

National Bank of the Republic of Kazakhstan

Department of the Insurance market supervision

*Current state of the insurance sector
of the Republic of Kazakhstan as of 1 December, 2014*

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I. INSURANCE MARKET STRUCTURE OF KAZAKHSTAN**Table 1. Insurance Market Structure of Kazakhstan**

Institutional structure of the insurance sector	01.12.2013	01.12.2014
Number of insurance organizations	34	34
including in life insurance	7	7
Number of insurance brokers	14	15
Number of actuaries	72	71
Number of insurance/reinsurance organizations that are participants of Insurance Indemnity Guarantee Fund, JSC	30	30
Number of representatives of insurance organizations-nonresidents of the Republic of Kazakhstan	3	3

II. ASSETS OF RK INSURANCE/REINSURANCE ORGANIZATIONS

At 1 December 2014, total assets of insurance/reinsurance organizations amounted to KZT 591 970,2 million, having increased by 13,1% compared with 1 January 2014. Against the same indicator as at 1 December 2013, they increased by 13,7%.

Table 2. Structure of total assets of RK insurance sector

Assets	01.12.2013		01.01.2014		01.12.2014		changes from the beginning of the year, %
	KZT million	% of total	KZT million	% of total	KZT million	% of total	
Cash money	19 042,4	3,7	19 578,8	3,7	13 566,8	2,3	-30,7
Deposits placed	125 770,1	24,2	128 279,4	24,5	145 947,6	24,7	13,8
Securities	266 754,6	51,2	269 004,3	51,4	292 229,1	49,4	8,6
Reverse REPO transactions	6 931,1	1,3	10 902,3	2,1	23 296,9	3,9	113,7
Insurance premiums to be received from insurants and intermediaries	20 101,5	3,9	18 302,7	3,5	22 914,7	3,9	25,2
Fixed capital	9 074,9	1,7	9 179,4	1,8	10 128,1	1,7	10,3
Reinsurance assets	49 034,3	9,4	46 530,7	8,9	58 071,9	9,8	24,8
Other receivables	14 542,0	2,8	12 720,5	2,4	13 562,3	2,3	6,6
Other assets	9 312,5	1,8	8 844,0	1,7	12 252,7	2,1	38,5
Total assets	520 563,4	100,0	523 342,1	100,0	591 970,2	100,0	13,1

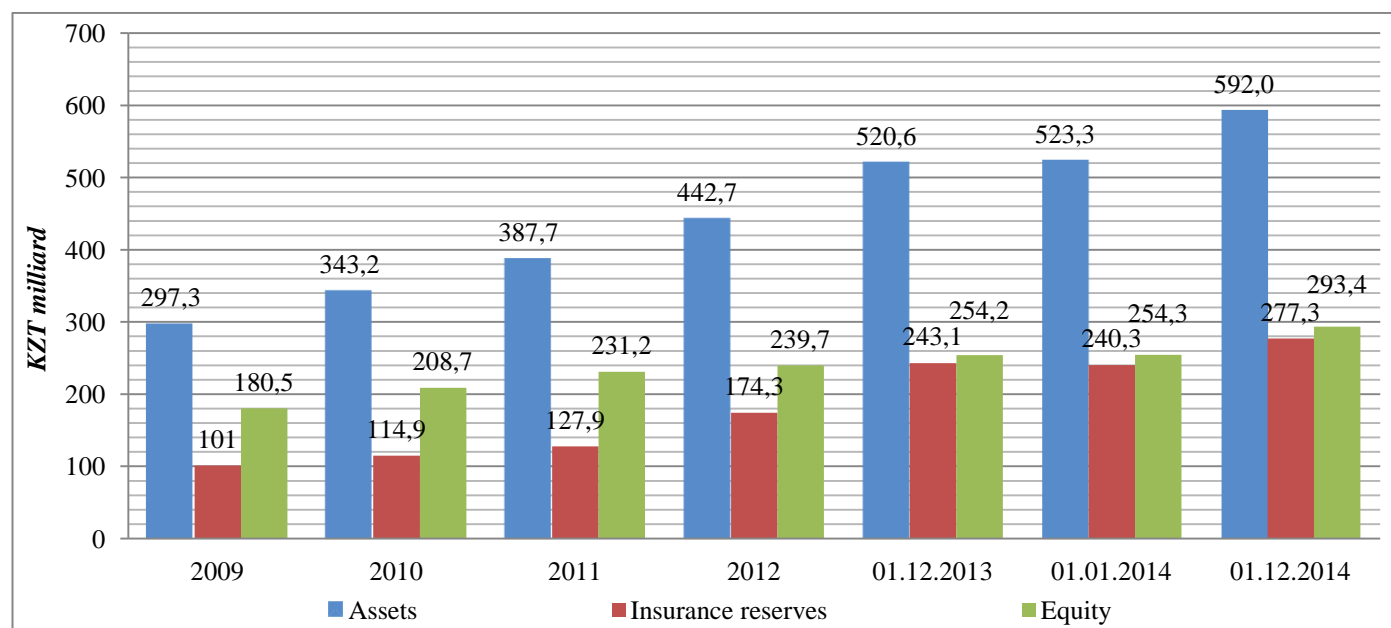
III. LIABILITIES OF RK INSURANCE/REINSURANCE ORGANIZATIONS**Table 3. Structure of total liabilities of RK insurance sector**

Liabilities	01.12.2013		01.01.2014		01.12.2014		changes from the beginning of the year, %
	KZT million	% of total	KZT million	% of total	KZT million	% of total	
Reserves	243 097,5	85,8	240 329,9	89,3	277 259,2	92,9	15,4
Loans raised	672,7	2,2	676,1	0,3	438,3	0,1	-35,2
Settlements with reinsurance companies	12 218,9	6,0	13 402,6	5,0	9 606,7	3,2	-28,3

Settlements with intermediaries of insurance/reinsurance activity	1 268,4	0,8	1 402,0	0,5	1 603,4	0,5	14,4
Accounts payable under insurance/reinsurance contracts	1 428,9	0,4	1 072,2	0,4	1 822,5	0,6	70,0
Other payables	2 616,5	1,7	3 517,2	1,3	3 273,1	1,1	-6,9
Other liabilities	5 082,4	3,0	8 622,5	3,2	4 562,5	1,5	-47,1
Total liabilities	266 385,3	100,0	269 022,6	100,0	298 565,7	100,0	11,0

At 1 December 2014 total liabilities of insurance/reinsurance organizations equaled to KZT 298 565,7 million, a 11,0% increase vs. the same indicator as of 1 January 2014. Against the same indicator as of 1 December 2013, they increased by 12,1%.

Diagram 1. Changes in assets, equity and insurance reserves



IV. INSURANCE PREMIUMS

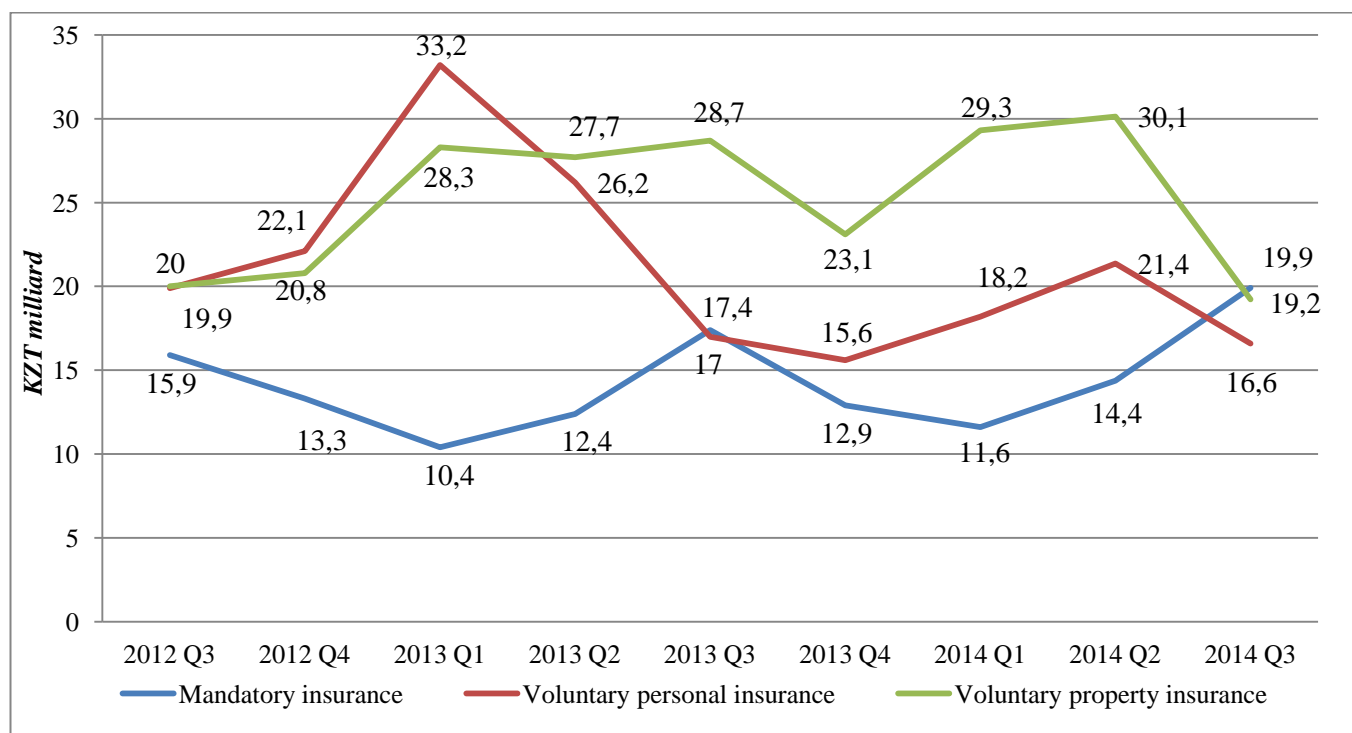
At 1 December 2014, total insurance premiums taken year-to-date under direct insurance agreements equaled to KZT 214 075,7, which is 8,6% less than total premiums over the same period last year.

Table 4. Insurance premiums inflow

(the amount is indicated here less insurance premiums under taken reinsurance contracts)

Insurance premiums inflow	01.12.2013		01.12.2014		changes, %
	KZT million	% of total	KZT million	% of total	
Total, including:	234 137,9	100,0	214 075,7	100,0	-8,6
Mandatory insurance. including:	48 879,0	20,9	53 899,8	25,2	10,3
Mandatory motor third party insurance	28 505,2	12,2	30 752,6	14,4	7,9
Insurance of employee against accidents when he/she performs his/her work (office) duties	16 910,9	7,2	19 441,7	9,1	15,0
Civil liability insurance before passengers	1 404,3	0,6	1 507,9	0,7	7,4
Other classes of mandatory insurance	2 058,6	0,9	2 197,6	1,0	6,8
Voluntary personal insurance. including:	86 597,0	37,0	67 566,8	31,6	-22,0

Life insurance	26 084,4	11,1	22 298,4	10,4	-14,5
Annuity insurance	27 035,4	11,5	18 533,4	8,7	-31,4
Insurance against accidents	15 566,6	6,6	7 211,6	3,4	-53,7
Illness insurance	17 910,7	7,6	19 523,5	9,1	9,0
Voluntary property insurance. including	98 661,9	42,1	92 609,0	43,3	-6,1
Property insurance. except for clauses of 3.1-3.5	31 450,9	13,4	35 398,7	16,5	12,6
Civil liability insurance. except for clauses of 3.7-3.9	12 945,8	5,5	16 034,4	7,5	23,9
Insurance against other financial losses	28 475,2	12,2	14 050,6	6,6	-50,7
Motor car insurance	10 253,8	4,4	15 150,3	7,1	47,8
Cargo insurance	6 678,8	2,9	3 863,8	1,8	-42,1
Other classes of voluntary property insurance	8 857,5	3,8	8 111,2	3,8	-8,4

Diagram 2. Dynamics of insurance premiums per quarter**Table 5. Insurance premiums received by insurance sectors**

Insurance premiums by sectors of insurance	01.12.2013		01.12.2014		changes, %
	KZT million	% of total	KZT million	% of total	
Total by sectors of insurance	234 137,9	100,0	214 075,7	100,0	-8,6
Life insurance	53 119,8	22,7	40 831,7	19,1	-23,1
General insurance	181 018,1	77,3	173 243,9	80,9	-4,3

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

“Life insurance” sector. As of 1 December 2014, total insurance premiums collected in «life insurance» sector equaled to KZT 40 831,7 million, which is an 23,1% decrease vs. the same date of the last year.

“General insurance” sector. Total insurance premiums collected during the 11 months of 2014 in “General insurance” sector equaled to KZT 173 243,9 million, which is a 4,3% decrease vs. the same period of 2013.

Diagram 3. Dynamics of insurance premiums by insurance sectors

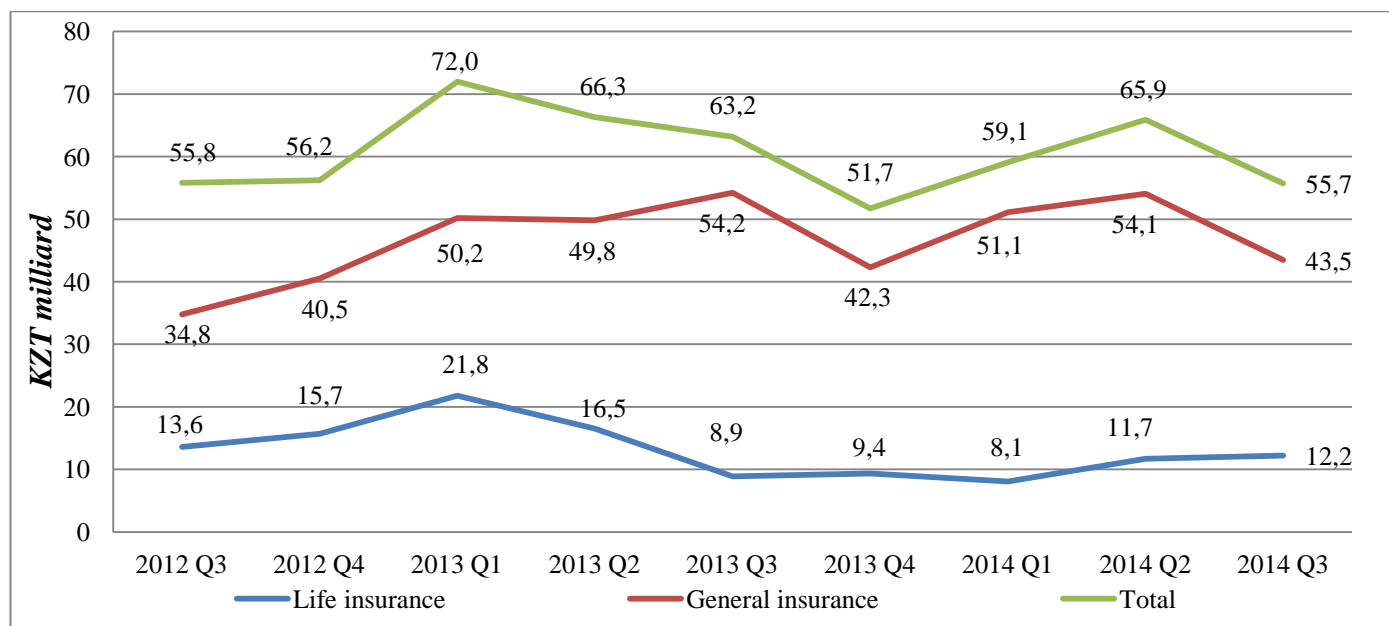


Diagram 4. The mix of insurance premiums in “Life Insurance” sector, %

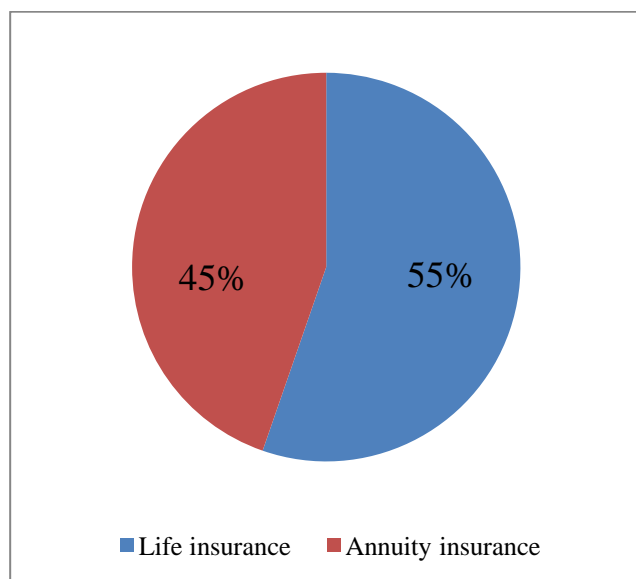
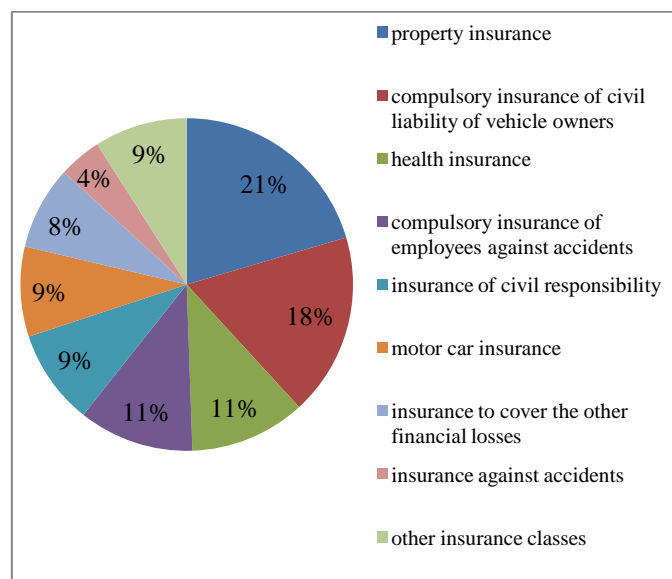


Diagram 5. The mix of insurance premiums in “General insurance” sector, %



V. REINSURANCE

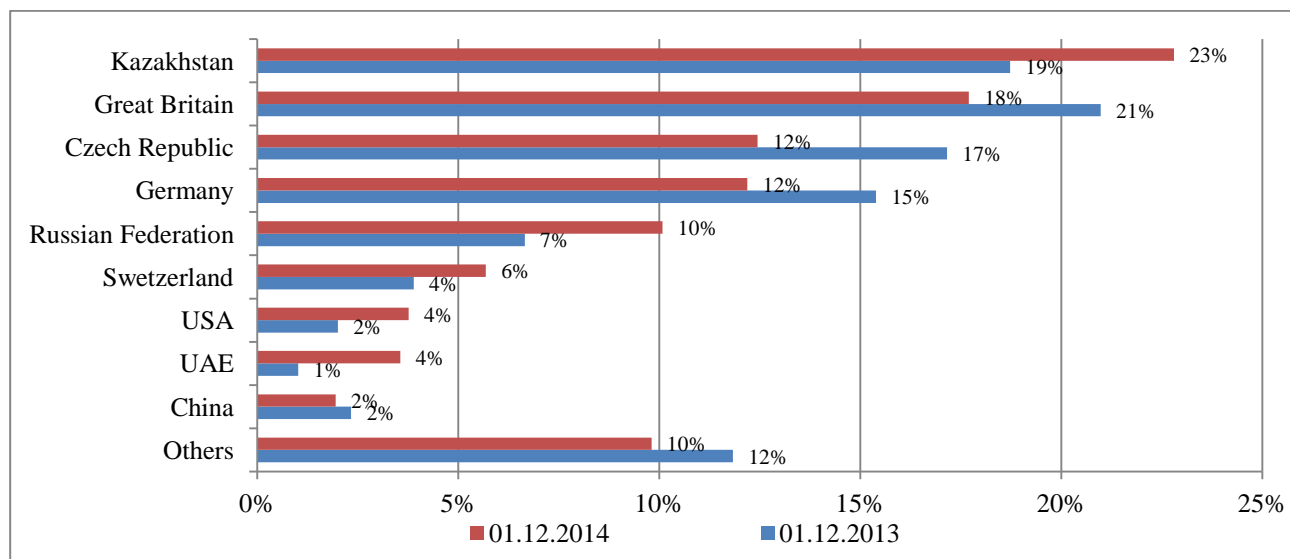
Table 6. Insurance premiums passed for reinsurance

Insurance premiums	01.12.2013		01.12.2014		changes, %
	KZT million	% of total *	KZT million	% of total *	
Total passed to reinsurance, including	69 978,5	29,9	75 629,9	35,3	8,1
to non-residents	56 878,9	24,3	58 385,1	27,3	2,6
to residents	13 099,7	5,6	17 244,8	8,1	31,6
Total received for reinsurance from non-residents	11 784,8	5,0	11 865,0	5,5	0,7

*in percentage under direct insurance agreements

Total insurance premiums passed for reinsurance equal to KZT 75 629,9 million, i.e. 35,3% of total insurance premiums. Herewith, 27,3% of total insurance premiums were passed to non-residents for reinsurance.

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



VI. INSURANCE CLAIMS

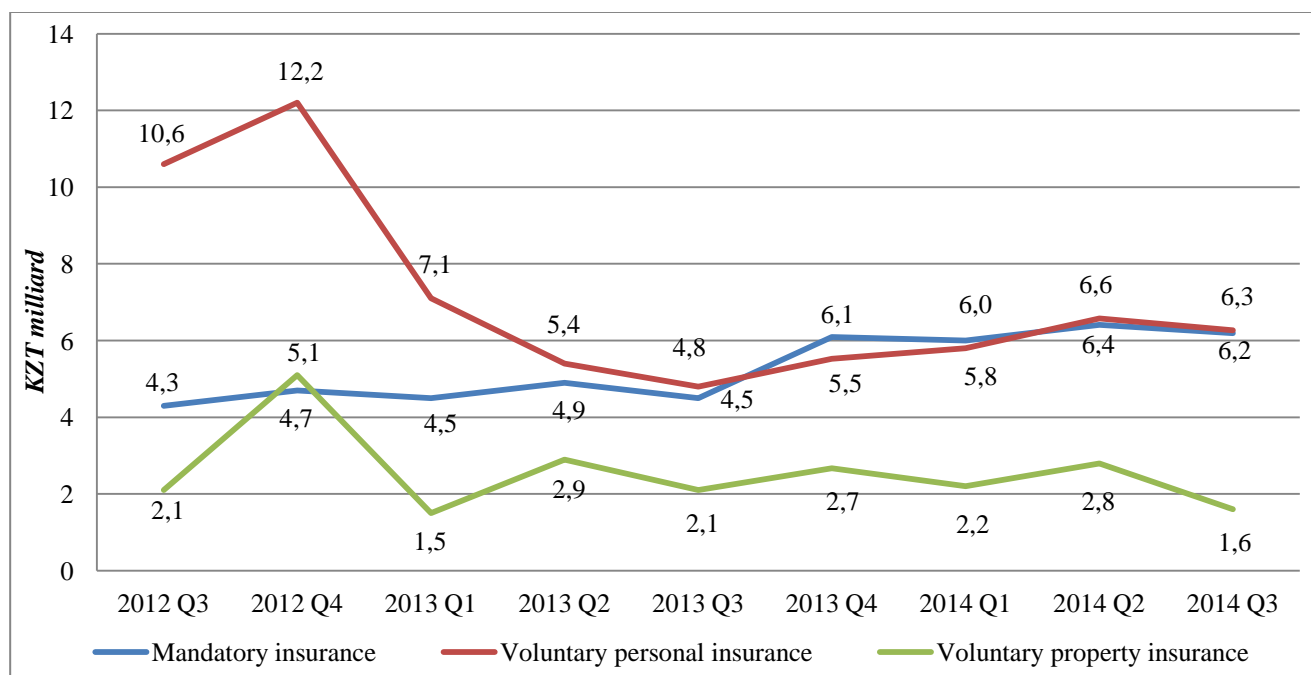
Table 7. Dynamics of insurance claims

Insurance claims	01.12.2013		01.12.2014		changes, %
	KZT million	% of total	KZT million	% of total	
Total, including:	46 627,7	100,0	55 578,3	100,0	19,2
Mandatory insurance, including:	17 734,8	38,0	23 905,5	43,0	34,8
Mandatory motor third party insurance	10 150,9	21,8	13 318,1	24,0	31,2
Insurance of employee against accidents when he/she performs his/her work (office) duties	7 058,6	15,1	9 298,7	16,7	31,7
Other classes	525,3	1,1	1 288,7	2,3	145,3
Voluntary personal insurance, including	20 811,9	44,6	22 773,1	41,0	9,4
Life insurance	684,2	1,5	734,9	1,3	7,4
Annuity insurance. including	8 098,2	17,4	7 884,0	14,2	-2,6
Insurance against accidents	299,2	0,6	338,3	0,6	13,1
Illness insurance	11 730,3	25,2	13 815,9	24,9	17,8
Voluntary property insurance, including:	8 080,9	17,3	8 899,7	16,0	10,1
Motor car insurance	2 358,4	5,1	4 100,2	7,4	73,9
Property insurance. except for clauses of 3.1-3.5	3 213,1	6,9	2 588,2	4,7	-19,4
Insurance against other financial losses	721,5	1,5	866,8	1,6	20,1
Civil liability insurance. except for clauses of 3.7-3.9	461,1	1,0	173,5	0,3	-62,4
Other classes	1 326,8	2,8	1 171,1	2,1	-11,7

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

Total insurance claims (less reinsurance claims), paid over the 11 months of 2014, equal to KZT 55 578,3 million, which is 19,2% more when compared to the same date of the last year.

Diagram 7. Dynamics of insurance claims



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

Table 8. Income and expenses of insurance/reinsurance organizations

Income/Losses	01.12.2013		01.12.2014		changes, %
	KZT million	%	KZT million	%	
Income from insurance activities	175 386,2	88,0	171 063,0	79,9	-2,5
Income from investment activities	23 229,8	11,7	41 129,3	19,2	77,1
Income from other activities	619,5	0,3	2 014,8	0,9	225,3
Total income	199 235,5	100,0	214 207,2	100,0	7,5
Net expenses related with insurance claims	41 029,4	24,9	49 680,4	31,0	21,1
Expenses related with payment of commission fees on insurance activities	40 175,1	24,4	32 507,3	20,3	-19,1
General and administrative expenses	39 539,5	24,0	42 465,7	26,5	7,4
Other expenses	43 917,0	26,7	35 581,4	22,2	-19,0
Total expenses	164 660,9	100,0	160 234,9	100,0	-2,7
Net income/loss before corporate income tax	34 574,6		53 972,3		56,1
Corporate income tax	6 324,0		8 200,7		29,7
Total net income/loss before taxes	28 250,6		45 771,6		62,0

At the reporting date, net income of the insurance sector was KZT 45 771,6 million, which is 62,0% more when compared to the same date of the last year.

Table 9. Macroeconomic indicators of the insurance sector

Key indicators of the insurance sector	01.12.2013	01.01.2014	01.12.2014
GDP, KZT bln. ¹	34 291,0	34 291,0	38 624,4
Insurance premiums to GDP ratio, %	0,68	0,74	0,55
Owner's equity to GDP ratio, %	0,74	0,74	0,76
Assets to GDP ratio, %	1,52	1,53	1,53
Insurance premiums per capita ratio, KZT ²	13 763,7	14 877,4	12 318,8

Table 10. Concentration of the insurance sector, %

Share of total indicators of the insurance market, %	01.12.2013	01.01.2014	01.12.2014
Insurance premiums of five largest insurance companies	37,7	37,6	37,7
Insurance premiums of ten largest insurance companies	55,4	56,6	52,0
Insurance indemnities of five largest insurance companies	35,5	35,0	32,2
Insurance indemnities of ten largest insurance companies	55,6	50,5	50,6
Assets of five largest insurance companies	49,7	49,1	49,0
Owner's equity of five largest insurance companies	62,9	62,8	58,1

Five largest insurance companies account for 37,7% of total premiums and 32,2% of total insurance indemnities. The share of five largest insurance companies in total assets of the insurance market is 49,0%.

¹ according to data of RK Ministry of Economy and Budget Planning;

² according to data of RK Statistics Agency, the population of Kazakhstan is 17 378 thousand people as of 1 November 2014.