

**The National Bank of the Republic of Kazakhstan**

**CURRENT STATE OF THE  
INSURANCE SECTOR  
OF THE REPUBLIC OF KAZAKHSTAN**

**AS OF 1 NOVEMBER 2017**

ALMATY 2017

**CURRENT STATE OF THE INSURANCE SECTOR  
OF THE REPUBLIC OF KAZAKHSTAN AS OF 1 NOVEMBER 2017**

**THE PURPOSE OF REVIEW**

This review is intended to show the dynamics of the insurance sector of the Republic of Kazakhstan and the impact on the economic situation in the country.

**DESCRIPTION**

The review is presented in the form of tables and figures, as well as explanatory notes, reflecting major changes in indicators of the insurance sector.

- Description of assets structure;
- Description of liabilities structure;
- Description of insurance premiums structure;
- Description of insurance payments structure;
- Description of reinsurance activity;
- Description of compliance with prudential standards by the insurance sector of Kazakhstan;
- Efficiency of the insurance sector of Kazakhstan.

Amount: 13 pages  
Number of tables: 10  
Number of figures: 9  
Updated: every month

## TABLE OF CONTENTS

Key indicators of the insurance sector of Kazakhstan on 1 November 2017.....	4
<b>I. STRUCTURE OF THE INSURANCE SECTOR OF THE REPUBLIC OF KAZAKHSTAN.....</b>	<b>6</b>
<b>Table 1.</b> Structure of the insurance sector of Kazakhstan.....	6
<b>II. ASSETS OF THE INSURANCE SECTOR OF THE REPUBLIC OF KAZAKHSTAN.....</b>	<b>6</b>
<b>Table 2.</b> Structure of total assets of the insurance sector.....	6
<b>III. LIABILITIES OF THE INSURANCE SECTOR OF THE REPUBLIC OF KAZAKHSTAN .....</b>	<b>7</b>
<b>Table 3.</b> Structure of total liabilities of the insurance sector .....	7
<b>Figure 1.</b> Dynamics of assets, equity and insurance reserves.....	7
<b>IV. EQUITY OF THE INSURANCE SECTOR OF THE REPUBLIC OF KAZAKHSTAN.....</b>	<b>8</b>
<b>Figure 2.</b> Structure of equity of the insurance sector.....	8
<b>V. INSURANCE PREMIUMS .....</b>	<b>8</b>
<b>Table 4.</b> Receipt of insurance premiums .....	8
<b>Figure 3.</b> Dynamics of insurance premiums per quarter .....	9
<b>Table 5.</b> Receipt of insurance premiums on branches of insurance.....	9
<b>Figure 4.</b> Dynamics of insurance premiums on branches of insurance .....	9
<b>Figure 5.</b> Structure of receipt of insurance premiums on branch “life insurance”, % .....	10
<b>Figure 6.</b> Structure of receipt of insurance premiums on branch “non-life insurance”, %.....	10
<b>VI. REINSURANCE.....</b>	<b>10</b>
<b>Table 6.</b> Structure of insurance premiums passed for reinsurance and recovery from reinsurer .....	10
<b>Figure 7.</b> Structure of insurance premiums passed for reinsurance by countries .....	10
<b>VII. INSURANCE PAYMENTS .....</b>	<b>11</b>
<b>Table 7.</b> Structure of insurance payments .....	11
<b>Figure 8.</b> Dynamics of insurance payments .....	11
<b>VIII. EFFICIENCY OF THE INSURANCE SECTOR OF THE REPUBLIC OF KAZAKHSTAN.....</b>	<b>12</b>
<b>Table 8.</b> Profitability of the insurance sector.....	12
<b>IX. MACROECONOMIC INDICATORS AND CONCENTRATION OF THE INSURANCE SECTOR.....</b>	<b>13</b>
<b>Table 9.</b> Macroeconomic indicators of the insurance sector.....	13
<b>Table 10.</b> Concentration of the insurance sector .....	13

## Key indicators of the insurance sector of Kazakhstan on 1 November 2017

**The insurance sector** is represented by 32 insurance organizations, 7 of them are life insurance organizations.

### Assets

As of 1 November 2017, the **assets** of Kazakhstan insurance organizations amounted to 921 461 mln. KZT and has increased by 7.9% since the beginning of 2017 (as of the beginning of 2017 – 853 627 mln. KZT).

The major asset category in the total assets consists of the **securities** (46.7% of total assets) which has amounted to 430 013 mln. KZT and has increased by 15.4% since the beginning of 2017 (as of the beginning of 2017 – 372 530 mln. KZT).

**Deposits of the insurance organizations in banks** has amounted to 207 853 mln. KZT sharing the 22.6% of the total assets and has decreased since the beginning of 2017 by 7.9% (as of the beginning of 2017 – 225 779 mln. KZT or 26.4% of the total assets).

**Reinsurance assets** has amounted to 111 410 mln. KZT sharing the 12.1% of the total assets and has increased by 3.0% since the beginning of 2017 (as of the beginning of 2017 – 108 214 mln. KZT or 12.7% of the total assets).

### Liabilities and reserves

As of 1 November 2017, the **liabilities** of the insurance organizations amounted to 501 990 mln. KZT and has increased by 9.9% since the beginning of 2017 (as of the beginning of 2017 – 456 610 mln. KZT).

The largest part in the structure of the liabilities sharing the 91.5% of the total liabilities are the **insurance reserves** which have amounted to 459 384 mln. KZT and have increased by 10.8% since the beginning of 2017 (as of the beginning of 2017 – 414 670 mln. KZT).

### Insurance premiums

As of 1 November 2017, the total volume of the **insurance premiums** amounted to 311 902 mln. KZT, which is 2.63% more than the total premiums over the same period of the previous year. Total volume of the insurance premiums taken under direct insurance contracts has amounted to 280 078 mln. KZT.

The main share of the insurance premiums has been collected from the voluntary property insurance and has amounted to 145 132 mln. KZT or 46.5% of the total insurance premiums.

The insurance premiums collected from the compulsory insurance has amounted to 82 829 mln. KZT or 26.6% of the total insurance premiums, on voluntary personal insurance – 83 941 mln. KZT or 26.9% of total insurance premiums.

#### *“Life insurance” sector:*

As of 1 November 2017, the total insurance premiums collected in «life insurance» sector has amounted to 53 917 mln. KZT and indicated to an increase of 22.9% in comparison with the same period of the previous year. The share of insurance premiums collected by the «life insurance» sector in total insurance premiums at the reporting date has amounted 17.3%, compared to 14.4% as of 1 November 2016.

#### *“Non-life insurance” sector:*

As of 1 November 2017, the total insurance premiums collected in «non-life insurance» sector has amounted to 257 985 mln. KZT, which decreased by 0.8% in comparison with the same period of the previous year.

### Reinsurance

The total insurance premiums passed for reinsurance has amounted to 109 626 mln. KZT, which takes 35.1% of the total insurance premiums. Herewith, 84.0% of the total insurance premiums were passed to non-residents for reinsurance.

The total insurance premiums received for reinsurance has amounted to 31 824 mln. KZT, including premiums from non-residents, which has amounted to 14 476 mln. KZT.

Recovery on risks received under agreements of reinsurance has amounted to 5 849 mln. KZT or 5.3% of the total insurance premiums transferred to reinsurance.

### **Insurance payments**

Total **insurance payments** (excluding the reinsurance payments) that were effected in the ten month of 2017 has amounted to 61 113 mln. KZT and has decreased by 12.8% in comparison with the same period of the previous year.

From the total amount of the insurance payments made since the beginning of 2017, the greatest share is occupied by insurance payments for voluntary personal insurance – 43.5%, on compulsory insurance – 39.0% and on voluntary property insurance – 17.5%.

### **Capital adequacy**

**Regulatory capital** has amounted to 339 886 mln. KZT and has increased by 21.5% since the beginning of 2017 (as of the beginning of 2017 – 279 759 mln. KZT).

**Solvency margin** equaled to 5.22 (as of the beginning of 2017 – 5.00).

**Highly liquid assets** have amounted to 645 674 mln. KZT (70.1% of the total assets) and have increased by 11.19% since the beginning of 2017 (as of the beginning of 2017 – 580 716 mln. KZT).

### **Profitability of the insurance sector**

Net income of the insurance sector has amounted to 48 618 mln. KZT, which is 27.9% less than it was at the same period of the previous year.

Return on Assets (ROA) is 5.5%;

Return on equity (ROE) is 11.9%.

### **Macroeconomic indicators**

As of the reporting date, the share of the total assets of insurance sector to GDP is 1.78%;

The share of the insurance premiums to GDP – 0.60%;

The insurance premiums per capita ratio – 17 215.4 KZT.

### **Concentration of the insurance sector**

The share of the 10 largest insurance companies in total assets amounted to 75.2%;

The share of the 10 largest insurance companies in total equity capital – 77.0%;

The share of the 10 largest insurance companies in total insurance premiums – 59.5%;

The share of the 10 largest insurance companies in total insurance payments – 56.9%.

## I. STRUCTURE OF THE INSURANCE SECTOR OF THE REPUBLIC OF KAZAKHSTAN

**Table 1.** Structure of the insurance sector of Kazakhstan

Structure of the insurance sector	01.11.2016	01.11.2017
Number of insurance organizations	32	32
<i>including in life insurance</i>	7	7
Number of insurance brokers	15	16
Number of actuaries	59	60
Number of insurance/reinsurance organizations that are participants of Insurance Indemnity Guarantee Fund, JSC	22	22
Number of representatives of insurance organizations-nonresidents of the Republic of Kazakhstan	3	3

## II. ASSETS OF THE INSURANCE SECTOR OF THE REPUBLIC OF KAZAKHSTAN

**Table 2.** Structure of total assets of the insurance sector

Indicator name / data	01.01.2017*		01.11.2017		changes from the beginning of the year, %
	million KZT	% of total	million KZT	% of total	
Cash money	39 512	4.6	43 321	4.7	9.6
Deposits in banks	225 779	26.4	207 853	22.6	-7.9
Securities	372 530	43.6	430 013	46.7	15.4
Reverse REPO transactions	22 393	2.6	35 970	3.9	60.6
Insurance premiums to be received from insurants and intermediaries	29 691	3.5	35 336	3.8	19.0
Fixed capital	13 988	1.6	18 299	2.0	30.8
Reinsurance assets	108 214	12.7	111 410	12.1	3.0
Other receivables	15 315	1.8	14 889	1.6	-2.8
Other assets	26 207	3.1	24 370	2.6	-7.0
<b>Total assets</b>	<b>853 627</b>	<b>100.0</b>	<b>921 461</b>	<b>100.0</b>	<b>7.9</b>

\* Sum is based on audited data

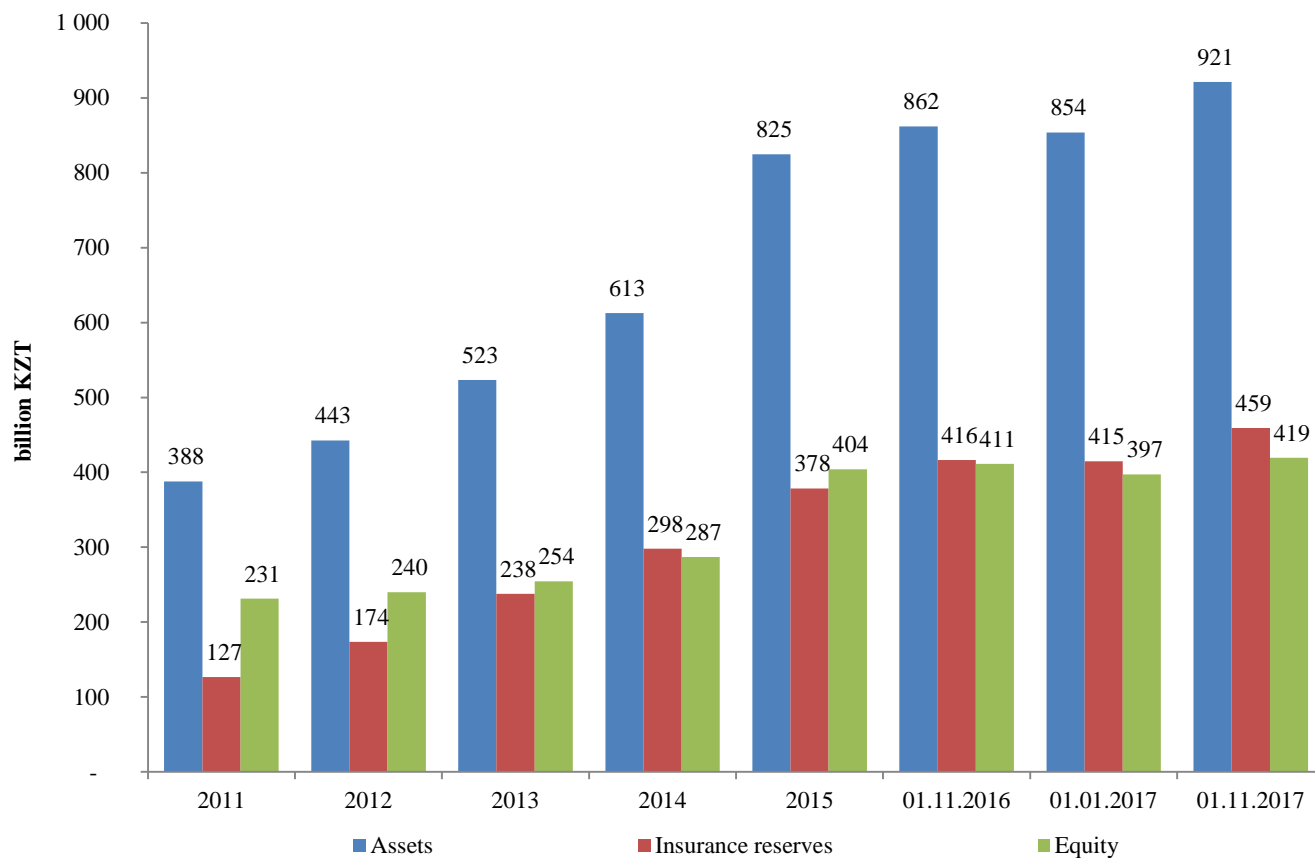
### III. LIABILITIES OF THE INSURANCE SECTOR OF THE REPUBLIC OF KAZAKHSTAN

**Table 3.** Structure of total liabilities of the insurance sector

Indicator name / data	01.01.2017*		01.11.2017		changes from the beginning of the year, %
	million KZT	% of total	million KZT	% of total	
Insurance reserves, including:	414 670	90.8	459 384	91.5	10.8
<i>Unearned premium reserve</i>	129 041	28.3	140 357	28.0	8.8
<i>Reserve of not occurred losses on life insurance contracts</i>	12 704	2.8	13 730	2.7	8.1
<i>Reserve of not occurred losses on annuity contracts</i>	129 202	28.3	151 543	30.2	17.3
<i>Incurred but not reported reserve</i>	50 942	11.2	56 024	11.2	10.0
<i>Reserve declared, but not settled losses</i>	92 781	20.3	97 730	19.5	5.3
Loans raised	337	0.1	364	0.1	8.2
Settlements with reinsurance companies	12 443	2.7	16 683	3.3	34.1
Settlements with intermediaries of insurance/reinsurance activity	2 669	0.6	3 838	0.8	43.8
Accounts payable under insurance/reinsurance contracts	2 225	0.5	2 112	0.4	-5.1
Other payables	4 875	1.1	3 736	0.7	-23.3
Other liabilities	19 391	4.2	15 874	3.2	-18.1
<b>Total liabilities</b>	<b>456 610</b>	<b>100.0</b>	<b>501 990</b>	<b>100.0</b>	<b>9.9</b>

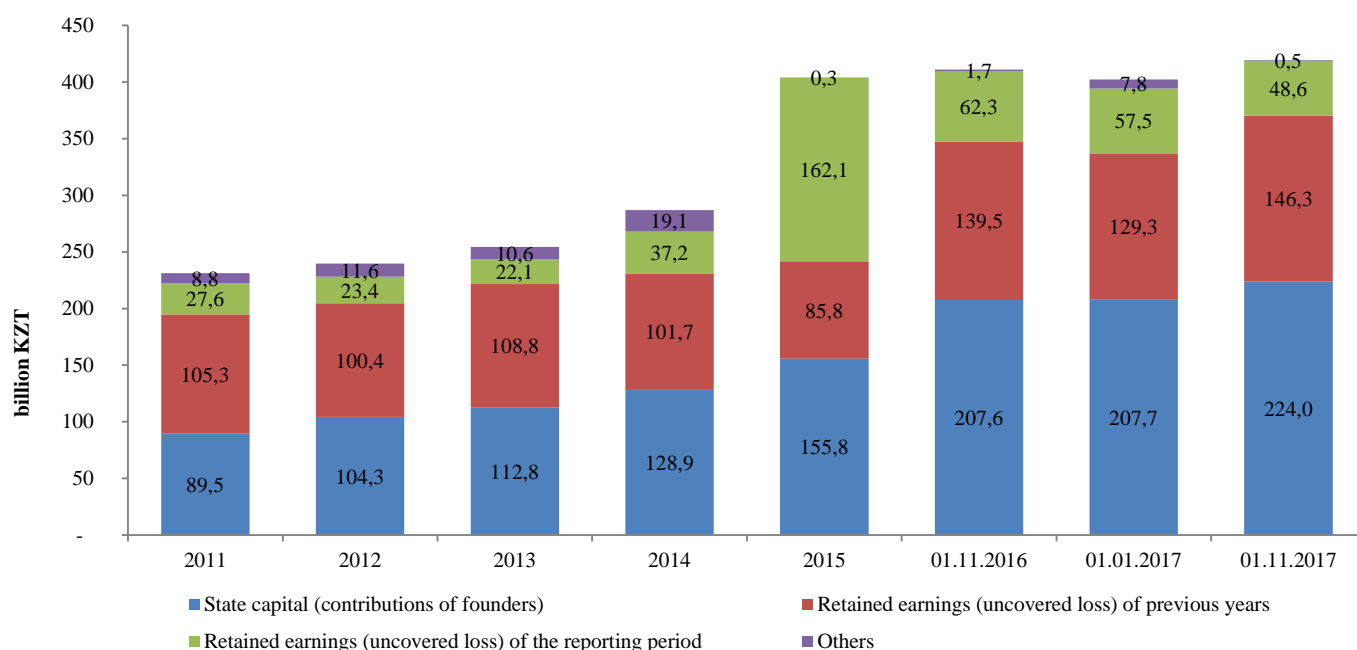
\* Sum is based on audited data

**Figure 1.** Dynamics of assets, equity and insurance reserves



#### IV. EQUITY OF THE INSURANCE SECTOR OF THE REPUBLIC OF KAZAKHSTAN

Figure 2. Structure of equity of the insurance sector



#### V. INSURANCE PREMIUMS

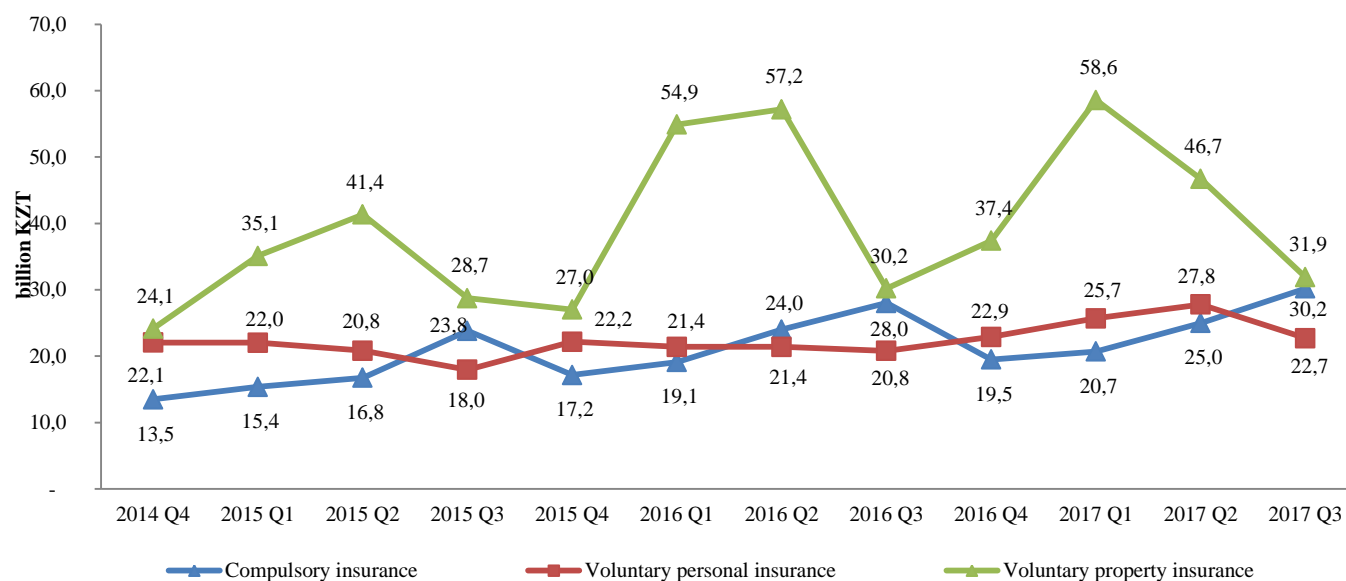
Table 4. Receipt of insurance premiums

Receipt of insurance premiums	01.11.2016		01.11.2017		Changes, %
	million KZT	% of total	million KZT	% of total	
<b>Total, including:</b>	<b>303 905</b>	<b>100.0</b>	<b>311 902</b>	<b>100.0</b>	<b>2.63</b>
<b>Compulsory insurance, including:</b>	<b>77 341</b>	<b>25.4</b>	<b>82 829</b>	<b>26.6</b>	<b>7.10</b>
Compulsory motor third-party liability	40 383	13.3	41 582	13.3	2.97
Compulsory employers' liability	33 019	10.9	37 218	11.9	12.72
Compulsory third-party liability for carriers	1 661	0.5	1 706	0.5	2.71
Other compulsory	2 279	0.7	2 323	0.7	1.94
<b>Voluntary personal insurance, including:</b>	<b>70 317</b>	<b>23.1</b>	<b>83 941</b>	<b>26.9</b>	<b>19.38</b>
Life insurance	20 829	6.9	22 365	7.2	7.38
Annuity insurance	21 367	7.0	26 665	8.5	24.80
Accident insurance	22 511	7.4	27 252	8.7	21.06
Sickness insurance	5 610	1.8	7 659	2.5	36.54
<b>Voluntary property insurance, including</b>	<b>156 247</b>	<b>51.4</b>	<b>145 132</b>	<b>46.5</b>	<b>-7.11</b>
Property insurance	68 226	22.4	71 932	23.1	5.43
Third-party liability	35 538	11.7	38 468	12.3	8.24
Insurance against other financial losses	17 488	5.8	3 136	1.0	-82.07
Motor car insurance	14 270	4.7	14 246	4.6	-0.17
Cargo insurance	7 574	2.5	4 632	1.5	-38.84
Other voluntary property	13 150	4.3	12 717	4.1	-3.29

\* The sum is shown including insurance premiums received under reinsurance agreements and excluding terminated agreements



**Figure 3. Dynamics of insurance premiums per quarter**



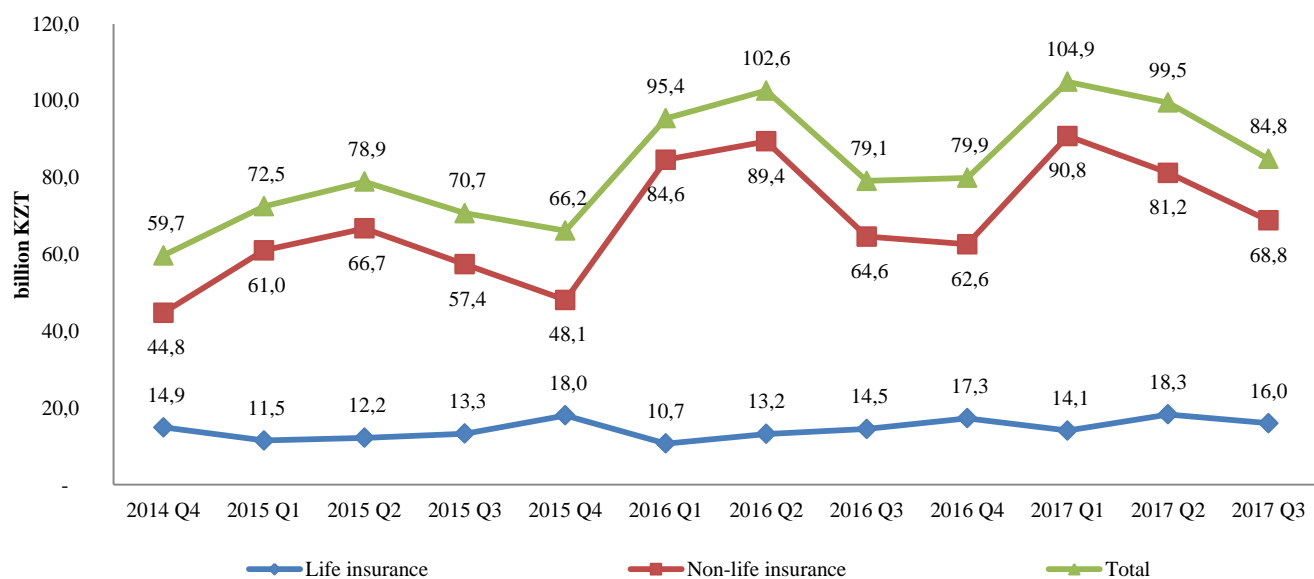
\* The sum is shown including insurance premiums received under reinsurance agreements and excluding terminated agreements

**Table 5. Receipt of insurance premiums on branches of insurance**

Receipt of insurance premiums on branches of insurance	01.11.2016		01.11.2017		Changes, %
	million KZT	% of total	million KZT	% of total	
Total on branches of insurance	303 905	100.0	311 902	100.0	2.6
Life insurance	43 878	14.4	53 917	17.3	22.9
Non-life insurance	260 026	85.6	257 985	82.7	-0.8

\* The sum is shown including insurance premiums received under reinsurance agreements and excluding terminated agreements

**Figure 4. Dynamics of insurance premiums on branches of insurance**

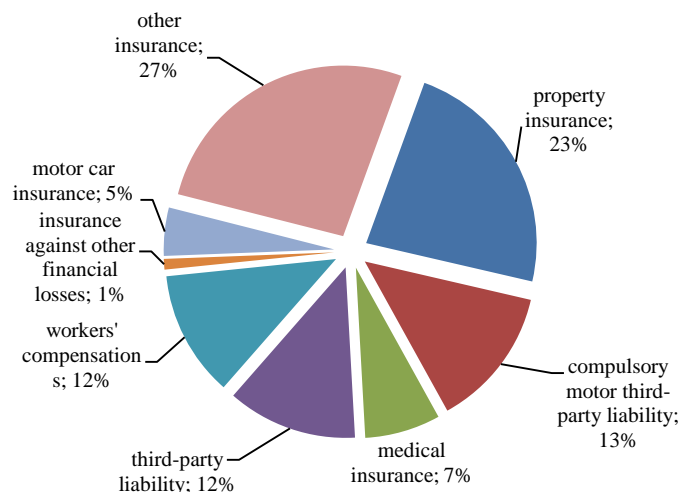


\* The sum is shown including insurance premiums received under reinsurance agreements and excluding terminated agreements

**Figure 5.** Structure of receipt of insurance premiums on branch “life insurance”, %



**Figure 6.** Structure of receipt of insurance premiums on branch “non-life insurance”, %

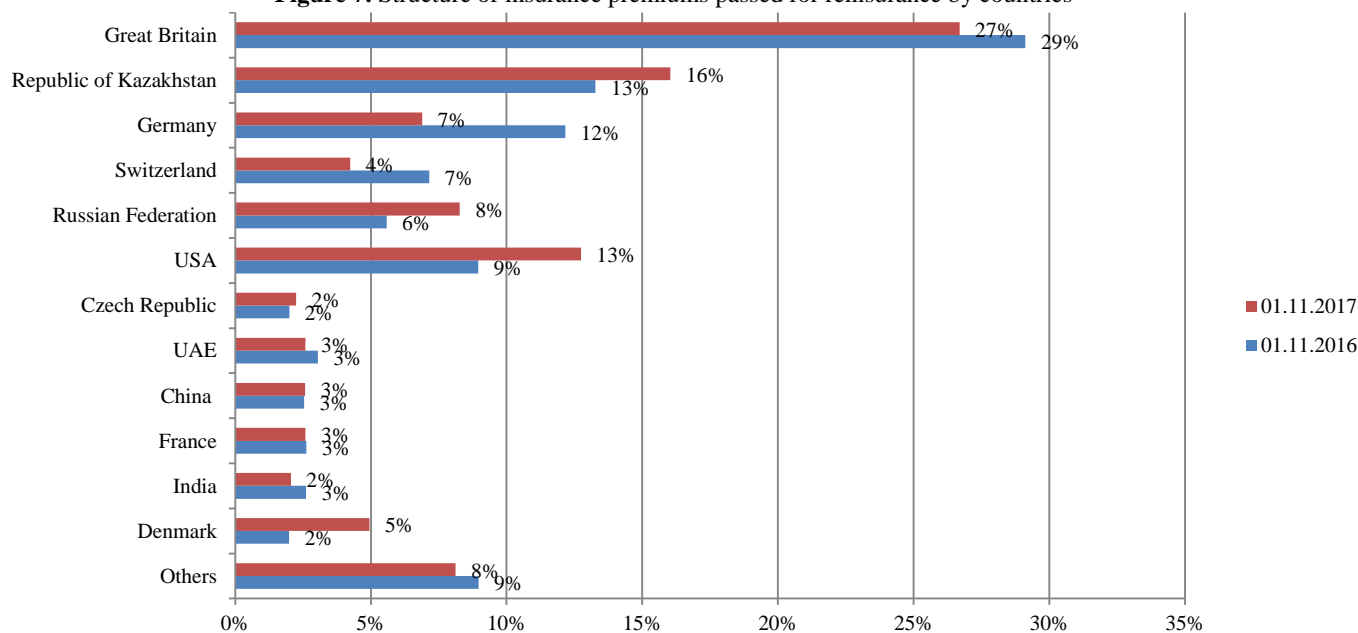


## VI. REINSURANCE

**Table 6.** Structure of insurance premiums passed for reinsurance and recovery from reinsurer

Insurance premiums	01.11.2016		01.11.2017		Changes, %
	million KZT	% of total	million KZT	% of total	
<b>Total premiums passed for reinsurance, including</b>	<b>112 690</b>	<b>100.0</b>	<b>109 626</b>	<b>100.0</b>	<b>-2.72</b>
to non-residents	97 726	86.7	92 047	84.0	-5.81
to residents	14 964	13.3	17 579	16.0	17.47
<b>Recovery on risks received under agreements of reinsurance, including</b>	<b>15 346</b>	<b>100.0</b>	<b>5 849</b>	<b>100.0</b>	<b>-61.89</b>
from non-residents	11 663	76.0	3 706	63.4	-68.22
from residents	3 683	24.0	2 143	36.6	-41.83
<b>Total received premiums for reinsurance from non-residents</b>	<b>14 438</b>		<b>14 476</b>		<b>0.27</b>

**Figure 7.** Structure of insurance premiums passed for reinsurance by countries



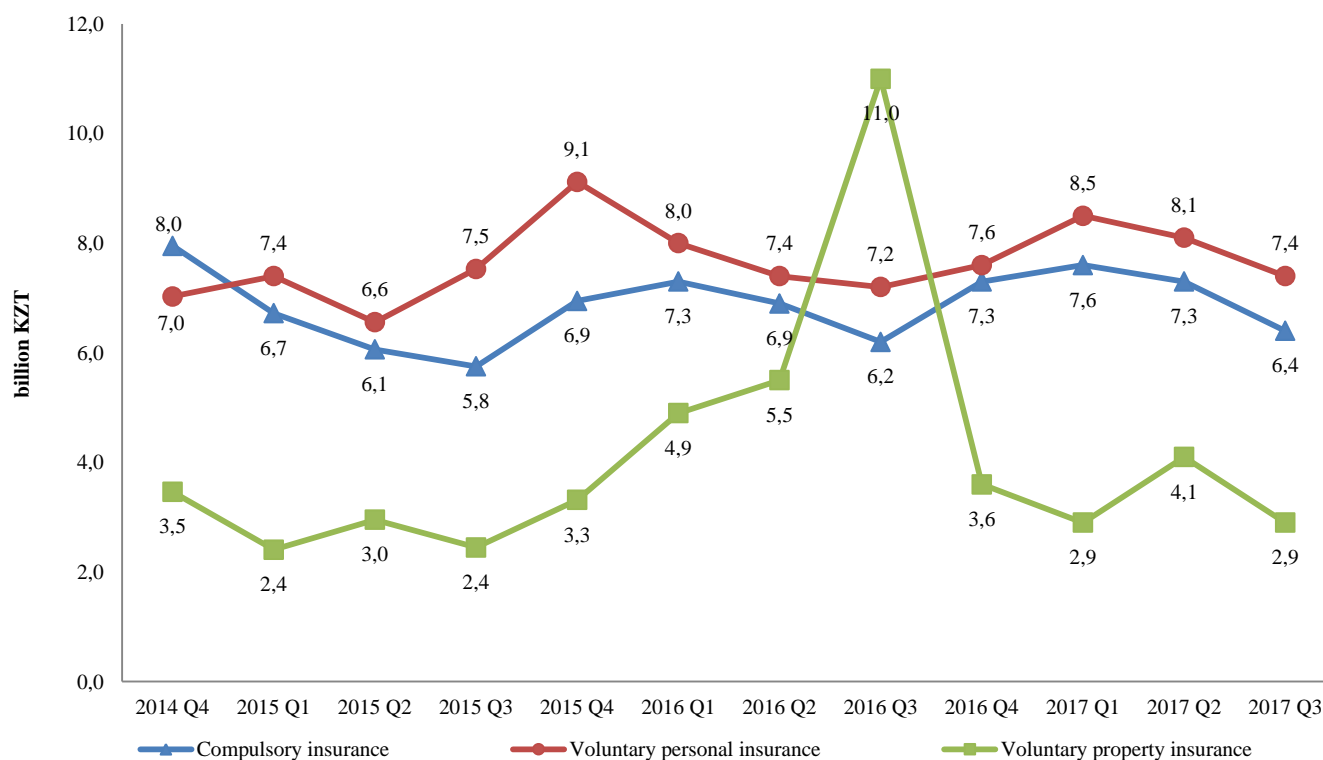
## VII. INSURANCE PAYMENTS

**Table 7.** Structure of insurance payments

Insurance payments	01.11.2016		01.11.2017*		Changes, %
	million KZT	% of total	million KZT	% of total	
<b>Total, including:</b>	<b>70 086</b>	<b>100.0</b>	<b>61 113</b>	<b>100.0</b>	<b>-12.8</b>
<b>Compulsory insurance, including:</b>	<b>22 528</b>	<b>32.1</b>	<b>23 815</b>	<b>39.0</b>	<b>5.7</b>
Compulsory motor third-party liability	18 435	26.3	19 504	31.9	5.8
Compulsory employers' liability	3 701	5.3	4 164	6.8	12.5
Other compulsory	391	0.6	148	0.2	-62.3
<b>Voluntary personal insurance, including</b>	<b>25 136</b>	<b>35.9</b>	<b>26 582</b>	<b>43.5</b>	<b>5.8</b>
Life insurance	14 057	20.1	14 299	23.4	1.7
Annuity insurance	8 469	12.1	10 128	16.6	19.6
Accidents insurance	1 881	2.7	1 672	2.7	-11.1
Sickness insurance	729	1.0	483	0.8	-33.8
<b>Voluntary property insurance, including:</b>	<b>22 422</b>	<b>32.0</b>	<b>10 716</b>	<b>17.5</b>	<b>-52.2</b>
Motor car insurance	5 642	8.0	4 719	7.7	-16.4
Third-party liability	343	0.5	5	0.0	-98.4
Property insurance	12 354	17.6	2 983	4.9	-75.9
Other property insurance	960	1.4	691	1.1	-28.1

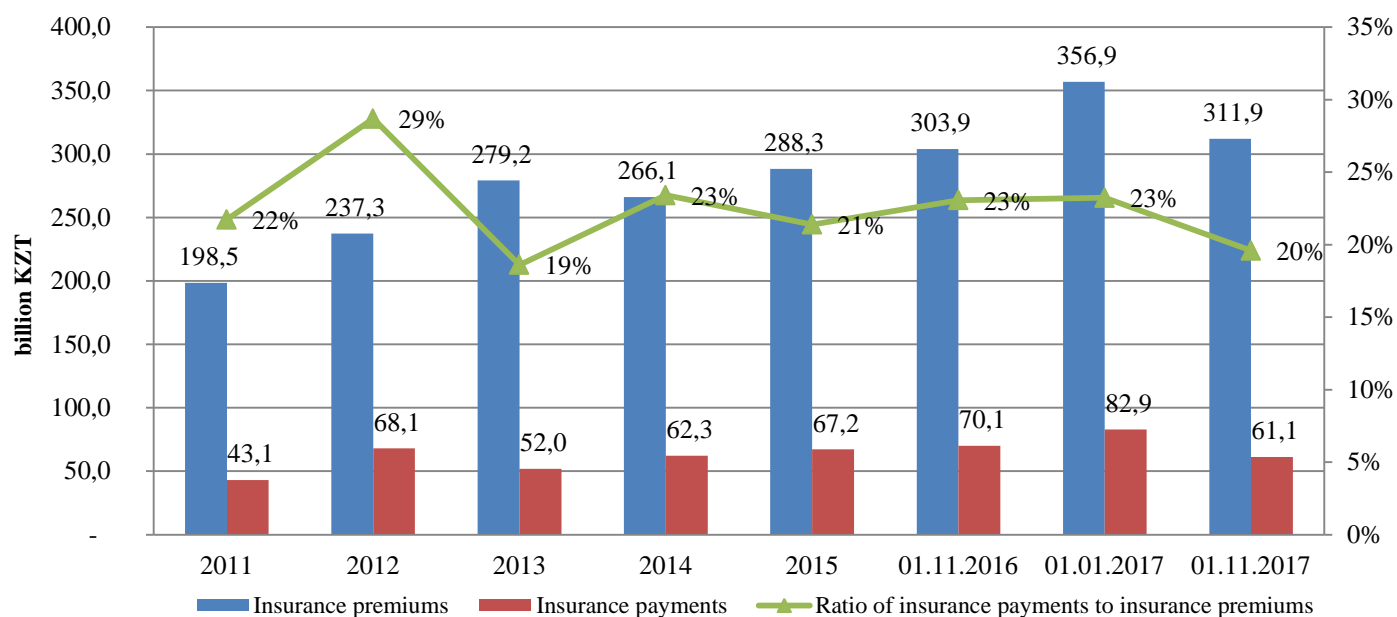
\* The sum is shown excluding the insurance payments performed under reinsurance agreements – 9.8 billion KZT

**Figure 8.** Dynamics of insurance payments



\* The sum is shown excluding the insurance payments performed under reinsurance agreements

**Figure 9. Ratio of insurance payments to insurance premiums**



\* insurance premiums are shown including insurance premiums received under reinsurance agreements

\*\* on 01.11.2017 insurance premiums are shown excluding terminated agreements

\*\*\* Insurance payments are shown excluding the insurance payments performed under the reinsurance agreements

## VIII. EFFICIENCY OF THE INSURANCE SECTOR OF THE REPUBLIC OF KAZAKHSTAN

**Table 8. Profitability of the insurance sector**

Income/Losses	01.11.2016		01.11.2017		Changes, %
	million KZT	% of total	million KZT	% of total	
Income from insurance activities	202 077	81.4	221 180	80.5	9.5
Income from investment activities	44 078	17.7	51 796	18.8	17.5
Income from other activities	2 175	0.9	1 875	0.7	-13.8
<b>Total income</b>	<b>248 333</b>	<b>100.0</b>	<b>274 852</b>	<b>100.0</b>	10.7
Net expenses related with insurance payments	60 414	35.9	60 964	28.0	0.9
Expenses related with payment of commission fees on insurance activities	31 700	18.8	39 530	18.1	24.7
General and administrative expenses	49 941	29.7	55 289	25.4	10.7
Other expenses	26 163	15.6	62 029	28.5	137.1
<b>Total expenses</b>	<b>168 218</b>	<b>100.0</b>	<b>217 812</b>	<b>100.0</b>	29.5
Net income/loss before corporate income tax	80 114		57 040		-28.8
Corporate income tax	12 696		8 422		-33.7
<b>Total net income/loss after taxes</b>	<b>67 418</b>		<b>48 618</b>		-27.9

## IX. MACROECONOMIC INDICATORS AND CONCENTRATION OF THE INSURANCE SECTOR

**Table 9.** Macroeconomic indicators of the insurance sector

Key indicators of the insurance sector	01.11.2016	01.01.2017	01.11.2017
GDP, million KZT <sup>1</sup>	46 971.2	46 971.2	51 855.3
Assets to GDP ratio, %	1.83	1.82	1.78
Equity capital to GDP ratio, %	0.84	0.85	0.81
Insurance premiums to GDP ratio, %	0.59	0.76	0.60
Insurance premiums per capita ratio, KZT <sup>2</sup>	17 118.3	20 103.6	17 215.4

**Table 10.** Concentration of the insurance sector

Share of total indicators of the insurance market	01.11.2016	01.01.2017	01.11.2017
Assets of ten largest insurance companies, %	74.1	74.2	75.2
Equity capital of ten largest insurance companies, %	73.2	76.4	77.0
Insurance premiums of ten largest insurance companies, %	58.7	56.3	59.5
Insurance payments of ten largest insurance companies, %	55.1	53.9	56.9

<sup>1</sup> according to data of Committee on statistics of Ministry of National Economy of the RK

<sup>2</sup> according to data of Committee on Statistics of Ministry of National Economy of the RK the population of Kazakhstan is 18 117.6 thousand people as of 1 November 2017