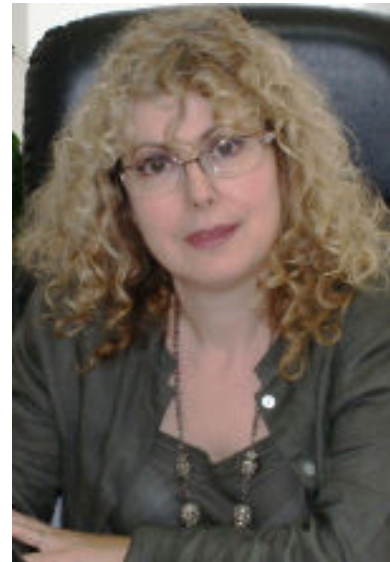


Published on November 10, 2016

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XPRIMM: *How do you comment on the 1H2016 overall results of the Albanian insurance market? What are the main trends recorded during the period?*

Enkeleda SHEHI: Overall, during the 1H2016 the Albanian insurance industry experienced positive developments in terms of the overall premium volume. The insurance market reached over ALL 6,619 million (47.99 million EUR) for the period January - June 2016, or 2.97% more compared to the period January - June 2015.

The market continued to be dominated by Non-Life insurance, which share was 92.68% of the total premium volume, Life insurance and Reinsurance market share was respectively 6.89% and 0.43% of the total premium volume. Market shares of voluntary and compulsory insurance gross written premiums were respectively 41.15% and 58.85%. Non-Life voluntary insurance during the period January - June 2016 experienced a decrease by 1.63% compared to the same period last year.

Payment of claims, during the period January - June 2016, increased by 29.92% compared to the period January - June 2015. Most of the gross paid claims were related to Motor insurance, about ALL 1,255 million (9.1 million EUR) or 66.13% of total gross paid claims.

XPRIMM: *What are your expectations for the end year results?*

E.S.: According to the estimations based on some market analysis of the GWP trend in 2016, a significant growth of gross written premiums is expected during the second half of year 2016. This can be attributed to a number of factors, including the increase of domestic MTPL price by 20% starting from August 2016; seasonal effects always taking place in the second half of the year; the private sector credit growth can lead to the increase of life and property insurance policies related to the credit. The existing potential regarding the number of policies of voluntary insurance products could be another factor contributing to the GWP increase.

XPRIMM: *Life insurance and property insurance lines have seen a negative change in GWP in 1H2016. We would highly appreciate more details explaining this trend*

E.S.: Gross written premiums in Life insurance business reached the value of ALL 456 million (3.31 million EUR), which indicates a decrease by 4.43% compared to the period January - June 2015. The decrease is mainly affected by the decrease of Debtor's life portfolio by 17.2% and Life with savings portfolio by 8.99%. The share of these two portfolios in the total value of Life-Insurance is the biggest with 77.73%, meaning that a decrease of these two portfolios would have a big impact on the Life insurance activity. The number of Life insurance policies reached 50,102 indicating a decrease by 6.09% compared to the period January - June 2015. As a consequence of a restrictive credit policy of banks and of the low business loan during the 1H2016, life insurance experienced a decrease as well.

Property insurance line decreased by 20.14% compared with the same period of the previous year. The reason for the decrease of total premium can be ascribed to the tax increase from 3% to 10%, leading to a fall of demand for this type of insurance, but as well to the fact that this type of insurance is also credit-related.

XPRIMM: *Claims paid for the property insurance - "Fire and allied perills" class have seen a significant increase, although the overall amount is not very high. What was the main reason for this high growth?*

E.S.: Claims paid for the insurance against Fire and natural forces have increased 11 times more in comparison to the same period of the previous year. This led to an increase of the specific share of this class in the total value of the Non-Life insurance from 1.41% in January-June 2015 to 12.87% in January-June 2016. The increase can be ascribed to the claims made until 2015, but that by court decision (in the case of claims in court proceedings) were paid in the first half of 2016.

XPRIMM: *The MTPL insurance line's increase in GWP seems to calm down, as compared with the previous periods. Would you consider the MTPL's market status as reaching an equilibrium point?*

E.S.: The MTPL insurance increased by 6.39 % during 1H2016 compared with the same period of the previous year. The number of MTPL policies increased by 8.19% in comparison to the period January-June 2015. The compulsory motor insurance continues to have, with 63%, the biggest share of non-life insurance in terms of gross written premiums. The MTPL's market still hasn't reached the equilibrium point as it is expected a rise in the MTPL gross premium volume during the next years. This rise can be driven by many factors such as: the number of uninsured cars, which is still high, the high difference of average premium between Albania and the region, the collaboration of AFSA with the universities in promoting the insurance sector. Based on the observation in the region and characteristics of insurance market the growth will start to decrease in the coming years.