. 2: Insurance market development indicators

² The density rate is calculated as ratio of gross written premium and the country population, whereas the penetration rate is the ratio of gross written premium and gross domestic product.



Source: Quarterly Reports, ISA and Ministry of Finance of R. Macedonia

The insurance sector in Macedonia is characterised with moderate market competitiveness. The Herfindahl index³, calculated via the GWP, was 951.07 in 2012 (2011: 997.69). Similar trend is shown when measuring the index through the assets of the insurance undertakings, which decreased to 896.28 in 2012 (2011: 1,078.08).

The analysis per insurance segments, in particular, shows high concentration in life insurance and reinsurance, due to the small number of undertakings in this area. For life insurance undertakings, the Herfindahl-index measured against the GWP was 3,723.22 (2011: 4,094.61), whereas when measured against the assets of the undertakings was 2,965.78 (2011: 3,074.66).

With regard to non-life insurance, there is presence of continuous and moderate decline in concentration, which is also shown through the measurement of the Herfindahl-index (relative to GWP), which reached 1,104.32 in 2012 (2011: 1,135.61), and relative to assets it is 1,172.79 (2011: 1,363.33).

The tables below shows the Herfindahl-index and concentration index for the top five insurance companies (CR5):

³Herfindahl-index shall be calculated using the formula:

$$HI = \sum_{i=1}^n (S)_i^2$$

where S is the share of each insurance company in the total assets (gross written premium) of the insurance sector, and n is the number of institutions in the respective segment. When the index is in an interval between 1,000 and 1,800 units, the concentration level of the insurance sector shall be deemed acceptable.

Table no. 2: Hefindahl-index and CR5 index measured relative to GWP

Gross written premium	2011		2012	
	Herfindahl	CR5	Herfindahl	CR5
Total	997.689	60.25%	951.07	57.58%
Non-life insurance	1,135.615	65.00%	1,104.,32	62.95%
Life insurance	4,094.619	100.00%	3,723.22	100.00%

Source: Quarterly Reports, ISA

Table no. 3: Herfindahl index and CR5 index measured against the assets of insurance undertakings

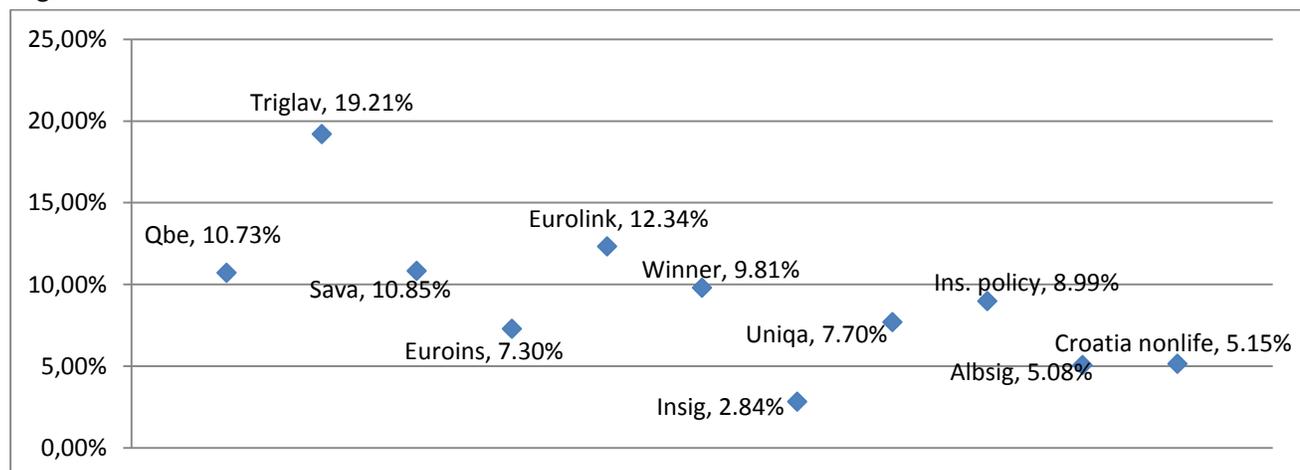
Assets	2011		2012	
	Herfindahl	CR5	Herfindahl	CR5
Total	1,078.079	60.41%	896.28	54.97%
Non-life insurance	1,363.325	69.73%	1,172.79	66.06%
Life insurance	3,074.657	100.00%	2,965.78	100.00%

Source: Balance Sheet of the insurance sector

The decline in market concentration of the non-life insurance undertakings is also evidenced by the CR5 index measured against their share in GWP, which indicates decreases of 62.95% in 2012 (2011: 65.00%).

With regard to the market concentration, at the end of 2012, 4 insurance undertakings exceeded the threshold of 10% share in the total GWP. Accordingly, the share of the market leaders is as follows: Triglav at 19.21% (2011: 19.68%), Eurolink at 12.34% (2011: 12.25%), Sava at 10.85% (2011: 12.23%) and QBE at 10.73% (2011: 11.79%). Moreover, none of the insurance undertakings on the Macedonian insurance market exceed the threshold of over 20% market share (Graph no. 3).

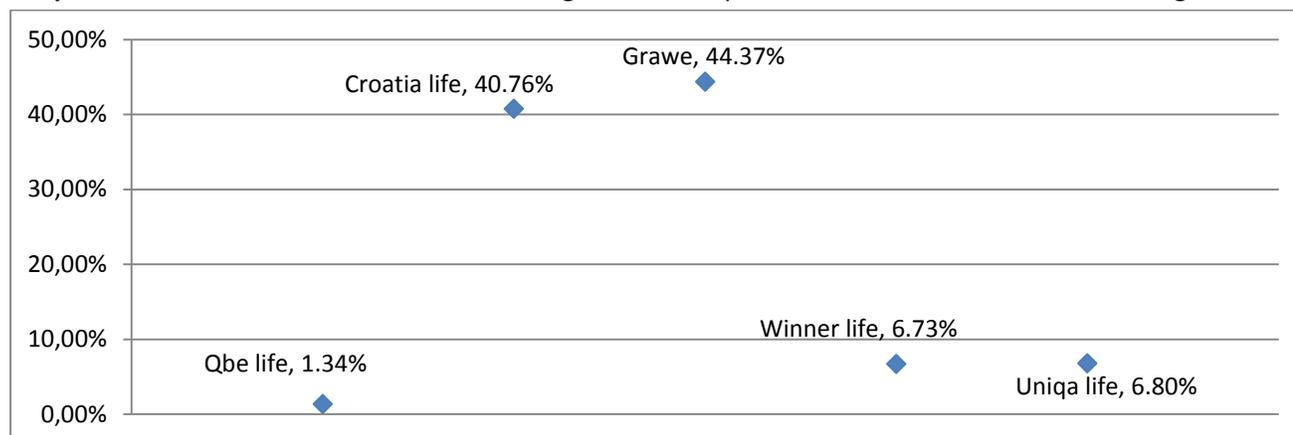
Graph no. 3: Market concentration relative to gross written premium in 2012, for the non-life insurance segment



Source: Quarterly Reports, ISA

Two insurance undertakings, i.e. Grawe with 44,37% (2011: 49,17%) and Croatia Life with 40,76% (2011: 40,44%), have dominant market shares in the life insurance segment. The small market share of Winner Life and Uniqa Life is due to their relatively short presence on the market since 2011. As for QBE, it has not signed new life insurance contracts since 2004 (Graph no. 4).

Graph no. 4: Market concentration relative to gross written premium in 2012, for life insurance segment



Source: Quarterly Reports, ISA

3. Gross written premium

The gross written premium for insurance and reinsurance of the non-life insurance undertakings includes all the insurance premiums contracted (written) within the current accounting period, regardless if they partially or completely refer to the following period, whereas the total life-insurance written premium includes all the paid premiums until the end of the accounting period.

Based on the data provided by the insurance undertakings through their regular reporting to ISA, and pursuant to article 104 of the Law on Insurance Supervision, the total GWP in 2012 was MKD 7.01 billion, which is an increase of 3.02% compared to the GWP in 2011 (Table no. 4).

Table no. 4: Gross written premium by insurance classes (thousand MKD)

Insurance Class	GROSS WRITTEN PREMIUM (GWP)		DYNAMICS	SHARE IN TOTAL GWP	
	2011	2012		2011/2012	2011
01. Accident insurance	542,270	519,418	-4.21%	7.96%	7.41%
02. Health insurance	6,618	2,403	-63.69%	0.10%	0.03%
03. Motor vehicle insurance – Casco	781,924	761,712	-2.58%	11.48%	10.86%
05. Aircraft insurance - Casco	102,956	73,678	-28.44%	1.51%	1.05%
06. Vessel insurance – Casco	359	672	87.19%	0.01%	0.01%
07. Insurance of goods in transit – Casco	78,441	79,833	1.77%	1.15%	1.14%
08. Property insurance against fire	478,264	611,921	27.95%	7.02%	8.72%
09. Other property insurance	768,211	781,166	1.69%	11.28%	11.14%

10. Motor Third-Party Liability insurance	3,264,963	3,276,874	0.36%	47.96%	46.72%
11. Aircraft third-party liability insurance	24,454	10,762	-55.99%	0.36%	0.15%
12. Vessel third-party liability insurance	1,629	1,676	2.89%	0.02%	0.02%
13. Other liability insurance	114,243	140,316	22.82%	1.68%	2.00%
15. Guaranties insurance	195	908	365.64%	0.00%	0.01%
16. Insurance against financial loss	3,554	11,909	235.09%	0.05%	0.17%
17. Legal protection insurance	1	3	200.00%	0.00%	0.00%
18. Travel insurance	143,189	142,237	-0.66%	2.10%	2.03%
19. Life insurance	496,995	598,134	20.35%	7.30%	8.53%
TOTAL	6,808,264	7,013,622	3.02%	100.00%	100.00%
TOTAL NON-LIFE	6,311,269	6,415,488	1.65%	92.70%	91.47%
TOTAL LIFE	496,995	598,134	20.35%	7.30%	8.53%

Source: Quarterly Reports, ISA

The positive trend is evident for both insurance segments, whereby the non-life insurance group realised GWP at the amount of MKD 6.41 billion (2011: MKD 6.31 billion), which is 91.47% of the total GWP for the insurance sector, representing a growth of 1.65% compared to the same period last year.

The life-insurance segment GWP was MKD 598.13 million (2011: MKD 496.99 million), which represents a growth of 20.35%. This significant growth was due to the increased supply of life insurance in the country, the ever growing number of citizens informed of the benefits for this type of insurance, as well as the macroeconomic stability of the country, expecting even further development of this insurance segment.

Table no. 5 shows the index of annual change of GWP for the period 2006 – 2012, separately for life insurance, non-life insurance and the total respectively. It is evident from the table that the trend of change corresponds to the trend of non-life insurance as the dominant insurance segment.

Table no. 5: Change index of the gross written premium

	2006/2005	2007/2006	2008/2007	2009/2008	2010/2009	2011/2010	2012/2011
Total GWP	106.66%	111.93%	105.36%	96.28%	104.83%	105.05%	103.02%
Non-life insurance	106.32%	111.20%	103.85%	95.56%	104.17%	103.01%	101.65%
Life insurance	124.90%	147.98%	155.76%	112.80%	117.85%	140.19%	120.35%

Source: Annual accounts of the insurance undertakings

The total reinsurance amount in 2012 was MKD 5.48 million (2011: MKD 2.19 million), and it was realised by QBE MACEDONIA as the only reinsurance undertaking on the market in Republic of Macedonia.

Individually, if compared with 2011, the increase in GWP was noted in 8 of 11 non-life insurance undertakings in 2011 (Table no. 6).

Table no. 6: Gross written premium by non-life insurance undertakings (thousand MKD)

NO.	INSURANCE UNDERTAKING	WRITTEN PREMIUM (GWP)		DYNAMICS	SHARE IN TOTAL GWP	
		2011	2012	2012/2011	2011	2012
1	TRIGLAV	1,242,059	1,232,665	-0.76%	19.68%	19.21%
2	EUROLINK	772,888	791,803	2.45%	12.25%	12.34%
3	SAVA	771,727	695,937	-9.82%	12.23%	10.85%
4	QBE	744,381	688,603	-7.49%	11.79%	10.73%
5	WINNER	530,588	629,351	18.61%	8.41%	9.81%
6	OSIGURITELNA POLISA	571,218	576,847	0.99%	9.05%	8.99%
7	UNIQA	465,729	493,823	6.03%	7.38%	7.70%
8	EUROINS	455,944	468,032	2.65%	7.22%	7.30%
9	CROATIA NON-LIFE	254,325	330,129	29.81%	4.03%	5.15%
10	ALBSIG	322,525	326,151	1.12%	5.11%	5.08%
11	INSIG	179,885	182,147	1.26%	2.85%	2.84%
	TOTAL NON-LIFE	6,311,269	6,415,488	1.65%	100.00%	100.00%

Source: Quarterly Reports, ISA

In regards to life insurance companies, almost all of them noted increase in the GWP, except from QBE Life which does not sign new agreements for life insurance and only services the previously signed agreements for life insurance (Table no. 7).

Table no. 7: Gross written premium by life insurance undertakings (in thousand MKD)

NO.	INSURANCE UNDERTAKING	WRITTEN PREMIUM (GWP)		DYNAMICS	SHARE IN TOTAL GWP	
		2011	2012	2012/2011	2011	2012
1	GRAWE	244,371	265,377	8.60%	49.17%	44.37%
2	CROATIA LIFE	200,985	243,800	21.30%	40.44%	40.76%
3	UNIQA LIFE	13,461	40,692	202.30%	2.71%	6.80%
4	WINNER LIFE	26,725	40,249	50.60%	5.38%	6.73%
5	QBE LIFE	11,453	8,016	-30.01%	2.30%	1.34%
	TOTAL LIFE	496,995	598,134	20.35%	100.00%	100.00%

Source: Quarterly Reports, ISA

The most adequate indicator regarding the development of the insurance sector is the analysis of the scope of operations in different insurance classes by the insurance undertakings. Hence, by using the data on the GWP by insurance classes, the market structure of all insurance undertakings in 2012 is also presented (Table No. 8).

Table no. 8: Gross written premium for the period 01.01.2012-31.12.2012

000 MKD

Insurance Class	Non-life insurance											Total non-life
	QBE	TRIGLAV	SAVA	EUROINS	EUROLINK	WINNER	INSIG	UNIQA	INS. POLICY	ALBSIG	CROATIA	
01. Accident	86,993	100,082	35,796	27,882	91,561	62,352	10,703	20,887	39,724	11,124	32,314	519,418
02. Health	0	0	1,644	0	0	199	0	0	560	0	0	2,403
03. Motor vehicles - Casco	96,416	194,229	90,728	48,508	94,924	64,042	5,521	41,246	69,046	13,137	43,915	761,712
05. Aircraft insurance – casco	0	58,767	0	0	2,979	11,822	0	0	0	0	110	73,678
06. Vessel insurance - casco	128	130	0	0	176	136	0	0	49	0	53	672
07. Insurance of goods in transport - cargo	32,786	26,516	4,824	4,056	2,624	4,474	0	2,408	1,490	124	531	79,833
08. Property insurance against fire and other hazards	89,557	178,604	107,002	31,958	104,461	20,455	1,442	32,301	25,835	8,057	12,249	611,921
09. Other property insurance	139,807	162,391	101,917	15,711	177,522	115,883	1,560	19,604	18,922	992	26,857	781,166
10. MTPL (total)	211,686	458,665	307,027	322,004	256,543	326,574	157,858	355,182	395,462	282,937	202,936	3,276,874
11. Aircraft third party liability insurance	0	771	7,474	0	1,308	1,093	0	0	99	0	17	10,762
12. Vessel third-party liability insurance	254	145	321	8	263	180	0	9	422	0	74	1,676
13. General Liability insurance	16,719	26,861	16,041	7,269	39,929	8,441	192	8,369	11,651	644	4,200	140,316
15. Guaranties insurance	105	0	12	0	0	0	0	0	791	0	0	908
16. Insurance against financial loss	2,734	5,523	3,652	0	0	0	0	0	0	0	0	11,909
17. Legal Protection	0	0	0	0	0	0	0	0	0	0	3	3
18. Travel insurance	11,418	19,981	19,499	10,636	19,513	13,700	4,871	13,817	12,796	9,136	6,870	142,237
TOTAL	688,603	1,232,665	695,937	468,032	791,803	629,351	182,147	493,823	576,847	326,151	330,129	6,415,488

Insurance Class	Life insurance					
	QBE	CROATIA	GRAWE	WINNER	UNIQA	Total life
19. Life insurance	8,016	243,800	265,377	40,249	40,692	598,134
TOTAL	8,016	243,800	265,377	40,249	40,692	598,134

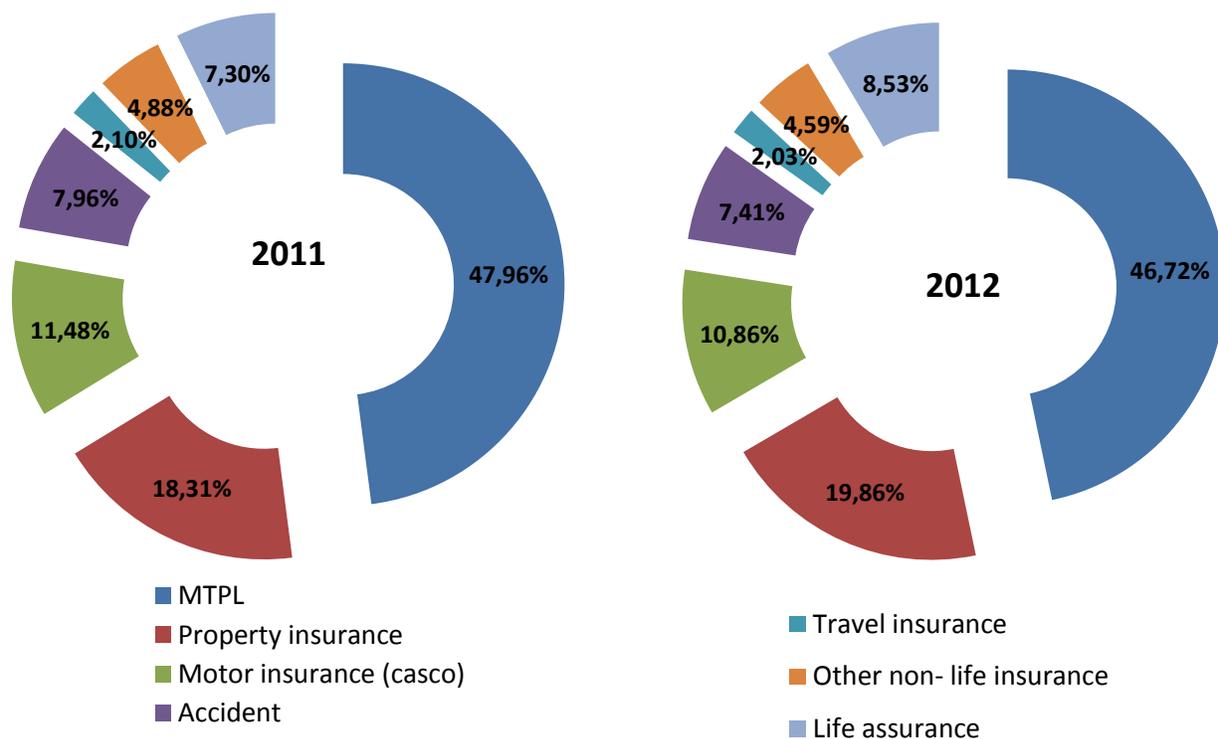
Total: 7,013,622

Source: Quarterly reports pursuant to Article 104 of the Insurance Supervision Agency

4. Gross written premium structure

In regards to the total gross written premium, the most significant market share is recorded in motor vehicle insurance of 57.58% (2011: 59.44%), where the motor third-party liability insurance (MTPL) participates with 46.72% (2011: 47.96%), and the voluntary motor vehicle insurance policies (Casco) with 10.86% (2011: 11.48%). Then, follows the property insurance (against fire, natural disasters, theft and other risks) with 19.86% (2011: 18.31%), and insurance against accident consequences (accident) with 7.41% (2011: 7.96%). Also, the life insurance holds a significant market share with 8.53% (2011: 7.30%). The structure by lines of business, including a comparison with 2011, is shown in Graph no. 5.

Graph no. 5: Gross written premium structure by lines of business



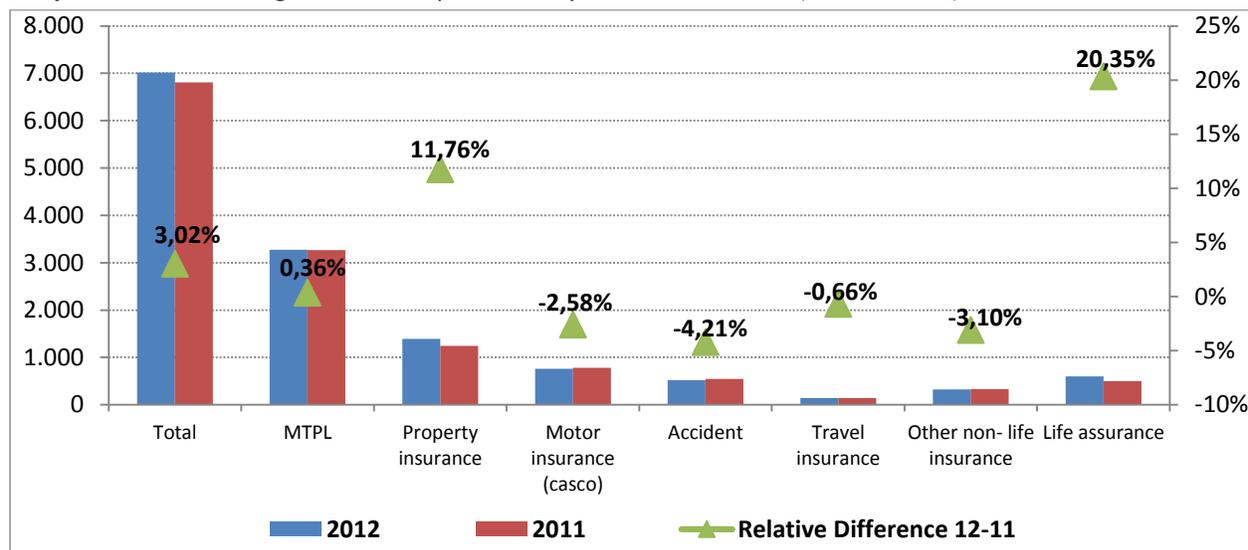
Source: Quarterly Reports, ISA

In comparison with 2011, there is a slight GWP growth of 0.36% in the motor third-party liability insurance class in the amount of MKD 3.27 billion (2010: MKD 3.26 billion). In regards to the motor vehicle insurance – Casco, there is GWP drop of 2.58% compared to 2011, since the number of concluded insurance contracts dropped by 8.27%. These trends are due to the decreased sales of new vehicles in 2012 compared to the previous year.

The second more significant line of business within the GWP structure is the property insurance. With regard to this insurance class, there is a GWP decrease of 11.76% compared to 2011. This result is due to the property insurance of manufacturing facilities of green field investments, infrastructure investments, as well as due to better informed households, supplemented by more innovative offers of the insurance undertakings.

Special attention should be paid to the growth in life insurance, which was 20.35% compared to 2011 (2011: 40.19%; 2010: 17.85%; 2009: 12.80%) (Graph no. 6).

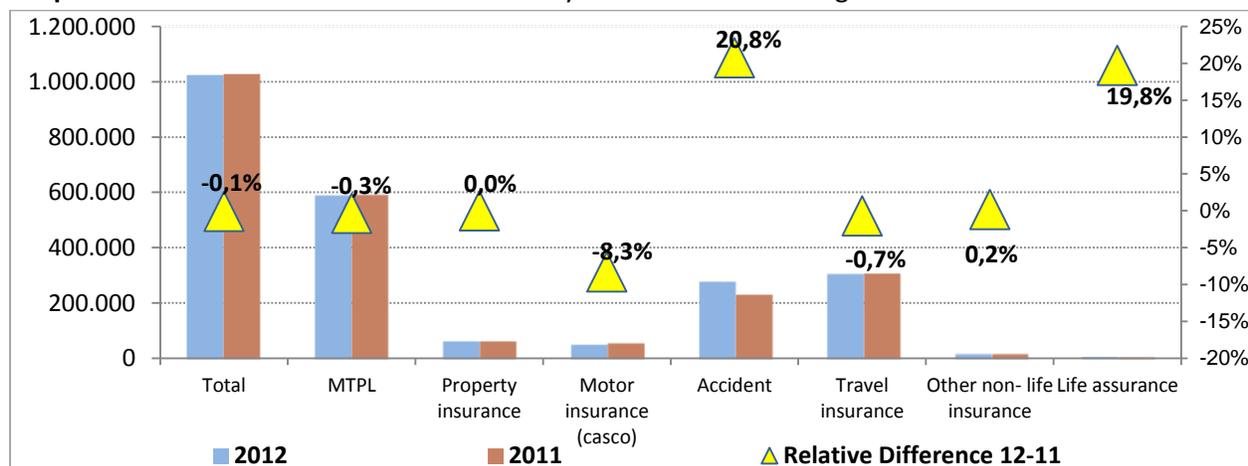
Graph no. 6: Trend of gross written premium by insurance classes (million MKD)



Source: Quarterly Reports, ISA

During 2012, the insurance companies issued 1,023,983 insurance policies, which represent a drop of 0.07% in signed agreements (2011: 1,024,708 insurance policies). Of the total number of issued policies, 6,971 were for life insurance, a 19.76% growth compared to 2011 (2011: 5,821 insurance policies). 1,017,012 or 99.32% of the total issued insurance policies were within the non-life insurance segment, which represents a 0.18% drop in regards to the number of insurance policies issued in 2011. The change of the number of contracts concluded by lines of business is presented in Graph no. 7.

Graph no. 7: Number of contracts concluded by insurance undertakings



Source: Quarterly Reports, ISA

During 2012, the insurance undertakings paid claims at gross amount of MKD 3.01 billion. In comparison with 2011, the settled gross amount increased by 0.25% (Table No. 9).

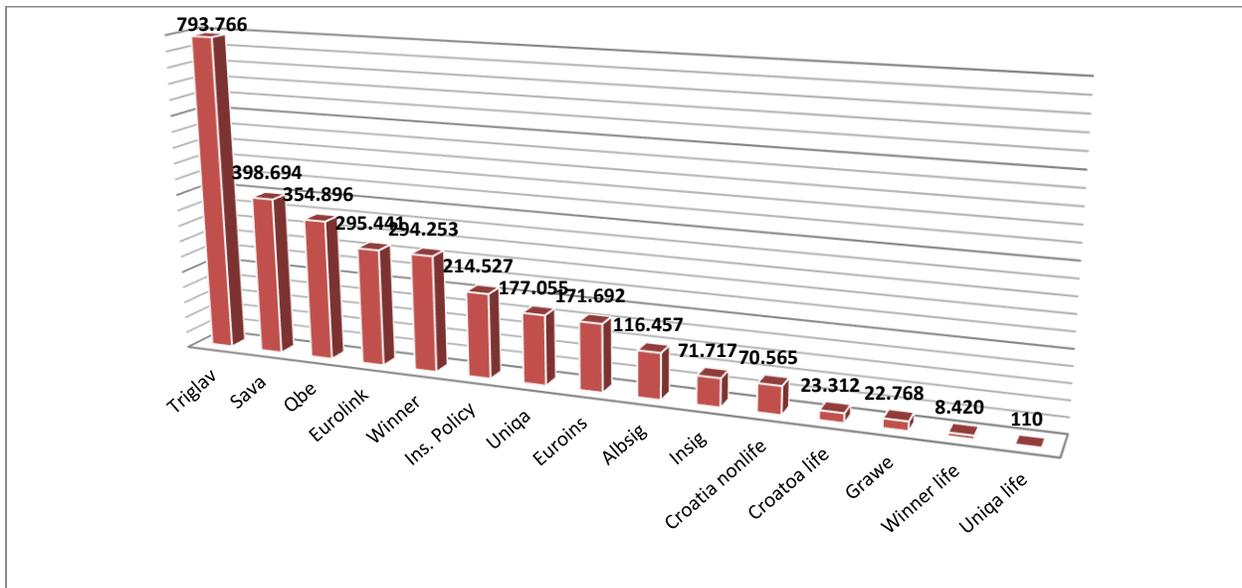
Table No. 9: Gross claims paid by lines of business (thousand MKD)

insurance classes	2007	2008	2009	2010	2011	2012
Property insurance	365,351	443,382	459,407	476,584	488,248	587,355
Motor vehicle insurance – Casco	410,669	489,178	529,979	539,443	532,569	500,565
Accident insurance	335,611	384,564	354,233	364,772	360,602	366,079
Motor Third-Party Liability insurance	1,573,497	1,697,244	1,491,083	1,504,818	1,487,067	1,405,306
Travel insurance	9,922	14,146	15,372	28,102	37,486	28,689
Other insurance – non-life	34,933	49,292	14,728	21,401	20,131	33,619
Life insurance	135,572	104,535	97,448	53,253	80,066	92,060
TOTAL	2,865,555	3,182,341	2,962,250	2,988,373	3,006,170	3,013,673

Source: Quarterly Reports, ISA

Graph no. 8 shows the individual shares of insurance undertakings in the total gross claims paid in 2012.

Graph no. 8: Share of insurance undertakings in gross claims paid in 2012 (thousand MKD)



Source: Quarterly Reports, ISA

5. Employment in the insurance undertakings

Table no. 10 gives an overview of the number of staff employed in the insurance undertakings.

Table no. 10: Number of staff in the insurance undertakings

Year	2006	2007	2008	2009	2010	2011	2012
Number of employees	970	1,057	1,262	1,283	1,356	1,423	1,460

Source: Quarterly Reports, ISA

As one can notice in the table, there is a trend of increasing the number of employees in the insurance undertakings, which is one of the indicators for development of the insurance sector in Republic of Macedonia. This trend is a result of the emergence of new insurance undertakings on the market and the increased business activities of the existing insurance undertakings.

6. Assets and liabilities structure

6.1 Assets structure

On 31.12.2012, the total assets value of the insurance industry was MKD 13.06 billion, which represents an increase of 1.15% compared to the total value of assets of the insurance companies in 2011, and is a continuation of the positive trend of growth from the previous year. The assets structure shows positive changes, with increased relative share of 71.66% (2011: 66.43%) of the investments in total assets, when compared to the receivables with a share of 17.02% (2011: 22.46%), as a result of the undertaken supervisory measures. (Table no. 11).

Table No. 11: Assets structure of the insurance undertakings (MKD)

	31.12.2011	Share	31.12.2012	Share	Index
Intangible assets	44,747,388	0.35%	64,874,297	0.50%	144.98%
Investments	8,580,892,879	66.43%	9,363,209,823	71.66%	109.12%
Co-insurers' and reinsurers' share in gross technical reserves	537,247,897	4.16%	721,809,678	5.52%	134.35%
Current and deferred taxes	27,682,150	0.21%	10,826,606	0.08%	39.11%
Receivables	2,901,960,392	22.46%	2,223,349,476	17.02%	76.62%
Other assets	492,139,589	3.81%	380,613,050	2.91%	77.34%
Active valuation reserves	333,185,333	2.58%	302,225,314	2.31%	90.71%
TOTAL ASSETS	12,917,855,626	100.00%	13,066,908,245	100.00%	101.15%

Source: Balance Sheet of the insurance undertakings, ISA

The dominant part of the total assets of the insurance sector are comprised by the assets of the non-life insurance companies, however, there is an increasingly present trend of growing share of the assets of life insurance companies, which in 2012 was 16.79% (2011: 13.38%) of the total assets of the insurance undertakings.

The most significant share in the total investments is represented by other financial investments with 82.97%, which is an increase of 12.40% compared to the previous year. The group of other financial investments includes the following: deposits, loans and other placements with 47.95%, financial investments held for sales with 27.87%, financial investments held to maturity with 23.58%, and financial investments held for trading with 0.59%.

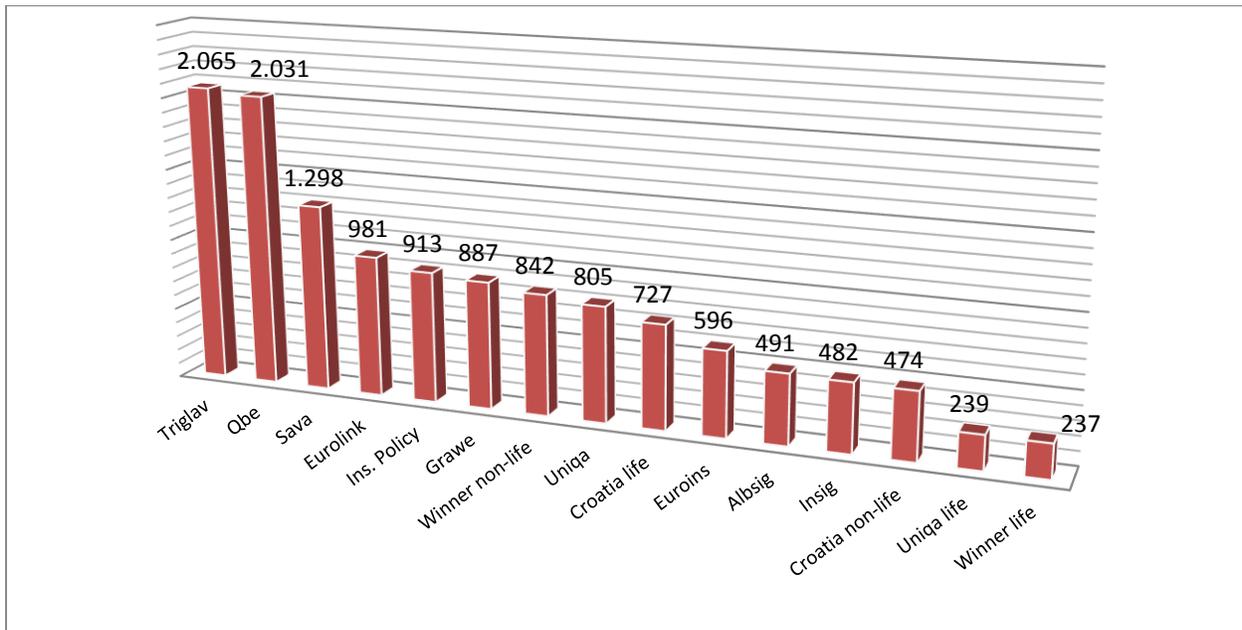
The total investments also include financial investments in companies forming a group – subsidiaries, affiliated undertakings, and jointly controlled entities, which represents 1.99% of the total investments, and show an increase of 25.71%. In addition, land and buildings and other tangible assets are also part of the total investments, accounting for 15.04% of the total investments, with a decline of 0.70% compared to 2011.

Within the structure of total receivables, the receivables from direct insurance operations account for 80.83% (at the amount of MKD 1,797 million), and show a decline of 10.51% compared to 2011. The significant decrease in receivables from direct insurance operations is mostly due to enforcement of the Rulebook on valuation of the balance sheet items, which is effective as of 1.1.2011 (“Official Gazette of Republic of Macedonia” no. 169/10). In accordance with the respective rulebook, all insurance undertakings are obligated to classify the receivables in different categories based on the number of days of delayed collection, whereby the prescribed percentage of provisions should be applied accordingly.

The amount of receivables from co-insurance and reinsurance operations was MKD 36 million (1.63% of the total receivables), and shows a decline of 88.58% compared to 2011. The amount of other receivables was MKD 390 million (17.54% of the total receivables), and shows a decline of 32.26% compared to the amount of MKD 575 million in 2011.

The structure of insurance undertakings’ share in the total assets of the insurance sector is presented in Graph no. 9.

Graph no. 9: Structure of insurance undertakings’ share in the total assets of the insurance sector in 2012 (million MKD)



Source: Balance Sheet of insurance undertakings, ISA

6.2 Liabilities structure

There is a positive trend in the total assets of insurance companies in 2012, expresses as an increase in the gross technical provisions with relative share of 53.82% (2011: 50.82%), and at the same time reduction of liabilities with relative share of 9.20% (2011: 12.23%). The capital and reserves remain almost unchanged in their absolute amount (Table no. 12).

Table No. 12: Liabilities structure in the insurance sector (MKD)

	31.12.2011	Share	31.12.2012	Share	Index
Capital and reserves	4,663,127,007	36.10%	4,663,516,691	35.69%	100.01%
Gross technical provisions	6,517,318,169	50.45%	7,032,540,700	53.82%	107.91%
Other provisions	10,401,273	0.08%	16,359,111	0.13%	157.28%
Deferred and current tax liabilities	7,363,454	0.06%	23,482,510	0.18%	318.91%
Liabilities arising from deposits of insurance companies at reinsurers/cedents	624,382	0.00%	634,466	0.00%	101.62%
Liabilities	1,580,215,280	12.23%	1,202,305,604	9.20%	76.08%
Passive valuation reserves	138,806,062	1.07%	128,069,163	0.98%	92.26%
TOTAL SOURCES OF ASSETS	12,917,855,626	100.00%	13,066,908,245	100.00%	101.15%

Source: Balance Sheet of the insurance undertakings, ISA

7. Capital and required level of solvency margin

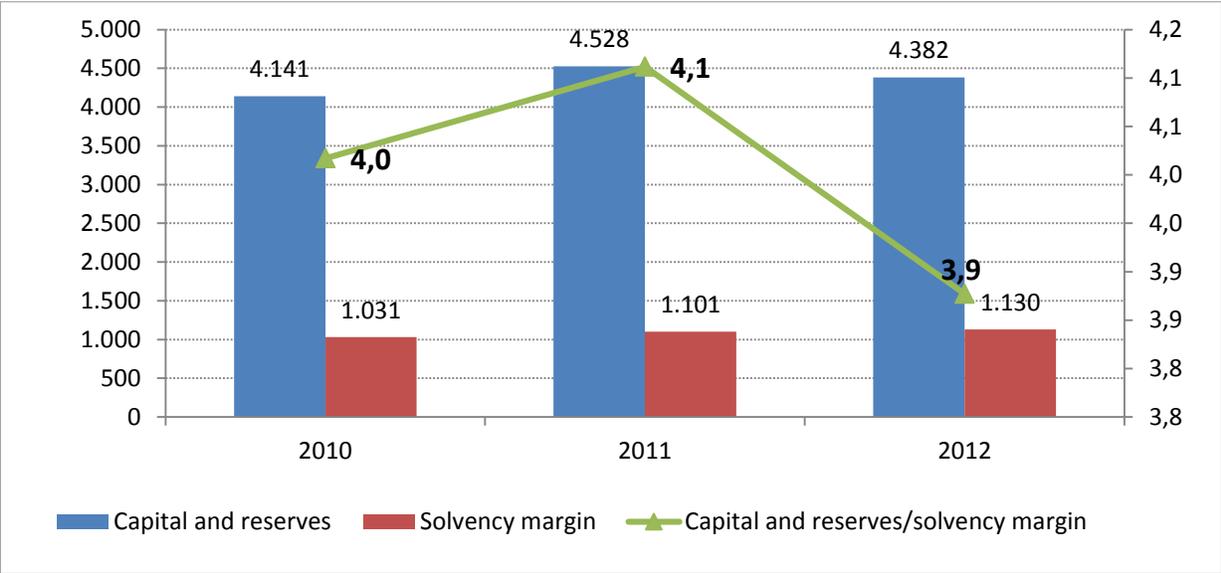
Pursuant to Articles 75 and 76 of the Law on Insurance Supervision, insurance undertakings should maintain the capital value at least at the required level of the solvency margin. Based on the data submitted to Agency, the total capital of insurance undertakings⁴ at the end of 2012 was MKD 4.4 billion, which is an increase of 3.23% compared to 2011. The analysis by insurance segments shows that the total capital of non-life insurance undertakings is MKD 3.56 billion and its share in the total liabilities accounts for 34.86%. Life insurance undertakings dispose with total capital of MKD 819 million, which accounts for 39.82% of the total liabilities of these insurance undertakings.

The solvency margin, being the key indicator to assess the stability of the insurance sector, is MKD 1.13 billion (MKD 1.05 billion for non-life insurance, and MKD 82 million for life insurance), whereas the insurance sector capital is 3.9 times above the level of the solvency margin.

The capital and solvency margin of the insurance undertakings are shown on Graph no. 10.

Graph no. 10: Capital and solvency margin of insurance undertakings (million MKD)

⁴ Rulebook on the types and description of items to be taken into account when calculating the capital of insurance and/or reinsurance undertakings ("Official Gazette of the Republic of Macedonia" no. 5/2011 and 64/2011).



Source: Quarterly Reports, ISA

8. Technical provisions

The technical provisions (gross) increased by 6.84% compared to 2011, and have the largest share in the structure of insurance undertakings' liabilities.

The total amount of technical provisions of insurance undertakings performing non-life insurance services at the end of 2012 was MKD 5.82 billion, or increase by 2.49% compared to the previous year, whereas the total amount of technical provisions of insurance undertakings performing life insurance services was MKD 1.21 billion, representing an increase of 34.36% compared to the previous year (Table no. 13). One of the factors contributing to the growth of technical provisions is the application of the Rulebook on the minimum standards for calculating technical provisions ("Official Gazette of the Republic Macedonia" no. 158/10, 169/10, 41/11), enabling the consistency of the completed actuarial reserves for technical provisions.

Table No. 13: Structure of technical provisions (thousand MKD)

Technical reserves structure	Non-life insurance			Life insurance			TOTAL		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
Unearned premium provisions	2,276,395	2,590,880	2,748,422	87,926	17,518	19,940	2,364,321	2,608,398	2,768,362
Reserves for bonuses and rebates	2,500	52,153	32,164	0	12,777	23,044	2,500	64,930	55,208
Claims provisions	2,593,688	3,035,757	3,043,486	6,607	17,412	22,883	2,600,295	3,053,169	3,066,369
Mathematical provision	0	0	0	541,520	851,735	1,142,611	541,520	851,735	1,142,611
Other technical provisions	4,238	3,820	0	0	0	0	4,238	3,820	0
Total	4,876,821	5,682,610	5,824,072	636,053	899,442	1,208,478	5,512,874	6,582,052	7,032,550

Source: Quarterly Reports, ISA

9. Assets covering the technical provisions

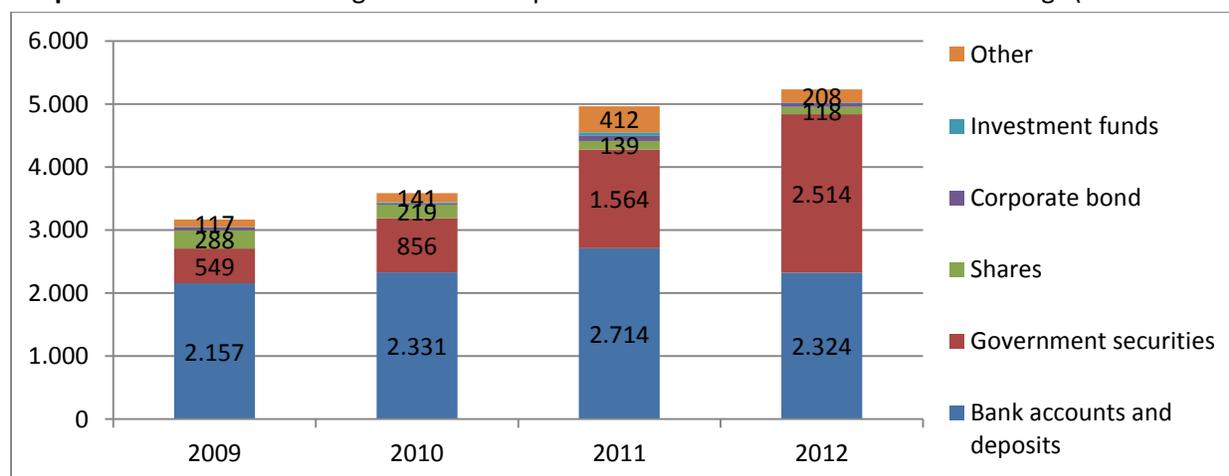
The assets covering the technical provisions are the assets of the insurance undertakings used to cover future obligations arising from insurance agreements, as well as possible losses related to risks from the insurance operations for which the undertaking are obligated to allocate funds to cover the net technical provisions. An insurance undertaking is obligated to invest funds at least equivalent to the amount of the technical provisions – net reinsurance, in accordance with the provisions of the Law on Insurance Supervision and the Rulebook on the types and characteristics of assets covering the technical provisions, and assets covering the mathematical provision, as well as details on the placements and restrictions of said investments and valuation thereof (“Official Gazette of the Republic of Macedonia” No. 64/11).

At the end of 2012, the investments in assets covering the technical provisions of the non-life insurance undertakings were MKD 5.23 billion and covered 102.31% of the total net technical provisions. During the business year 2012, this segment significantly improved as the non-life insurance companies were failing to meet the required minimum for covering the technical provisions in the previous years (2011: 96.26%, 2010: 75.72%, 2009: 71.41%). This outcome is primarily due to implemented supervisory measures..

The investments of the life insurance undertakings in assets covering technical provisions was MKD 1.25 billion, and covered 104.98% of the net technical provisions, thus keeping the trend from 2011 when the coverage was 104.01% (2010: 104.81%).

In 2012, the non-life insurance undertakings invested the largest part of the assets covering the technical provisions in government securities (48.04%), banks (44.41%), shares (2.26%), corporate bonds (1.10%), investment funds (0.22%), and other financial instruments (3.98%). The investment amounts and structure are presented in Graph no. 11.

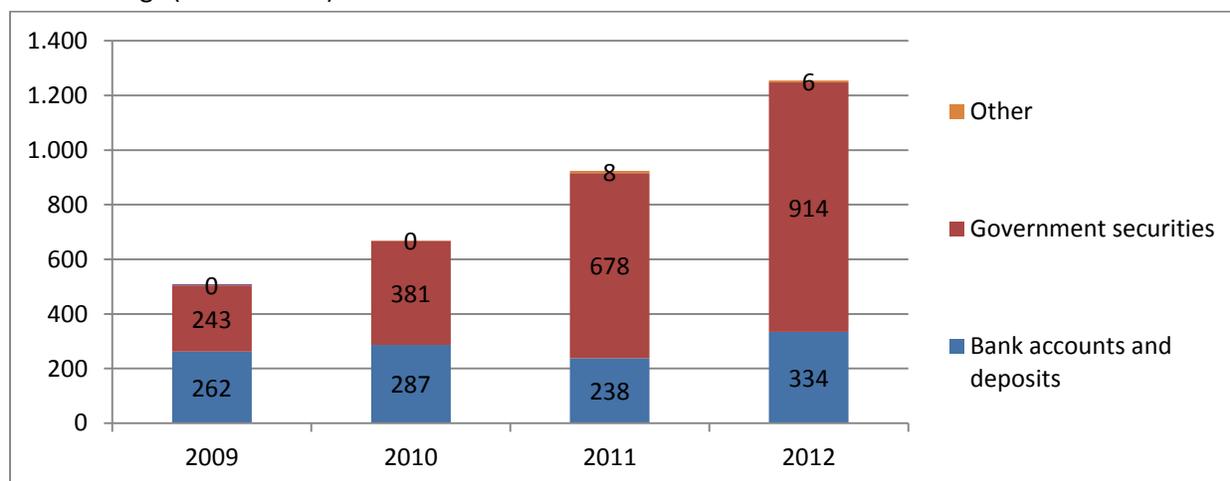
Graph no. 11: Assets covering the technical provisions of non-life insurance undertakings (million MKD)



Source: Quarterly Reports, ISA

The life insurance undertakings invested the largest part of assets covering the mathematical provision and other technical provisions in government securities (72.87%), banks (26.62%), and other financial instruments (0.51%). The investment amounts and structure are presented in Graph no. 12.

Graph no. 12: Assets covering the technical provisions and the mathematical provision in life insurance undertakings (million MKD)



Source: Quarterly Reports, ISA

10. Financial results

In the course of 2012, the insurance sector reported loss in the amount of MKD 133 million. Four non-life insurance undertakings reported loss at the amount of MKD 243 million, whereas the other seven undertakings generated profit at the amount of MKD 179 million.

The life insurance undertakings generated earnings after taxation at the amount of MKD 69 million, i.e. two undertakings generated profit of MKD 40 million, and the remaining two undertakings reported loss at the amount of MKD 109 million.

The low profitability level of the undertakings that reported earnings after taxation, as well as the reported loss of the two non-life insurance undertakings, is primarily a result of the increased costs arising from the valuation allowances for receivables against the insurance premium, but also as a result of the increased technical provisions.

The technical result⁵ is on negative level at the amount of MKD 410.6 million (2011: MKD – 451.8 million), whereby three non-life insurance undertakings reported positive technical result, and the other undertakings had a negative technical result.

The analysis by insurance segments reveals that the technical result for the non-life insurance was MKD -314.7 million (2011: MKD -392.7 million). The technical result for life-insurance was MKD -95 million (2010: MKD 59.1 million) (Table no. 14).

Table No. 14: Structure of the financial result – technical and non-technical (MKD)

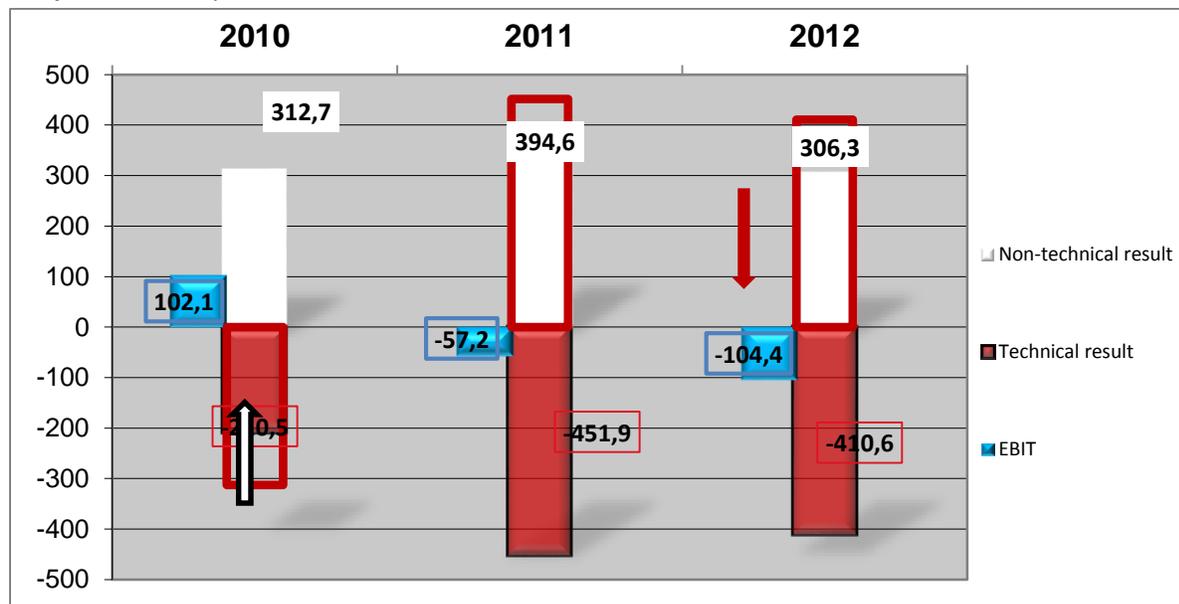
⁵Technical result from the operations of insurance companies is the result from performing their main business activity – insurance. Other revenues and expenditures from their operations represent the non-technical result.

	2010	2011	2012
Technical result – life insurance	32.541.768	-59.086.288	-95.924.165
Technical result – non-life insurance	-243.071.913	-392.773.035	-314.689.559
Technical result – total	-210.530.145	-451.859.323	-410.613.724
Non-technical result	312.658.115	394.620.316	306.262.051
Profit/loss - earnings before taxation from regular operations	102.127.970	-57.238.407	-104.351.674

Source: Annual accounts of the insurance undertakings, ISA

Graph no. 13 shows the impact of both the technical and non-technical result on the financial results of the insurance sector. In this case, for the purposes of the analysis, one category was selected – profit from regular operations before taxation (EBIT-earnings before interest and tax) in order to isolate the various effects of the taxation and to precisely establish the impact of both the technical and non-technical result in the creation of the final financial result.

Graph no. 13: Impact of the technical and non-technical result on the financial result (million MKD)



Source: Annual accounts of the insurance undertakings, ISA

11. Insurance industry indicators

The insurance indicators are used to assess business operations of insurance undertakings.

The **claims ratio**, calculated as ratio of the net incurred claims in the respective period and the net earned premium accounted for 52.3% of the overall insurance sector in 2012, and has declined compared to 2011 when it accounted for 56.5%.

If considered separately by insurance segments, in 2012 this ratio for non-life insurance was 50.5%, compared to the 54.8% in 2011, whereas for life-insurance it was 68.2% in 2012, compared to the 72.3% in 2011.

The **expense ratio** represents a ratio of the net expenses for performing insurance and the net earned premium. This ratio in 2012 was 52.8%, which is an increase compared to the 51.3% in 2011.

The **combined ratio** represents the sum of the claims ratio and the expense ratio. At an industry level, this ratio is 105.1%, compared to the 107.8% in 2011. If considered separately by insurance segments, the combined ratio for non-life insurance in 2012 was 103.7%, compared to the 107.2% in 2011, whereas for life insurance in 2012 it was 116.9%, compared to the 113.2% in 2011.

The **return on investment (ROI)** is calculated as the ratio of the income from investments reduced by investment expenses to the amount of investments. The return on investments in 2012 was 4.8%, whereas in 2011 it was 5.4%.

The **debt ratio** is calculated as the ratio of total liabilities to total assets. This ratio shows the amount of assets financed by liabilities (technical provisions and other liabilities), without including the capital and the statutory reserves. In 2012, this ratio was 64.3%, whereas in 2011 it was 63.8%.

Return on Assets (ROA) and Return on Equity (ROE)⁶, are negative considering the generated loss by the insurance sector in 2012. Table no. 15 shows the ratios for the respective years in the period between 2010 and 2012.

Table no. 15: Return on Assets (ROA) and Return on Equity (ROE)

	2010	2011	2012
ROA			
- Non-life insurance	0.28%	-0.70%	-0.59%
- Life insurance	3.89%	0.31%	-3.16%
- Total	0.61%	-0.57%	-1.02%
ROE			
- Non-life insurance	0.84%	-2.05%	-1.70%
- Life insurance	8.40%	0.65%	-7.93%
- Total	1.75%	-1.75%	-2.87%

Source: Annual accounts of the insurance undertakings, ISA

⁶ ROA = Net incomes / Assets; ROE = Net income / (capital + reserves). Data from the annual accounts and the financial statements on the operations, submitted by insurance companies to ISA, were used for calculating the indicators, in accordance with the Law on Insurance Supervision.

B) NATIONAL INSURANCE BUREAU

In accordance with the Law on Compulsory Insurance in Traffic of Republic of Macedonia, the National Insurance Bureau (hereinafter: "NIB") shall conduct the activities envisaged in the international agreements for insuring the owners and users of motor vehicles against traffic liabilities (green card), and shall represent the insurance companies from Republic of Macedonia in the international insurance organisations and institutions. Also, the NIB shall issue and print international green cards on behalf of its members, keep statistics records, and processing of statistics data from the insurance companies, establish and maintain a central records system of insurance policies and damage claims related to use of motor vehicles;

NIB is a member of the Council of Bureaux London since 1994, and its purpose is to facilitate the international road traffic for motor vehicles and trailers through motor third-party liability insurance as per the conditions prescribed in the concerned country, and to guarantee that the persons who have suffered damages related to traffic accidents including motor vehicles are compensated by applying the national legislation of that country. At the same time, as a member of the Council, the NIB participates in the work of the Southeast Europe Group which includes the countries from the region.

Eleven insurance companies, that is, all the non-life insurance companies in the R. of Macedonia are members of the NIB.

The Annual Report that the NIB submitted to the ISA, in accordance with Article 54, paragraph (3) of the Law on Mandatory Traffic Insurance, shows the financial operations of the NIB, and the financial operations of the Guarantee Fund in 2012.

As of 31.12.2012, the total assets of the NIB were MKD 231 million, of which MKD 220 million were current assets, and the remaining MKD 11 million were non-current assets. Compared to 2011, the total assets declined by 4.86%. In regards to the total assets of NIB, the bank deposits have the largest share with 73.11%, then follow the receivables from insurance companies with 8.67%, the investments in state securities with 5.57%, and other assets with 12.65%. In regards to the total liabilities and capital of the NIB, in 2012 the capital accounted for 82.23%, current liabilities accounted for 17.68%, and the non-current liabilities for 0.09%. In 2012 NIB achieved earnings in the amount of MKD 82 thousand (2011: MKD 175 thousand).

1. NIB's Guarantee Fund

In accordance with Article 58 of the Law on Compulsory Insurance in Traffic, NIB shall establish a Guarantee Fund that will be used for payment of:

- 1) Claims incurred on the territory of Republic of Macedonia by unknown and uninsured motor vehicles and trailers, uninsured boats and motor-powered boats, as well as uninsured aircrafts;
- 2) Claims incurred on the territory of Republic of Macedonia by transportation vehicles registered to transport passengers as part of the public transport for which the owners have not signed insurance agreements for the passengers against accidents;

3) Claims from compulsory insurance that the persons who suffered damages cannot collect due termination of the insurance company with which the insurance agreement was signed, where only the part of the claim, that was not compensated from the bankruptcy estate, is paid; and

4) Claims for insured motor vehicles originating from the territory of Republic of Macedonia guaranteed by the National Insurance Bureau in accordance with the Crete Agreement and the other international agreements.

The operations of the Guarantee Fund shall be based on the Law on Compulsory Insurance in Traffic, as well as on the Rulebook on establishing and using the Guarantee Fund, and the Manual for record-keeping and disbursing the funds of the Guarantee Fund adopted by the NIB.

The insurance undertakings which provided compulsory insurance services shall be obliged to pay in the Guarantee Fund an amount commensurate to the premium realised in the previous quarter on certain lines of business of compulsory insurance for the current quarter of the current year.

In accordance with a Decision of the NIB's Management Board, each calendar year, new allocation of the funds in the amount of 3,000,000 EUR from the Guarantee Fund will be conducted as per the share percentage of the insurance company in the total written premium for all compulsory insurances.

In 2012, the share in the Guarantee Fund by insurance companies is shown in Table no. 16.

Table no. 16: Share in the Guarantee Fund by insurance companies for the period 01.01.2012-31.12.2012

Name of insurance company	Total GWP for 2012 for all compulsory insurances	% of GWP share for all compulsory insurances	Share in the Guarantee Fund of 3,000,000 EUR or 184,500,000 MKD
QBE MACEDONIA	205,246,865	6.23%	11,502,555
TRIGLAV	456,455,141	13.87%	25,580,905
EUROINS	319,815,000	9.71%	17,923,244
SAVA	312,252,502	9.49%	17,505,027
WINNER	341,406,175	10.37%	19,133,269
EUROLINK	255,200,551	7.75%	14,302,087
INSIG	163,468,062	4.97%	9,161,165
UNIQA	355,064,424	10.79%	19,898,712
INSURANCE POLICY	391,161,264	11.88%	21,921,670
ALBSIG	292,961,393	8.90%	16,418,300
CROATIA NON-LIFE	199,010,735	6.05%	11,153,067
TOTAL	3,292,042,112	100.00%	184,500,000

Source: 2012 NIB Annual Report

2. Refunding claims from Guarantee Fund

In accordance with Article 60, paragraph (4), of the Law on Compulsory Insurance in Traffic, the insurance undertaking which conducted the processing and the payment of the claim compensation has the right to get refunded from the Guarantee Fund for the paid amount.

In 2012, the insurance undertakings reported 826 claims for refunding to the NIB; of those 796 claims in the amount of MKD 110.36 million were accepted and refunded.

The average paid damage claim in 2012 was MKD 138,995, which represent an increase of 17.6% compared to the average paid claim in 2011.

The number of reported and accepted claims for refunding from the Guarantee Fund in 2012, as well as the amount of accepted damage claims are presented in the following Table no. 17.

Table no. 17: Reported and accepted damage claims for refunding from the Guarantee Fund for the period 01.01.2012-31.12.2012

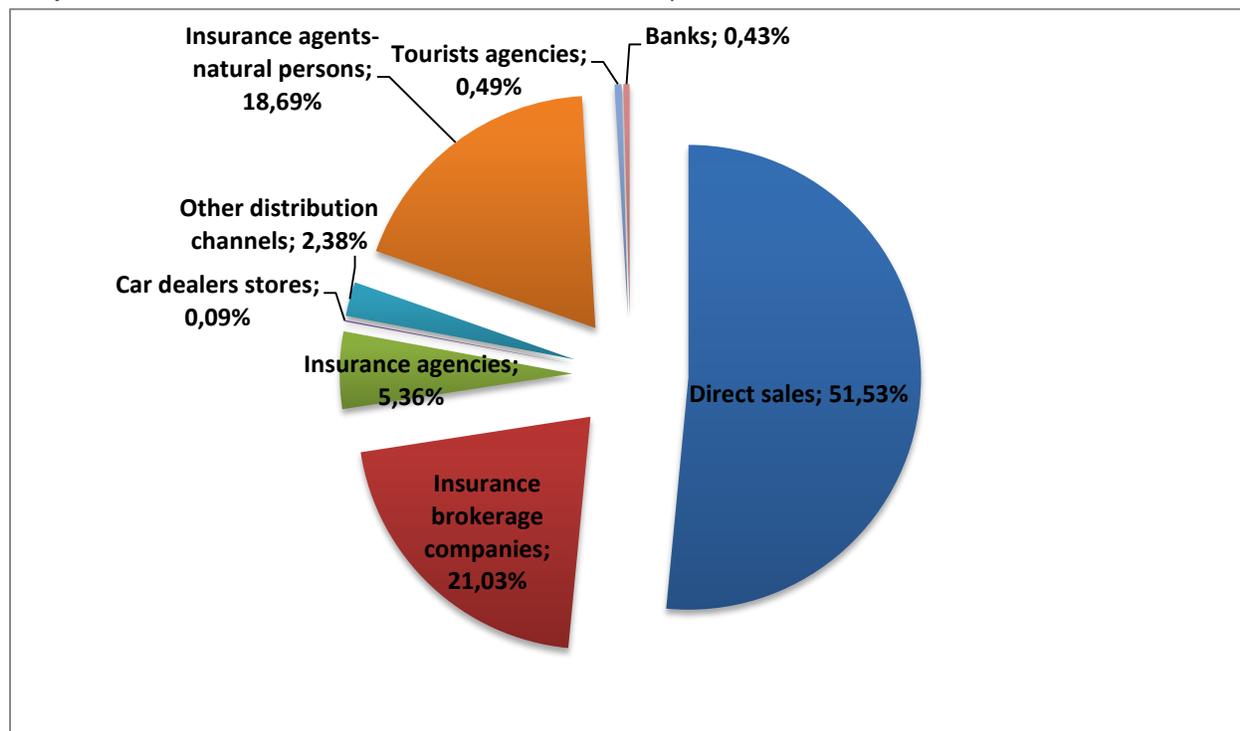
Name of insurance company	Number of reported claims for refunding in 2012	Number of accepted claims in the Guarantee Fund in 2012	Accepted claims in the Guarantee Fund (amount in denars)
QBE MACEDONIA	97	97	22,405,437
TRIGLAV	131	124	20,707,938
EUROINS	92	88	9,329,692
SAVA	89	88	9,094,597
WINNER	62	56	5,153,067
EUROLINK	48	48	7,446,273
INSIG	46	45	6,248,934
UNIQA	65	64	8,525,381
INSURANCE POLICY	112	106	14,563,851
ALBSIG	70	64	6,060,580
CROATIA NON-LIFE	14	14	826,255
TOTAL	826	794	110,362,005

Source: 2012 NIB Annual Report

C) INSURANCE INTERMEDIATION

The role of intermediaries in regards to insurance sales is becoming increasingly more important for the insurance sector. During the course of 2012, 48.47% (2011: 54.31%) of the GWP was realized through different intermediation channels (Graph no. 14).

Graph no. 14: Structure of sales channels for insurance policies relative to the total GWP



Source: Quarterly Reports, ISA

1. Insurance Agencies

Insurance representation implies preparation and signing of insurance contracts, on behalf and at the account of one or several insurance undertakings, for non-competitive insurance products. These activities on the insurance market in R. of Macedonia is conducted through insurance agents – natural persons, and insurance agencies, who realised 24.06% of the GWP in 2012 (2011: 27.67%).

The insurance representation through natural persons is conducted on the basis of an ISA license issued after passing an exam for conducting the activities of an insurance agent. The share in total GWP obtained through insurance agents was 18.69% (23,12%), having in mind that the number of agents which have licenses issued by ISA is 667. The Registry of all active insurance agents is available on the ISA web-site⁷.

In 2012, ten insurance agencies were active on the insurance market, i.e. the number of insurance agencies increased by four compared to 2011 (Insurance Agency REA INSURANCE GROUP AD Skopje,

⁷ <http://www.aso.mk/dokumenti/regulativa/Registar%20Zastapnici.pdf>

Insurance Agency FORTIS AD Skopje, JSC Insurance Agency SAFE LIFE Macedonia AD Skopje, Ohridska Banka AD Ohrid). For the first time, one of the new insurance agencies is a commercial bank, which represents a promotion of bancassurance as new distribution channel in the country (Table no. 18).

Table No. 18: Register of insurance agencies

	Name of the company
1	AKTIVA INSURANCE
2	TREND-MR
3	SAFE INVEST
4	VDS MAGMA
5	MK OSIGURUVANJE
6	LAJON INS
7	REA INSURANCE GROUP
8	SAFE LIFE
9	FORTIS PRO
10	Ohridska Banka AD Ohrid

On 31.12.2012, the insurance agencies had at their disposal total assets in the amount of MKD 41.5 million, and capital in the amount of MKD 18.9 million. The insurance agencies ended their business 2012 year with profit after taxation in the amount of MKD 4.8 million.

In 2012, the insurance agencies accounted for 5.36% (2011: 4,55%) in the total GWP. Despite the fact that insurance agencies had relatively smaller presence on the insurance market in comparison with the insurance brokerage companies and brokers, yet it is expected that their presence on the market shall further develop the insurance sector in order to bring the insurance products and services closer to the final consumers.

In 2012, the insurance agencies signed a total of 57.606 insurance contracts (insurance policies), of which 730 were life-insurance policies. The insurance agencies accounted for 5.36% of the total GWP in regards to the overall sector.

The insurance agencies collected commissions at the amount of MKD 68.3 million from the insurance undertakings, and the calculated premiums were MKD 366.3 million.

2. Insurance Brokerage

Insurance brokerage implies intermediation in the negotiations for the insurance and reinsurance coverage, as well as during the settlement of claims arising from incurred insured event, on behalf of and at the account of the clients with regard to insurance and reinsurance undertakings. The insurance brokerage companies realised 21.03% of the GWP (2011: 20.71%) through this distribution channel.

At the end of 2012, 20 insurance brokerage undertakings were active on the insurance market, and company compared to the previous year the number of this entities has increased for three insurance brokerage (Insurance brokerage company KORAB INS AD Skopje, JSC insurance brokerage company NOV

OSIGURITELEN BROKER Skopje, insurance brokerage company CERTUS AD Skopje). On 31.12.2012, the insurance brokerage companies have at their disposal total assets in the amount of MKD 475.5 million, and capital in the amount of MKD 252 million. The insurance brokerage companies ended the business year of 2012 with profit after taxation in the amount of MKD 88 million (Table no. 19).

Table No. 19: Register of insurance brokerage companies

	Name of the company
1	EUROEXPERTS
2	EUROMAK BROKER
3	VIASS
4	IN BROKER
5	WFP
6	MOBILITI BROKER
7	SEDA BROKER
8	NAŠE OSIGURUVANJE
9	JDB BROKER
10	DELTA INS BROKER
11	A-TIM
12	LEGRA
13	MAKOIL BROKER
14	KMK BROKER
15	POLISA PLUS
16	AMG PREMIUM
17	SUPER BROKER
18	KORAB INS AD
19	NOV OSIGURITELEN BROKER
20	CERTUS

In this period, the insurance brokerage companies realised the sale of 175,278 insurance policies, of which 3,251 were in the life-insurance segment. The insurance brokerage companies accounted for the 21,03% of the total GWP in regards to the overall sector.

In the course of 2012, the insurance brokerage companies collected commissions in the amount of MKD 297,033 from the insurance undertakings, and the calculated premiums were MKD 1,529,305 thousand.

INSURANCE SUPERVISION AGENCY
 President of the Council of Experts
 Klime Poposki, PhD

Number 02-531/7

Skopje

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