

Current status of insurance market as of October 1, 2010

Insurance premiums

The total insurance premiums taken by insurance (reinsurance) organizations under direct insurance contracts over nine months of the year 2010 were KZT 106,142.8¹ million, which is 26.7% more than that of the same period of the last year.

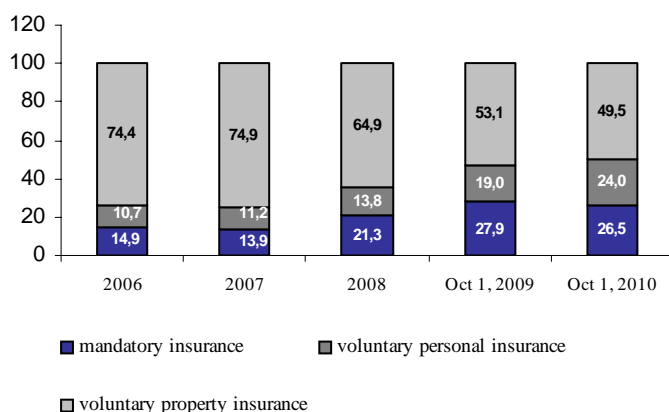
Insurance premiums inflow

KZT mln.

Insurance premiums inflow	October 1, 2009		October 1, 2010		Change as compared with October 1, 2009, %
	Amount	Share, %	Amount	Share, %	
Total including:	83,793.7	100.0	106,142.8	100.0	26.7
Mandatory insurance	23,368.4	27.9	28,116.5	26.5	20.3
Voluntary personal insurance	15,917.8	19.0	25,490.0	24.0	60.1
Voluntary property insurance	44,507.5	53.1	52,536.4	49.5	18.0

The total insurance premiums paid for mandatory insurance have exceeded the same indicator of the last year by 20.3%, and that for voluntary personal insurance have exceeded by 60.1%, and that for voluntary property insurance have exceeded by 18.0%.

Insurance premiums accepted, %



As for structure of premiums inflow, broken down by classes of insurance, as of October 1, 2010, one can state as follows:

compulsory insurance takes 57.0% (KZT 16 018.1 million) premiums inflows are from the civil liability insurance of motor vehicle owners, 33.0% (KZT 9,268.4 million) ones are from insurance of employee against accidents when he/she performs his/her

work (office) duties, 3.2% (KZT 906.8 million) ones are from the liability insurance of owners of facilities operation of which is related to damage to the third parties, and 6.8% of ones are other insurance inflows.

voluntary personal insurance takes 31.9% (KZT 8,132.6 million) of premiums inflow from illness insurance, 45.0% (KZT 11,479.6 million) ones are from annuity insurance, 18.4% (KZT 4,699.7 million) are from accident insurance, and 4.6% (KZT 1,178.0 million) are from life insurance.

voluntary property insurance takes 44.3% (KZT 23,254.5 million) of insurance premiums from property insurance (excluding insurance of vehicle, air, railway and water transport, and cargo insurance), 26.8% (KZT 14,063.4 million) ones are from liability insurance (excluding liability insurance of owners of motor vehicles, aircraft and watercraft), 11.0 % (KZT 5,793.8 million) are from insurance against other financial loss, and 17.9% are other insurance inflows.

The total insurance premiums collected broken down by insurance sectors (life, non-life) are as follows:

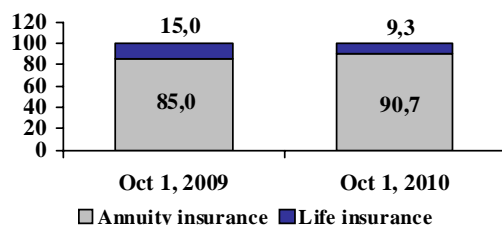
¹ This amount is indicated less insurance premiums accepted under reinsurance contracts.

Insurance premiums inflows by sectors	October 1, 2009		October 1, 2010		Change as compared with October 1, 2009, %
	Amount	Share, %	Amount	Share, %	
Total of insurance sectors	83,793.7	100.0	106,142.8	100.0	26.7
Life insurance	6,170.6	7.4	12,657.6	11.9	2.1 times
General insurance	77,623.1	92.6	93,485.2	88.1	20.4

When considering insurance premiums accepted under direct insurance contracts as broken down by regions of the Republic of Kazakhstan, one can note that the main share is taken by Almaty City, namely, 50.5% (KZT 53,640.3 million), Karaganda Region – 9.9% (KZT 10,466.3 million), Astana City – 7.6% (KZT 8,085.2 million), while other regions account for 32.0%.

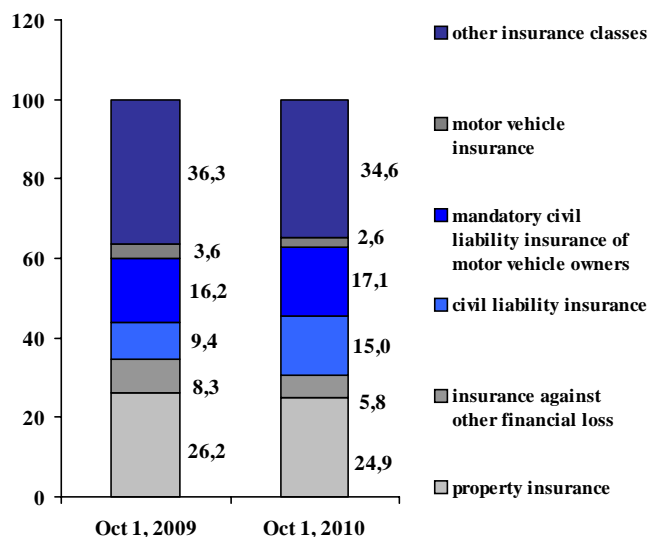
The biggest share of insurance premiums as broken down by economic activities is taken by insurance in mining industry, namely, 19.5% (KZT 20,697.8 million), and for individuals it takes 31.7% (KZT 33,687.7 million), for processing industry it takes 14.3% (KZT 15,212.2 million), while others take 34.5%

Breakdown of insurance premiums in life insurance sector, %



Life insurance sector. As of October 1, 2010, the amount of insurance premiums collected in life insurance sector is KZT 12,657.6 million, which is 2.1 times more than that of the same date of the last year. As of the reporting date, the share of premiums collected from life insurance sector is 11.9% while as of October 1, 2009 it was equal to 7.4%.

Breakdown of insurance premiums in general insurance sector, %



General insurance sector. The amount of insurance premiums collected during 9 months of 2010 is KZT 93,485.2 million, which is 20.4 % more than collected during the same period of 2009.

Reinsurance

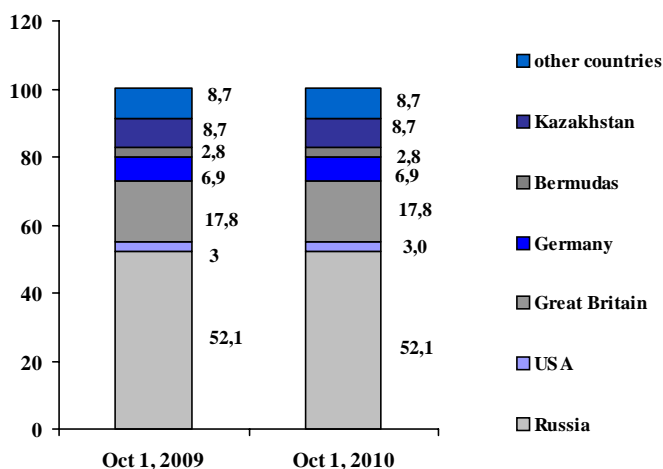
The amount of insurance premiums paid for reinsurance is KZT 46,712.7 million or 44.0% of the total insurance premiums. At the same time, 39.6 % of total insurance premiums are paid for reinsurance to non-residents.

The total insurance premiums accepted by insurance (reinsurance) organizations under reinsurance contracts are KZT 11,042.1 million. The sum of insurance premiums accepted for reinsurance from non-residents is KZT 5,899.1 million.

KZT mln.

	October 1, 2009		October 1, 2010	
	Amount	Share in total premiums, %	Amount	Share in total premiums, %
Insurance premiums paid for reinsurance				
Total insurance premiums, including	41,302.5	49.3	46,712.7	44.0
to non-residents	37,700.3	45.0	42,024.3	39.6
to residents	3,602.2	4.3	4,688.4	4.4
Total insurance premiums accepted for reinsurance from non-residents	15,906.6	19.0	5,899.1	5.6

Breakdown of insurance premiums paid for insurance by countries, %



In the total sum of insurance premiums paid for reinsurance, the major share was taken by voluntary property insurance premiums, namely, 86.9 %, while voluntary personal insurance accounted for to 2.3%, and compulsory insurance accounted for 10.8%.

Insurance indemnities

The total insurance indemnities paid for 9 months of 2010 are equal to KZT 18,722.1² million, which is 1.3% more as compared with the same period of the last year. The share of the insurance indemnities paid at the expense of indemnities paid by reinsurance organizations is equal to 16.5% (KZT 3,094.8 million).

KZT mln.

Insurance indemnities	October 1, 2009		October 1, 2010		Change as compared with October 1, 2009
	Amount	Share, %	Amount	Share, %	
Total, including:	18,484.3	100.0	18,722.1	100.0	1.3
Mandatory insurance	5,866.8	31.7	7,107.6	38.0	21.1
Voluntary personal insurance	5,905.2	31.9	9,290.4	49.6	57.3

² This amount is indicated less insurance indemnities paid under contracts accepted for reinsurance.

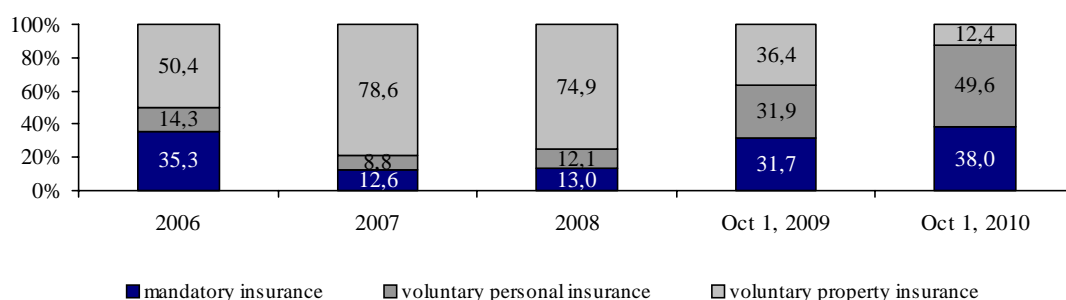
When considering the insurance indemnities paid as broken down by insurance classes as of October 1, 2010, one can note the following:

mandatory insurance: 46.7% (KZT 3,319.4 million) are civil liability insurance indemnities paid to motor vehicle owners, 44.9% (KZT 3,193.7 million) are indemnities paid under insurance of employee against accidents when he/she performs his/her work (office) duties, 7.8% (KZT 552.8 million) of indemnities are paid under crop insurance, and 0.6% are paid under other insurance sectors;

voluntary personal insurance: 53.1% (KZT 4,930.7 million) of indemnities are paid under illness insurance, 4.3% (KZT 399.7 million) are accident insurance indemnities, and 41.3% (KZT 3,838.7 million) are annuity insurance indemnities;

voluntary property insurance: 6.1% (KZT 142.8 million) are indemnities paid under insurance against other financial losses, 39.0% (KZT 905.8 million) are motor vehicle insurance indemnities; 22.3% (KZT 518.9 million) are property insurance indemnities (excluding insurance of motor vehicles, air, rail and water transport, and cargo insurance), and 32.6 % of indemnities are other insurance classes.

Breakdown of insurance indemnities, %



When considering insurance premiums accepted under direct insurance contracts as broken down by regions of the Republic of Kazakhstan, one can note that the main share is taken by Almaty City, namely, 37.6% (KZT 7,039.7 million), Astana City, 12.6% (KZT 2,353.3 million), Karaganda Region, 14.1% (KZT 2,636.3 million), and others, 35.7%.

The biggest share of insurance indemnities as broken down by economic activities is taken by insurance in mining industry, 26.5% (KZT 4,956.4 million), for individuals it takes 43.8% (KZT 8,205.2 million), for real estate operations, rent and services to consumers, it takes 5.4% (KZT 1,013.6), while others account for 24.3%

In the total insurance indemnities paid from January through September 2010, the biggest share of indemnities is taken by illness insurance, namely, 26.3% of total indemnities paid.

General information on insurance market

As of October 1, 2010, 40 insurance organizations (including 7 life insurance ones), 13 insurance brokers and 65 actuaries were licensed to perform their activities in Kazakhstan insurance market.

Institutional structure of insurance market	As of October 1, 2009	As of October 1, 2010
Number of insurance organizations including	43	40
life insurance ones	7	7
Number of insurance brokers	12	13

As of the reporting date, 28 insurance organizations are participants of Insurance Indemnity Guarantee Fund JSC.

Capital. As of October 1, 2010, total equity capital of insurance organizations is equal to KZT 201,021.7 million.

KZT mln.

Financial indicators	October 1, 2009	October 1, 2010	Change as compared with October 1, 2009, %
Total assets	307,202.7	339,707.4	10.6
Liabilities	124,855.8	138,685.6	11.1
including insurance reserves	109,213.9	120,994.3	10.8
other liabilities	15,641.9	17,691.3	13.1
Equity capital (as per balance sheet)	182,346.9	201,021.7	10.2

Assets. As of October 1, 2010, the total assets of insurance organizations is equal to KZT 339,707.4 million, which is 10.6% more than that of the same indicator as of October 1, 2009, including:

KZT mln.

Assets	October 1, 2009		October 1, 2010		Change as compared with October 1, 2009, %
	Amount	Share, %	Amount	Share, %	
Cash	10,930.4	3.6	20,175.5	5.9	84.6
Deposits placed	70,653.4	23.0	74,666.6	22.0	5.7
Securities	125,968.1	41.0	151,612.7	44.6	20.4
Reverse REPOs	9,764.5	3.2	6,496.1	1.9	-33.5
Insurance premiums receivable from insureds and intermediaries	23,378.5	7.6	15,548.2	4.6	-33.5
Fixed assets	4,226.7	1.4	4,938.3	1.5	16.8
Reinsurance assets	45,971.1	14.9	50,200.3	14.8	9.2
Other accounts receivables	11,677.1	3.8	10,714.8	3.2	-8.2
Other assets	4,632.9	1.5	5,354.9	1.6	15.6
Total assets	307,202.7	100.0	339,707.4	100.0	10.6

Liabilities. As of October 1, 2010, the sum of liabilities of insurance (reinsurance) organizations is KZT 138,685.6 million, which is 11.1% more than that of the same date of the last year.

As of the reporting date, the amount of insurance reserves formed by insurance (reinsurance) organizations to perform their obligations under current insurance and reinsurance contracts is KZT 120,994.3 million, which is 10.8% more than the reserves formed as of October 1, 2009.

Investment portfolio

KZT mln.

Investment portfolio	October 1, 2009		October 1, 2010		Change as compared with October 1, 2009, %
	Amount	Share, %	Amount	Share, %	
RoK governmental securities	37,769.7	18.3	51,028.8	21.9	35.1
Deposits with secondary tier banks	70,653.4	34.2	74,666.6	32.1	5.7
International financial organization securities	2,166.3	1.1	5,497.5	2.4	2.5 times
Investment fund units	149.8	0.1	150.9	0.1	0.1
Non-governmental securities of RoK issuers	64,186.6	31.1	75,199.7	32.3	17.2
Governmental securities of foreign issuers	5,614.8	2.7	5,776.6	2.5	2.9
Non-governmental securities of RoK non-resident issuers	16,080.9	7.8	13,959.2	6.0	-13.2
Reverse REPOs	9,764.5	4.7	6,496.1	2.8	33.5
Total	206,386.0	100.0	232,775.4	100.0	12.8

When considering investment portfolio of insurance (reinsurance) organizations as of October 1, 2010, one can note that the share of RoK governmental securities has increased, for example, as of the reporting date their share in total investment portfolio is 21.9% as compared with 18.3% as of October 1, 2009.

Concentration of insurance market

The period under review shows an increase in concentration of the insurance market in terms of insurance premiums and a decrease in insurance indemnities paid. Five largest insurance companies account for 42.0% of the total premiums and 32.9% of the total insurance indemnities paid.

The share of the five largest insurance companies in the total assets of the insurance market is 53.2%.

Share of total indicators of insurance market, %	As of October 1, 2009	As of October 1, 2010
Insurance premiums of five largest insurance companies	52.0	42.0
Insurance premiums of ten largest insurance companies	69.3	51.3
Insurance indemnities of five largest insurance companies	48.5	32.9
Insurance indemnities of ten largest insurance companies	70.6	37.0
Assets of five largest insurance companies	52.3	53.2
Equity capital of five largest insurance companies	60.8	62.4

Key indicators of insurance market	As of October 1, 2009	As of October 1, 2010
GDP, KZT bln	16 865,2 ³	19 303,6
Insurance premiums to GDP ratio, %	0,50 ⁴	0,55
Equity capital to GDP ratio, %	1,08	1,04
Assets to GDP ratio, %	1,82	1,76
Insurance premiums per capita ratio, KZT ⁵	5 304	6 556

This information has been prepared by the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organizations.

³ These are data from official website of the Ministry of Economy and Budget Planning of the Republic of Kazakhstan (according to amendments to Forecast of Social and Economic Development and Budget Parameters of the Republic of Kazakhstan in 2009-2013 approved at the meeting of the Government on August 26, 2008 (minutes No. 32 of the meeting of the Government dated August 26, 2008))

⁴ Insurance premiums accepted from January through September of 2010

⁵ According to data of the Statistics Agency of the Republic of Kazakhstan, the population of Kazakhstan is 16,189,667 people as of September 1, 2010