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## **Interview with Mrs. Enkeleda SHEHI, Chairperson, Albanian FSA**

### **XPRIMM: How would you comment on the market's results for 2012?**

**Enkeleda SHEHI:** According to the preliminary results that we have collected, in 2012 the market saw a 9% increase in gross written premiums, as compared with 2011. The market continued to be dominated by Non-Life insurance, which takes over around 90% of the total premium volume. Compulsory motor insurance, accounting for 51% of the market premiums, remains the main business line.



The most dynamic portfolios during 2012 were DMTPL, with a 53% increase in premium volume and 'fire and other damages to property', with a 22% increase.

Gross paid claims during the year 2012 were 27% higher as compared with 2011, 75% of all claim payments during 2012 being attributed to motor insurance portfolio.

### **XPRIMM: What can you tell us about the insurers' profitability in 2012?**

**E.S.:** The non-life insurer's profitability in 2012 exhibited an increase in comparison with 2011. In 2012 the non-life insurer's profitability accounted for 68% of the total market profit, with five out of the total eleven insurers contributing to 91% of the overall market profitability. The non-life insurer's profitability increase has been affected by the increase in the investment income. The non-life market has a low technical result but yet positive. The main insurance line that contributed in the non-life insurers' positive technical result is the motor portfolio, whereas other positive technical results have been recorded in the general liability and accidents & health portfolio.

### **XPRIMM: Did insurance legislation of your country suffer any changes in 2012?**

**E.S.:** During 2012, three main laws have been revised, but the changes have yet to be approved by the Albanian parliament. The main one, the insurance and reinsurance law, has been already drafted and awaiting approval. The other two laws, respectively the AFSA law and the

compulsory insurance law in the area of transport, are still being discussed with the relevant actors in the country.

**XPRIMM: What can you tell us about the distribution channels development in 2012? How much of the premium production was intermediated by the insurance brokers? How much was realized through bancassurance arrangements?**

**E.S.:** The main distribution channel remains through agents, while brokers contribute only to 12% of premium distribution. There is also a good portion of business generated through banks, mainly in property portfolio and debtor's life, where banks are the beneficiaries due to the bank interest involved, but there are no licensed banks to act as intermediaries yet.

**XPRIMM: Which were the most important factors that influenced the market's development in 2012?**

**E.S.:** In 2012, the main factor influencing the market growth has been Motor insurance, with an increase of 18% in premium volume, whereas DMTPL premiums alone have increased by 53%. Following the liberalization of tariffs, since the second half of 2011, the market is free to set their own tariffs, which on average has seen the prices go up, compared to 2011. There is also a quite strong increase in property insurance, more precisely, fire and other damage to property portfolio has experienced as much as 22% growth in the premium volume for 2012.

**XPRIMM: What are the market perspectives for 2013?**

**E.S.:** The year 2013, albeit showing early signs of growth, is expected to be a difficult year for the insurance market, mainly due to the pricing transition the MTPL portfolio is undergoing. On average DMTPL premiums have almost doubled in 2012 compared to 2011, but the pricing instability and the fierce competition do play also their role, in taking away from the market its real growth potential and delaying the penetration in other insurance classes. During 2013, with the WB assistance, AFSA will provide the necessary infrastructure for the operators to start pricing according to the risks, which is very important at the current stage. AFSA has built and improved in the recent year the Motor Information Centre, including the online sales register and central claim database for MTPL, which will provide the market with aggregate risk data, crucial for pricing purposes.