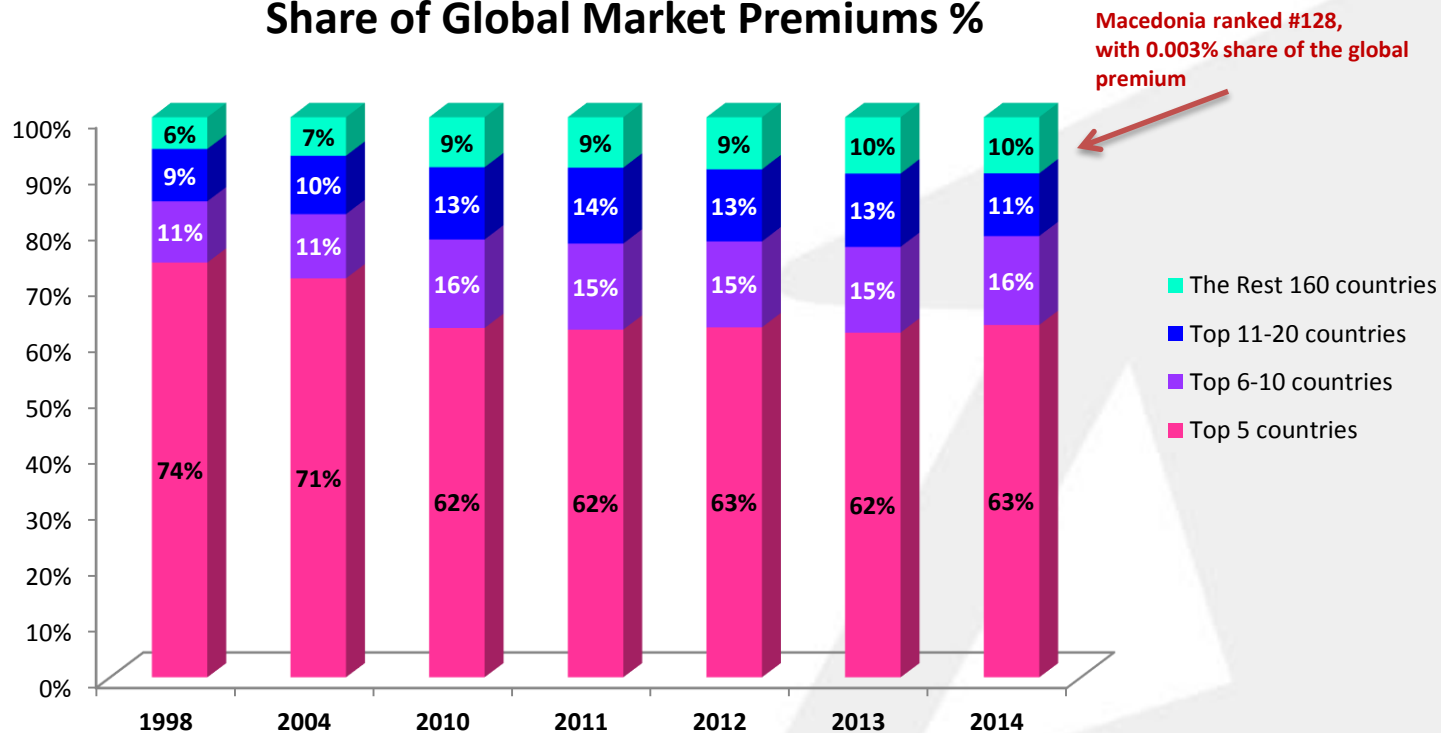
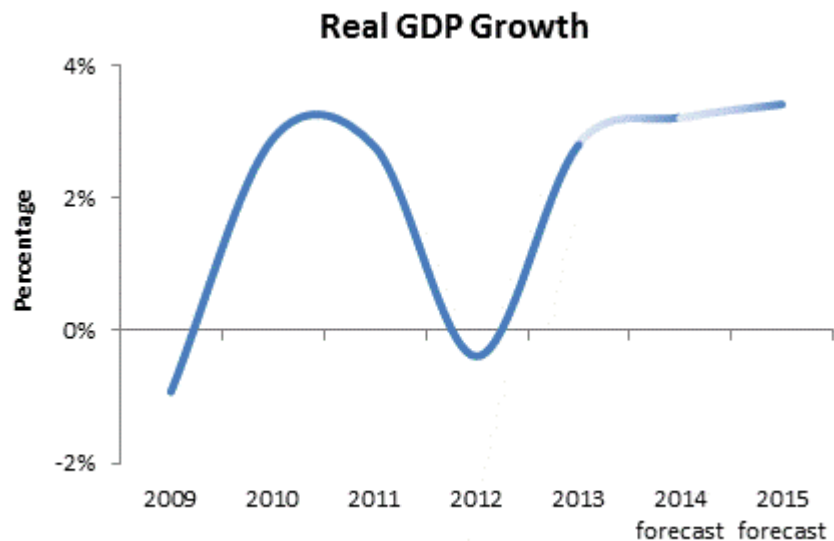


GLOBAL INSURANCE: RECENT DEVELOPMENTS AND CHALLENGES AND THE IMPACT ON MACEDONIA

THE INTERNATIONAL FLAVOUR AND SOME KEY
ISSUES MACEDONIA SHOULD PLAN FOR

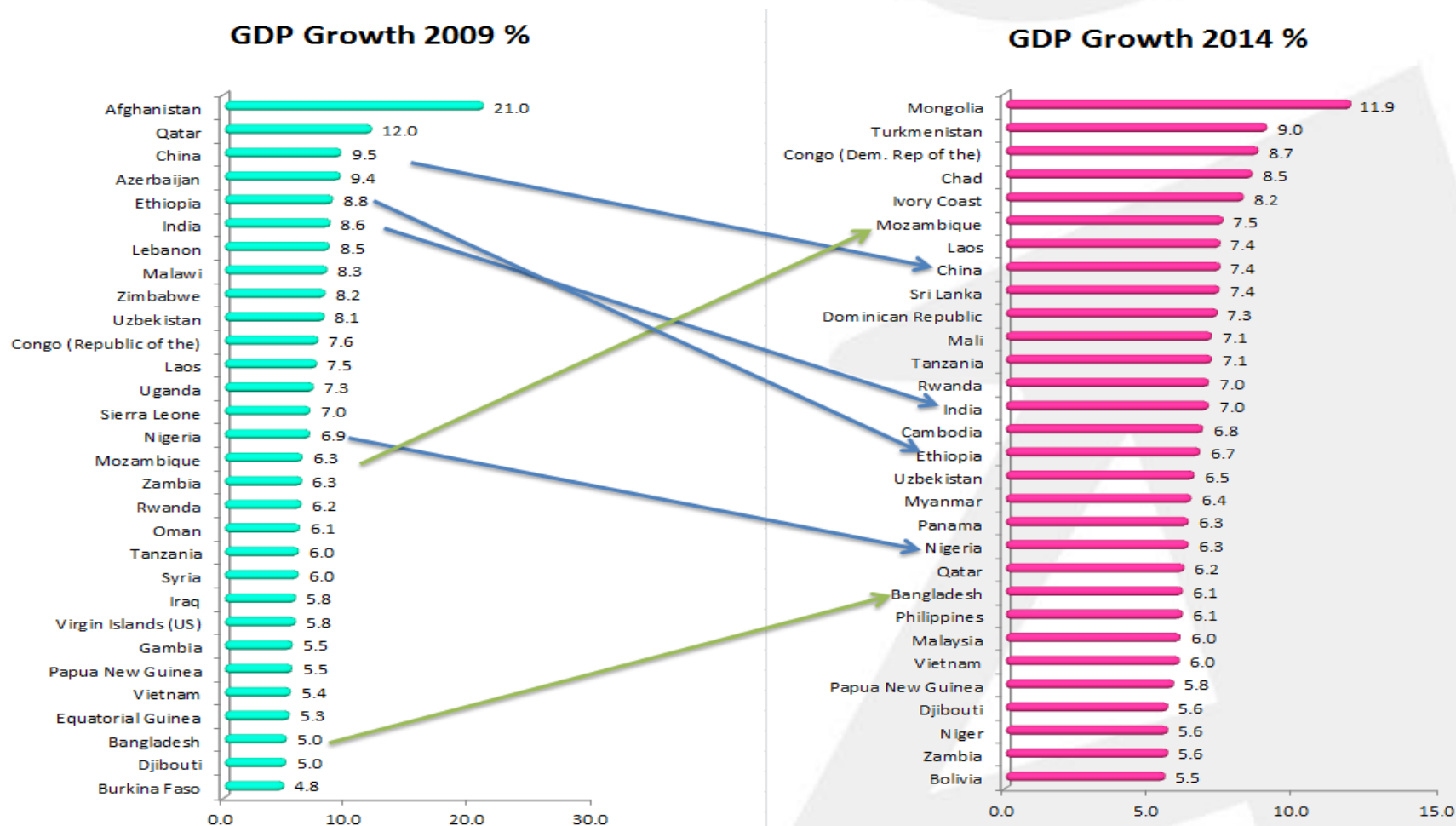
Share of Global Market Premiums %



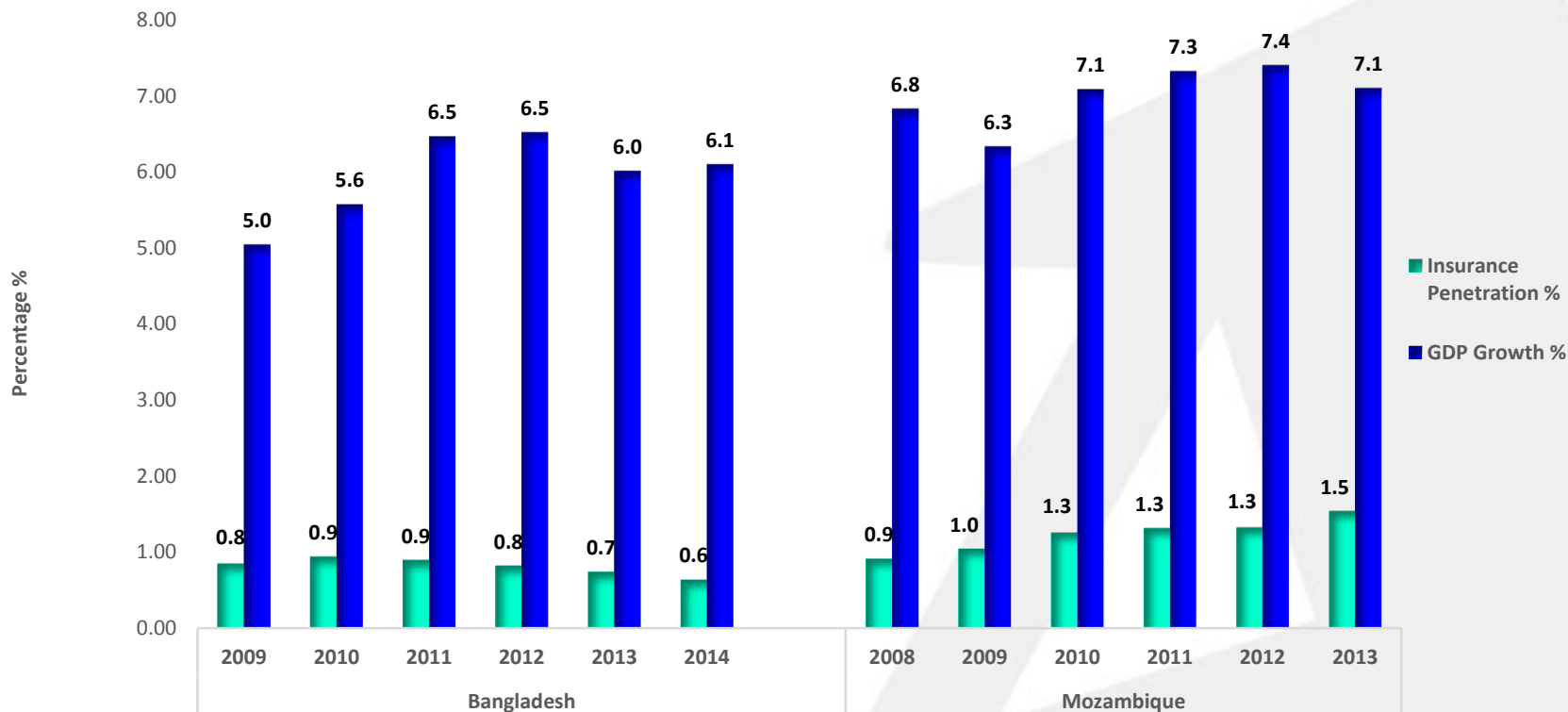


Macedonia

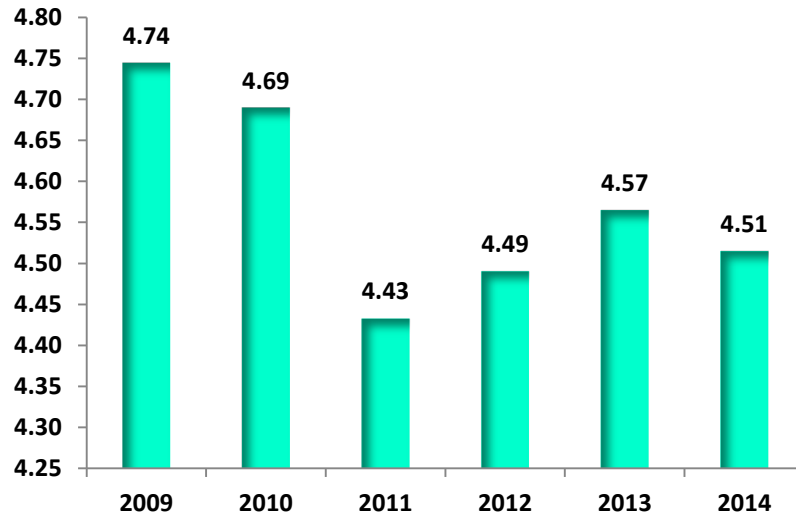




**Bangladesh and Mozambique
Total Market Insurance Penetration % vs. GDP Growth %**

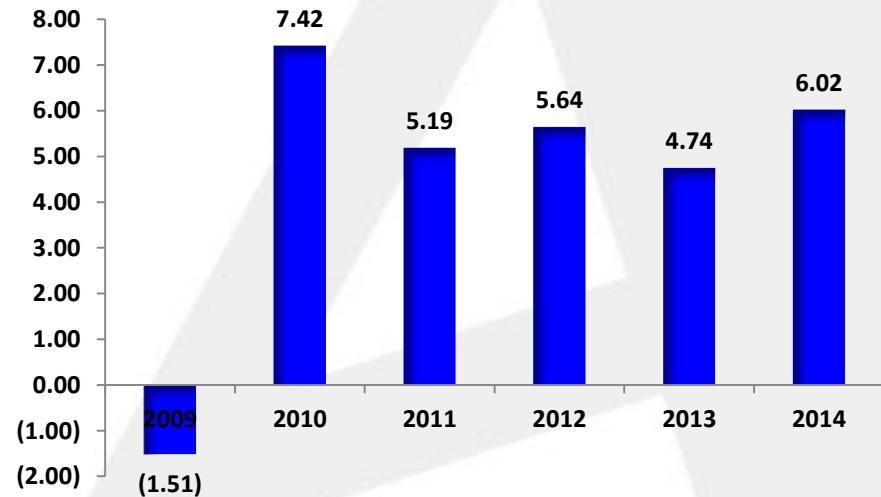


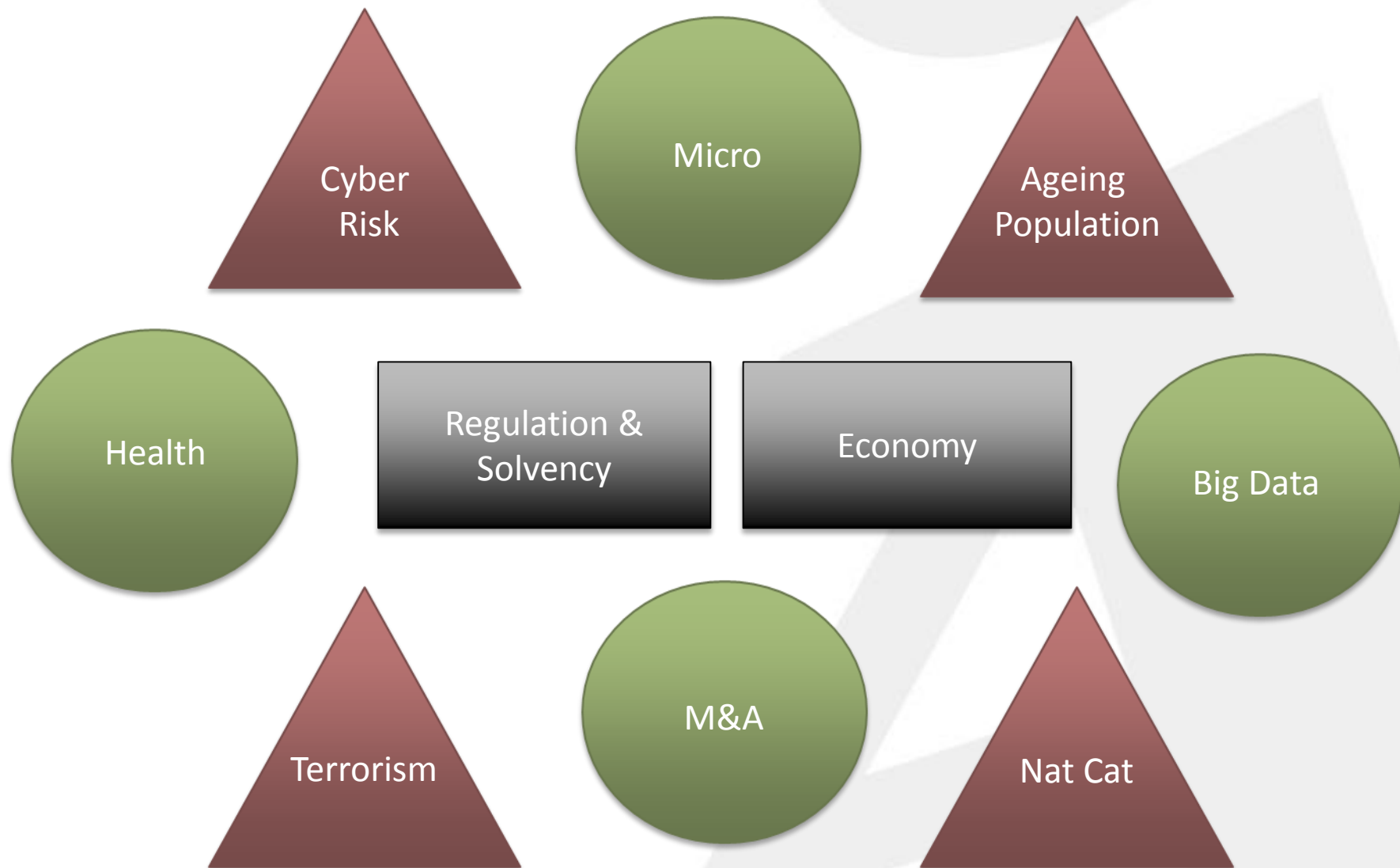
Malaysia Insurance Penetration %



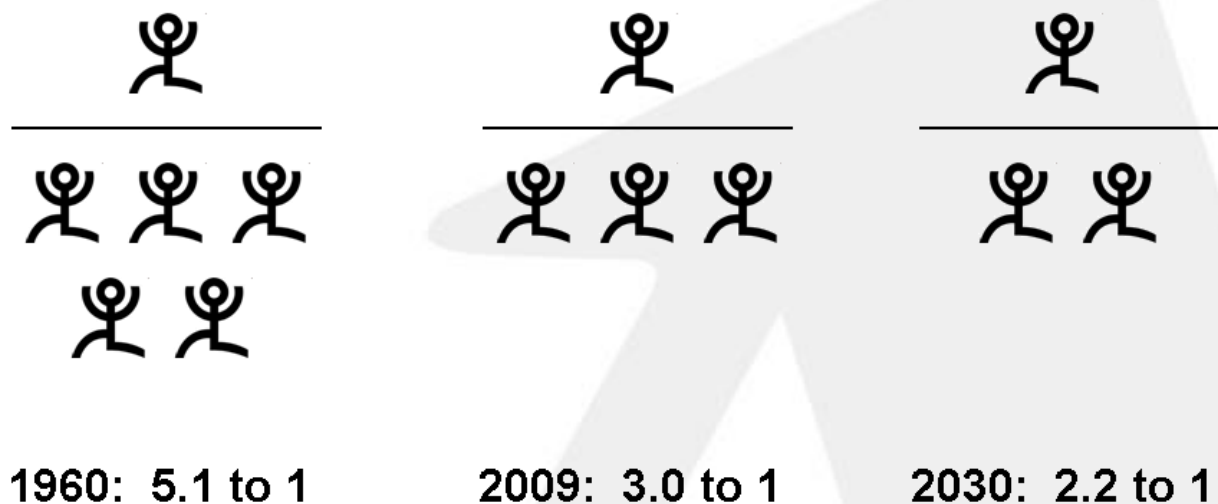
GDP Growth needs to filter down

Malaysia GDP growth %



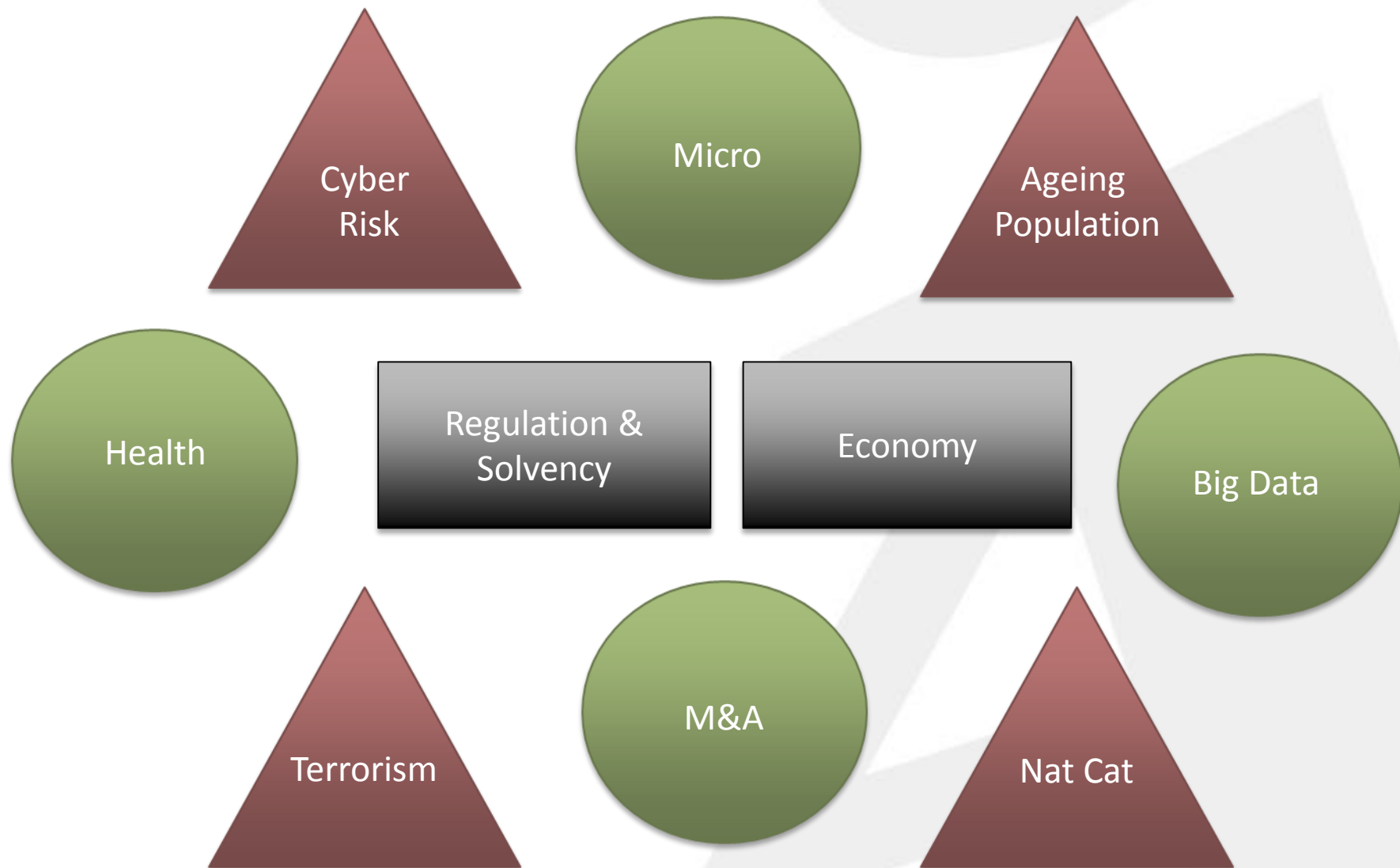


Social Security: Worker to Beneficiary Ratio



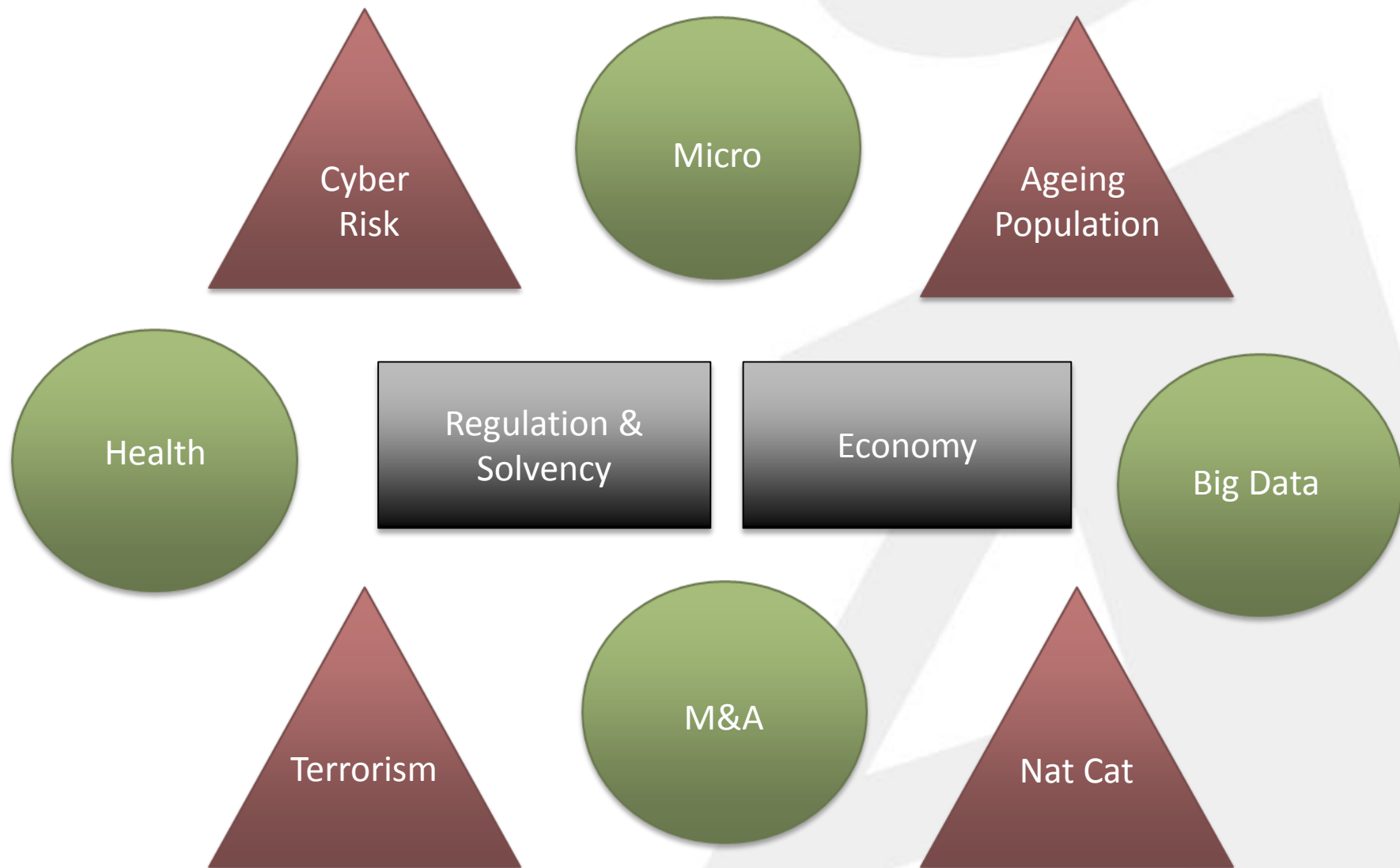
Source: Social Security Administration Trustees Report Table IV.B2
Ratio of covered workers to beneficiaries

Anticipate & plan for problems ahead



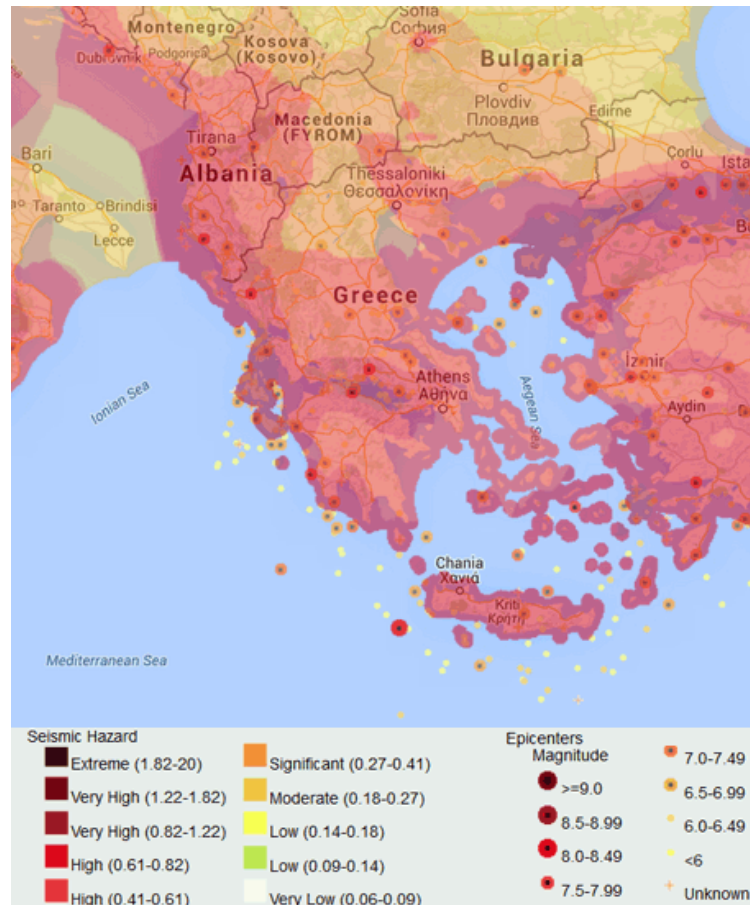
- Mexico
“...expected to lead to consolidation of insurance industry...”
- Chile
Insurance Companies’ Association: “...increased costs ... higher premiums, loss of business ... lower profits ...flight of capital to less risky industries...”
- BVI
...Difficult to adopt in such a small market...

Prudent and properly financed supervision needs to be effective.



Macedonia and Similar Markets by Location:

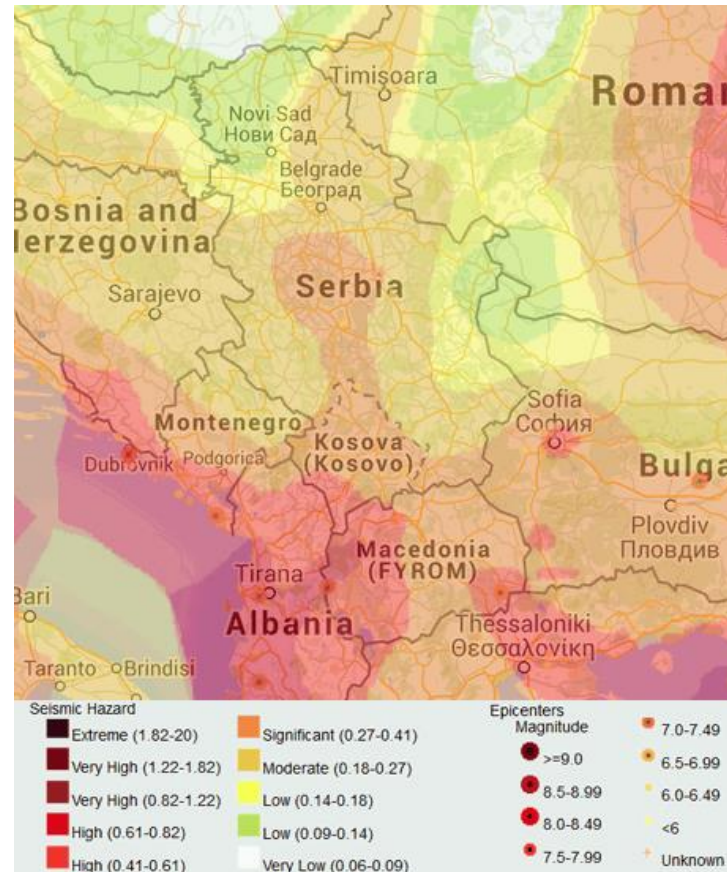
Greece



CatNet, Swiss Re

Macedonia and Similar Markets by Location:

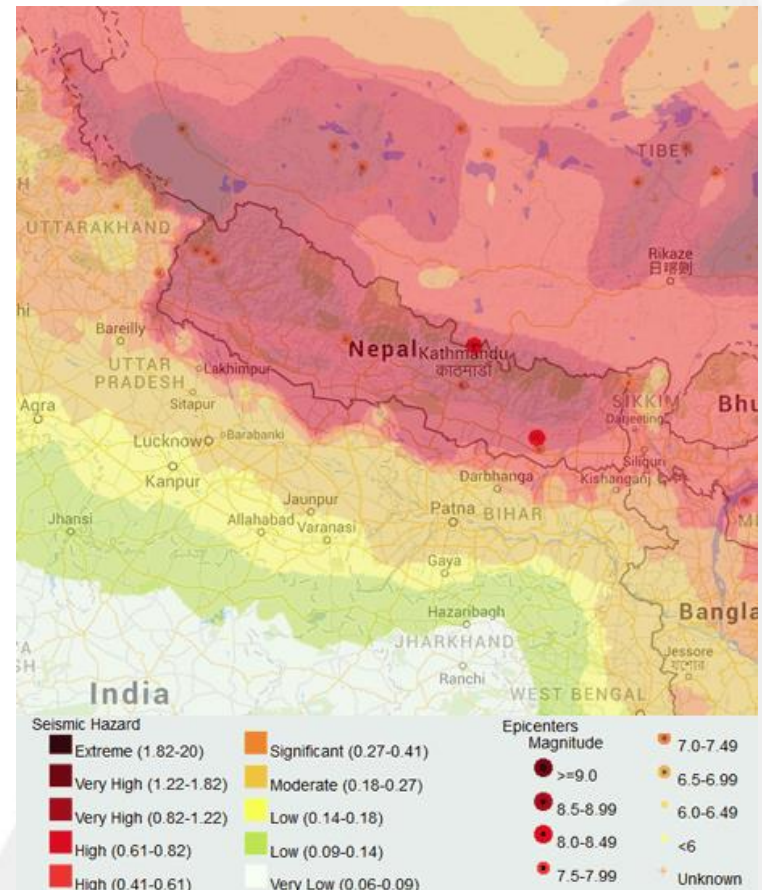
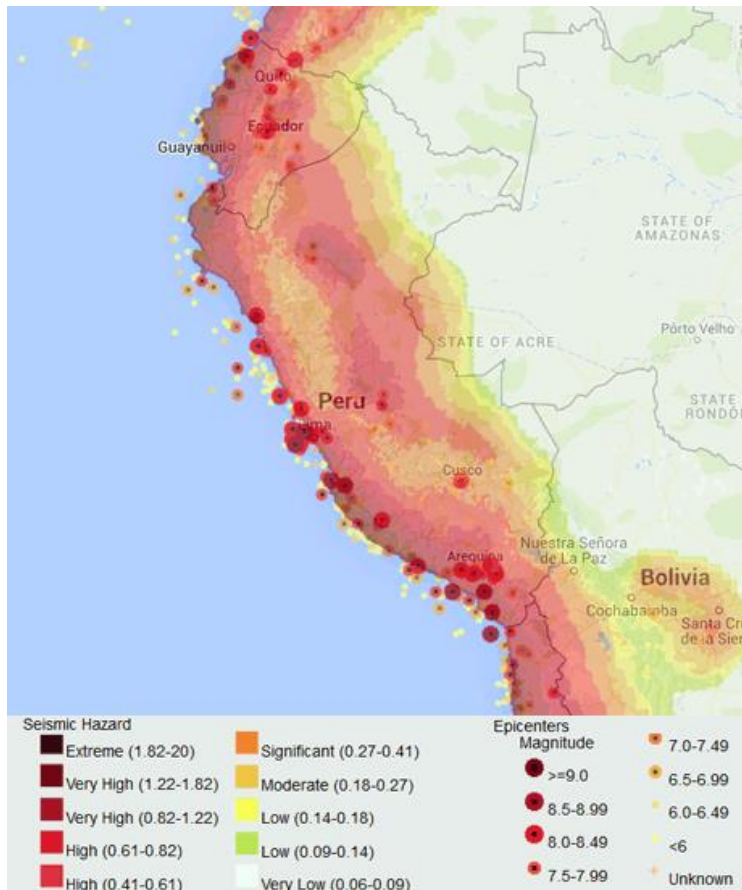
Serbia



CatNet, Swiss Re

	Building Regs	Reinsurance / Pool	Cover Availability
Macedonia	Yes	Yes	Excluded from most policies
Greece	Yes, but...3.4mn need reinforcing	International market widely used	Available / declining
Serbia	Yes, except self build	Yes	Widely available as optional cover

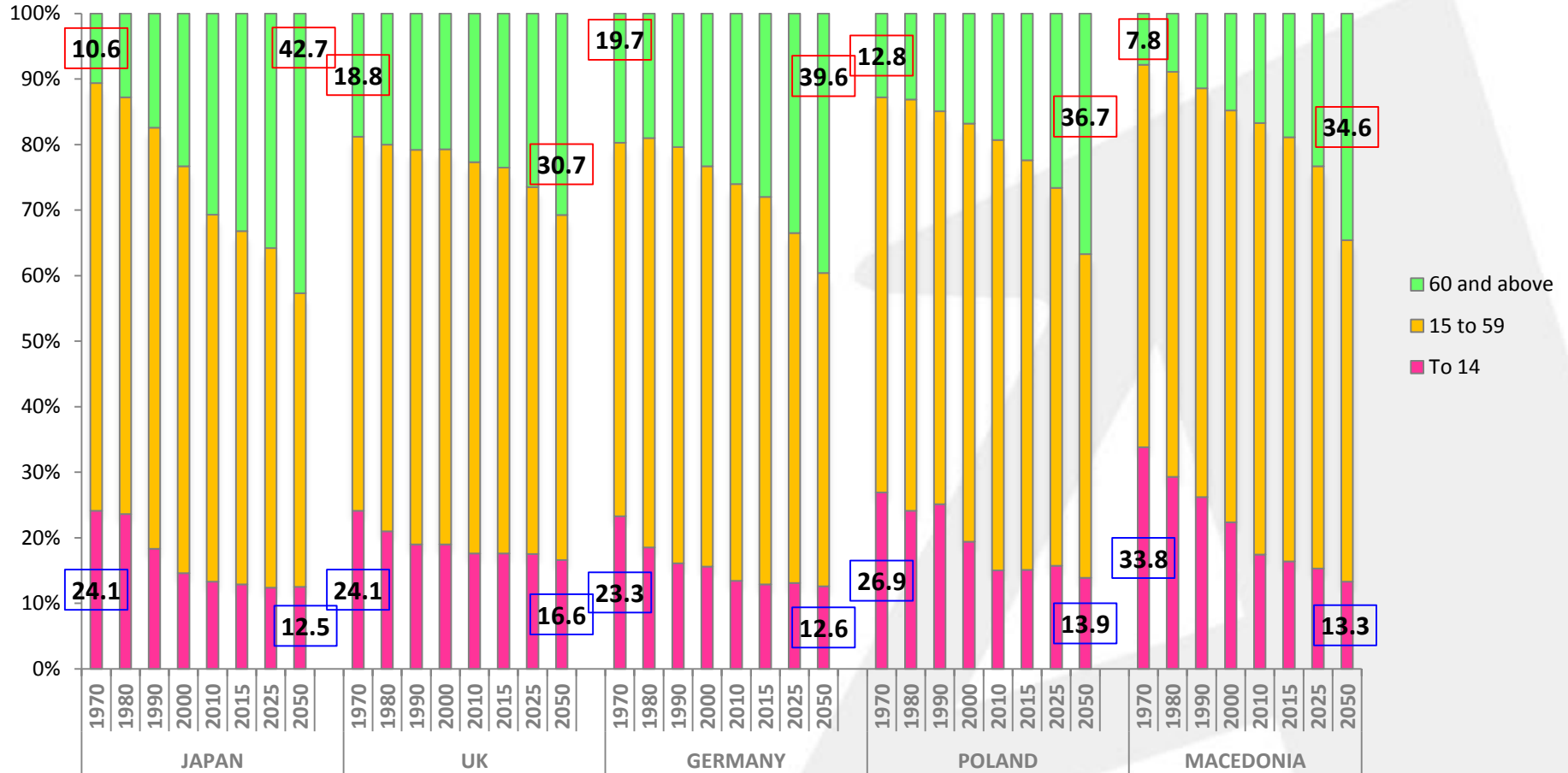
Similar Markets by Dynamics: Peru & Nepal



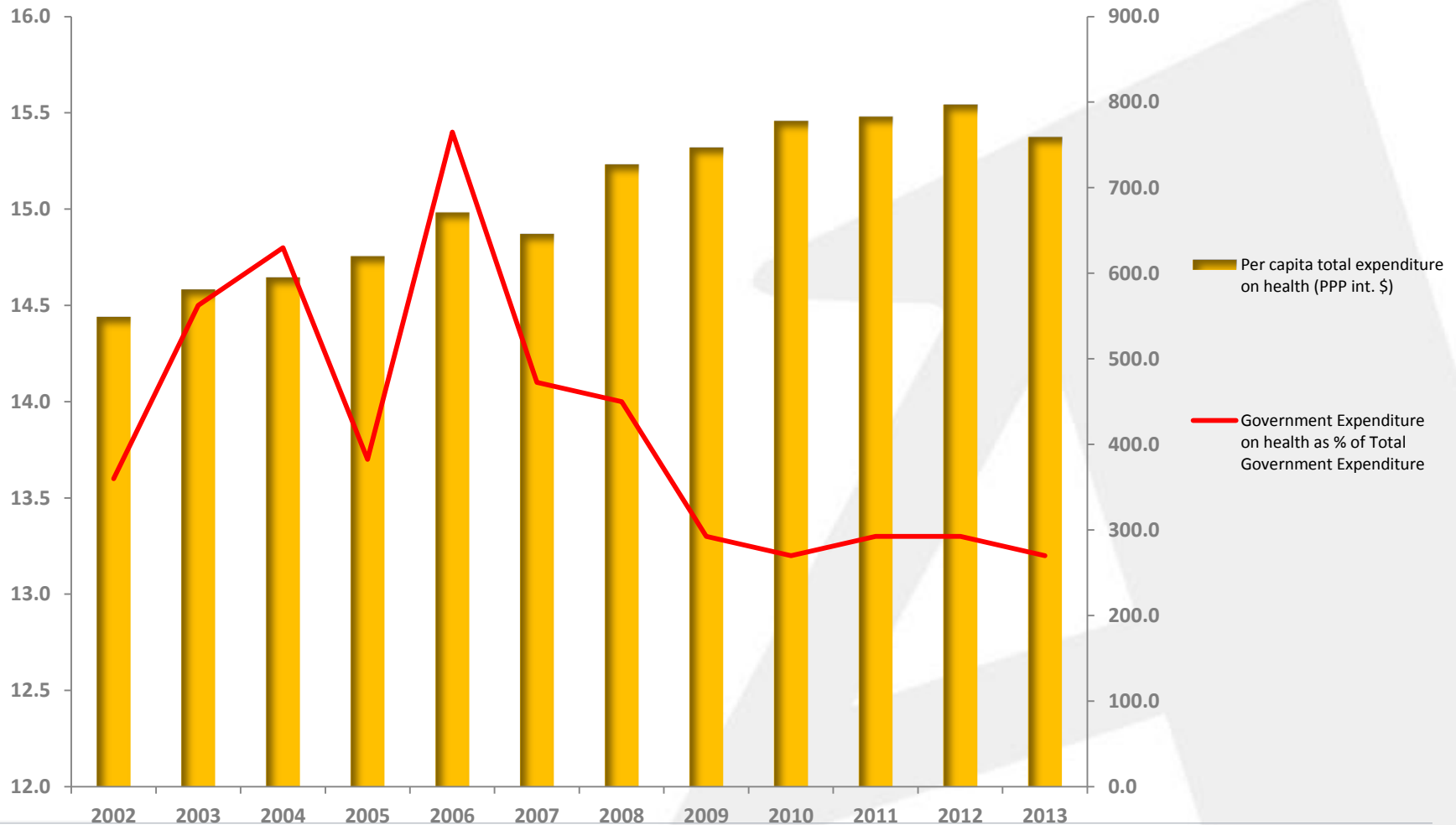
	Building Regulation	Reinsurance / Pool	Cover Availability
Macedonia	Yes	Yes	Excluded from most policies
Nepal	Yes	International market widely used	Insurers required to offer cover
Peru	Yes (high)	International market widely used	Industrial / commercial risks widely covered. Private residence is optional.



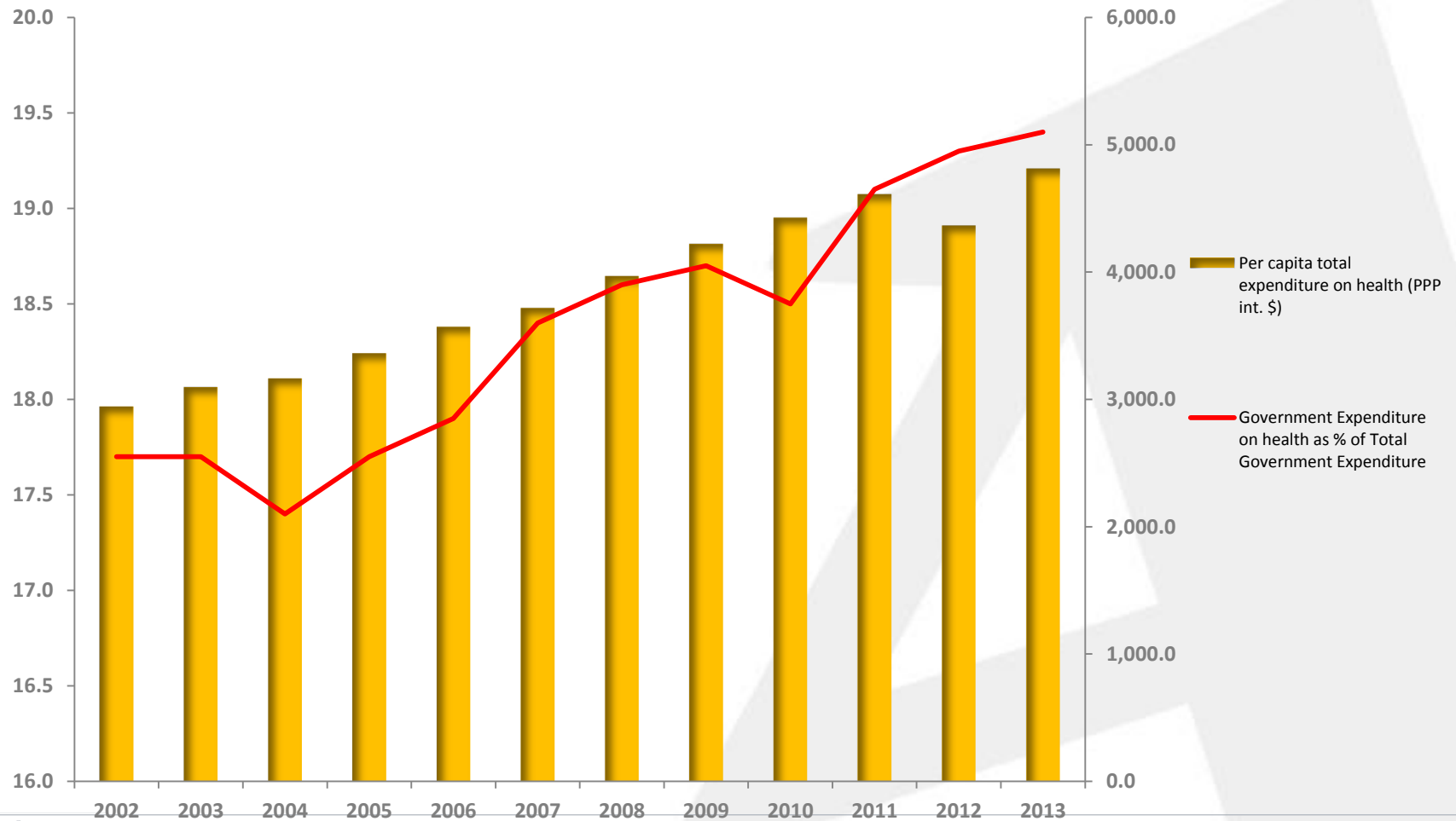
Aging Population Trends 1970 - 2050



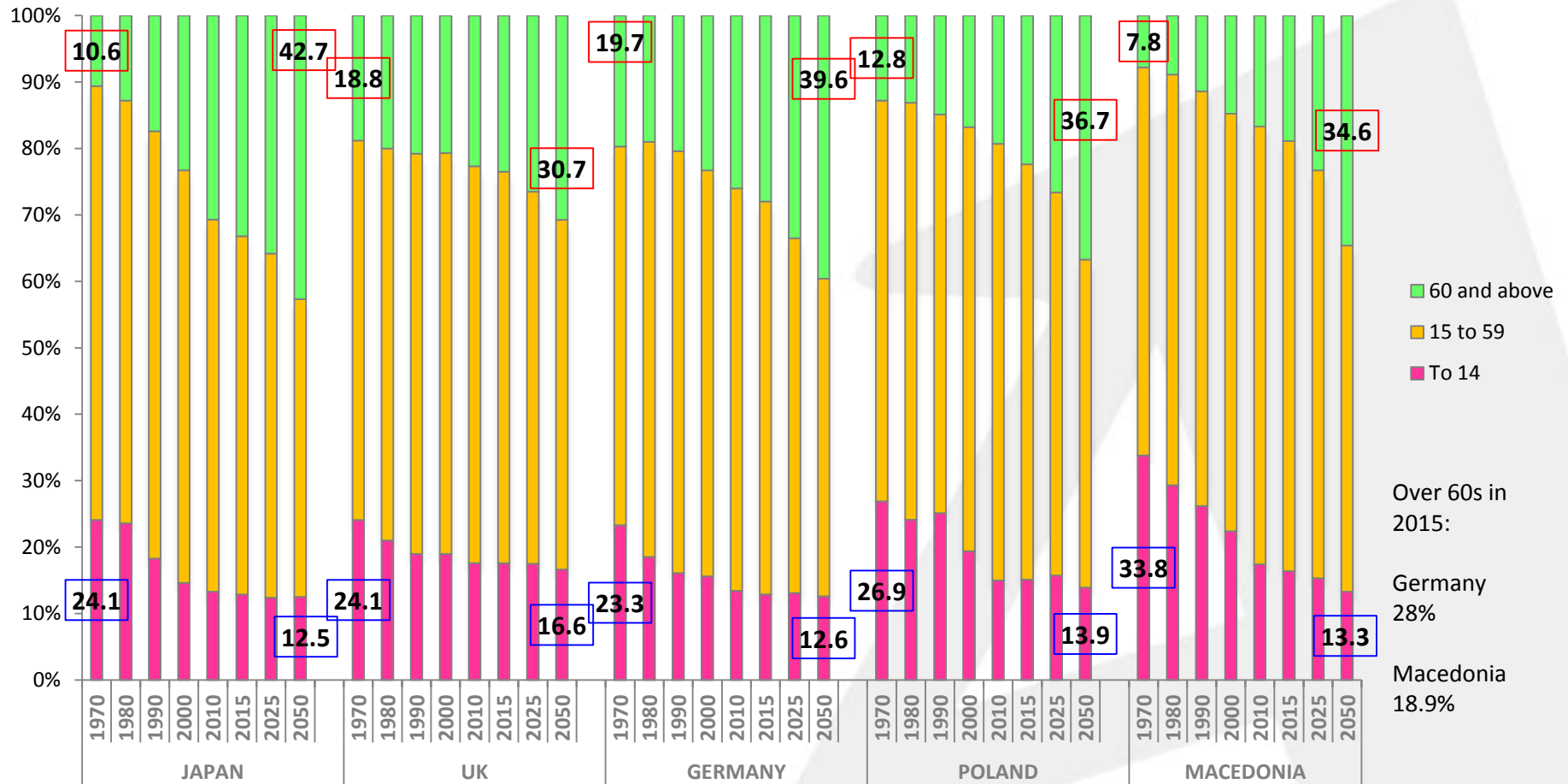
Macedonia Health Indicators



Germany Health Indicators



Aging Population Trends 1970 - 2050



Macedonia Health Measures

Health Improvement Programmes

Good Funding Model

- Mandatory payroll deduction
- Motor insurance levy on medical related to motor
- Good mix of financing – employers, patients and public cash
- Reimbursement PMI launched

Other Models:

- Germany
- Middle East markets (KSA; UAE.....)

Government needs to recognise & encourage insurance based solutions

Macedonia Model:

- Largely Group Critical Illness. No underpinning.
- PA / Hospital Cash
- Limited Individual PMI
- No Government incentives
- Need for innovation

Insurers need to identify & meet market needs. Innovate.

Macedonia in comparison to surrounding nations:

Country	Tax Name	Rate
Macedonia	Premium tax	NO PREMIUM TAX
Bulgaria	Premium tax	2%
Serbia	Premium tax	5%
Montenegro	Premium tax	9%
Albania	Premium tax	3%

Other facts:

- Until Jan 1st 2015, **Albania** charged VAT on insurance premiums at a rate of 20%.
- In 2014 Montenegro increased the IPT rate to a uniform 9%, increasing the rate previously charged on Motor premiums (motor insurance is compulsory) and previously untaxed classes were now subject to Premium Tax.
- Greece, like Albania, has recently changed its insurance tax laws to tax previously untaxed classes of insurance.

Lessons to Learn?

- **GDP Growth needs to filter down**
- **Insurers need to identify & meet market needs. Innovate.**
- **Government needs to recognise & encourage insurance based solutions**
- **Prudent and properly financed supervision needs to be effective.**
- **Anticipate & plan for problems ahead**

Axco Insurance Information Services
10 Old Broad Street
London
UK
EC2N 1DW

Tel: +44 20 7374 5252
Fax: +44 20 7374 5277
Email: axco@axcoinfo.com



www.axcoinfo.com