

Committee for the control and supervision of the financial market and financial organizations of the National Bank of the Republic of Kazakhstan

Department of consolidated report and accounts

***Current state of the insurance sector
of the Republic of Kazakhstan as of December 1, 2012***

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I. INSURANCE MARKET STRUCTURE OF KAZAKHSTAN**Table 1. Insurance market structure of Kazakhstan**

Institutional structure of the insurance sector	1.12.11	1.12.12
Number of insurance organizations	38	35
Including in life insurance	7	7
Number of insurance brokers	14	13
Number of actuaries	84	82
Number of insurance/reinsurance organizations that are participants of Insurance Indemnity Guarantee Fund, JSC	27	31

II. ASSETS OF RK INSURANCE/REINSURANCE ORGANIZATIONS

At 1 December 2012, total assets of insurance/reinsurance organizations amounted to KZT 427 221.9 million, having increased, year-to-date, by 10.3%. As compared with the same indicator as at 1 December 2011, they increased by 16.7%.

Table 2. Structure of total assets of RK insurance sector

Assets	1.12.11		1.01.12		1.12.12		growth from the beginning of the year, %
	KZT bln.	% of total	KZT bln.	% of total	KZT bln.	% of total	
Cash money	19 986,3	5,5	24 357,9	6,3	11 426,7	2,7	-53,1
Deposits placed	91 806,9	25,0	92 002,0	23,7	103 834,8	24,3	12,9
Securities	174 300,5	47,5	182 267,6	47,0	225 021,2	52,6	23,5
Reverse REPO transactions	6 762,5	1,8	9 692,5	2,5	4 066,7	0,9	-58,0
Insurance premiums to be received from insurants and intermediaries	17 033,9	4,6	20 697,7	5,4	17 623,8	4,1	-14,9
Fixed capital	6 785,5	1,9	8 255,1	2,1	8 397,8	2,0	1,7
Reinsurance assets	27 339,9	7,5	32 827,6	8,5	38 509,5	9,0	17,3
Other receivables	16 017,4	4,4	10 884,2	2,8	11 323,3	2,6	4,0
Other assets	6 563,1	1,8	6 687,4	1,7	7 518,0	1,8	12,4
Total assets	366 596,0	100,0	387 672,0	100,0	427 721,9	100,0	10,3

III. LIABILITIES OF RK INSURANCE/REINSURANCE ORGANIZATIONS**Table 3. Structure of total liabilities of RK insurance sector**

Liabilities	1.12.11		1.01.12		1.12.12		change from the beginning of the year, %
	KZT mln	% of total	KZT mln	% of total	KZT mln	% of total	
Reserves	120 247,2	88,2	127 858,4	81,7	165 827,3	88,5	29,7
Loans raised	0,0	0,0	6 000,0	3,8	4 486,1	2,4	-25,2
Settlements with reinsurance companies	7 884,9	5,8	11 484,1	7,3	8 686,4	4,6	-24,4

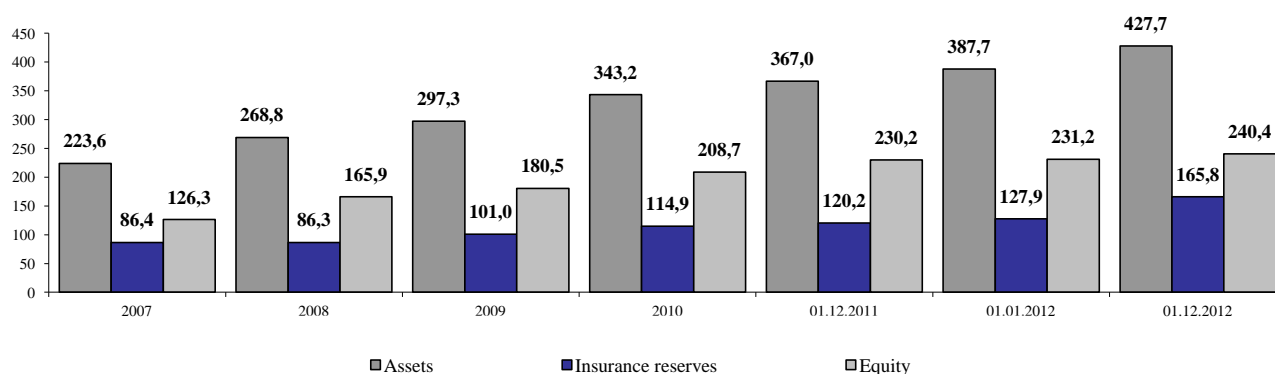
Current state of the insurance sector of the Republic of Kazakhstan as of December 1, 2012

Settlements with intermediaries of insurance/reinsurance activity	886,2	0,7	884,2	0,6	1 550,4	0,8	75,4
Accounts payable on insurance/reinsurance	869,2	0,6	787,6	0,5	988,4	0,6	25,5
Other payables	2 375,3	1,7	2 678,2	1,7	2 433,6	1,3	-9,1
Other liabilities	4 121,9	3,0	6 817,0	4,4	3 353,2	1,8	-50,8
Total liabilities	136 384,7	100,0	156 509,5	100,0	187 325,5	100,0	19,7

As at 1 December 2012 total liabilities of insurance/reinsurance organizations equaled to KZT 187 325.5 million, a 19.7% increase vs. the same indicator as of 1 January 2012. Against the same indicator as of 1 December 2011 they increased by 37.4%.

As at the reporting date, the amount of insurance reserves formed by insurance/reinsurance organizations to perform their obligations under current insurance and reinsurance contracts was KZT 165 827.3 million or 29.7% more than the reserves as of 1 January 2012 (a 37.9% increase vs. the same indicator as of 1 December 2011).

Diagram 1. Change in assets, equity and insurance reserves (KZT bln.)



IV. INSURANCE PREMIUMS

Table 6. Insurance premiums inflow *(the amount is indicated here less insurance premiums under taken reinsurance contracts)*

Insurance premiums inflow	1.12.11		1.12.12		growth in %
	KZT mln.	% of total	KZT mln.	% of total	
Total, including:	154 619,7	100,0	191 257,1	100,0	23,7
Mandatory insurance, including:	40 360,4	26,1	43 615,1	22,8	8,1
Mandatory motor third party insurance	23 358,9	57,9	25 747,1	59,0	10,2
Civil liability insurance before passengers	1 038,1	2,5	1 199,6	2,7	15,6
Insurance of employee against accidents when he/she performs his/her work (office) duties	14 042,8	34,8	14 808,6	34,0	5,5
Other classes of mandatory insurance	1 920,6	4,8	1 859,8	4,3	-3,2
Voluntary personal insurance, including:	47 555,6	30,8	78 995,1	41,3	66,1
Life insurance	5 278,6	11,1	13 397,2	17,0	153,8
Annuity insurance	20 702,1	43,5	35 377,1	44,8	70,9
Insurance against accidents	9 967,3	21,0	15 586,2	19,7	56,4

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Illness insurance	11 607,6	24,4	14 634,6	18,5	26,1
Voluntary property insurance, including:	66 703,7	43,1	68 646,9	35,9	2,9
Motor car insurance	3 601,3	5,4	5 571,0	8,1	54,7
Property insurance (excluding insurance of vehicle, air, railway and water transport, and cargo insurance)	32 749,5	49,1	31 569,2	46,0	-3,6
Insurance of civil liability (except for civil liability of owners of automobile, air and waterborne transport)	11 194,7	16,8	10 260,0	14,9	-8,3
Insurance from other financial losses	9 912,6	14,9	11 242,1	16,4	13,4
Other classes of voluntary property insurance	9 245,6	13,8	10 004,6	14,6	8,2

Diagram 2. Dynamics of insurance premiums (KZT bln.)

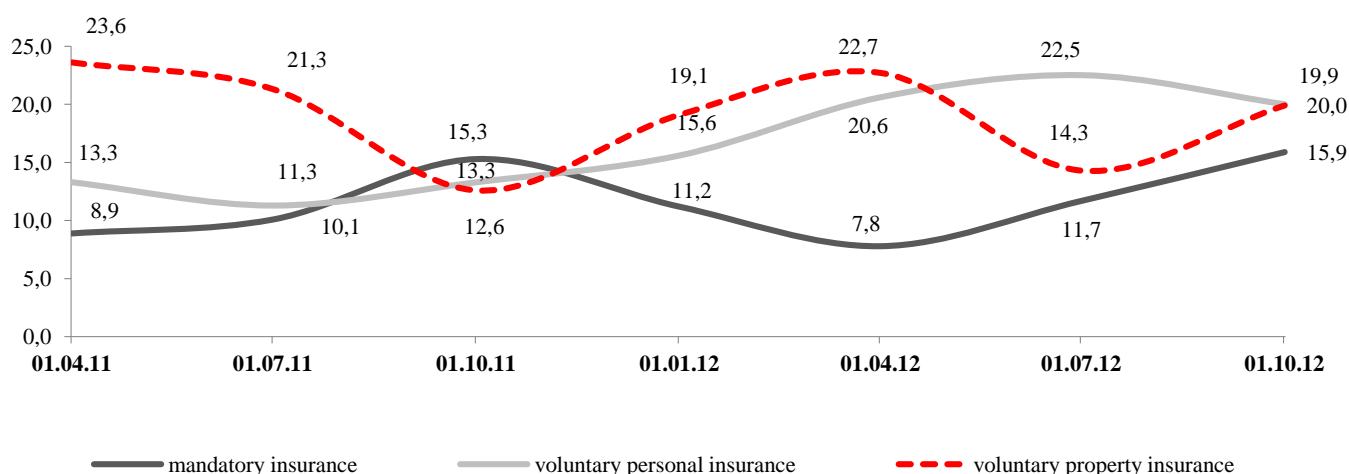
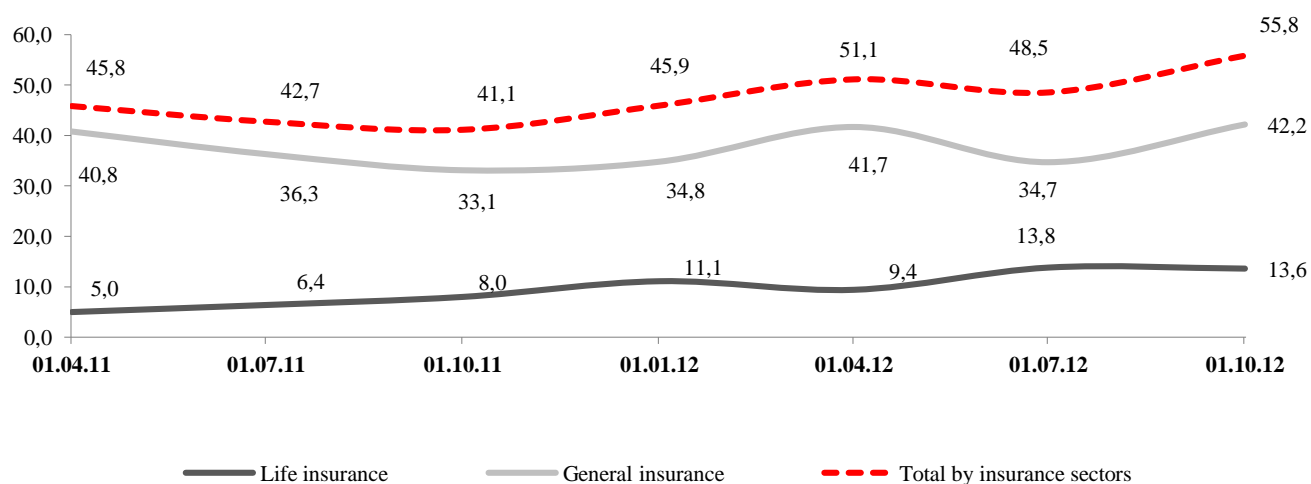


Table 5. Insurance premiums received by insurance sector

Insurance premiums by sectors of insurance	1.12.11		1.12.12		growth in %
	KZT mln.	% of total	KZT mln.	% of total	
Total by sectors of insurance	154 619,7	100,0	191 257,1	100,0	23,7
Life insurance	25 980,7	16,8	48 774,4	25,5	87,7
General insurance	128 639,0	83,2	142 482,7	74,5	10,8

**the amount indicated here less insurance premiums under taken reinsurance contracts*

Diagram 3. Dynamics of insurance premiums by sectors of insurance (KZT bln.)



"Life insurance" sector. As of 1 December 2012, total insurance premiums collected in "life insurance" sector equaled to KZT48 774.4 million, which is an 87.7% increase vs. the same date of the last year. Percentage of

insurance premiums collected in “life insurance” sector related to total premiums, as of reporting date, constituted 25.5%, vs. 16.8% 14.9% as of 1 December 2011.

"General insurance" sector. Total insurance premiums collected during 11 months of 2012 in “general insurance” sector totaled KZT142 482.7 million, which is a 10.8% increase vs. the same period of 2011.

Diagram 4. The mix of insurance premiums in “life insurance” sector, %

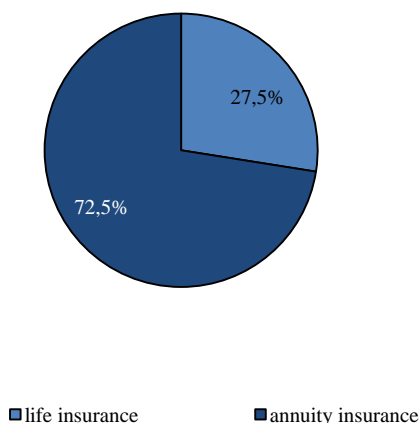
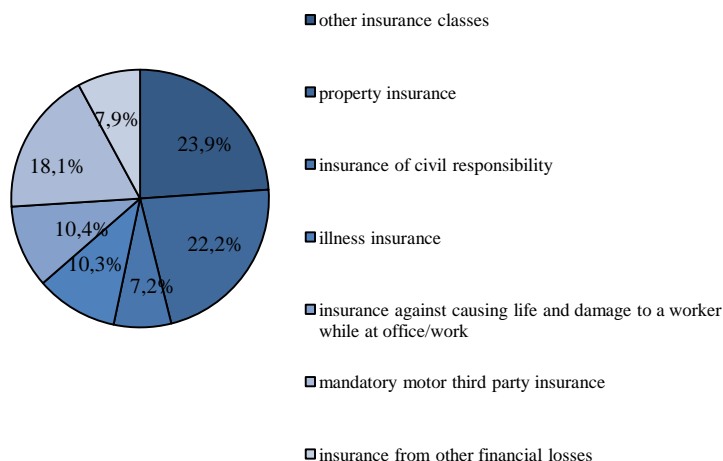


Diagram 5. The mix of insurance premiums in “general insurance” sector, %



V. REINSURANCE

Table 6. Insurance premiums passed for reinsurance

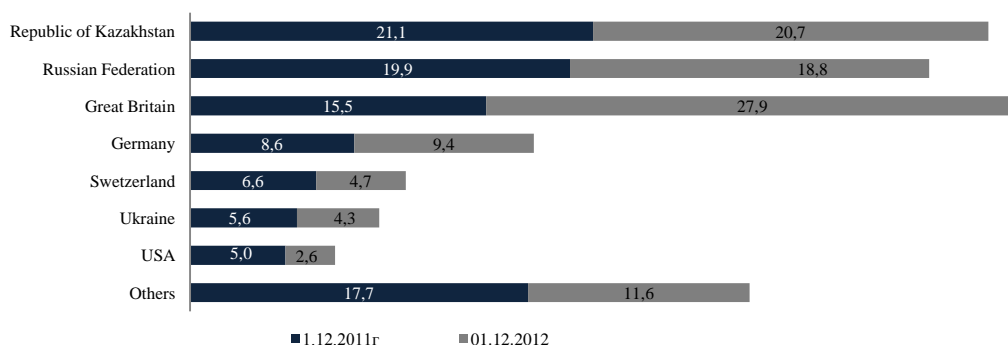
Insurance premiums	1.12.11		1.12.12		growth in %
	KZT mln.	in %*	KZT mln.	in %*	
Total passed to reinsurance, incl.	55 332,9	35,8	53 548,2	28,0	-3,2
to non-residents	43 678,8	28,2	42 458,0	22,2	-2,8
to residents	11 654,1	7,6	11 090,2	5,8	-4,8
Total received for reinsurance from non-residents	7 420,1	4,8	9 524,3	5,0	28,4

* in percentage under direct insurance agreements

Total insurance premiums passed for reinsurance equaled to KZT53 548.2 million or 28.0% of total insurance premiums. Herewith, 22.2% of total insurance premiums were passed to non-residents for reinsurance

Total insurance premiums received by insurance/reinsurance organizations under reinsurance agreements equal to KZT19 423.5 million. Herewith, total insurance premiums accepted from non-residents for reinsurance equal to KZT9 524.3 million.

Diagram 6. Breakdown of insurance premiums passed for reinsurance by countries, %



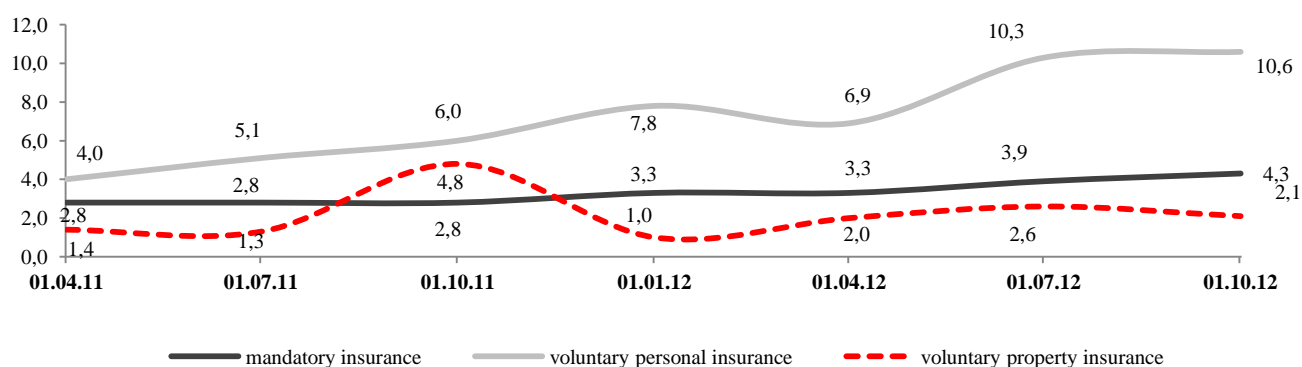
VI. INSURANCE CLAIMS

Table 7. Dynamics of insurance claims

Insurance claims	1.12.11		1.12.12		growth in %
	KZT mln.	% of total	KZT mln.	% of total	
Total, including on:	38 552,4	100,0	64 233,2	100,0	66,6
mandatory insurance, including:	10 523,7	27,3	14 670,2	22,8	39,4
mandatory motor third party insurance	5 961,1	56,6	7 719,1	52,6	29,5
civil liability insurance before passengers	17,6	0,2	13,2	0,1	-25,2
Insurance of employee against accidents when he/she performs his/her work (office) duties	4 283,4	40,7	5 792,4	39,5	35,2
Other classes of mandatory insurance	261,6	2,5	1 145,5	7,8	337,9
Voluntary personal insurance, including:	19 848,8	51,5	37 887,1	59,0	90,9
life insurance	223,7	1,1	415,0	1,1	85,5
annuity insurance	11 692,4	58,9	28 161,0	74,3	140,8
insurance against accidents	376,3	1,9	303,0	0,8	-19,5
illness insurance	7 556,4	38,1	9 008,1	23,8	19,2
Voluntary property insurance, including:	8 179,9	21,2	11 675,9	18,2	42,7
motor car insurance	1 172,8	14,3	1 450,5	12,4	23,7
property insurance (excluding insurance of vehicle, air, railway and water transport, and cargo insurance)	1 183,1	14,5	7 664,6	65,6	547,8
insurance of civil liability (except for liability of owners of automobile, air and waterborne transport)	435,4	5,3	1 810,5	15,5	315,8
insurance against other financial losses	4 290,4	52,5	49,7	0,4	-98,8
other classes of voluntary property insurance	1 098,2	13,4	700,6	6,1	-36,2

* the amount indicated here less insurance premiums under taken reinsurance contracts

Diagram 7. Dynamics of insurance claims KZT bln.)



VII. PERFORMANCE OF INSURANCE/REINSURANCE ORGANIZATIONS, ROLE IN THE ECONOMY OF KAZAKHSTAN

Table 8. Income and expenses of insurance/reinsurance organizations

Income/losses	1.12.11		1.12.12		growth in %
	млн. тенге	в %	млн. тенге	в %	
Income from insurance activities	111 568,7	86,8	152 246,0	86,3	36,5
Income from investment activities	16 378,9	12,8	23 483,7	13,3	43,4
Income from other activities	526,3	0,4	639,1	0,4	21,4
Total income	128 473,9	100,0	176 368,8	100,0	37,3
Net expenses related with insurance claims	30 686,2	33,6	57 767,0	40,6	88,3
Other expenses	60 760,2	66,4	84 534,5	59,4	39,1
Total expenses	91 446,4	100,0	142 301,5	100,0	55,6
Net profit/loss before income tax	37 027,5	-	34 067,3	-	-8,0
Expenses related with corporate income tax	4 690,7	-	3 473,7	-	-25,9
Total net profit/loss after taxes	32 336,8	-	30 593,6	-	-5,4
ROA	9,8		8,0		
ROE	16,2		14,0		

Table 9. Macroeconomic indicators of the insurance sector

Key indicators of the insurance sector	1.12.2011r.	1.01.2012r.	1.12.2012r.
GDP, KZT bln.	27 571,9	27 571,9 ¹	31 442,7 ²
Insurance premiums to GDP ratio, в %	0,56	0,64	0,61
Equity capital to GDP ratio, %	0,83	0,84	0,76
Assets to GDP ratio, %	1,33	1,41	1,36
Insurance premiums per capita ratio, KZT	9 293,1	10 537,4	11 331,3

Table 10. Concentration of the insurance sector, %

Share of total indicators of insurance e market, %	1.12.2011r.	1.01.2012r.	1.12.2012r.
Insurance premiums of five largest insurance companies	36,8	31,8	32,3
Insurance premiums of ten largest insurance companies	50,2	50,5	52,3
Insurance indemnities of five largest insurance companies	25,9	22,4	24,4
Insurance indemnities of ten largest insurance companies	40,6	41,4	50,9
Assets of five largest insurance companies	52,5	52,6	49,4
Equity capital of five largest insurance companies	61,8	63,3	60,7

In the period from 1 January 2012 to 1 December 2012 it is observed an increase in concentration of the insurance market in insurance premiums and insurance indemnity paid. Five largest insurance companies account for 32.3% of total premiums (an increase by 0.5 percentage points) and 24.4% of the total insurance indemnities (an increase by 2.0 percentage points). The share of five largest insurance companies in total assets of the insurance market is 49.4% (a decrease by 3.2 percentage points).

¹ – according to data of the Statistics Agency of the Republic of Kazakhstan.

² – according to forecasts of RK Ministry of Economic Development and Trade.

³ – according to data of the Statistics Agency of the Republic of Kazakhstan, the population of Kazakhstan is 16 878 589 people as of November 1, 2012.