

CEE Insurance M&A Outlook

The stage is set for an active
deal-making environment

January 2019

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Foreword



Leveraging on the success of our NPL study which provides an overview on nonperforming loan markets in 12 countries across Central and Eastern Europe as well as the very positive feedbacks we received from the recently launched CEE M&A banking study, we, as a leading financial advisor not only being in the forefront of banking but also in insurance transactions, decided to launch a new study on insurance M&A dynamics in our region. We do hope this study will also be a useful material for the various stakeholders in the insurance M&A universe in Central and Eastern Europe.

Recent performance of the insurance industry in CEE has been reassuring, gross written premiums are increasing significantly, with the largest contributor being the non-life segment and geographically being Poland. The average penetration (GWP compared to GDP) remained stable over the last three years with paid claims increasing the same time.

These positive dynamics were fostered by stable economic growth accompanied with improving labour market conditions in the region.

Besides insuretech solutions, another long-awaited trend is picking up momentum: market consolidation, which is driven by non-core exits and acquisitive growth strategies to reposition business and optimize economies of scale.

Most of the insurance markets in the region are still fragmented with a relatively high number of universal insurance companies with low market share. This implies further consolidation as competitive pressure and difficulties to scale operations efficiently will require smaller players to rethink their strategy in the region.

Potential investors are evaluating our region based on three factors: i) expected future economic growth is still expected to outgrow Western Europe and other more developed countries, ii) GWP per capita in most countries is still significantly lower than in Western Europe still indicating higher than average future growth potential; iii) in the same time the new regulatory requirements (Solvency II and the expected introduction of IFRS 17 in early 2020s) make insurance operations more costly and capital extensive thus putting further pressure on profitability

and require further centralization on a regional level. This higher than average market growth potential, together with the strategic repositioning of large insurance groups provide motivating factors to consider trading on both the sell and buy side. Fortunately, a number of potential players have significant war chests to deploy for executing deals.

These trends are expected to drive further consolidation of the CEE insurance market. Such dynamics validate the need for this paper and are expected to provide rich content for it in the years to come.

A stylized, handwritten signature in black ink, consisting of a large, fluid 'B' and 'M' intertwined.

Balázs Mérth

Partner,
Regional Insurance Industry Leader,
Financial Advisory

Number of M&A deals in the CEE Region

2015-2018





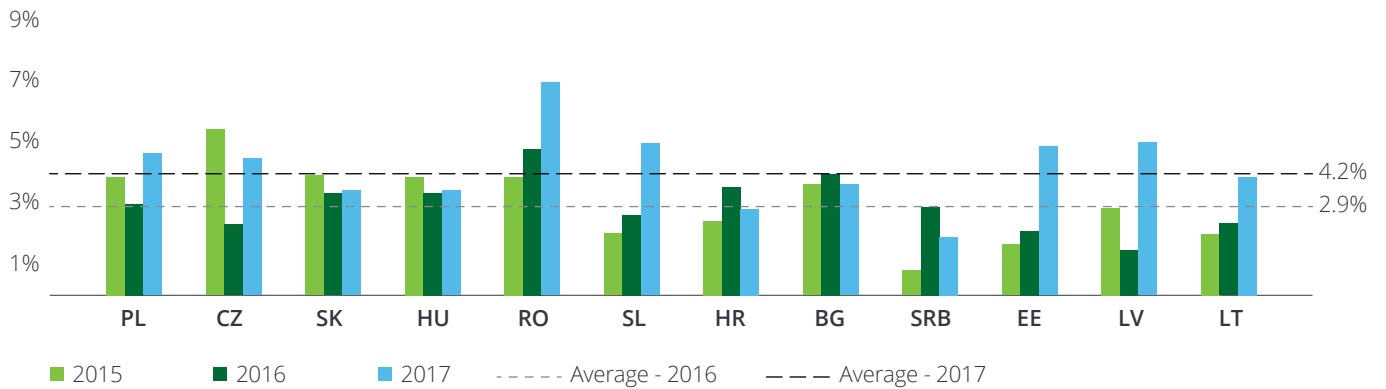
Poland	12
Czech Republic	7
Hungary	5
Romania	5
Slovakia	4
Bulgaria	4
Slovenia	3
Croatia	3
Serbia	2
Estonia	2
Latvia	2
Lithuania	2

CEE macroeconomic overview

All the 12 countries analysed in the report had positive GDP growth in 2017. The highest growth rates were achieved by Romania (7.0%), Latvia (5.1%) and Slovenia (5.0%). Romania experienced increasing wages and decreasing VAT which resulted in the boost of private consumption. In Latvia and Slovenia export activity and private consumption generated the above average expansion of the economy. As a result, average GDP growth of the twelve

countries increased from 2.9% to 4.2% in 2017. The main source of growth was improving labour market conditions across Europe and low consumer prices which led to growing domestic demand. Besides current positive economic conditions, further structural reforms are expected in several countries to develop productivity, competitiveness, education and labour markets.

Figure 1. Changes in real GDP, 2015-2017

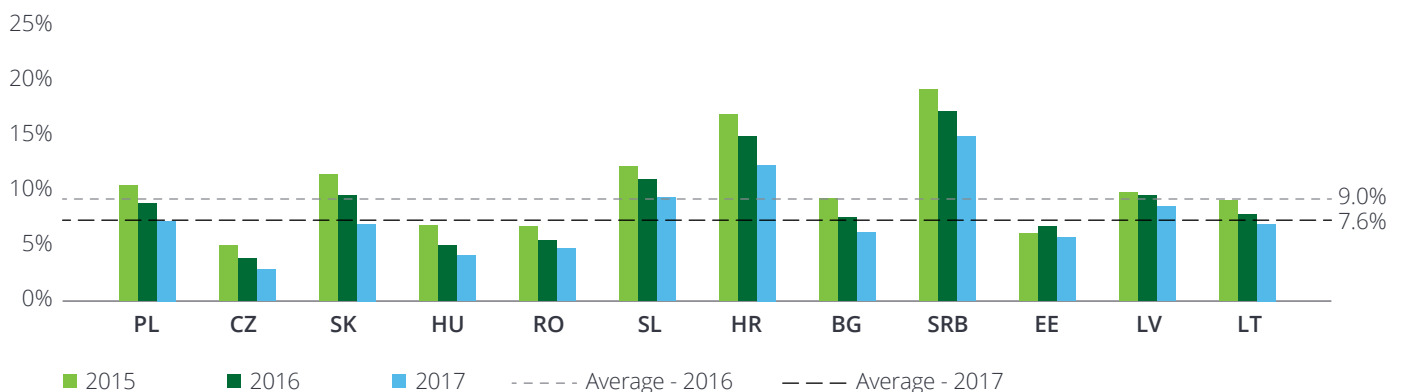


Source: EIU

Recorded unemployment rate decreased in all the twelve countries in 2017. The most significant improvements were posted in Croatia (-2.4 percentage points), Slovakia (-2.4 percentage points) and Serbia (-2.2 percentage points). On average unemployment rate decreased by 1.1

percentage point from 8.8% to 7.7% in 2017 due to the growing economies. Most countries experienced a significant real wage increase on top of the decreasing unemployment rate, which resulted in the gradual increase of inflation.

Figure 2. Unemployment rate, 2015 - 2017



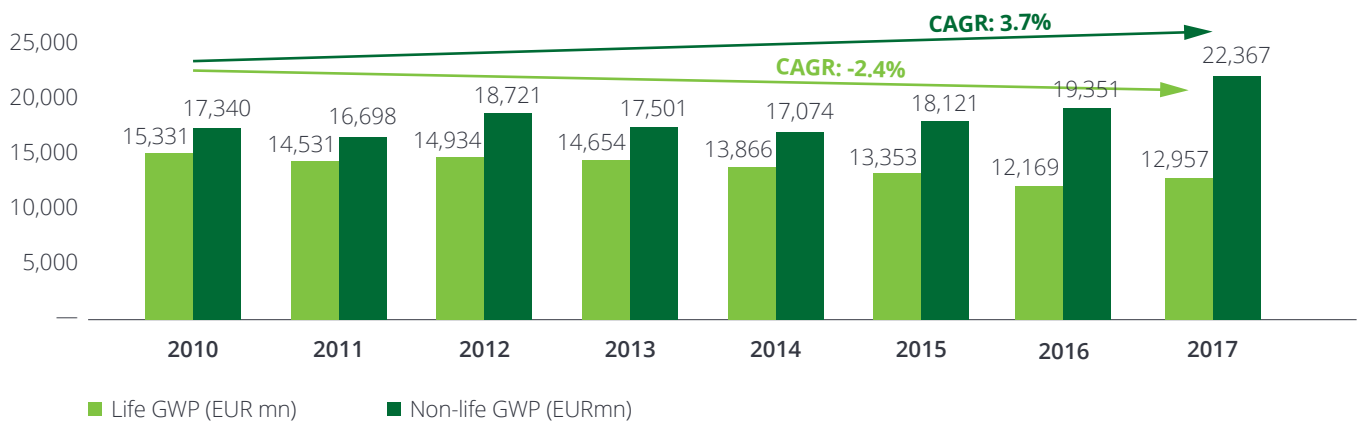
Source: EIU

Insurance trends in CEE

The total gross written premium (GWP) in the CEE region increased by 12.1% from 2016 to 2017. Every country in the region recorded growing gross written premiums. Estonia, Latvia, Lithuania and Poland performed above the 9.3% average growth rate. Poland's 18.0% growth rate significantly overperformed the average growth rate of the CEE region, which significantly influenced CEE's growth rate, given Poland has a 41.4% share of the total

GWP in CEE. One of the driving factors that led to Poland's large growth rate can be attributed to the significant increase in motor insurance GWPs, which increased by 34.7% last year and this has been mainly due to the increased motor third party liability insurance (MTPL) tariffs.

Figure 3. Evolution of the Gross Written Premiums in the CEE, 2010 - 2017 (EUR m)



Source: Xprimm

In 2017, life insurance accounted for 37.7% of the gross written premiums with EUR 12,957mn, while non-life premiums accounted for 63.3% with EUR 22,367 mn. From the business segment perspective, non-life insurance experienced a higher growth, of 15.6% in 2017 from 2016, whilst the life segment only increased by 6.5% year over year

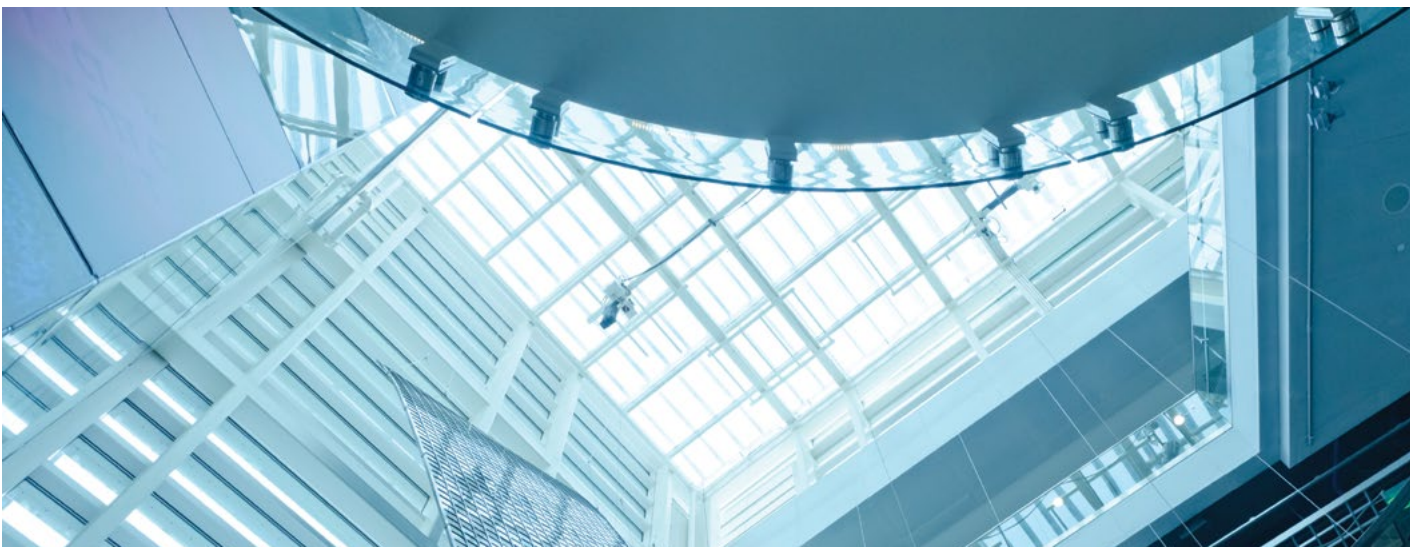
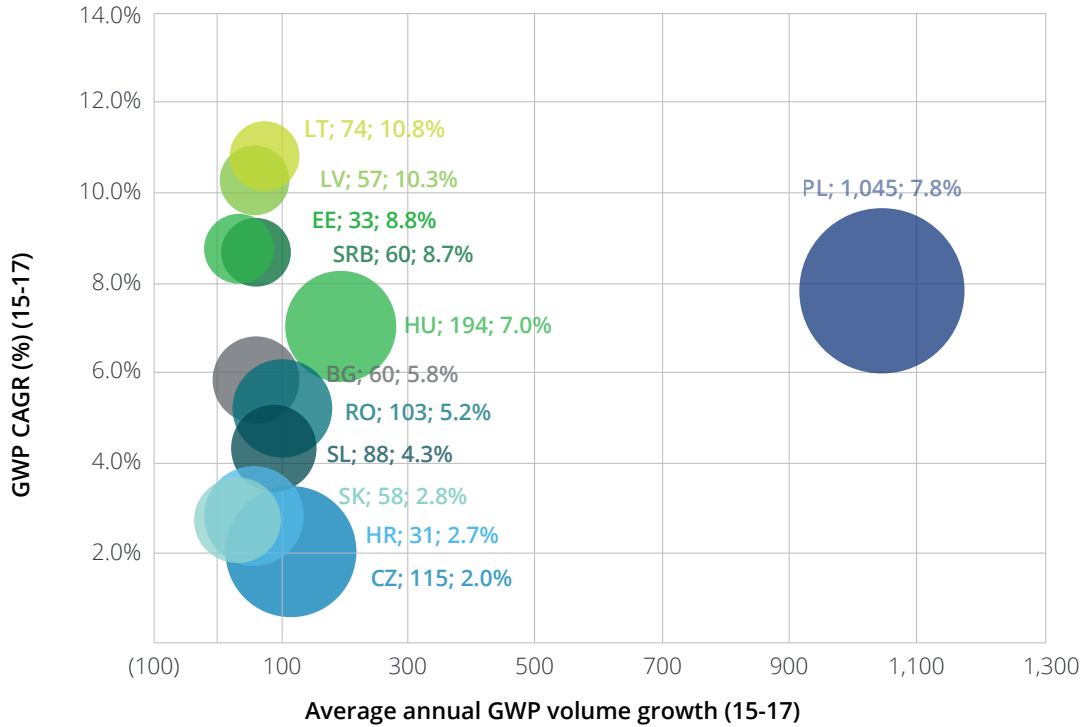


Figure 4. Average annual GWP volume growth and GWP CAGR (2015-2017)

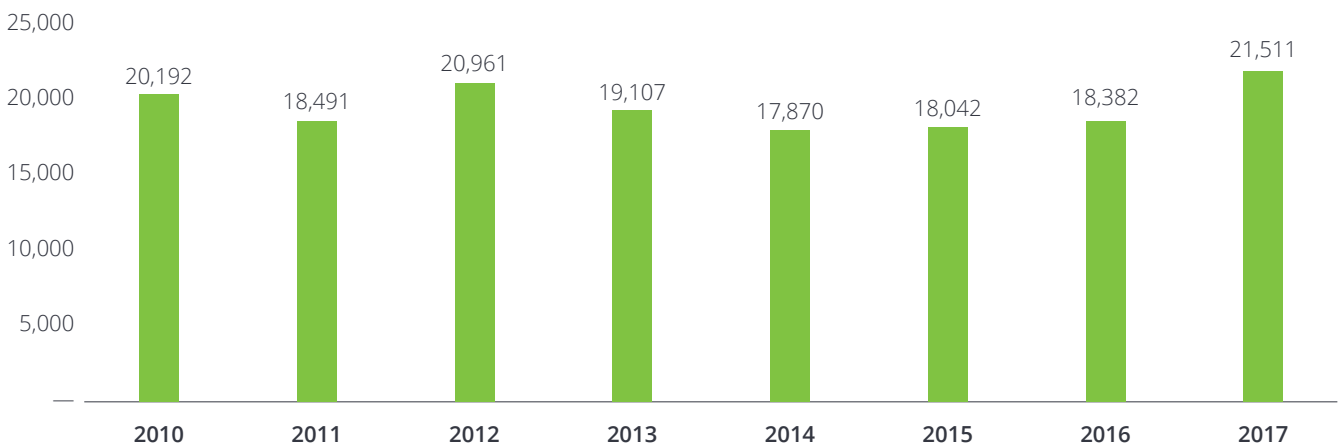


Source: Xprimm, Intelligence Research

Note: Size of the bubbles represents the number of transactions

In the CEE region paid claims increased by 17.0% from 2016 to 2017, as well as in the case of the GWP growth, the claim growth was mostly generated by increasing claim volumes in Poland.

Figure 5. Evolution of the total paid claims in the CEE, 2010 - 2017 (EUR m)



Source: Xprimm

Figure 6. Evolution of the GWP and GWP penetration in the CEE, 2015 - 2017 (EUR m)



Source: Source: Xprimm, Deloitte Intelligence

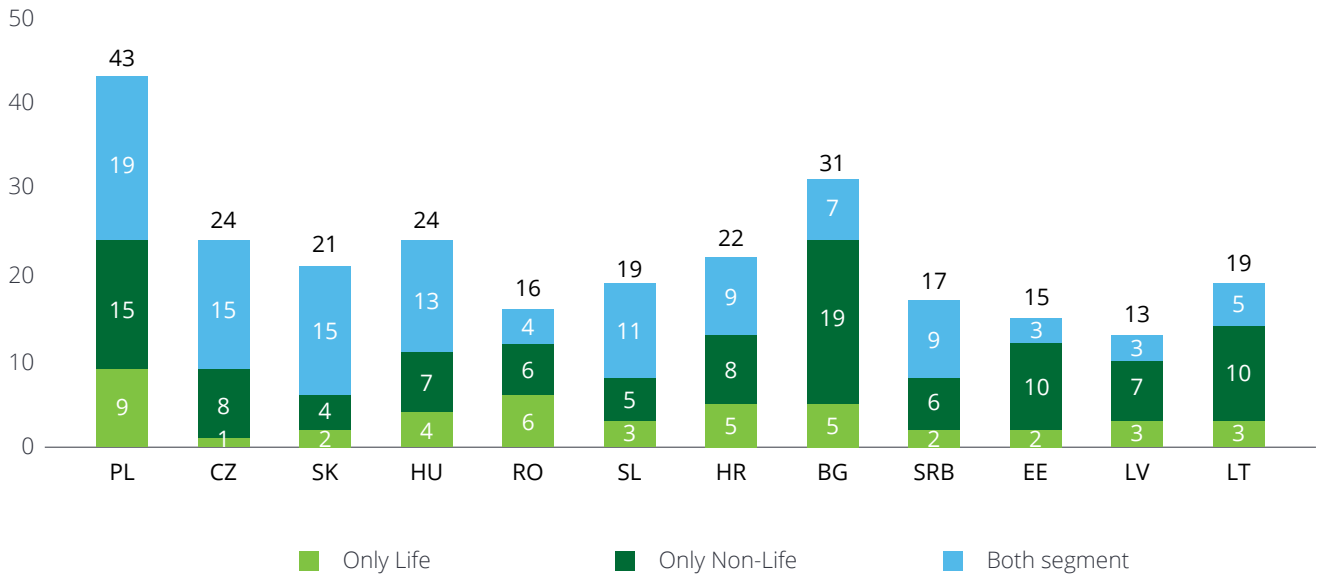
Average insurance penetration on the CEE market was 2.5% in 2017. This average is increased due to the exceptionally high 5.1% ratio of Slovenia. Furthermore, the Czech Republic and Poland showed relatively high penetration with 3.1% and 3.2% respectively. Yet on the other hand, Romania had the lowest overall insurance penetration with 1.1%.

Average life insurance penetration was 0.8% in the region in 2017. The Czech, the Hungarian, the Polish, the Slovakian and the Slovenian markets had higher penetration rates than the average, while the Romanian market reached the lowest 0.2% penetration in this segment. The non-life segment typically had higher penetration rates; therefore, the average penetration was 1.7%. Bulgaria, the Czech Republic, Latvia, Poland and Slovenia could overperform the average penetration, with

higher penetration rates. Romania also lagged behind the rest of countries with a 0.9% rate.

Whilst the gross written premiums steadily grew in most of the countries, penetration did not grow significantly in the region: average penetration stagnated between 2015 and 2017, while the GWP increased by 12.2% during the same period. Nevertheless, some countries such as Croatia, the Czech Republic, Romania, Slovakia and Slovenia experienced declining penetration numbers in the last 3 years. The lower penetration numbers in the region compared to the European average signals that the insurance industry still has scope for further expansions.

Figure 7. Number of insurance companies

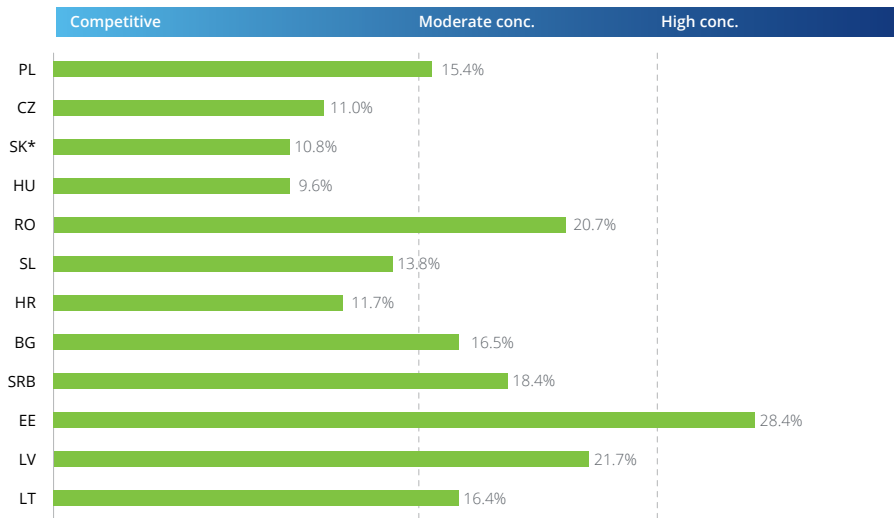


Source: Xprimm, Deloitte Intelligence

Both life and non-life insurance market can be considered as competitive or moderately concentrated in the CEE countries, which signals there is still room for further consolidation. The 50-60% of the market is usually served by the top 3-5 insurers. Based on the HHI index*, some of the markets can be considered as competitive as in the case of life and non-life segments. In Hungary and in the

Czech Republic, both the life and non-life segments are competitive, which gives a potential signal for further consolidation. The life segment in most of the presented countries is moderately concentrated, like in Poland, Romania, Bulgaria, Serbia, Latvia and Lithuania, where the HHI index is between 15% and 25%. Only Estonia can be considered highly concentrated. The least concentrated market is Hungary.

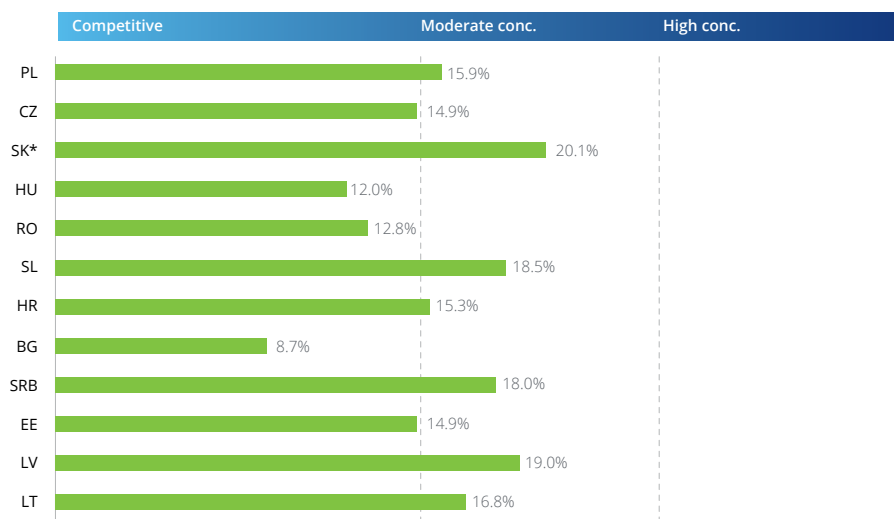
Figure 8. Life segment market concentration in terms of total GWP in the respective countries, 2017



Source: Xprimm, Deloitte Intelligence

The non-life segment in most of the presented countries is moderately concentrated or close to moderately, like in Poland, the Czech Republic, Slovakia, Slovenia, Croatia, Serbia, Estonia, Latvia and Lithuania. The least concentrated market is Bulgaria.

Figure 9. Non-Life segment market concentration in terms of total GWP in the respective countries, 2017



Source: Xprimm, Deloitte Intelligence

*Note: The HHI measures the size of the firms relative to the industry, and thus the concentration of the market. The HHI index is calculated as follows: sum of the square of each competitor's market share. If the HHI index is under 15% then the market is competitive, if it is over 25% then the market is highly concentrated, between the two figures it is moderately concentrated.

*Slovakia's market concentration is calculated based on the 2016 figures

Although there are some strong, well-known national players on the local insurance markets such as the Polish PZU or the Slovene Triglav, the largest insurers are owned by large international insurer groups such as Allianz, Vienna Insurance Group or Generali, who have presence in multiple countries in the region.

The top 10 leading life insurance groups covered 67.8% of the total life gross written premiums of the presented twelve countries. The largest life insurance group in terms of GWP was the Polish PZU possessing EUR 2,022m GWP in 2017 despite being only present in Poland and Lithuania.

On average the leading life insurance companies operate in 4.8 countries representing on average EUR 879m GWP.

Table 1. Ranking of the leading life insurance groups by total gwp in the respective countries, 2017

Rank	Insurance group	PL	CZ	SK	HU	RO	SL	HR	BG	SRB	EE	LV	LT	Nr. of countries with presence	Total CEE GWP (EUR m)	Total CEE market share	Cummulated market share
1	PZU	1											6	2	2,022	15.6%	15.6%
2	Vienna Insurance Group	7	1	1	4	2	10	3	2	1	2	3	3	12	1,645	12.7%	28.3%
3	Generali	8	2	5	5	7	8	6		13				8	1,018	7.9%	36.2%
4	NN	5	3		1	1								4	1,006	7.8%	43.9%
5	Allianz	11	5	2	7	4		2	1					7	732	5.7%	49.6%
6	LC CORP	2												1	553	4.3%	53.8%
7	Metlife	9	6	3	9				5					5	486	3.8%	57.6%
8	Talanx Group	3												1	472	3.6%	61.2%
9	Aviva Group Holdings Ltd	4												1	441	3.4%	64.7%
10	Uniqa	10	9	11	8	8			3	3				7	409	3.2%	67.8%

Source: Xprimm, Deloitte Intelligence

TOP 1-5 TOP 6-10 TOP 11-15

The top 10 leading non-life insurance groups covered 67.8% of the total non-life gross written premiums of the presented twelve countries. The largest life insurance group in terms of GWP was also the Polish PZU possessing EUR 2,924m GWP in 2017,

which accounted for the 13.1% of the total CEE non-life GWP.

On average the leading non-life insurance companies operate in 5.8 countries representing on average EUR 1,516 m GWP.

Table 2. Ranking of the leading non-life insurance groups by total gwp in the respective countries, 2017

Rank	Insurance group	PL	CZ	SK	HU	RO	SL	HR	BG	SRB	EE	LV	LT	Nr. of countries with presence	Total CEE GWP (EUR m)	Total CEE market share	Cummulated market share
1	PZU	1											13	2	2,924	13.1%	13.1%
2	Vienna Insurance Group	4	2	2	7	1	9	7	3	4	6	1	5	12	2,752	12.3%	25.4%
3	Generali	8	1	3	2	6	5	8		2				9	2,226	10.0%	35.3%
4	Allianz	6	3		1	3	8	3	2					8	1,972	8.8%	44.1%
5	Munich Re	3	8	15			10	12			2	5	3	8	1,522	6.8%	50.9%
6	Talanx Group	2												1	1,293	5.8%	56.7%
7	Uniqa	9	5	4	5	7		5	10	6				8	876	3.9%	60.6%
8	Zavarovalnica TRIGLAV						1	6						2	607	2.7%	63.4%
9	AXA	5	7	11										3	503	2.3%	65.6%
10	KBC		4	7	6		12		6					5	484	2.2%	67.8%

Source: Xprimm, Deloitte Intelligence

TOP 1-5 TOP 6-10 TOP 11-15



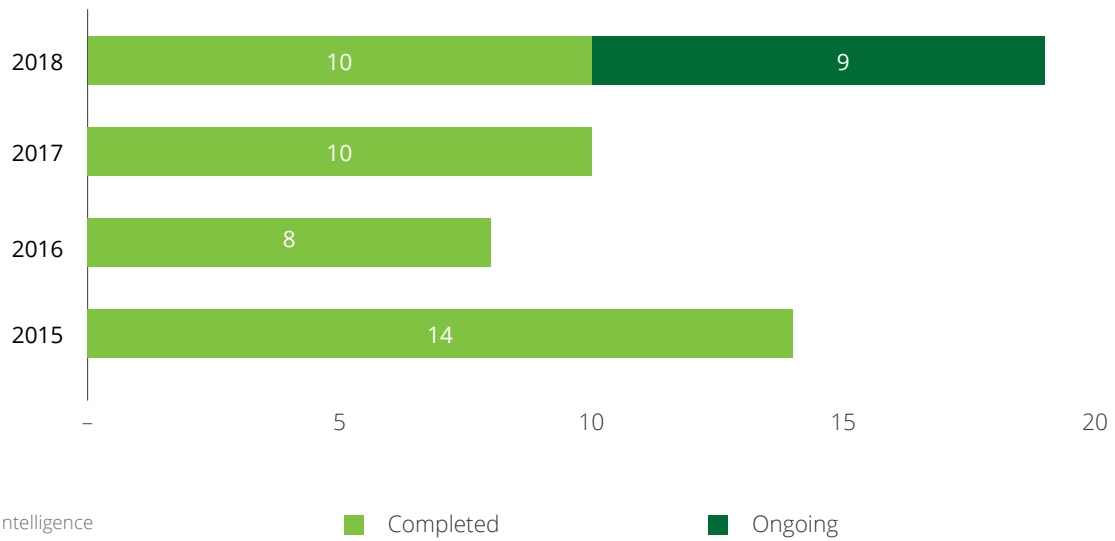
Insurance Mergers and Acquisitions trends in the CEE region

From 2015 until the end of 2018 there were 51 major M&A deals in Central and Eastern Europe, out of them 42 have been completed and 9 are still ongoing. Poland

was the most active market in terms of transaction numbers with 12 deals. The Polish state's long term strategy is to increase the share of local shareholders in the financial services market. These activities were aligned with the overall M&A

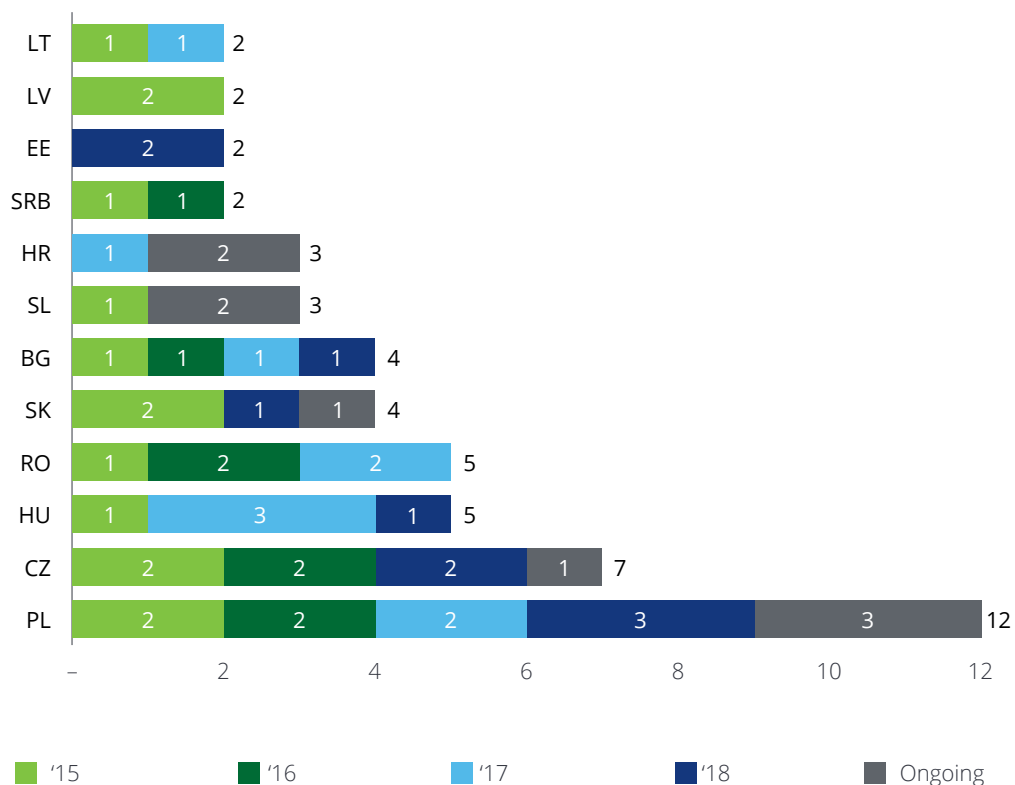
sector deals, where Poland was also the most attractive market. The southern part of the CEE region M&A activity was rather moderate.

Figure 10. M&A activity by year - Nr. of transactions



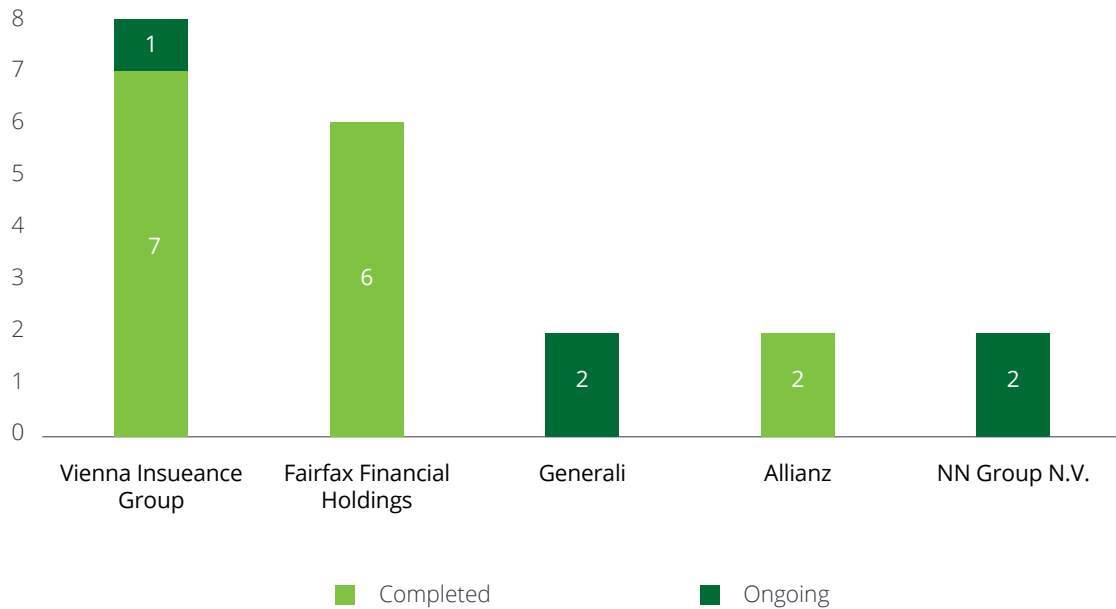
Source: Deloitte Intelligence

Figure 11. M&A activity by country - Nr. of transactions, 2015 - 2018



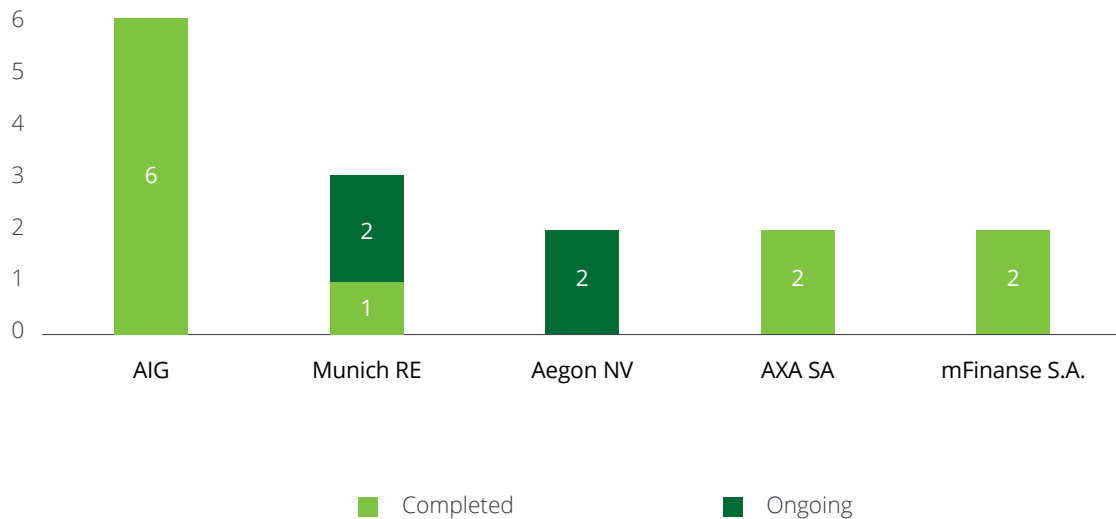
Source: Deloitte Intelligence

Figure 12. Top buyers by the Nr. of transactions, 2015 – 2018



Source: Deloitte Intelligence

Figure 13. Top sellers by the Nr. of transactions, 2015 – 2018



Source: Deloitte Intelligence

Vienna Insurance Group (VIG) had the most aggressive expansion strategy, increasing its presence in Central Europe by acquiring 7 different firms in Estonia, Latvia, Romania, Poland and Serbia. Out of the 7 transactions, 6 of them have been completed and 1 of them is still waiting

for regulatory approval. VIG acquired two subsidiary of AXA, in Romania and Serbia. In the Hungarian insurance market, VIG announced in 2017 that their three companies (Erste Biztosító, Union Biztosító and Vienna Life Biztosító) will merge into Union Biztosító. This aligns with VIG's

strategy of having over 10% market share in Hungary in the mid-term. The Romanian market is also a key-market for VIG as they are committing to be a long-term investor on the local insurance market in Romania, both organically and through acquisitions, but currently there are no negotiations.



Canadian Fairfax Financial Holdings also acquired a significant number of insurance companies. They took over AIG's insurance operations in Bulgaria, Romania, the Czech Republic, Hungary, Poland, Slovakia, Argentina, Chile, Colombia, Uruguay, Venezuela, Turkey. The total amount of the transaction was EUR 218.3 mn.

The third most active buyer of the examined period was the Italian based Generali whom made 3 transactions in total, in Czech Republic, Slovenia and Poland. The most recent Polish transaction of Generali is still not completed. Generali acquired a relatively small player on the Polish market, which has both life and non-life segment.

In 2018, Allianz Group has agreed to acquire assets of DAS Slovakia from German insurance group, from ERGO Group AG. The sale is in line with ERGO's

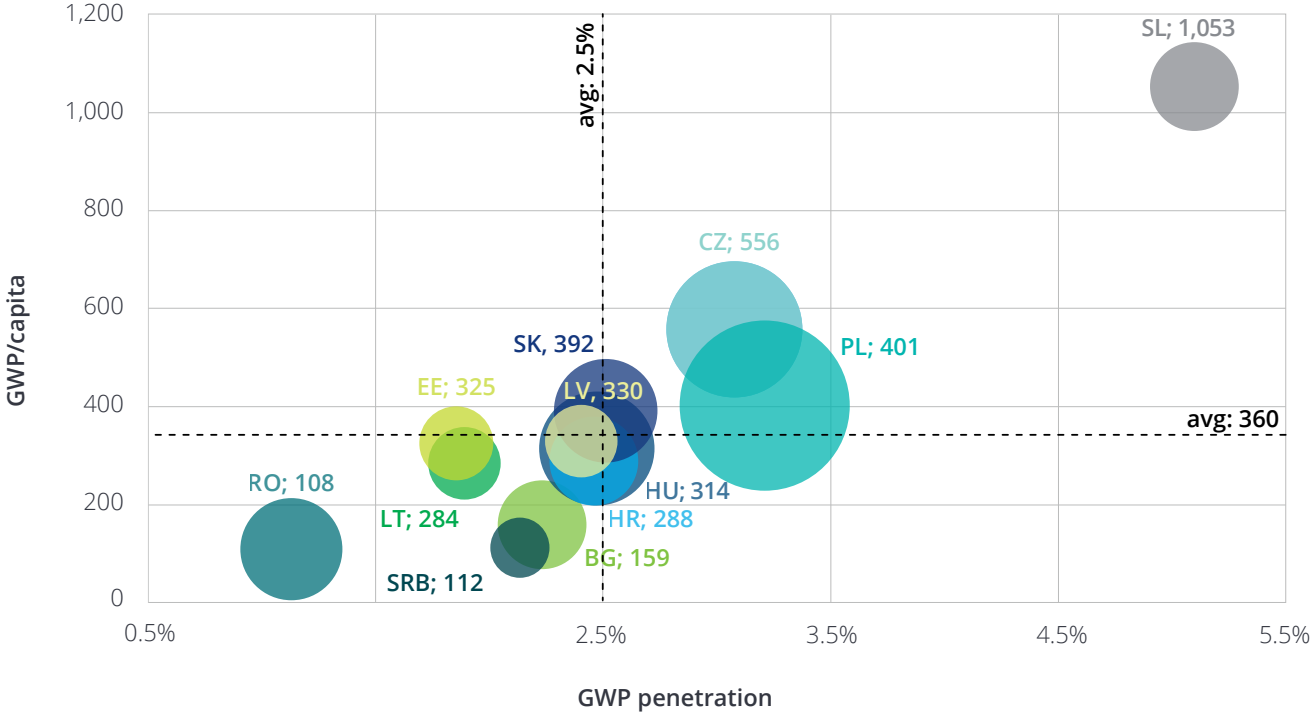
international growth strategy of expanding its position in developed European markets, like Poland and Greece, and in growth markets like India and China. ERGO would preserve its Polish assets, while divesting most of its CEE operations.

The Dutch insurer Aegon sold its insurance companies in the Czech Republic and Slovakian countries. The possible reason for Aegon's exit could be the failure to gain enough market share in the Czech Republic.

Furthermore, in 2017, Atradius, the second largest provider of credit insurance in the world, announced its initiative to expand its international presence with two new locations in Bulgaria and Romania, as a part of the company's global expansion strategy.

In 2015, Gjensidige Forsikring acquired PZU Lietuva for EUR 66 mn, which is in line with their strategy to grow and expand in the Nordic and the Baltics region. With the acquisition, Gjensidige Forsikring's market share increased from 7% to 13% in the Baltics and from 7% to approximately 21% in Lithuania.

Figure 14. Insurance market GWP penetration and GWP/capita, 2017



Source: Xprimm, Deloitte Intelligence

Note: Size of the bubbles represent the number of transactions

The CEE countries can be separated into three categories based on their GWP/capita and GWP penetration.

Developing countries, like Romania Serbia, Bulgaria, Lithuania had lower GWP penetration and GWP/capita and still represents further growth potential. Due to the higher growth potential and to the lower market concentration, these countries experienced higher than average transaction number of 4 during the analysed period.

The countries with average GWP/capita and GWP penetration experienced lower transaction numbers (3 on average). Finally, Poland, the Czech Republic, which are closer to the European average and higher than the CEE average in terms of GWP/capita and GWP penetration, experienced the highest number of transactions.

Due to Slovenia’s very special health insurance system generating a large portion of GWP, it is considered an outlier in terms of our classification.

Poland



Macroeconomic environment

Polish economy showed a stable GDP growth between 2015 and 2017 mainly driven by household spendings. Consumption was also backed by stagnant inflation and low cost of credit. As a result, 2017 saw a real GDP growth of 4.7%. However, the pace of further economic development could be affected by a contraction in investment activity in the corporate sector and potential lack of employees.

Inflation decreased between 2015 and 2016 mainly because of the drop of energy commodity prices. Increasing consumption resulted in growing consumer prices in 2017. Low interest rates stimulated lending activity and improved economic activity of Polish companies.

In tandem with the strengthening economy, unemployment decreased from 10.5% to 7.3% in 3 years. Declining unemployment rate is a result of shrinking labour supply,

also due to the decreasing number of people in working age and emigration. In 2017 budget deficit decreased to 1.7% compared to the previous year's 2.3% which was the best result since 2007 due to tightening tax system. Public debt also decreased significantly by 3.5 percentage points to 50.6%.

Table 3. Macroeconomic environment in Poland

Macro indicators	2015	2016	2017	Change 2016-17 (% or % point)	
Nominal GDP (EUR mn)	430 055	425 942	465 605	9.3%	●
Nominal GDP/capita (EUR)	11 199	11 108	12 172	9.6%	●
GDP (% real change pa)	3.8%	3.0%	4.7%	1.7%	●
Consumer prices (% change pa)	-0.9%	-0.6%	2.0%	2.6%	●
Recorded unemployment (%)	10.5%	8.9%	7.3%	-1.7%	●
Budget balance (% of GDP)	-2.6%	-2.3%	-1.7%	0.7%	●
Public debt (% of GDP)	51.1%	54.2%	50.6%	-3.5%	●

Source: EIU, Eurostat





Insurance trends

Life segment's GWP decreased by 16.5%, mainly due to a tighter regulatory environment and a large decrease in the sale of unit-linked life insurance policies which fell by 23%, while non-life segment's GWP increased by 13.6% year over year in 2016. In 2017, both segments could overperform their previous performance. Life GWP increased by 9.2%, while non-life segment increased significantly by 24.6% year over year. Non-life segment's growth rate was mainly driven by motor insurance

products. Therefore, the total insurance market's GWP increased by 16.2% from 2015 to 2017 with an annual 7.8% growth rate.

Life insurance premium was mainly dominated by simple life and unit linked products. Life premiums dropped from the 2015 figures due to a decline in the sale of insurance investment products.

In 2017, life GWP accounted for 39.4% and non-life GWP covered 60.6% of total market's GWP.

Insurance penetration was 3.2% in 2017, which increased by 0.2% points from 2015 to 2017. In 2017, GWP per capita was EUR 401, which is significantly higher than the CEE average of EUR 360.

Table 4. Insurance market in Poland

GROSS WRITTEN PREMIUMS Product portfolio (EUR mn)	2015	2016	2017	Change 2016-17 (% or % point)	
Life	6 459	5 393	5 889	9.2%	●
Non-Life	6 401	7 275	9 061	24.6%	●
Total	12 860	12 667	14 950	18%	●
Insurance penetration					
Life	1.5%	1.3%	1.3%	0.0%	●
Non-Life	1.5%	1.7%	1.9%	0.2%	●
Total	3%	3%	3.2%	0.2%	●
GWP / Capita (EUR)					
	344	339	401	18.3%	●
Total Paid Claims					
Life	4 542	4 133	4 880	18.1%	●
Non-Life	3 634	4 158	4 672	12.4%	●
Total	8 177	8 291	9 552	15.2%	●

Source: Xprimm



Insurance market

There were 27 life insurer and 34 non-life insurer companies in Poland, from which 19 of them operate in both segments in 2017.

Table 5. List of life insurers in Poland, 2017

List of Life Insurers in Poland 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Non-Life Business	
1.	PZU ŻYCIE SA	2 011	34.9%	State	Yes
2.	OPEN LIFE TU ŻYCIE S.A.	553	9.6%	LC CORP	No
3.	AVIVA TUŃŻ S.A.	441	7.7%	Aviva Group Holdings Ltd	Yes
4.	NATIONALE-NEDERLANDEN TUŃŻ S.A.	396	6.9%	NN	No
5.	TU na ŻYCIE EUROPA S.A.	283	4.9%	Talanx Group	Yes
6.	AXA ŻYCIE TU S.A.	247	4.3%	AXA	Yes
7.	GENERALI ŻYCIE T.U. S.A.	229	4.0%	Generali	Yes
8.	METLIFE TUŃŻIR S.A.	200	3.5%	Metlife	No
9.	TUŃŻ WARTA S.A.	189	3.3%	Talanx Group	Yes
10.	UNIQA TU na ŻYCIE S.A.	175	3.0%	Uniqa	Yes
11.	VIENNA LIFE TU na ŻYCIE S.A. Vienna Insurance Group	156	2.7%	Vienna Insurance Group	No
12.	TU ALLIANZ ŻYCIE POLSKA S.A.	140	2.4%	Allianz	Yes
13.	COMPENSA TU na ŻYCIE S.A. Vienna Insurance Group	125	2.2%	Compensa S.A.	Yes
14*	PKO ŻYCIE TU S.A.	111	1.9%	PKO BP S.A.	Yes
15.	AEGON TU na ŻYCIE S.A.	105	1.8%	Aegon	No
16.	STUŃŻ ERGO HESTIA SA	98	1.7%	Munich Re	Yes
17.	POLISA-ŻYCIE TU S.A. Vienna Insurance Group	78	1.3%	Vienna Insurance Group	No
18.	TUŃŻ CARDIF POLSKA S.A.	71	1.2%	BNP Paribas Assurances Societe ANonyme	No
19.	PRAMERICA ŻYCIE TUIR SA	61	1.1%	Prudential International Insurance Holdings Ltd	No
20.	BZ WBK-AVIVA TUŃŻ S.A.	47	0.8%	Aviva	Yes
21.	WTUŃŻIR CONCORDIA CAPITAL SA	14	0.3%	Concordia Versicherung Holding A G	Yes
22.	SALTUS TU ŻYCIE SA	9	0.2%	n.a.	Yes
23.	SIGNAL IDUNA ŻYCIE POLSKA TU S.A.	8	0.1%	Signal Iduna Allgemeine Versicherung Ag	Yes
24.	POCZTOWE TUŃŻ S.A.	8	0.1%	Poczta Polska S.A.	Yes
25.	MACIF ŻYCIE TUW	5	0.1%	Macif, MUTAWE Societe Europene	Yes
26.	TUW REJENT-LIFE	4	0.1%	Several municipalities	No
27.	TU INTER-ŻYCIE POLSKA S.A.	3	0.1%	Inter Beteiligungen Ag	Yes
Total		5 769	100%		

Source: Xprimm

Table 6. List of non-life insurers in Poland, 2017

List of Life Insurers in Poland 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Life Business	
1. PZU SA	2,924	32.9%	State	Yes	
2. STU ERGO HESTIA SA	1,277	14.4%	Munich Re	Yes	
3. TUJIR WARTA S.A.	1,203	13.5%	Talanx Group	Yes	
4. AXA UBEZPIECZENIA TUJIR S.A.	438	4.9%	AXA	Yes	
5. TUJIR ALLIANZ POLSKA S.A.	431	4.9%	Allianz	Yes	
6. COMPENSA TU S.A. Vienna Insurance Group	331	3.7%	Vienna Insurance Group	Yes	
7. GENERALI T.U. S.A.	322	3.6%	Generali	Yes	
8. UNIQA TU S.A.	263	3.0%	Uniqa	Yes	
9. LINK4 TU S.A.	239	2.7%	State	No	
10. INTERRISK TU S.A. Vienna Insurance Group	217	2.4%	Vienna Insurance Group	No	
11. TUW TUW	164	1.8%	Macif	Yes	
12. GOTHAER TU S.A.	146	1.6%	Gothaer Finanzholding Aktiengesellschaft	No	
13. PKO TU S.A.	106	1.2%	PKO BP SA	Yes	
14* AVIVA TU OGÓLNYCH S.A.	104	1.2%	Aviva	Yes	
15. CONCORDIA POLSKA TUW	95	1.1%	Concordia Versicherung Holding AG	Yes	
16. TUW POLSKI ZAKŁAD UBEZPIECZEŃ WZAJEMNYCH	90	1.0%	State	No	
17. TU EUROPA S.A.	90	1.0%	Talanx Group	Yes	
18. TU EULER HERMES S.A.	64	0.7%	Euler Hermes Deutschland Ag	No	
19. PTR S.A.	57	0.6%	Fairfax	No	
20. BZ WBK-AVIVA TU OGÓLNYCH S.A.	54	0.6%	Aviva	Yes	
21. T.U.W. POCZTOWE	52	0.6%	Poczta Polska S.A.	Yes	
22. TUZ TUW	49	0.5%	Andrzej SzymaNowski	No	
23. SALTUS TUW	45	0.5%	n.a.	Yes	
24. TU INTER POLSKA S.A.	28	0.3%	INTER Beteiligungen AG	Yes	
25. POLSKI GAZ TUW	25	0.3%	n.a.	No	
26. KUKE S.A.	13	0.2%	Skarb Państwa	No	
27. TUW- CUPRUM	12	0.1%	KGHM Polska Miedź S.A.	No	
28. TU ZDROWIE S.A.	12	0.1%	Pomerania Investment S.A.	No	
29. SIGNAL IDUNA POLSKA TU S.A.	11	0.1%	SIGNAL IDUNA	Yes	
30. D.A.S. TU OCHRONY PRAWNEJ S.A.	6	0.1%	Munich Re	No	
31. CREDIT AGRICOLE TU S.A.	4	0.0%	Crédit Agricole Assurances Société ANonyme	No	
32. NATIONALE-NEDERLANDEN TU S.A.	3	0.0%	National Nederlanden	Yes	
33. TUW MEDICUM	1	0.0%	Pozostali udziałowcy	No	
34. TUJIR PARTNER S.A.	0	0.0%	Andrzej SzymaNowski	No	
Total	8 877	100%			

Source: Xprimm

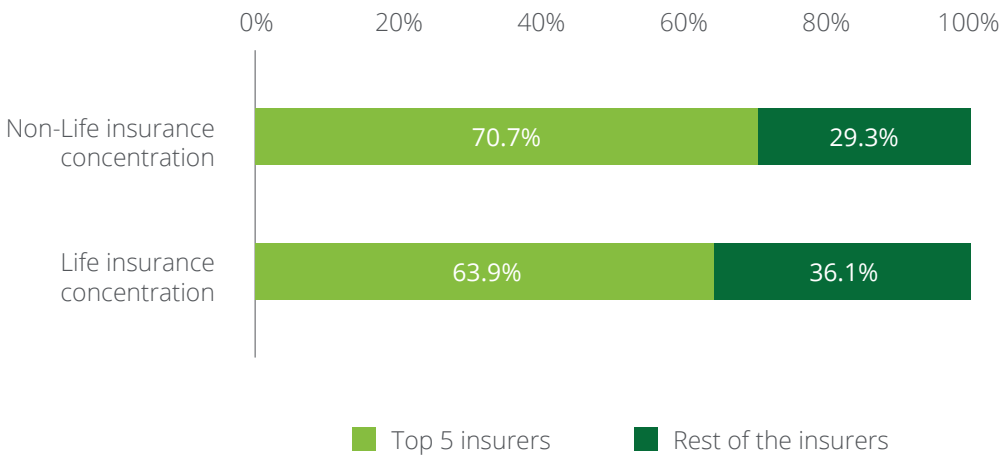
The life insurance market is highly concentrated. The top five companies, based on GWP, own 63.9% of the market. Despite the entry of the foreign firms, PZU's life insurance subsidiary is still the most dominant in the market, with a market share of 34.9%. There are 9 entities with 2-5% market share therefore life insurance market is considered to be more fragmented.

The non-life insurance market was over 50% bigger in size than life insurance segment, based on GWP in 2017. Non-life insurance segment is also highly

concentrated, regarding the top five companies own 70.7% of the total GWP. The remaining 29.3% of the market is distributed among 29 undertakers. Therefore, there is still room for consolidation. PZU, the state owned entity, dominates the non-life segment as well.

The industry has been consolidating in the recent years, the share of foreign-owned entities is decreasing. Consolidation is mainly driven by the Polish state's "re-Polonization" movement in the financial service industry.

Figure 15. Market concentration in Poland



Source: Xprimm, Deloitte Intelligence



M&A activity

There were 12 insurance related transactions on the Polish insurance market from 2015 until the end of 2018. Four out of them were public, totaling EUR 427 mn deal value, and there are 3 transactions, which are still waiting for completion.

In 2018, Vienna Insurance Group announced its acquirement of Gothaer Towarzystwo Ubezpieczen S.A. from Gothaer Finanzholding AG, which is in line with VIG's expansion strategy.

Generali, in 2018, announced that it will acquire Concordia Ubezpieczenia from

Prudential Financial, Inc. for an undisclosed consideration.

Latona S.A, a Polish insurance agency business of mFinanse a subsidiary of mBank, was acquired by Indigo Underwriters Ltd., a UK-based underwriting agency, in 2017, for approximately EUR 123.95 mn. Latonsa and Indigo will set up a new investment holding company after the acquisition Phoebe IVS.

In 2017, Bank Pekao SA, a Poland-based banking group, has agreed to acquire several assets from UniCredit Group, an Italian financial service provider for EUR

142 mn. The deal includes a 50% stake in Don Inwestycyjny Xelion Sp. z o.o., a Polish investment advisory, 35% in Pekao Pioneer, a Poland-based manager of pension funds and 51% in Pioneer Pekao Investment Management S.A., a Polish investment management company. With the acquisition Bank Pekao is expected to increase its product portfolio.

AVANSSUR S.A. acquired 100% shares of BRE Ubezpieczenia Towarzystwo Ubezpieczen i Reasekuracji S.A. for EUR 140 mn from mFinanse S.A, in 2015.

Table 7. List of M&A transactions in Poland 2015-2018

List of insurance M&A deals in Poland 2015-2018						
Year	Target	Buyer	% Acquired	Deal Value in EUR mn	Seller	Completed
2018	BIK Brokers Sp z oo	Pollen Street Capital	n.a.	n.a.	Syntaxis Capital U.F.B. GmbH	Y
2018	Unilink SA	Enterprise Investors Sp. z o.o.	38%	n.a.	Undisclosed seller	N
2018	Gothaer Towarzystwo Ubezpieczen S.A.	Vienna Insurance Group	100%	n.a.	Gothaer Finanzholding AG	N
2018	Concordia Ubezpieczenia	Generali	100%	n.a.	Concordia Versicherung Holding AG; Vereinigte Hagelversicherung WaG	N
2018	Pramerica Zycie TUir SA	Unum Group	100%	n.a.	Prudential Financial, Inc.	Y
2018	Latona S.A.	Indigo Underwriters Ltd.	100%	124	mFinanse S.A.	Y
2017	AIG	Fairfax Financial Holdings	100.0%	n.a.	AIG	Y
2017	Pekao Pioneer Powszechne Towarzystwo Emerytalne S.A. (35% Stake); Pioneer Pekao Investment Management S.A. (51% Stake); Dom Inwestycyjny Xelion Sp. z o.o. (50% Stake)	Bank Pekao SA	35.0%, 50.0%, 51.0%	142	UniCredit Group	Y
2016	Open Life Towarzystwo Ubezpieczen Zycie SA	Leszek Czarnecki	51.0%	n.a.	TU Europa SA	Y
2016	Liberty Ubezpieczenia	AXA SA	100.0%	21.418	Liberty Seguros, Compania de Seguros y Reaseguros, S.A	Y
2015	BZ WBK-AVIVA Towarzystwo Ubezpieczen na Zycie S.A.; BZ WBK-Aviva Towarzystwo Ubezpieczen Ogolnych S.A.	Aviva International Insurance Limited	17.0%	n.a.	Bank Zachodni WBK SA	Y
2015	BRE Ubezpieczenia Towarzystwo Ubezpieczen i Reasekuracji S.A.	AVANSSUR S.A.	100.0%	140	mFinanse S.A.	Y

Source: Deloitte Intelligence

The Czech Republic



Macroeconomic environment

The Czech economy grew by 4.5% following a moderate 2.4% real GDP growth in 2016. The fluctuating growth in the last 3 years is mainly attributed to the transition between two EU-funding periods and the available funding opportunities. As in 2016, domestic consumption and foreign trade remained the main economic drivers in 2017.

The inflation accelerated in 2017 mostly due to imported inflationary pressures.

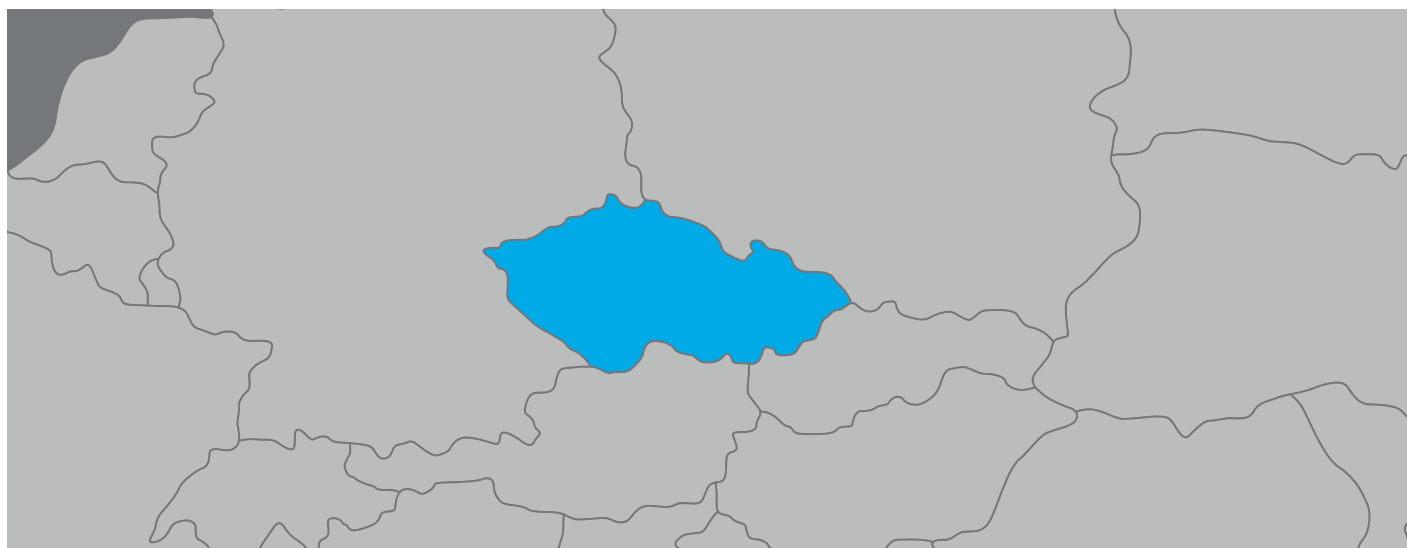
Consumption was boosted by the lowest unemployment rate in the CEE Region and by growing nominal wages. Unemployment rate decreased from 5.1% to 2.9% in 3 years and is expected to decrease further.

The budget deficit improved during the past 3 years which resulted in a positive rate of 1.6% in 2017. Public debt also decreased significantly by 2.2 percentage points to 34.6% from 2016 to 2017.

Table 8. Macroeconomic environment in Czech Republic

Macro indicators	2015	2016	2017	Change 2016-17 (% or % point)	
Nominal GDP (EUR mn)	168 473	176 370	191 643	8.7%	●
Nominal GDP/capita (EUR)	15 888	16 621	18 047	8.6%	●
GDP (% real change pa)	5.4%	2.4%	4.5%	2.1%	●
Consumer prices (% change pa)	0.3%	0.7%	2.4%	1.8%	●
Recorded unemployment (%)	5.1%	4.0%	2.9%	-1.1%	●
Budget balance (% of GDP)	-0.6%	0.7%	1.6%	0.9%	●
Public debt (% of GDP)	39.9%	36.8%	34.6%	-2.2%	●

Source: EIU, Eurostat





Insurance trends

Total GWPs have been decreasing by 2.2% per annum between 2014 and 2016, but in 2017 GWPs increased by 8.4%. The decrease until 2016 mainly stemmed from the gradual decrease in life insurance premiums. Life segment's GWP decreased by 4.5%, while non-life segment's GWP also decreased by 3.7% year over year in 2016. In 2017, both life and non-life insurance segment's GWP increased by 2.2% and 12.6% respectively on a year over year basis. Despite the decreasing premiums of

the previous years, the profitability of the industry was slightly growing in the last 3 years.

In 2017, life insurance segment's GWP accounted for 38.2% and non-life segment's GWP covered 61.8% of total market's GWP.

Insurance penetration has been slightly decreasing since 2015, mainly because of the decreasing life segment. In 2017 total penetration was 3.1% which is relatively

strong in the CEE region, but lower compared to matured European markets. Therefore, there is still room for expansion in the insurance industry. The Czech insurance market has been limited so far by underdeveloped local capital market but it is expected to change as investment activity is growing in the country.

In 2017, GWP per capita was EUR 556, which is almost c. 1.5x larger as the CEE average of EUR 360.

Table 9. Insurance market in Czech Republic

GROSS WRITTEN PREMIUMS Product portfolio (EUR mn)	2015	2016	2017	Change 2016-17 (% or % point)	
Life	2 310	2 205	2 255	2.2%	●
Non-Life	3 366	3 243	3 651	12.6%	●
Total	5 676	5 448	5 906	8.4%	●
Insurance penetration					
Life	1.4%	1.3%	1.2%	0.0%	●
Non-Life	2.0%	1.8%	1.9%	0.1%	●
Total	3.4%	3.1%	3.1%	0%	●
GWP / Capita (EUR)					
	535	513	556	8.3%	●
Total Paid Claims					
Life	1 894	1 662	1 628	-2.1%	●
Non-Life	1 794	1 866	2 069	10.8%	●
Total	3 688	3 528	3 696	4.8%	●

Source: Xprimm



Insurance market

There were 17 life insurer and 23 non-life insurer companies in the Czech Republic, from which 16 companies operated in both segments in 2017. The market is dominated by Generali Group and Vienna Insurance Group as both companies operate through multiple entities and control about two thirds of the market. Therefore, the market is in fact more concentrated than it appears.

Between the above mentioned two insurance groups (Generali, VIIG) they own 59.5% of life insurance premiums and 62.2% of non-life insurance premiums.

Table 10. List of Life insurers in Czech Republic, 2017

List of Life Insurers in Czech Republic end of 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Non-Life Business	
1. ČESKÁ pojišťovna	307	17.9%	Generali	Yes	
2. KOOPERATIVA, pojišťovna	266	15.5%	Vienna Insurance Group	Yes	
3. Pojišťovna České spořitelny*	260	15.2%	Vienna Insurance Group	Yes	
4. NN Životní pojišťovna N.V.	153	9.0%	NN	No	
5. ČSOB Pojišťovna	133	7.8%	KBC	Yes	
6. GENERALI Pojišťovna	111	6.5%	Generali	Yes	
7. ALLIANZ pojišťovna	110	6.4%	Allianz	Yes	
8. MetLife Europe	89	5.2%	MetLife	Yes	
9. ČESKÁ podnikatelská pojišťovna	75	4.4%	Vienna Insurance Group	Yes	
10. KOMERČNÍ pojišťovna	55	3.2%	Societe Generale	Yes	
11. AEGON Pojišťovna	49	2.9%	AEGON	Yes	
12. UNIQA pojišťovna	44	2.5%	UNIQA	Yes	
13. AXA životní pojišťovna	43	2.5%	AXA	Yes	
14* BNP Paribas Cardif Pojišťovna	8	0.5%	BNP Paribas	Yes	
15. ERGO pojišťovna	6	0.4%	Munich Re	Yes	
16. MAXIMA pojišťovna	2	0.1%	Mella Holding	Yes	
17. Hasičská vzájemná pojišťovna	0	0.0%	Fire Fighters Association	Yes	
Total	1 711	100%			

Source: Xprimm

Note: (*) Pojišťovna České spořitelny merged with KOOPERATIVA pojišťovna on 1 January 2019

Table 11. List of non-life insurers in Czech Republic, 2017

List of Non-Life Insurers in Czech Republic end of 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Life Business	
1. ČESKÁ pojišťovna	756	24.4%	Generali	Yes	
2. KOOPERATIVA, pojišťovna	704	22.7%	Vienna Insurance Group	Yes	
3. ALLIANZ pojišťovna	380	12.2%	Allianz	Yes	
4. ČESKÁ podnikatelská pojišťovna	245	7.9%	Vienna Insurance Group	Yes	
5. ČSOB Pojišťovna	228	7.3%	KBC	Yes	
6. GENERALI Pojišťovna	224	7.2%	Generali	Yes	
7. UNIQA pojišťovna	210	6.8%	UNIQA	Yes	
8. BNP Paribas Cardif Pojišťovna	80	2.6%	BNP Paribas	Yes	
9. AXA pojišťovna	42	1.3%	AXA	Yes	
10. DIRECT pojišťovna	42	1.3%	VIGO Finance	No	
11. SLAVIA pojišťovna	30	1.0%	SPGroup	No	
12. Hasičská vzájemná pojišťovna	23	0.7%	Fire Fighters Association	Yes	
13. ERV Evropská pojišťovna	22	0.7%	Munich Re	No	
14* ČESKÁ pojišťovna ZDRAVÍ	18	0.6%	Česká pojišťovna	No	
15. Pojišťovna VZP	17	0.6%	VZP (Czech government)	No	
16. HDI Versicherung AG	14	0.5%	HDI Versicherung	No	
17. AXA životní pojišťovna	14	0.4%	AXA	No	
18. D.A.S. Rechtsschutz AG	13	0.4%	Munich Re	No	
19. KOMERČNÍ pojišťovna	12	0.4%	Societe Generale	Yes	
20. ERGO pojišťovna	11	0.3%	Munich Re	Yes	
21. MAXIMA pojišťovna	10	0.3%	Mella Holding	Yes	
22. MetLife Europe	5	0.2%	MetLife	Yes	
23. Pojišťovna České spořitelny*	4	0.1%	Vienna Insurance Group	Yes	
Total	3 104	100%			

Source: Xprimm

Note: (*) Pojišťovna České spořitelny merged with KOOPERATIVA pojišťovna on 1 January 2019

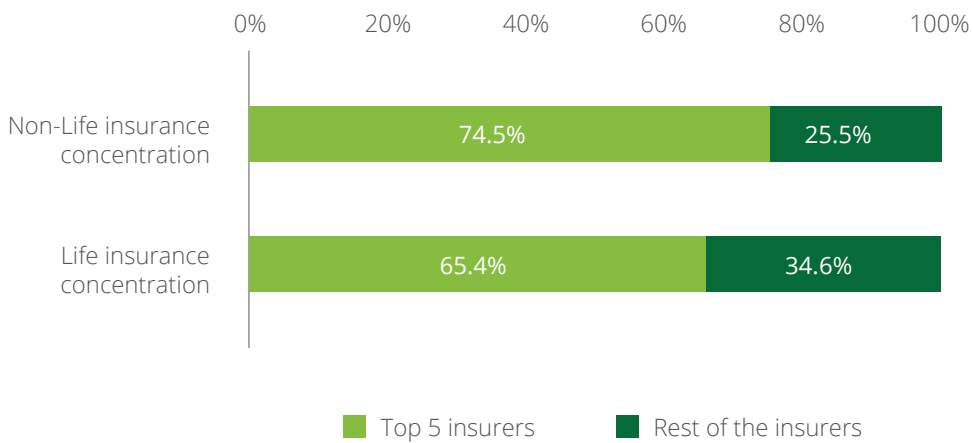
Life insurance market is highly concentrated. The top five companies, based on GWP, control 65.4% of the market and also operate in the non-life insurance segment.

Non-life insurance segment's size is almost twice as large as the life insurance segment, based on the GWP in 2017. Non-life insurance segment's market is also concentrated, regarding the five largest firms own 74.5% of the total GWP.

There are plenty of relatively small insurers in both segments, which means there is still room for consolidation.



Figure 16. Market concentration in Czech Republic



Source: Xprimm, Deloitte Intelligence



M&A activity

There were seven completed insurance related transactions, with merger and one acquisition still ongoing in the Czech Republic insurance market from 2015 until the end of 2018.

On 1 January 2019 Vienna Insurance Group planned to merge KOOOPERATIVA pojišťovna and Pojišťovna České spořitelny thus creating #1 overall and life insurance company on the Czech market. The initiative of the merger was launched in 2018.

In 2018, Odyssey 44 acquired 50% stake of Direct Pojistovna for an undisclosed

consideration from VIGO Investments a.s. VIGO Investments acquired Direct Pojistovna from Triglav (Slovenia) in 2015.

NN Group N.V. acquired 100% stake of Aegon Pojistovna, a.s. for EUR 155 mn from Aegon NV, pending regulatory approval, in 2018.

As part of the larger global deal, Fairfax acquired Czech branch of AIG in 2016.

Allianz acquired 100% stake of Wuestenrot pojistovna; Wuestenrot zivotni pojistovna, a.s. for EUR 25 mn from Wuestenrot &

Wuerttembergische AG, in 2016.

In 2015, Allianz poistovna a.s. acquired Wuestenrot and Wuestenrot zivotni pojistovna for EUR 25 mn from Wuestenrot & Wuerttembergische AG.

Mella Holdings B.V. acquired 67% stake of Maxima pojistovna a.s. for EUR 13 mn, in 2015.

Table 12. List of M&A transactions in Czech Republic 2015-2018

List of insurance M&A deals in Czech Republic 2015 - 2018						
Year	Target	Buyer	% Acquired	Deal Value in EUR mn	Seller	Completed
2018	Kooperativa pojišťovna, a.s, Pojišťovna České sporitelny, a.s.*	Vienna Insurance Group	100.0%	n.a.	Vienna Insurance Group	Y
2018	Direct Pojistovna	Odyssey 44	50.0%	n.a.	VIGO Finance a.s.	Y
2018	Aegon Pojistovna, a.s.	NN Group N.V.	100.0%	155	Aegon NV	N
2016	AIG	Fairfax Financial Holdings	100.0%	n.a.	AIG	Y
2016	Wuestenrot pojistovna; Wuestenrot zivotni pojistovna, a.s.	Allianz	100%	25	Wuestenrot & Wuerttembergische AG	Y
2015	MAXIMA pojistovna a.s	Mella Holdings B.V.	67.0%	13	Undisclosed seller	Y
2015	Direct Pojistovna, a.s.	Vigo Investments	100.0%	n.a.	Zavarovalnica Triglav DD	Y

Source: Deloitte Intelligence

Note: (*) effect from 1 January 2019

Slovakia



Macroeconomic environment

Slovakia's economic growth (4.7%) is above the EU average and its acceleration boosted business confidence. The private investment which supports the economy is supported by easier credit terms and a higher capacity utilization.

Combined with low interest rates, it encourages borrowings and discourages savings. Despite inflation increasing for the first time since 2013, there are continued growth prospects for Slovakia in the following years.

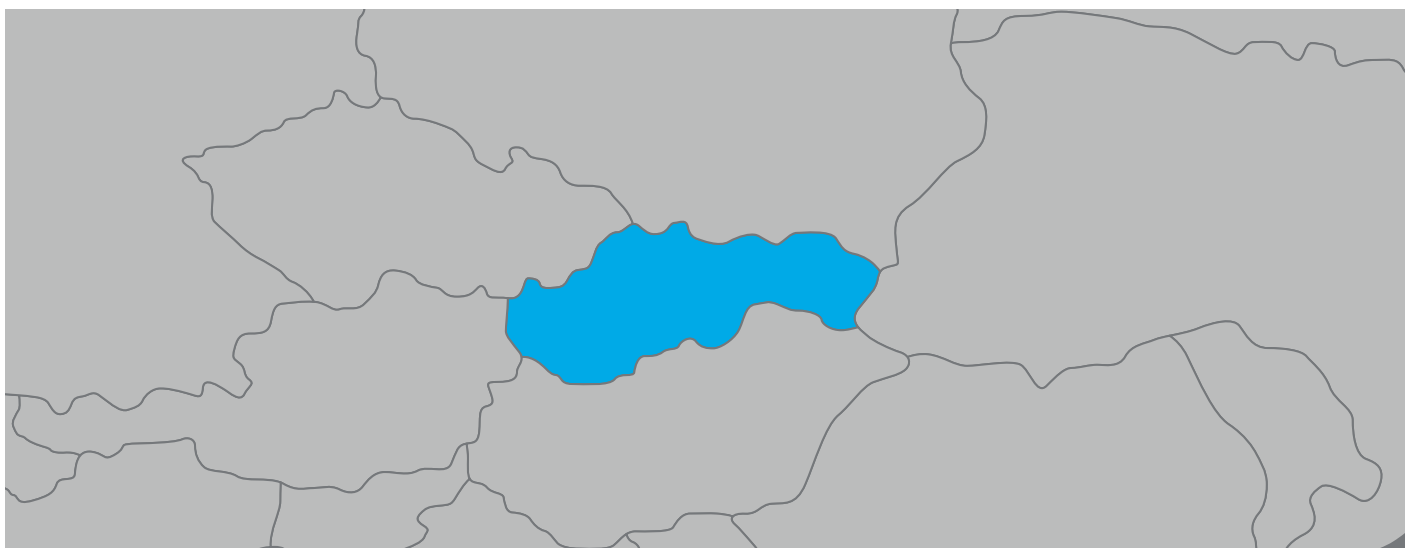
The main indicators of the economic growth are increased consumption, which was fueled by rising wages, while unemployment rate fell to historical lows.

Slovakia reached the second lowest budget deficit in the past 9 years. State finances performed better than expected, with a deficit standing at 1.22 EUR billion in 2017, which is an improvement of 0.7 EUR billion compared to the previous years approved budget.

Table 13. Macroeconomic environment in Slovakia

Macro indicators	2015	2016	2017	Change 2016-17 (% or % point)	
Nominal GDP (EUR mn)	78 896	81 154	84 985	4.7%	●
Nominal GDP/capita (EUR)	14 506	14 907	15 602	4.7%	●
GDP (% real change pa)	3.9%	3.3%	3.4%	0.1%	●
Consumer prices (% change pa)	-0.3%	-0.5%	1.4%	1.9%	●
Recorded unemployment (%)	11.5%	9.5%	7.1%	-2.4%	●
Budget balance (% of GDP)	-2.7%	-2.2%	-1.0%	1.2%	●
Public debt (% of GDP)	52.3%	51.8%	50.9%	-1.0%	●

Source: EIU, Eurostat





Insurance trends

Life segment's GWP decreased by 8.9%, while non-life segment's GWP increased by 6.0% year over year in 2016. The decrease of the life insurance market is mainly due to the development of single life insurance policies. In 2017, both segments could increase significantly. Life segment's GWP increased by 11.8%, while non-life segment increased by 3.7% on a year over year basis. Therefore, total insurance market's GWP increased by 5.7% from 2015 to 2017 with an annual 2.8% growth rate.

Number of customers within the age group of 25-40, who are most likely to consume life insurance, has seen an approximately 3% annual decline since 2008.

In 2017, life insurance segment's GWP accounted for 50.3% and non-life segment's GWP covered 49.7% of total market's GWP.

Insurance penetration was 2.5% in 2017, which decreased by 0.1% points from 2015

to 2017, and is still less than half of the level of insurance penetration in mature European markets. Therefore, there is a space for the insurance sector to grow significantly in the upcoming years as living standards converge to western European standards. In 2017, GWP per capita was EUR 392, which is close to the CEE average of EUR 360.

Table 14. Insurance market in Slovakia

GROSS WRITTEN PREMIUMS Product portfolio (EUR mn)	2015	2016	2017	Change 2016-17 (% or % point)	
Life	1,055	960	1,073	11.8%	●
Non-Life	965	1,024	1,062	3.7%	●
Total	2 020	1 984	2 135	7.6%	●
Insurance penetration					
Life	1.3%	1.2%	1.3%	0.0%	●
Non-Life	1.2%	1.3%	1.2%	0.0%	●
Total	2.6%	2.4%	2.5%	0.1%	●
GWP / Capita (EUR)					
	371	364	392	7.6%	●
Total Paid Claims					
Life	661	659	680	3.3%	●
Non-Life	494	501	517	3.2%	●
Total	1 155	1 160	1 197	3.2%	●

Source: Xprimm



Insurance market

There were 17 life insurer and 19 non-life insurer companies in Slovakia, 15 out of them operate in both segments in 2016.

Tab 15. List of life insurers in Slovakia, 2016

List of Life Insurers in Slovakia 2016					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Non-Life Business	
1. Allianz	206	18.3%	Allianz	Yes	
2. KOOPERATIVA	202	17.9%	Vienna Insurance Group	Yes	
3. MetLife Europe	109	9.7%	MetLife	Yes	
4. Komunálna	108	9.6%	Vienna Insurance Group	Yes	
5. Poistovňa Slovenskej	89	7.9%	Postova banka. a.s.	Yes	
6. Generali	88	7.8%	Generali	Yes	
7. NN a. s.	75	6.7%	n.a.	No	
8. ČSOB	51	4.5%	KBC	Yes	
9. AXA	49	4.3%	AXA	Yes	
10. AEGON	47	4.2%	AEGON	No	
11. Wüstenrot	35	3.1%	Wüstenrot Versicherungs-AG	Yes	
12. UNIQA	28	2.5%	UNIQA	Yes	
13. Poštová poisťovňa.	12	1.1%	n.a.	Yes	
14* UNION	11	1.0%	Achmea B. V.	Yes	
15. ERGO	10	0.9%	Munich Re	Yes	
16. Poistovňa Cardif Slovakia. a.s.	7	0.6%	BNP PARIBAS	Yes	
17. Groupama	0	0.0%	Groupama	Yes	
Total	1 127	100%			

Source: Xprimm

Table 16. List of non-life insurers in Slovakia, 2016

List of Non-Life Insurers in Slovakia 2016					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Life Business	
1. Allianz	346	33.1%	Allianz	Yes	
2. KOOPERATIVA	259	24.8%	Vienna Insurance Group	Yes	
3. Generali	121	11.6%	GENERALI	Yes	
4. UNIQA	86	8.2%	UNIQA	Yes	
5. Komunálna	80	7.7%	KOOPERATIVA poisťovňa. VIG	Yes	
6. UNION	38	3.6%	Achmea B. V.	Yes	
7. ČSOB	34	3.3%	KBC	Yes	
8. Wüstenrot	24	2.3%	Wüstenrot Versicherungs-AG	Yes	
9. Poisťovňa Cardif	16	1.5%	BNP PARIBAS	Yes	
10. AXA	10	1.0%	AXA	Yes	
11. Colonnade Insurance	7	0.7%	n.a.	No	
12. MetLife Europe	6	0.6%	MetLife	Yes	
13. Groupama	6	0.6%	n.a.	Yes	
14* Basler AG	5	0.5%	Basler Sachversicherungs-Aktiengesellschaft	No	
15. D.A.S. Rechtsschutz	3	0.3%	D.A.S. Rechtsschutz AG	No	
16. Poštová poisťovňa	2	0.2%	n.a.	Yes	
17. ERGO	1	0.1%	Munich Re	Yes	
18. Poisťovňa Slovenskej	0	0.0%	Vienna Insurance Group	Yes	
19. Slovenská kancelária	0	0.0%	n.a.	No	
Total	1 044	100%			

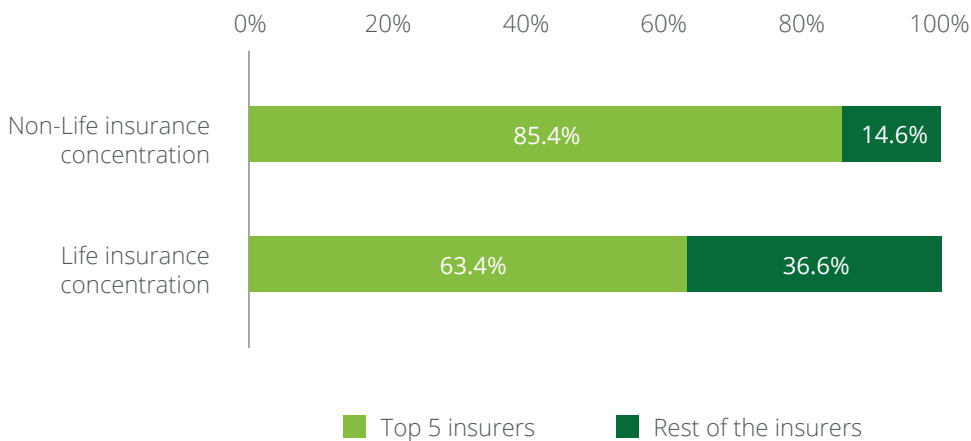
Source: Xprimm

Life insurance market is highly concentrated, regarding the top five companies, based on GWP, own 63.4% of the market. The rest of the market share is distributed between 12 players.

Non-life insurance was almost the same size as the life insurance segment, based on GWP in 2016. Non-life insurance segment had higher concentration rate, regarding the top five companies own 85.4% of the total GWP. The rest of the market is split between 14 players, which indicates there is still room for consolidation.

Despite the relatively smaller size of Slovakia there are several firms in the industry generating approximately EUR 1 bn in the life and in non-life segments. The largest two players in both markets are Allianz and Kooperativa, who together account for 36.2% and 58.0% of the life and non-life segment respectively.

Figure 17. Market concentration in Slovakia



Source: Xprimm, Deloitte Intelligence



M&A activity

There were 3 closed insurance related transactions on the Slovakian insurance market from 2015 until the end of 2018 and there is 1 transaction which has still not been completed.

In 2018, Allianz acquired DAS which will enable the group to expand its reach in the Slovakian market. The sale is in line with ERGO's internationalization strategy of expanding its position only in developed European markets in Poland and Greece, and growth markets like India and China.

NN Group N.V. announced that it will acquire Aegon Slovensko, the Slovakian subsidiary of Aegon NV for EUR 155 m, in 2018.

In 2015, Penta Investments acquired 50% stake in DOVERA from Prefto Holdings Limited, the listed Czech Republic based insurance company, for an undisclosed value. The investment will help DOVERA expand their presence in the insurance market in Slovakia.

Table 17. List of M&A transactions in Slovakia 2015-2018

List of insurance M&A deals in Czech Republic 2015 - 2018						
Year	Target	Buyer	% Acquired	Deal Value in EUR mn	Seller	Completed
2018	DAS Rechtsschutz-Versicherungs-AG	Allianz	100.0%	n.a.	Munich Re	Y
2018	Aegon Slovensko	NN Group N.V.	100.0%	155	Aegon NV	N
2015	DOVERA	Penta Investments Limited	50.0%	n.a.	Prefto Holdings	Y
2015	AIG	Fairfax Financial Holdings	100.0%	n.a.	AIG	Y

Source: Deloitte Intelligence

Hungary



Macroeconomic environment

Real GDP increased by 4.2% in 2017, mainly driven by fiscal loosening, tax cuts and increased expenditure.

Consumer prices increased by 2.4% in 2017, which was the highest since 2012. Fuel price inflation at 5.9% was the main driver of the rise, as other components did not increase significantly.

Recorded unemployment in Hungary is at record low levels. Labour shortage and the

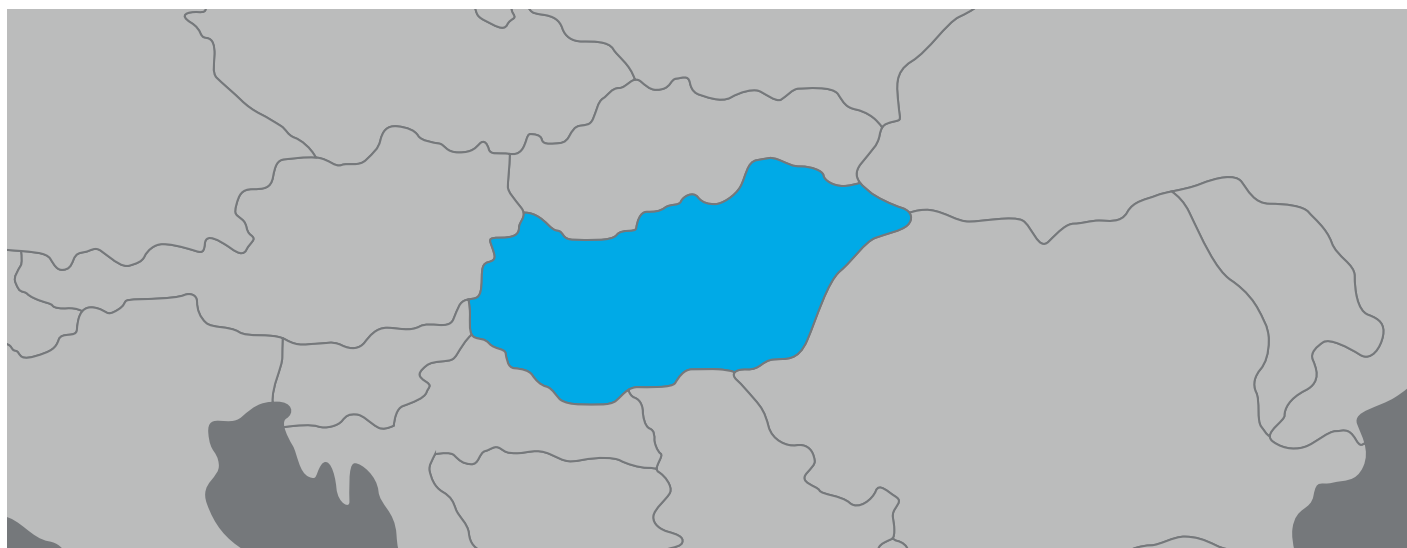
lack of the skilled workers is an issue to be dealt with in most fields of the economy.

Budget deficit increased by 0.3 percentage point in 2017 to 2.0%, while public debt stood at 73.7%.

Table 18. Macroeconomic environment in Hungary

Macro indicators	2015	2016	2017	Change 2016-17 (% or % point)	
Nominal GDP (EUR mn)	110 723	113 731	123 495	8.6%	●
Nominal GDP/capita (EUR)	11 317	11 660	12 703	8.9%	●
GDP (% real change pa)	3.3%	2.1%	4.2%	2.1%	●
Consumer prices (% change pa)	-0.1%	0.4%	2.4%	2.0%	●
Recorded unemployment (%)	6.8%	5.1%	4.2%	-0.9%	●
Budget balance (% of GDP)	-1.9%	-1.7%	-2.0%	-0.3%	●
Public debt (% of GDP)	76.8%	76.1%	73.7%	-2.4%	●

Source: EIU, Eurostat





Insurance trends

Life segment's GWP increased by 3.5%, while non-life segment's GWP increased by 10.2% year over year in 2016. In 2017, only life segment could overperform the 2016 growth rate. Life segment's and non-life segment's GWP increased by 5.2% and 9.3% respectively on a year over year basis. The major drivers of the non-life segment were property and vehicle insurance which amounted to EUR 572 mn and EUR 487 mn respectively. Therefore, total insurance market's GWP increased by 14.5% from

2015 to 2017 with an annual 7.0% growth rate.

In 2017, life insurance segment's GWP accounted for 48.6% and non-life segment's GWP covered 51.4% of total market's GWP.

Insurance penetration was 2.5% in 2017, which increased by 0.1% points from 2015 to 2017. In 2017, GWP per capita was EUR 312, which was lower than the CEE average of EUR 360.

In 2017, 24 insurance companies were profitable. Those companies net profit increased by 24.5% in 2017 year over year, which resulted EUR 208 mn profit by the year end. Only one insurance company resulted losses of EUR 0.5 mn in 2017.

Table 19. Insurance market in Hungary

GROSS WRITTEN PREMIUMS Product portfolio (EUR mn)	2015	2016	2017	Change 2016-17 (% or % point)	
Life	1 364	1 411	1 485	5.2%	●
Non-Life	1 304	1 438	1 571	9.3%	●
Total	2 668	2 849	3 056	7.3%	●
Insurance penetration					
Life	1.2%	1.2%	1.2%	0.0%	●
Non-Life	1.2%	1.3%	1.3%	0.0%	●
Total	2.4%	2.5%	2.5%	0.0%	●
GWP / Capita (EUR)					
	273	292	314	7.6%	●
Total Paid Claims					
Life	1 048	1 095	1 175	7.3%	●
Non-Life	588	629	723	14.9%	●
Total	1 636	1 724	1 898	10.1%	●

Source: Xprimm



Insurance market

There were 17 life insurer and 20 non-life insurer companies in Hungary, from which 13 companies operate in both segments in 2017.

Table 20. List of life insurers in Hungary, 2017

List of Life Insurers in Hungary end of 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Non-Life Business	
1. NN Biztosító	296	18.8%	NN	No	
2. Magyar Posta Életbiztosító	194	12.4%	Talanx Group	Yes	
3. Groupama Biztosító	162	10.3%	Groupama	Yes	
4. Generali Biztosító	145	9.3%	Generali	Yes	
5. Aegon	145	9.3%	AEGON	Yes	
6. Allianz Hungária	115	7.3%	Allianz	Yes	
7. Uniqa Biztosító	89	5.6%	UNIQA	Yes	
8. MetLife Europe Fióktelep	62	4.0%	Metlife	Yes	
9. Union Vienna Life Vienna	55	3.5%	Vienna Insurance Group	Yes	
10. CIG Pannónia Életbiztosító	51	3.3%	VINTON Vagyonkezelő	Yes	
11. Signal IDUNA	51	3.2%	SIGNAL IDUNA	Yes	
12. Vienna Life Biztosító	51	3.2%	Vienna Insurance Group	Yes	
13. K&H Biztosító	45	2.9%	KBC	Yes	
14* Erste Vienna Insurance Group Biztosító	44	2.8%	Vienna Insurance Group	No	
15. Grawe Életbiztosító	44	2.8%	Grazer Wechselseitige Versicherung	No	
16. Ergo Életbiztosító	12	0.8%	Munich Re	No	
17. Cardif Életbiztosító	7	0.5%	BNP Paribas	Yes	
Total	1 569	100%			

Source: Xprimm

Table 21. List of non-life insurers in Hungary, 2017

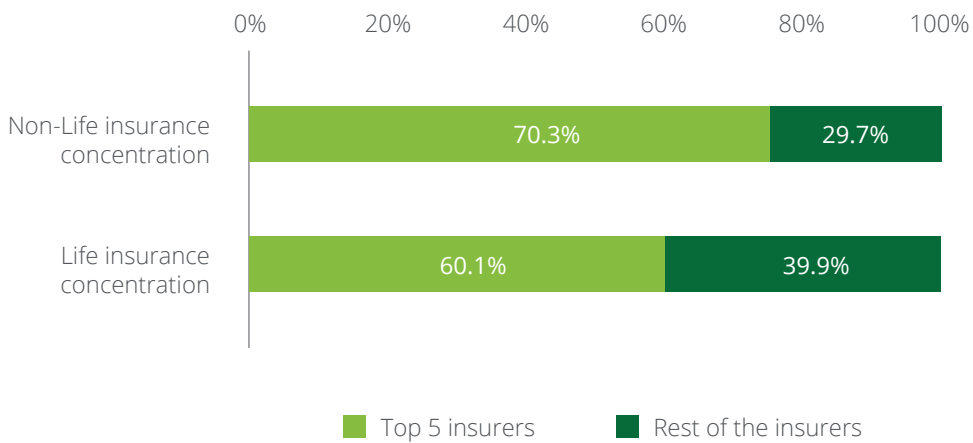
List of Non-Life Insurers in Hungary end of 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Life Business	
1. Allianz Hungária	352	21.0%	Allianz	Yes	
2. Generali Biztosító	273	16.3%	Generali	Yes	
3. Aegon	218	13.0%	AEGON	Yes	
4. Groupama Biztosító	218	13.0%	Groupama	Yes	
5. Uniqa Biztosító	119	7.1%	UNIQA	Yes	
6. K&H Biztosító	105	6.2%	KBC	Yes	
7. Union Vienna Insurance Group Biztosító	92	5.5%	Vienna Insurance Group	Yes	
8. Wáberer Hungária Biztosító	74	4.4%	Waberer's International	No	
9. Magyar Posta Biztosító	34	2.1%	Talanx Group	Yes	
10. Signal Biztosító	32	1.9%	SIGNAL IDUNA	Yes	
11. KÖBE	31	1.8%	Private individuals	No	
12. CIG Pannónia Elso Magyar Általános Biztosító	28	1.7%	CIG Pannónia Életbiztosító	Yes	
13. Colonnade	24	1.5%	Fairfax	No	
14* Genertel Biztosító	24	1.5%	Generali	No	
15. Medcover	17	1.0%	Medcover Försakrings Ab	No	
16. Cardif Magyarország	15	0.9%	BNP Paribas	Yes	
17. Európai Utazási Biztosító	10	0.6%	Generali	No	
18. Vienna Life Biztosító	5	0.3%	Vienna Insurance Group	Yes	
19. Porsche	5	0.3%	Porsche Bank AG	No	
20. MetLife Europe Fióktelep	2	0.1%	Metlife	Yes	
Total	1 678	100%			

Source: Xprimm

Life insurance market is highly concentrated. The top five companies, based on GWP, own 60.1% of the market and four out of five also operate in the non-life insurance segment. Non-life insurance and life insurance had almost the same market size, based on the GWP in 2017. Non-life insurance segment is also highly concentrated, regarding the top five companies own 70.3% of the total GWP. There are some relatively small insurers in both segments, which means there is still room for consolidation in both markets.



Figure 18. Market concentration in Hungary



Source: Xprimm, Deloitte Intelligence



M&A activity

There were 4 completed insurance related acquisitions and 1 merger on the Hungarian insurance market since 2015 until the end of 2018.

In 2017, Vienna Insurance Group announced the merging of its three subsidiaries in 2018, Erste Biztosító, Union Biztosító and Vienna Life Biztosító, to Union Biztosító. This aligns with their goal of having over 10% market share in Hungary. As the result of the deal Union Biztosító have approximately 9.5% market share on the life segment and 5.8% on the non-life segment.

In 2017, MCI Capital, Poland-based company, which engaged in venture capital and private equity, acquired Netrisk.hu, an online non-life insurance brokerage.

99.0% of MKB Life Insurance and MKB General Insurance companies were acquired by CIG PanNonia Life Insurance for an undisclosed amount from Versicherungskammer Bayern, in 2017.

In 2015, Fairfax Financial Holdings acquired QBE Insurance (Europe) Limited's Hungarian subsidiary for an undisclosed consideration.

Table 22. List of M&A transactions in Hungary 2015-2018

List of insurance M&A deals in Hungary 2015 - 2018						
Year	Target	Buyer	% Acquired	Deal Value in EUR mn	Seller	Completed
2018	Erste Biztosító, Union Biztosító, Vienna Life Biztosító (merger)	Vienna Insurance Group	100.0%	n.a.	Vienna Insurance Group	Y
2017	Netrisk.hu	MCI Capital	100.0%	56.5	Enterprise Investors	Y
2017	MKB Life Insurance	CIG PanNonia Life Insurance	99.0%	n.a.	Versicherungskammer Bayern	Y
2017	MKB General Insurance	CIG PanNonia Life Insurance	99.0%	n.a.	Versicherungskammer Bayern	Y
2015	QBE	Fairfax Financial Holdings	100.0%	n.a.	QBE Insurance (Europe) Limited	Y

Source: Deloitte Intelligence

Romania



Macroeconomic environment

Romania's economic growth accelerated in the last 3 years. In 2017 GDP increased by 10% in nominal, while 7% in real terms with a 2.2% CAGR. The country's economy had one of the highest growth in private consumption within Europe, which explains the solid GDP growth. The reason behind private consumption growth is the increasing disposable income and the wages while VAT had been cut.

Despite the stagnant labour market,

consumer confidence has reached the pre-crisis level, and there is a strong domestic demand on imports.

In 2017 budget balance resulted in a negative ratio of -2.8%, and it decreased slightly compared to the year before. Although, public debt decreased by 2.1 percentage points to 35.0%.

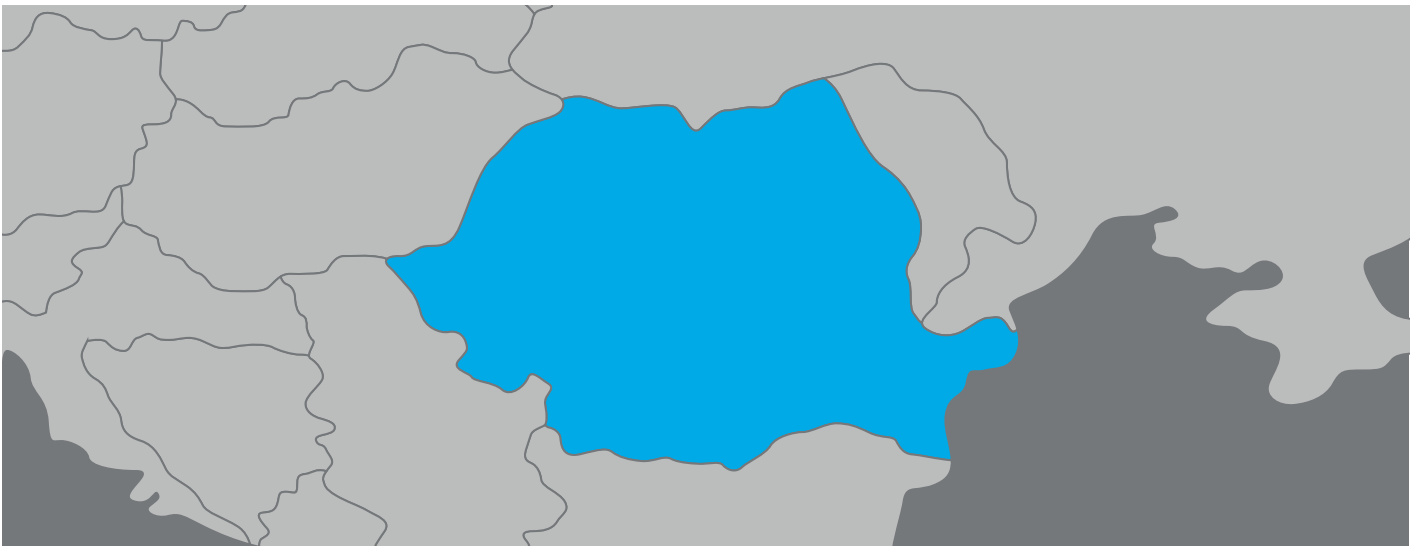
Although EU funds continued to boost investments, there were changes in tax and

business-related legislations, which might create some legal uncertainty for long term investments. The pro-cyclical fiscal policy pushed the deficit of the general consolidated budget up to 3% of the GDP from 0.8% in 2015.

Table 23. Macroeconomic environment in Romania

Macro indicators	2015	2016	2017	Change 2016-17 (% or % point)	
Nominal GDP (EUR mn)	160 298	170 893	187 940	10.0%	●
Nominal GDP/capita (EUR)	8 064	8 641	9 550	10.5%	●
GDP (% real change pa)	3.9%	4.8%	7.0%	2.2%	●
Consumer prices (% change pa)	-0.6%	-1.6%	1.3%	2.9%	●
Recorded unemployment (%)	6.8%	5.6%	4.8%	-0.8%	●
Budget balance (% of GDP)	-1.5%	-2.4%	-2.8%	-0.4%	●
Public debt (% of GDP)	37.7%	37.1%	35.0%	-2.1%	●

Source: EIU, Eurostat





Insurance trends

Life segment's GWP increased by 4.8%, while non-life segment's GWP increased by 9.8% year over year in 2016. In 2017, only life segment could overperform the 2016 growth rate, while life segment decreased. Life segment's GWP increased by 18.8%, while non-life segment decreased by 2.1% on a year over year basis. Therefore, total insurance market's GWP increased by 10.7% from 2015 to 2017 with an annual 5.2% growth rate. This movement is in align with the GDP increase, therefore penetration barely changed in this period.

Romania successfully completed the first comprehensive Balance sheet review (BSR) and Stress test.

The government introduced a cap on insurance premiums for compulsory car insurance, which became effective by the end of 2016. The cap on insurance premiums policy was triggered by the increase in these premiums. According to European Commission several insurance undertakings were being addressed. Astra Asigurari went bankrupt in 2016.

In 2017, life insurance segment's GWP accounted for 20.8% and non-life segment's GWP covered 79.2% of total market's GWP.

Insurance penetration was 1.1% in 2017, which decreased by 0.1% points from 2015 to 2017. In 2017, GWP per capita was EUR 108, which is lower than the CEE average of EUR 360. Therefore, there is still room for expansion.

Table 24. Insurance market in Romania

GROSS WRITTEN PREMIUMS Product portfolio (EUR mn)	2015	2016	2017	Change 2016-17 (% or % point)	
Life	355	372	442	18.8%	●
Non-Life	1 565	1 719	1 683	-2.1%	●
Total	1 920	2 091	2 125	1.6%	●
Insurance penetration					
Life	0.2%	0.2%	0.2%	0.0%	●
Non-Life	1.0%	1.0%	0.9%	-0.1%	●
Total	1.2%	1.2%	1.1%	-0.1%	●
GWP / Capita (EUR)					
	97	106	108	2.1%	●
Total Paid Claims					
Life	180	158	218	38.0%	●
Non-Life	849	802	888	10.7%	●
Total	1 029	960	1 106	15.2%	●

Source: Xprimm



Insurance market

There were 10 life insurer and 10 non-life insurer companies in Romania, from which 4 of them operate in both segments in 2017.

Table 25. List of life insurers in Romania, 2017

List of Life Insurers in Romania 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Non-Life Business	
1. NN Asigurări de Viață	161	38.3%	NN	No	
2. BCR Asigurări de Viață VIG	77	18.3%	Vienna Insurance Group	No	
3. ERGO Asigurări de Viață	33	7.9%	Munich Re	No	
4. BRD Asigurări de Viață	30	7.1%	Sogecap	No	
5. Allianz-Tiriac Asigurari	30	7.1%	Allianz	Yes	
6. ASIROM VIG	28	6.7%	Vienna Insurance Group	Yes	
7. EUROLIFE ERB Asigurări de Viață	22	5.2%	Eurolife Erb	No	
8. Generali Romania Asigurare Reasigurare	15	3.6%	Generali	Yes	
9. UNIQA Asigurări de Viață	13	3.1%	Uniqa	Yes	
10. Signal Iduna Asigurare Reasigurare	11	2.6%	SIGNAL IDUNA	No	
Total	420	100%			

Source: Xprimm

Table 26. List of non-life insurers in Romania, 2017

List of Non-life Insurers in Romania 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Life Business	
1. Societatea de Asigurare Reasigurare CITY Insurance	275	16.9%	Sc Vivendi International SRL	No	
2. ALLIANZ-ȚIRIAC	239	14.7%	Allianz	Yes	
3. EUROINS Romania Asigurare Reasigurare	238	14.6%	Euroins Insurance Group Plc	No	
4. OMNIASIG VIG	232	14.3%	Vienna Insurance Group	No	
5. GROUPAMA Asigurări	195	12.0%	Groupama	No	
6. ASIROM VIG	184	11.3%	Vienna Insurance Group	Yes	
7. GENERALI România	120	7.4%	Generali	Yes	
8. UNIQA Asigurări	85	5.2%	Uniqa	Yes	
9. P.A.I.D.	33	2.0%	Multiple shareholders	No	
10. Gothaer Asigurari Reasigurari	26	1.6%	Gothaer	No	
Total	1 627	100%			

Source: Xprimm



Life insurance market is highly concentrated. The top three companies, based on GWP, own 64.5% of the market.

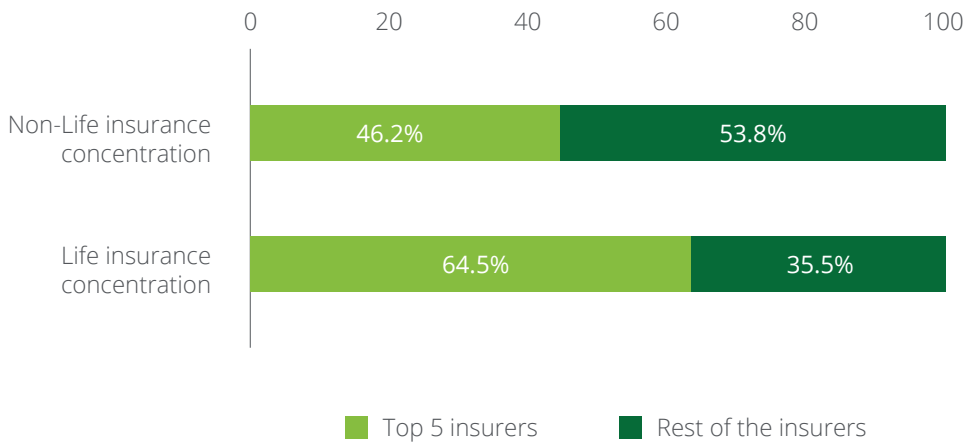
Non-life insurance was almost four times larger than the life insurance segment, based on GWP in 2017. Non-life insurance segment's concentration is moderate, regarding the top three companies own 46.2% of the total GWP.

The ASTRA, who were owned by Romanian shareholder Dan Adamescu, was the largest insurer in the market in 2014. However, in 2015 it underwent a resolution plan due

to financial distress, and ultimately was declared bankrupt in 2016.

CITY Insurance and EUROINS were the largest MTPL insurers, together they accounted for a share of 59% of the total MTPL market.

Figure 19. Market concentration in Romania



Source: Xprimm, Deloitte Intelligence



M&A activity

There were 5 closed insurance related transactions on the Romanian insurance market from 2015 until the end of 2018. None of their deal values were public.

In 2017, Berlin London Beteiligungs Holding AG acquired an undisclosed majority of Societatea de Asigurare-Reasigurare City Insurance S.A. for EUR 50m.

AXA entered to the Romanian insurance market in 2010, when it acquired OMNIASIG Asigurari de Viata - a small life insurance company, previously owned by Vienna Insurance Group. Between 2014 and 2016

there were numerous attempts of exiting, but most of the transactions failed, except in 2016, when Vienna Insurance Group acquired 100% of Axa Life Insurance SA through its BCR Life and Omniasig entities.

In 2016, ERGO Versicherungsgruppe AG agreed to acquire Credit Europe Asigurari-Reasigurari S.A. The acquisition will enable ERGO to expand its presence in the Romanian general insurance market. The transaction is expected to create better opportunities for the brokers, customers and employees of Asigurari. Post-acquisition, Credit Europe will continue its business on

Romanian market under the "ERGO" brand. All existing contracts of Credit Europe will remain in effect and will be taken with all the rights and obligations under the ERGO brand.

Romania is a key-market for Vienna Insurance Group, the Austrian group took commitment to be a long-term investor on the local insurance market in Romania, both organically and through acquisitions, but, currently, there are no negotiations.

Table 27. List of M&A transactions in Romania 2015-2018

List of insurance M&A deals in Czech Republic 2015 - 2018						
Year	Target	Buyer	% Acquired	Deal Value in EUR mn	Seller	Completed
2017	Societatea de Asigurare-Reasigurare City Insurance S.A.	Berlin London Beteiligungs Holding AG	undisclosed majority	50	Undisclosed seller	Y
2017	AIG	Fairfax Financial Holdings	100.0%	n.a.	AIG	Y
2016	SC AXA Life Insurance S.A.	Vienna Insurance Group	100.0%	n.a.	AXA SA	Y
2016	Credit Europe Asigurari-Reasigurari	Munich Re	100.0%	n.a.	Credit Europe Bank N.V.	Y
2015	SRBA Insurance Broker	Renomia AS	100.0%	n.a.	Undisclosed seller	Y

Source: Deloitte Intelligence

Slovenia



Macroeconomic environment

Slovenian GDP was up by a solid 7.1% in nominal terms to reach EUR 43.2 bn in 2017, already surpassing the pre-crisis highs. Economic growth was mainly due to exports and strengthening private consumption.

After deflation in 2015 and 2016, the inflation increased by 1.6% in 2017, supported by the 0% reference rate.

Recorded unemployment rate slightly decreased in 2017, which is still relatively high compared to the neighbouring countries.

The public finance picture improved further in 2017 with the general government deficit decreasing to 0.7% of GDP in 2017 from 1.8% in the previous year and public debt ratio dropped to 73.4% in 2017 from 78.7%.

Table 28. Macroeconomic environment in Slovenia

Macro indicators	2015	2016	2017	Change 2016-17 (% or % point)	
Nominal GDP (EUR mn)	38 837	40 418	43 278	7.1%	●
Nominal GDP/capita (EUR)	18 718	19 451	20 807	7.0%	●
GDP (% real change pa)	2.0%	2.6%	5.0%	2.4%	●
Consumer prices (% change pa)	-0.7%	-0.2%	1.5%	1.7%	●
Recorded unemployment (%)	12.3%	11.2%	9.5%	-1.7%	●
Budget balance (% of GDP)	-2.9%	-1.9%	0.0%	2.0%	●
Public debt (% of GDP)	83.0%	78.7%	73.4%	-5.3%	●

Source: EIU, Eurostat





Insurance trends

Life segment's GWP increased by 2.1%, while non-life segment's GWP increased by 3.6% year over year in 2016. In 2017, both segments could overperform the previous year's growth rates. Life segment's GWP increased by 7.7%, mostly due to life insurance's segment revitalization, while non-life's segment increased by 4.5% year over year, which was mainly driven by health insurance's supplementary segment and by the motor insurance lines. Unit-Linked insurance product line grew by 10% which triggered the life insurance segment to reach such positive trends. Therefore, total insurance market's GWP increased by 8.8% from 2015 to 2017 with

an annual 4.3% growth rate. The industry's GWP increase was aligned with the countries nominal GDP, thus the insurance penetration could only slightly decrease by 0.1% point from 5.2% to 5.1%.

In 2017, life insurance segment's GWP accounted for 30.0% and non-life segment's GWP covered 70.0% of total market's GWP.

Insurance penetration was 5.1% in 2017, which decreased by 0.1% points from 2015 to 2017. In 2017, GWP per capita was EUR 314, which is lower than the CEE average of EUR 360.

After several years of preparations, the Slovenian insurance industry welcomed the new Insurance Act (ZZavar-1) in 2015, which implemented the Solvency II Directive and the associated European regulations.

Insurance companies were forced to adapt their IT support and, in certain cases, their operating systems with the introduction of fiscal cash registers, which represents a major problem for a complex activity such as the insurance industry due to the very short preparatory period for Solvency II.

Table 29. Insurance market in Slovenia

GROSS WRITTEN PREMIUMS Product portfolio (EUR mn)	2015	2016	2017	Change 2016-17 (% or % point)	
Life	594	607	654	7.7%	●
Non-Life	1 409	1 460	1 526	4.5%	●
Total	2 003	2 066	2 179	5.5%	●
Insurance penetration					
Life	1.5%	1.5%	1.5%	0.0%	●
Non-Life	3.6%	3.6%	3.5%	-0.1%	●
Total	5.2%	5.0%	5.1%	0.1%	●
GWP / Capita (EUR)					
	965	994	1 053	5.9%	●
Total Paid Claims					
Life	425	423	477	12.8%	●
Non-Life	940	950	1 020	7.4%	●
Total	1 365	1 374	1 497	9.0%	●

Source: Xprimm



Insurance market

Despite the small size of the insurance market, the number of insurance companies that may directly perform insurance operations in Slovenia is growing every year. While the competition remains strong, it seems that InsurePal, a start-up which is a distributed social proof insurance platform, was launched in January with large funding.

There were 14 life insurer and 16 non-life insurer companies in Slovenia, from which 11 of them operate in both segments in 2017.

Table 30. List of life insurers in Slovenia, 2017

List of Life insurance companies in Slovenia 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Non-Life Business	
1. Zavarovalnica TRIGLAV	174	26.5%	Zpiz. Sdh	Yes	
2. MODRA zavarovalnica	86	13.1%	Kapitalska Druzba	Yes	
3. Zavarovalnica SAVA	85	12.9%	Sava Re	Yes	
4. NLB Vita	68	10.3%	KBC	Yes	
5. ADRIATIC SLOVENICA	65	10.0%	Kd Group	Yes	
6. MERKUR zavarovalnica	37	5.7%	Merkur	Yes	
7. Prva osebna zavarovalnica	33	5.0%	n.a.	Yes	
8. GENERALI zavarovalnica	32	4.8%	Generali	Yes	
9. Skupna pokojninska družba	30	4.6%	Zavarovalnica Triglav. Nova Ljubljanska	No	
10. WIENER STÄDTISCHE	19	2.9%	Vienna Insurance Group	Yes	
11. GRAWE Zavarovalnica	17	2.7%	Clearstream Banking	Yes	
12. Sklad obrtnikov in podjetnikov	6	0.9%	n.a.	No	
13. ERGO zavarovalnica	3	0.5%	Munich Re	Yes	
14. ERGO Življenjska zavarovalnica	0	0.0%	Munich Re	No	
Total	654	100%			

Source: Xprimm



Table 31. List of non-life insurers in Slovenia, 2017

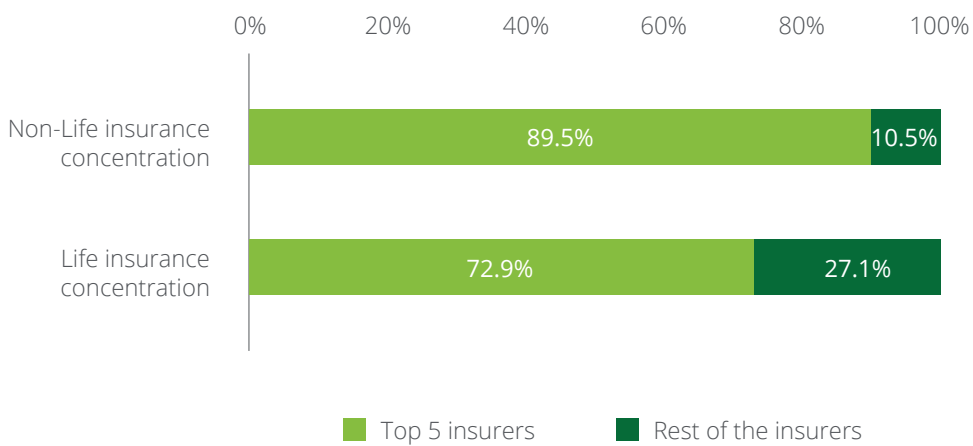
List of Non-Life insurance companies in Slovenia 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Life Business	
1. Zavarovalnica TRIGLAV	431	28.3%	Zpiz. Sdh	Yes	
2. Vzajemna zdravstvena zavarovalnica	285	18.6%	n.a.	No	
3. Zavarovalnica SAVA	279	18.3%	Sava Re	Yes	
4. ADRIATIC SLOVENICA	242	15.8%	Kd Group	Yes	
5. TRIGLAV Zdravstvena zavarovalnica	130	8.5%	Zavarovalnica Triglav	No	
6. GENERALI zavarovalnica	71	4.6%	Generali	Yes	
7. GRAWE Zavarovalnica	25	1.7%	Clearstream Banking Sa	Yes	
8. SID - Prva kreditna zavarovalnica	15	1.0%	Sid Banka	No	
9. ALLIANZ zavarovalnica	11	0.7%	Allianz	No	
10. WIENER STÄDTISCHE	11	0.7%	Vienna Insurance Group	Yes	
11. ERGO zavarovalnica	10	0.7%	Munich Re	Yes	
12. MERKUR zavarovalnica	9	0.6%	Merkur	Yes	
13. NLB Vita	3	0.2%	KBC	Yes	
14. ARAG SE	2	0.2%	ARAG SE	No	
15. Prva osebna zavarovalnica	2	0.2%	n.a.	Yes	
16. MODRA zavarovalnica	0	0.0%	Kapitalska Druzba	Yes	
Total	1 526	100%			

Source: Xprimm

Life insurance market is highly concentrated. The top five companies, based on GWP, own 72.9% of the market, while the largest player Zavarovalnica Triglav owns 26.5%. Non-life insurance's segment size was almost twice as large as the life insurance segment, based on GWP in 2017.

Non-life insurance's segment had higher concentration rate, regarding the top five companies owning 89.5% of the total GWP.

Figure 20. Market concentration in Slovenia



Source: Xprimm, Deloitte Intelligence



M&A activity

There was 1 closed insurance related transactions on the Slovenian insurance market from 2015 until the end of 2018 and 2 transactions are still waiting for completion.

In 2018, Generali has agreed to acquire Adriatic Slovenica from KD Group for a consideration of EUR 245 mn. The transaction includes acquisition of a mutual fund manager KD Skladi with over EUR 750 mn of assets under management that has

presence in Croatia and Macedonia through its subsidiaries. The acquisition enables Generali to broaden its customer base through cross-selling opportunities. It could also benefit the customers of Generali. The sale of Slovenia's third biggest insurer will expectedly be completed in the second half of the 2018.

In 2015, Zavarovalnica Triglav DD acquired 69.9% share of Skupna pokojninska družba,

d.d. for EUR 8mn.

Table 32. List of M&A transactions in Slovenia 2015-2018

List of insurance M&A deals in Slovenia 2015 - 2018						
Year	Target	Buyer	% Acquired	Deal Value in EUR mn	Seller	Completed
2018	Adriatic Slovenica d.d.	Generali	100.0%	245	KD Group	N
2018	Prva kreditna zavarovalnica, d.d.	Coface SA	100.0%	n.a.	SID Bank, Inc.	N
2015	Skupna pokojninska družba, d.d.	Zavarovalnica Triglav DD	69.9%	8	Undisclosed seller	Y

Source: Deloitte Intelligence



Croatia



Macroeconomic environment

After several years of recession, the Croatian economy started to recover in 2015, posting a real GDP increase of 2.8% in 2017. Growth was driven mostly by the increase in the exports of goods and services, strong private consumption, investments and tourism.

Former deflation turned to minor inflation in 2017 due to imported inflationary pressures on food and energy prices.

Unemployment rate of 17.1% in 2015 saw an improvement of 4.6 percentage points, arriving to 12.4% in 2017. Although, this ratio is still the second-highest unemployment rate behind Serbia among the analysed countries.

The 3.4% budget deficit of 2015 narrowed to 0.9% in 2016 and turned to a 0.8% budget surplus in 2017. Although public debt decreased significantly in 2015-2017 arriving to 77.5% in 2017, it is still

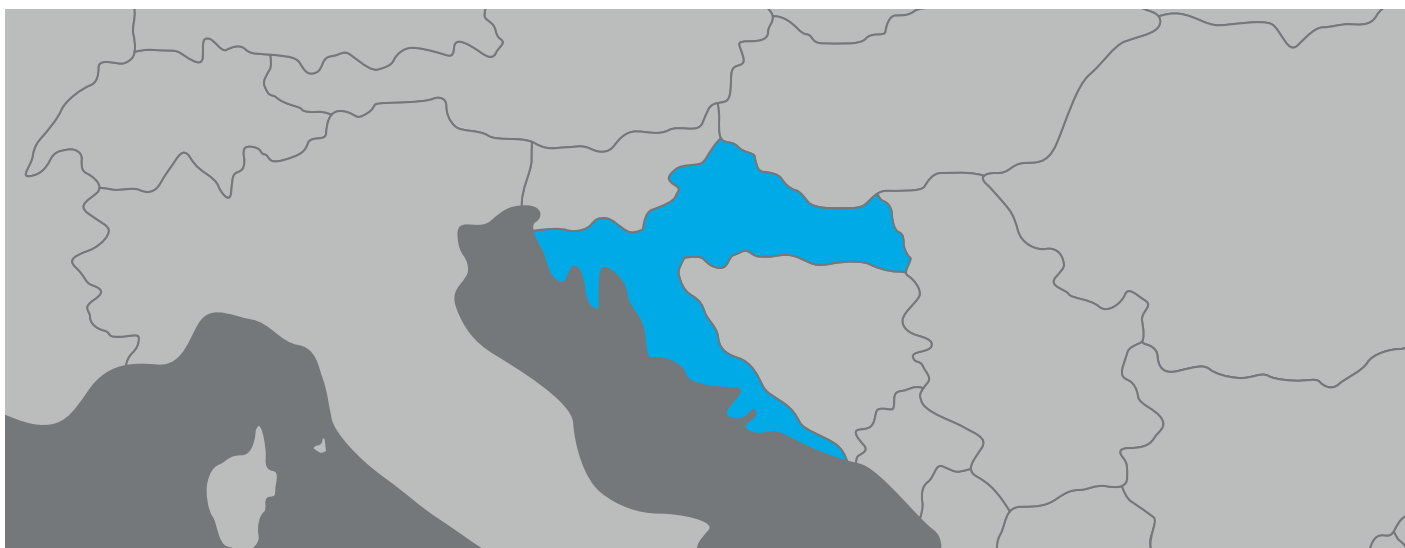
the highest figure among the countries presented in the paper.

Besides the relatively high public debt, ageing population and emigration pose challenges to the Croatian economy, but despite this, it is still expected to grow by an average 2.7% in the upcoming 5 years.

Table 33. Macroeconomic environment in Croatia

Macro indicators	2015	2016	2017	Change 2016-17 (% or % point)	
Nominal GDP (EUR mn)	44 606	46 640	48 990	5.0%	●
Nominal GDP/capita (EUR)	10 530	11 070	11 694	5.6%	●
GDP (% real change pa)	2.4%	3.5%	2.8%	-0.8%	●
Consumer prices (% change pa)	-0.5%	-1.1%	1.1%	2.3%	●
Recorded unemployment (%)	17.1%	15.0%	12.4%	-2.5%	●
Budget balance (% of GDP)	-3.4%	-0.9%	0.8%	1.7%	●
Public debt (% of GDP)	83.7%	80.2%	77.5%	-2.7%	●

Source: EIU, Eurostat





Insurance trends

Life segment's GWP increased by 0.5%, while non-life segment's GWP increased by 1.9% year over year in 2016. In 2017, both life and non-life insurance segment's overperformed the 2016 growth rates. Life segment and non-life segment's GWP increased by 1.4% and 5.3% year over year respectively. Life insurance growth was mainly driven by increasing insurance contracts involving lump sum premium payments. Therefore, total insurance market's GWP increased by 5.5% from 2015

to 2017 with an annual 2.7% growth rate.

In 2017, life insurance segment's GWP accounted for 32.5% and non-life segment's GWP covered 67.5% of total market's GWP.

Insurance penetration was 2.5% in 2017, which decreased by 0.1% points from 2015 to 2017. In 2017, GWP per capita was EUR 288, which is higher than the CEE average of EUR 360.

Table 34. Insurance market in Croatia

GROSS WRITTEN PREMIUMS Product portfolio (EUR mn)	2015	2016	2017	Change 2016-17 (% or % point)	
Life	384	386	391	1.4%	●
Non-Life	758	773	814	5.3%	●
Total	1 143	1 159	1 205	4.0%	●
Insurance penetration					
Life	0.9%	0.8%	0.8%	0.0%	●
Non-Life	1.7%	1.7%	1.7%	0.0%	●
Total	2.6%	2.5%	2.5%	0.0%	●
GWP / Capita (EUR)					
	270	275	288	4.8%	●
Total Paid Claims					
Life	216	242	273	13.0%	●
Non-Life	385	388	407	5.1%	●
Total	601	630	681	8.1%	●

Source: Xprimm



Insurance market

There were 14 life insurer and 18 non-life insurer companies in Croatia, from which 9 companies operate in both segments in 2017.

Table 35. List of life insurers in Croatia, 2017

List of Life Insurers in Croatia end of 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Non-Life Business	
1. Croatia Osiguranje	71	18.1%	Adris Grupa	Yes	
2. Allianz Zagreb	71	18.1%	Allianz	Yes	
3. Wiener Osiguranje VIG	38	9.6%	Vienna Insurance Group	Yes	
4. Grawe Hrvatska	37	9.5%	Grazer Wechselseitige Versicherung AG	Yes	
5. Agram Life Osiguranje	36	9.1%	Private individuals	Yes	
6. Generali Osiguranje	35	9.0%	Generali	Yes	
7. Merkur Osiguranje	34	8.6%	Merkur	Yes	
8. Uniqa Osiguranje	27	6.8%	Uniqa	Yes	
9. Erste Osiguranje VIG	24	6.2%	Vienna Insurance Group	No	
10. Triglav Osiguranje	8	2.0%	Zavarovalnica Triglav d.d.	Yes	
11. OTP Osiguranje	6	1.5%	Splitska Banka	No	
12. Societe Generale Osiguranje	5	1.3%	Societe Generale	No	
13. Wüstenrot ŽivotNo Osiguranje	0	0.1%	WÜStenrot Versicherungs Ag	No	
14. Ergo ŽivotNo Osiguranje	0	0.0%	Munich Re	No	
Total	391	100%			

Source: Xprimm

Table 36. List of non-life insurers in Croatia, 2017

List of Non-Life Insurers in Hungary end of 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Life Business	
1. CROATIA Osiguranje	253	31.1%	Adris Grupa	Yes	
2. EUROHERC Osiguranje	122	15.0%	Private individuals	No	
3. ALLIANZ Zagreb	82	10.1%	Allianz	Yes	
4. JADRANSKO Osiguranje	79	9.7%	Private individuals	No	
5. UNIQA Osiguranje	48	5.9%	Uniqa	Yes	
6. TRIGLAV Osiguranje	46	5.6%	Zavarovalnica Triglav	Yes	
7. WIENER osiguranje VIG	41	5.1%	Vienna Insurance Group	Yes	
8. GENERALI Osiguranje	40	4.9%	Generali	Yes	
9. HOK Osiguranje	27	3.3%	Zodaks D.O.O.	No	
10. CROATIA Zdravstveno Osiguranje	24	3.0%	Croatia Osiguranje d.d.	No	
11. GRAWE Hrvatska	18	2.2%	Grazer Wechselseitige Versicherung AG	Yes	
12. ERGO Osiguranje	13	1.6%	Munich Re	No	
13. AGRAM Life Osiguranje	8	1.0%	Private individuals	Yes	
14* IZVOR Osiguranje	7	0.9%	Private individuals	No	
15. MERKUR Osiguranje	3	0.4%	Merkur	Yes	
16. HRVATSKO Kreditno Osiguranje	1	0.2%	Hbor	No	
17. CROATIA Osiguranje Kredita	1	0.1%	Croatia Osiguranje	No	
18. VELEBIT Osiguranje	0	0.0%	n.a.	No	
Total	814	100%			

Source: Xprimm

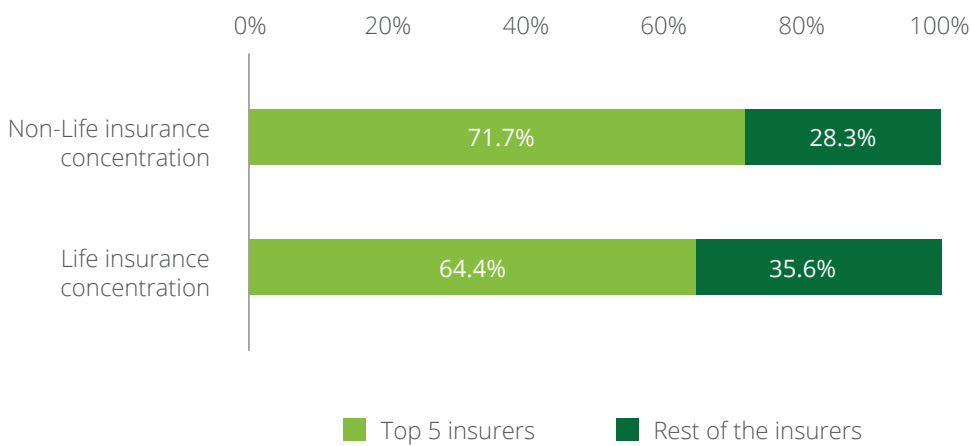
Life insurance market is highly concentrated. The top five companies, based on GWP, owned 64.4% of the market and all of them also operate in the non-life insurance segment.

Non-life insurance segment's size is twice as large as the life insurance segment, based on the GWP in 2017. Non-life insurance segment's market is also concentrated, regarding the five largest firms own 71.7%

of the total GWP, from which 46.1% can be assigned to the two biggest insurers, Croatia Osiguranje and Euroherc Osiguranje.

There are plenty of relatively small insurers mainly in the non-life segment, where is still room for consolidation.

Figure 21. Market concentration in Croatia



Source: Xprimm, Deloitte Intelligence



M&A activity

There was one completed insurance related transactions and two are still waiting for regulatory approve on the Croatian insurance market since 2015 until the end of 2018.

Slovenian reinsurer Save Re d.d signed a contract in 2018 for the entire capital of Croatian insurers ERGO osiguranje d.d. and Ergo životno osiguranje d.d., from sellers Ergo Austria International AG and Ergo

Versicherung Aktiengesellschaft, pending regulatory approval by HANFA.

In 2017, Croatia Osiguranje D.D. acquired 100% share of BNP Paribas Cardif osiguranje dionicko drustvo za osiguranje from BNP Paribas Cardif SA for an undisclosed amount.

Table 37. List of M&A transactions in Croatia 2015-2018

List of insurance M&A deals in Croatia 2015 - 2018						
Year	Target	Buyer	% Acquired	Deal Value in EUR mn	Seller	Completed
2018	ERGO osiguranje d.d.	Save Red.d	100.0%	n.a.	Munich Re	N
2018	Ergo životno osiguranje d.d.	Save Red.d	100.0%	n.a.	Munich Re	N
2017	BNP Paribas Cardif osiguranje dionicko drustvo za osiguranje	Croatia Osiguranje D.D.	100.0%	n.a.	BNP Paribas Cardif SA	Y

Source: Deloitte Intelligence



Bulgaria



Macroeconomic environment

Bulgaria's real GDP grew by 3.6% in 2017, continuing its ongoing growth after the slow post-crisis recovery in 2014. This significant expansion was mainly triggered by the strong private consumption and vivid investment activity.

Due to the rise in energy and oil prices the inflation significantly increased in 2017, after the 2 years of a slight deflation.

The wages were significantly increasing in 2017 reaching a 10% nominal wage growth, with positive labour market developments, which could further boost the private consumption.

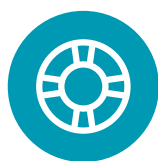
The budget deficit improved during the past 3 years which resulted in a positive rate of 0.9% in 2017. Public debt also decreased significantly by 3.6 percentage points to 25.4% from 2016 to 2017.

Table 38. Macroeconomic environment in Bulgaria

Macro indicators	2015	2016	2017	Change 2016-17 (% or % point)	
Nominal GDP (EUR mn)	45 287	48 129	50 430	4.8%	●
Nominal GDP/capita (EUR)	6 310	6 748	7 118	5.5%	●
GDP (% real change pa)	3.6%	3.9%	3.6%	-0.4%	●
Consumer prices (% change pa)	-0.1%	-0.8%	2.1%	2.9%	●
Recorded unemployment (%)	9.2%	7.7%	6.2%	-1.4%	●
Budget balance (% of GDP)	-2.8%	1.6%	0.9%	-0.7%	●
Public debt (% of GDP)	26.0%	29.0%	25.4%	-3.6%	●

Source: EIU, Eurostat





Insurance trends

In Bulgaria the global economic crisis caused a major decline in insurance premiums in 2009, 2010 and 2012. The recovery from the crisis has been gradual but uneven. Life insurance segment's GWP surged by 9.1% and non-life segment's GWP increased by 3.0% year over year in 2016. In 2017, both non-life GWP and life GWP increased by 8.2% and 4.9% year over year respectively. Therefore, total insurance market's GWP increased by 12.0% from 2015 to 2017 with an annual 5.8% growth rate. Despite the revenue growth, the industry's net profit decreased in 2017.

In 2016 the Financial Supervision Commission (FSC) reviewed and stress tested the pension funds' assets and insurance and reinsurance balance sheets, which showed that both the insurance and pension insurance sectors is stable. The review indicated that the Solvency II framework introduced in January 2016

has provided a competitive edge for the Bulgarian industry. The results showed the aggregated Solvency Capital (SCR) was 157% and the Minimum Capital requirement (MCR) is 313% in single entities, the SCR and MCR for non-life sector was 147% and 333% respectively, whilst the Life sector SCR was 235% and MCR was 238%. These results indicated that each industry is above the prudential requirements.

The report also showed 13 companies undertaking, with insufficient available funds to cover either the SCR or MCR. However, as the total SCR deficit was 50 mn BGN and the total MCR deficit was 25 mn BGN this is comparably small to the capital requirements and the available own funds of the insurance sector, with the aggregate SCR being 1.2 bn BGN, compared to a 1.9 bn BGN aggregate own funds available for cover. It should also be noted that 7 of the 13 companies which had a deficit have

undertaken the required actions to increase their funds in accordance with the balance sheet.

In 2017, life insurance segment's GWP accounted for 20.4% and non-life segment's GWP covered 79.6% of total market's GWP. In the non-life segment the mandatory vehicle insurance had the highest share. Level of car ownership is increasing in Bulgaria which would support the growth of the non-life insurance segment's penetration and GWP.

Before the downturn, the sale of insurance products increased in a fast-paced manner. Insurance penetration was 2.2% in 2017, which remain unchanged from 2015 to 2017. In 2017, GWP per capita was still relatively low, EUR 159, compared to the CEE average of EUR 360, which means the market has considerable potential for further growth.

Table 39. Insurance market in Bulgaria

GROSS WRITTEN PREMIUMS Product portfolio (EUR mn)	2015	2016	2017	Change 2016-17 (% or % point)	
Life	201	219	230	4.9%	●
Non-Life	804	828	896	8.2%	●
Total	1 005	1 047	1 126	7.5%	●
Insurance penetration					
Life	0.4%	0.5%	0.5%	0.0%	●
Non-Life	1.8%	1.7%	1.8%	0.1%	●
Total	2.2%	2.2%	2.2%	0.1%	●
GWP / Capita (EUR)					
	140	147	159	8.4%	●
Total Paid Claims					
Life	79	88	95	7.6%	●
Non-Life	446	438	437	-0.2%	●
Total	525	526	532	1.1%	●

Source: Xprimm



Insurance market

There were 12 life insurer and 26 non-life insurer companies in Bulgaria, from which 7 companies operate in both segments in 2017.

Table 40. List of life insurers in Bulgaria, 2017

List of Life insurance companies in Bulgaria 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Non-Life Business	
1. ALLIANZ	51	23.5%	Allianz	Yes	
2. BULSTRAD	45	20.4%	Vienna Insurance Group	Yes	
3. UNIQA	39	17.9%	Uniqqa	Yes	
4. DZI	26	12.0%	KBC	Yes	
5. UBB-METLIFE	22	10.2%	Metlife	No	
6. GRAWE	16	7.3%	Grazer Wechselseitige Versicherung	No	
7. SOGELIFE Bulgaria	8	3.8%	Societe Generale	No	
8. Groupama	5	2.4%	Groupama	Yes	
9. Saglasie	2	1.0%	Private Individuals	Yes	
10. CCB Life	2	0.7%	CCB Group	No	
11. Euroins Life	1	0.4%	Euroins Insurance Group	Yes	
12. JZI	1	0.3%	Lev INS	No	
Total	219	100%			

Source: Xprimm



Table 41 List of non-life insurers in Bulgaria, 2017

List of Non-Life insurance companies in Bulgaria 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Life Business	
1.	BULSTRAD	105	11.8%	Vienna Insurance Group	Yes
2.	LEV Ins	104	11.7%	Lev Corporation	No
3.	ARMEEC	99	11.1%	CCB Group	No
4.	DZI	96	10.8%	KBC	Yes
5.	ALLIANZ	88	9.8%	Allianz	Yes
6.	GENERALI	77	8.6%	Generali	No
7.	EUROINS	73	8.2%	Corporations	Yes
8.	BUL INS	59	6.6%	Generali	No
9.	OZK Insurance	53	5.9%	EI Em Impeks	No
10.	DallBogg	31	3.5%	Commercial League - National Pharma Centre	No
11.	UNIQA	30	3.3%	UNIQA	Yes
12.	ENERGIA	23	2.6%	Allianz	No
13.	ASSET Insurance	11	1.2%	Bent Oil	No
14.	GROUPAMA	9	1.1%	Groupama	Yes
15.	OZOF DOVERIE	8	0.9%	Doverie United Holding	No
16.	ZAD BULGARIA	7	0.8%	OMZ OOD	No
17.	EIG Re	6	0.7%	Euroins Insurance Group	No
18.	Bulgarian Export Insurance Agency	3	0.3%	Ministry of EcoNomy	No
19.	FI Health Insurance	2	0.3%	Fibank	No
20.	NoVA Ins	2	0.2%	Bulstrad Vienna Insurance Group	No
21.	MEDICO	1	0.1%	United Holding Doverie	No
22.	ZdravNoosiguritelen Institute	1	0.1%	n.a.	No
23.	OZOK Ins	1	0.1%	OZK Insurance	No
24.	Evropejska ZdravNoosiguritelna	1	0.1%	n.a.	No
25.	SAGLASIE	0	0.1%	Corporations	Yes
26.	EuroAmerican	0	0.0%	n.a.	No
Total		892	100%		

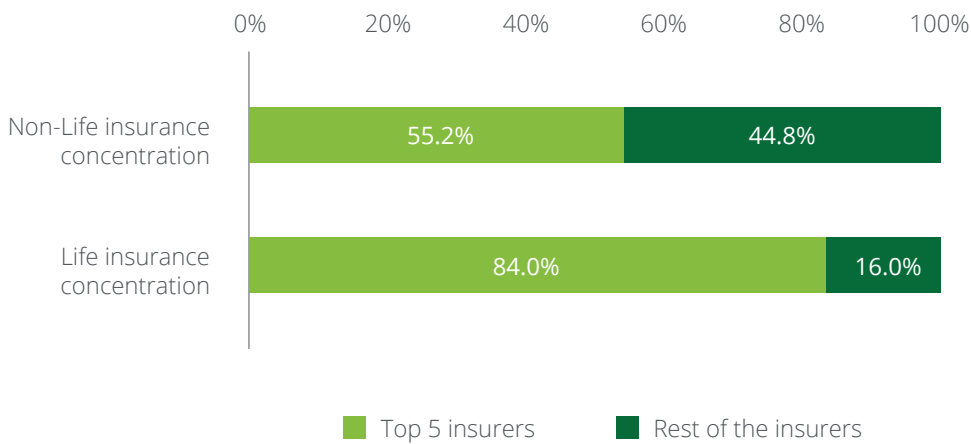
Source: Xprimm

Life insurance market is highly concentrated. The top five companies, based on GWP, owned 84.0% of the market and four of them also operate in the non-life insurance segment. Non-life insurance segment's size is almost 4 times larger than the life insurance segment, based on the GWP in 2017. Non-life insurance segment's market concentration is rather moderate, regarding the five largest firms own 55.2% of the total GWP.

There are plenty of relatively small insurers in both segments, thus there is still room for consolidation. Due to almost EUR 10 mn capital shortfall at the seventh largest life insurer, SiVZK, the Financial Supervision Commission (FSC) of Bulgaria appointed an independent external reviewer in June 2017. The aim of the appointed reviewer is to set the necessary measures to the management of SiVZK, to meet the capital requirements.

In August 2017 the FSC suspended the license of the local insurance company, Nadezhda after the asset quality review, which highlighted the insurer did not meet the capital requirements.

Figure 22. Market concentration in Bulgaria



source: Xprimm, Deloitte Intelligence



M&A activity

There were 4 insurance related transactions on the Bulgarian insurance market since 2015 until the end of 2018. None of the deal values had been publicly announced.

In 2018, DZI Life Insurance announced that it acquired 40% share of UBB-METLIFE from MetLife for an undisclosed consideration.

Generali Bulgaria sold its life insurance portfolio, worth of approximately EUR 5

mn, to Saglasie, a Bulgaria-based insurance company. After the deal Generali ceased its life operation segment in Bulgaria and in February, the FSC authorized the voluntary termination of Generali Life Insurance's activities and withdrew its license, in 2016.

Euroins Insurance Group LLC acquired 100.0% of HDI Zastrahovane for an undisclosed amount, in 2015.

Table 42 List of M&A transactions in Bulgaria 2015-2018

List of insurance M&A deals in Bulgaria 2015 - 2018						
Year	Target	Buyer	% Acquired	Deal Value in EUR mn	Seller	Completed
2018	UBB-METLIFE	DZI Life Insurance	40.0%	n.a.	MetLife	Y
2017	AIG	Fairfax Financial Holdings	100.0%	n.a.	AIG	Y
2016	Generali Life Insurance portfolio	Saglasie	100.0%	n.a.	Generali	Y
2015	HDI Zastrahovane	Euroins Insurance Group LLC	100.0%	n.a.	Talanx International	Y

Source: Deloitte Intelligence



Serbia



Macroeconomic environment

The Serbian economy grew by 1.9% on real terms in 2017. The government pursued structural economic changes in the recent years to support the EU accession process. The economy is expected to grow further because of the expansion in government spending, private consumption, foreign direct investments and improving job market conditions.

Inflation increased due to the higher import prices and high energy and oil prices.

Unemployment continued to decrease to 15.0% in 2017 which is considered low compared to other Balkan countries.

The government decreased public debt with 10.5% to 61.6% in 2017 to fulfill the 60% public debt convergence criteria set by European Union. Budget balance was also under 3% in the past two years which is also a criterion for the EU accession.

Table 43. Macroeconomic environment in Serbia

Macro indicators	2015	2016	2017	Change 2016-17 (% or % point)	
Nominal GDP (EUR mn)	33 491	34 617	36 795	6.3%	●
Nominal GDP/capita (EUR)	4 720	4 905	5 237	6.8%	●
GDP (% real change pa)	0.8%	2.8%	1.9%	-0.9%	●
Consumer prices (% change pa)	1.4%	1.2%	3.2%	2.0%	●
Recorded unemployment (%)	19.3%	17.2%	15.0%	-2.2%	●
Budget balance (% of GDP)	-3.7%	-1.3%	1.1%	2.4%	●
Public debt (% of GDP)	74.7%	71.9%	61.6%	-10.3%	●

Source: EIU, Eurostat





Insurance trends

Life segment's GWP increased by 17.6%, while non-life segment's GWP increased by 5.6% year over year in 2016. In 2017, only the non-life segment could overperform its previous pace. Life segment's GWP increased by 2.6%, while non-life segment increased by 11.1% year over year. Therefore, total insurance market's GWP increased by 18.1% from 2015 to 2017 with an annual 8.7% growth rate.

In 2017, life insurance segment's GWP accounted for 24.4% and non-life segment's GWP covered 75.6% of total market's GWP.

Insurance penetration was 2.1% in 2017, which increased by 0.1% points from 2015 to 2017. In 2017, GWP per capita was EUR 102, which is lower than the CEE average of EUR 360. Therefore, there is still room for further growth.

Table 44. Insurance market in Serbia

GROSS WRITTEN PREMIUMS Product portfolio (EUR mn)	2015	2016	2017	Change 2016-17 (% or % point)	
Life	159	187	192	2.6%	●
Non-Life	506	535	594	11.1%	●
Total	665	722	786	8.8%	●
Insurance penetration					
Life	0.5%	0.5%	0.5%	0.0%	●
Non-Life	1.5%	1.5%	1.6%	0.1%	●
Total	2.0%	2.1%	2.1%	0.1%	●
GWP / Capita (EUR)					
	94	102	112	9.3%	●
Total Paid Claims					
Life	42	52	77	47.6%	●
Non-Life	211	218	234	7.3%	●
Total	253	270	311	15.1%	●

Source: Xprimm



Insurance market

There were 11 life insurer and 15 non-life insurer companies in Serbia, from which 9 of them operate in both segments in 2017.

Table 45. List of life insurers in Serbia, 2017

List of Life insurers in Serbia 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Non-Life Business	
1. GENERALI Osiguranje	56	30.1%	Generali	Yes	
2. WIENER	41	22.0%	Vienna Insurance Group	Yes	
3. GRAWE	29	15.4%	Grazer Wechselseitige Versicherung	Yes	
4. UNIQA Zivot	15	7.9%	Uniqa	Yes	
5. Societe Gen.	12	6.5%	Societe Generale	No	
6. DUNAV	11	5.9%	Društveni capital, Serbian state	Yes	
7. MERKUR	9	4.8%	Merkur	No	
8. DDOR	8	4.5%	UNIPOLSAI S.P.A	Yes	
9. TRIGLAV	2	1.1%	Triglav Group	Yes	
10. AXA Zivot*	2	1.0%	AXA	Yes	
11. SAVA ZivotNo	1	0.7%	Pozavarovalnica Sava DD	Yes	
Total	187	100%			

Source: Xprimm

Table 46 List of non-life insurers in Serbia, 2017

List of Non-Life insurers in Serbia 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Life Business	
1. DUNAV	174	32.6%	Društveni kapital, Serbian state	Yes	
2. GENERALI Osiguranje	104	19.5%	Generali	Yes	
3. DDOR	75	14.1%	UNIPOLSAI S.P.A	Yes	
4. WIENER	36	6.7%	Vienna Insurance Group	Yes	
5. TRIGLAV	32	6.0%	Triglav Group	Yes	
6. UNIQA Nezivot	29	5.4%	Uniqa	Yes	
7. AMS	23	4.3%	Auto-Moto Association of Serbia	No	
8. MILENIJUM	23	4.2%	Croatia osiguranje dd Zagreb	No	
9. AXA Nezivot*	16	2.9%	Vienna Insurance Group	Yes	
10. SAVA Nezivot	15	2.7%	Pozavarovalnica Sava DD	Yes	
11. SOGAZ	5	0.8%	SOGAZ Insurance Group	No	
12. GLOBOS	2	0.3%	Milovan Durovic	No	
13. ENERGOPROJEKT	2	0.3%	Energoprojekt Holding A.D.	No	
14. GRAWE	0	0.1%	Grazer Wechselseitige Versicherung	Yes	
15. AS osiguranje	0	0.0%	n.a.	No	
Total	535	100%			

Source: Xprimm

Life insurance market is highly concentrated. The top five companies, based on GWP, own 78.8% of the market.

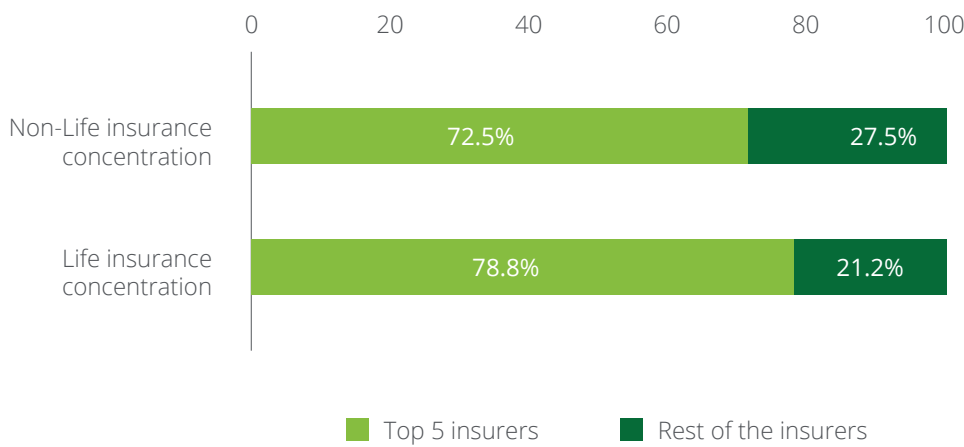
Non-life insurance was almost three times larger than the life insurance segment, based on GWP in 2017. Non-life insurance segment was also highly concentrated, regarding the top five companies own 72.5% of the total GWP.

In 2017, there were 17 insurance companies operating in the Serbian market. Among the life insurers only two companies, namely Société General and Merkur did not have non-life insurance business.

Out of the 15 non-life insurance companies there were 6 companies operating only in the non-life segment and 11 out of the 15 were owned by foreign shareholders. Foreign-owned insurance undertakings

had 94.1% market share in life insurance premium and 62.7% in the non-life segment.

Figure 23. Market concentration in Serbia



Source: Xprimm, Deloitte Intelligence



M&A activity

There were 2 closed insurance related transactions on the Serbian insurance market since 2015 until the end of 2018. None of their value were public.

Vienna Insurance Group (VIG), an Austria-based insurance group, agreed to acquire AXA Zivot and AXA Nezivot from AXA SA, France-based insurance group, in 2016. The deal is aligning with VIG's strategy to increase its market share by 10% through

broader product offering and stronger sales.

Kompanija Dunav, the biggest Serbian insurance company acquired Takovo Osiguranje, a Serbia-based insurance company. With the deal Dunav could increase its market share between 30-40%, in 2015.

Table 47. List of M&A transactions in Serbia 2015-2018

List of insurance M&A deals in Serbia 2015 - 2018						
Year	Target	Buyer	% Acquired	Deal Value in EUR mn	Seller	Completed
2016	AXA Zivot, AXA Nezivot	Vienna Insurance Group	100.0%	n.a.	AXA SA	Y
2015	Takovo Osiguranje	Dunav	100.0%	n.a.	Undisclosed seller	Y

Source: Deloitte Intelligence



Baltic region - Estonia



Macroeconomic environment

The Estonian economy grew by 4.9% in real terms in 2017 which was driven by private consumption and real wage growth.

Following deflation in 2015 Estonia experienced 0.1% and 3.4% inflation because of the rising energy, food prices and real wages in 2016 and 2017.

The Estonian government put emphasis on productivity growth through investments in technology, e-commerce and start-ups.

However, the country is reported to be in shortage of both skilled and unskilled labour force. As a result, the government changed the immigration law to ease the hiring process of foreign workers.

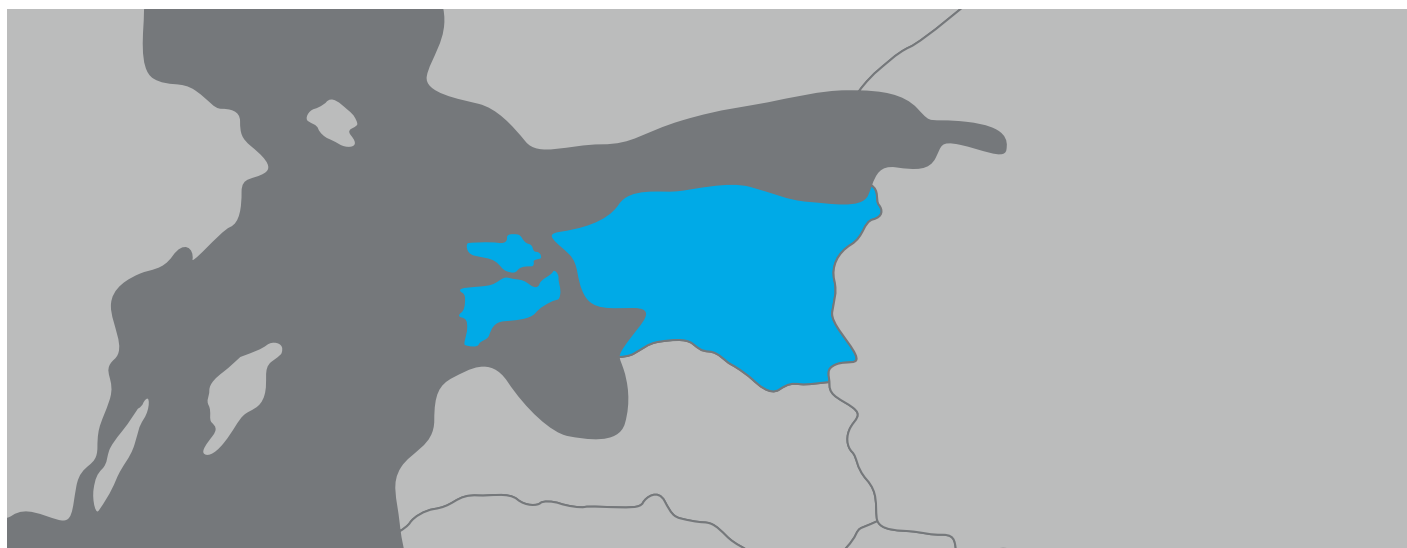
The budget deficit and the public debt were both very stable in the recent years. Public debt at 9.0% of GDP in 2017 is very low, while budget deficit has also been minor.

The economy has a strong trading relationship with Nordic countries and Russia. Further economic growth is expected from the recovery of trading activity with partners, especially with Russia.

Table 48. Macroeconomic environment in Estonia

Macro indicators	2015	2016	2017	Change 2016-17 (% or % point)	
Nominal GDP (EUR mn)	20 348	21 098	23 002	9.0%	●
Nominal GDP/capita (EUR)	15 494	16 033	17 484	9.0%	●
GDP (% real change pa)	1.7%	2.1%	4.9%	2.8%	●
Consumer prices (% change pa)	-0.5%	0.1%	3.4%	3.3%	●
Recorded unemployment (%)	6.2%	6.8%	5.8%	-1.0%	●
Budget balance (% of GDP)	0.1%	-0.3%	-0.3%	0.0%	●
Public debt (% of GDP)	10.0%	9.4%	9.0%	-0.4%	●

Source: EIU, Eurostat





Insurance trends

Life segment's GWP increased by 3.9%, while non-life segment's GWP increased by 8.4% year over year in 2016. In 2017, both life and non-life insurance segment's overperformed the 2016 growth rates. Life segment's and non-life segment's GWP increased by 6.5% and 11.1% year over year respectively. Pension insurance has been boosting the expansion of the life market in recent years, which was driven by annuity contracts. The Estonian insurance market's GWPs grew by 10.1% year over year in 2017. The main driver of the market's growth was

the compulsory insurance products, which are mandatory by law or a requisite of a credit supplied purchase of an asset. The most commonly sold insurance products are vehicle insurance, traffic insurance and property insurance.

As a result of the mandatory insurance products, non-life insurance holds 78.6% of the whole insurance market based on GWP in 2017. In other developed markets the trend is different because pension products are the most popular insurance

products, therefore life insurance segment regularly dominates the insurance market. Life insurance segment's GWP only accounted for 21.4% of total market's GWP.

Insurance penetration was 1.9% in 2017, which increased by 0.1% points from 2015 to 2017. In 2017, GWP per capita was EUR 325, which is lower than the CEE average of EUR 360.

Table 49. Insurance market in Estonia

GROSS WRITTEN PREMIUMS Product portfolio (EUR mn)	2015	2016	2017	Change 2016-17 (% or % point)	
Life	82	86	91	6.5%	●
Non-Life	279	302	336	11.1%	●
Total	361	388	427	10.1%	●
Insurance penetration					
Life	0.4%	0.4%	0.4%	0.0%	●
Non-Life	1.4%	1.4%	1.5%	0.0%	●
Total	1.8%	1.8%	1.9%	0.0%	●
GWP / Capita (EUR)					
	275	295	325	10.1%	●
Total Paid Claims					
Life	46	55	58	6.0%	●
Non-Life	161	177	181	2.5%	●
Total	207	232	240	3.3%	●

Source: Xprimm



Insurance market

There were 5 life insurer and 13 non-life insurer companies in Estonia, from which 3 companies operated in both segments in 2017.

Table 50 .List of life insurers in Estonia, 2017

List of Life Insurers in Estonia end of 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Non-Life Business	
1. SWEDBANK Life Insurance SE	37	40.8%	Swedbank	Yes	
2. SEB Elu- ja Pensionikindlustuse AS	23	25.4%	SEB	No	
3. COMPENSA Life VIG SE	19	21.0%	Vienna Insurance Group	Yes	
4. MANDATUM Life Ins. Baltic SE	6	7.0%	Sampo	No	
5. ERGO Life Ins. SE	5	5.7%	Munich Re	Yes	
Total	91	100%			

Source: Xprimm

Table 51. List of non-life insurers in Estonia, 2017

List of Non-Life Insurers in Estonia end of 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Life Business	
1. If P&C Insurance AS	72	21.5%	Skadeforsakring Holding AB	No	
2. ERGO Insurance SE	56	16.6%	Munich Re	Yes	
3. SWEDBANK P&C Insurance	55	16.5%	Swedbank	Yes	
4. AB Lietuvos draudimas	52	15.6%	AB Lietuvos draudimas	No	
5. SEESAM Insurance AS	32	9.6%	OP Vakuutus Oy	No	
6. AAS BTA Baltic Ins.	21	6.3%	Vienna Insurance Group	No	
7. SALVA Kindlustuse AS	21	6.1%	NN	No	
8. Akciné draudimo bendrové	9	2.8%	Gjensidige Group	No	
9. COMPENSA VIG UADB	6	1.9%	Vienna Insurance Group	Yes	
10. AS INGES Kindlustus	6	1.9%	OÜ Unix-V , Voldemar VaiNo	No	
11. KREDEX Krediidikindlustus AS	2	0.5%	Eesti Vabariigi Majandus-ja Kommunikatsiooniministeerium	No	
12. D.A.S. Õigusabikulude Kindlustuse AS	2	0.5%	n.a.	No	
13. Estonian Traffic Insurance Fund	1	0.3%	n.a.	No	
Total	336	100%			

Source: Xprimm



Life insurance market is highly concentrated. The top three companies, based on GWP, owned 87.3% of the market and two out of three also operate in the non-life insurance segment, of which Swedbank and SEB owns 66.3% of the total GWP.

Non-life insurance segment's size is almost four times as large as the life insurance segment, based on the GWP in 2017. Non-

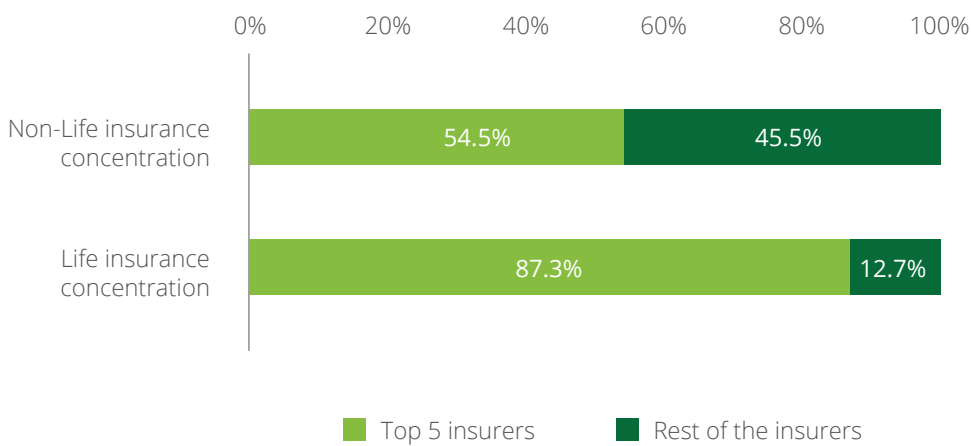
life insurance segment's market is less concentrated than life segment's, regarding the top three companies which own 54.5% of the total GWP.

There are some relatively small insurers in the non-life segments, which means there is still room for consolidation.

The Estonian insurers have cross-border operation in Latvia and Lithuania because

of the modest size of the Estonian market. Operating in the Baltic region provides cost efficiency, economies of scale and synergies.

Figure 24. Market concentration in Estonia



Source: Xprimm, Deloitte Intelligence



M&A activity

There were 2 completed insurance related transactions on the Estonian insurance market from 2015 until the end of 2018.

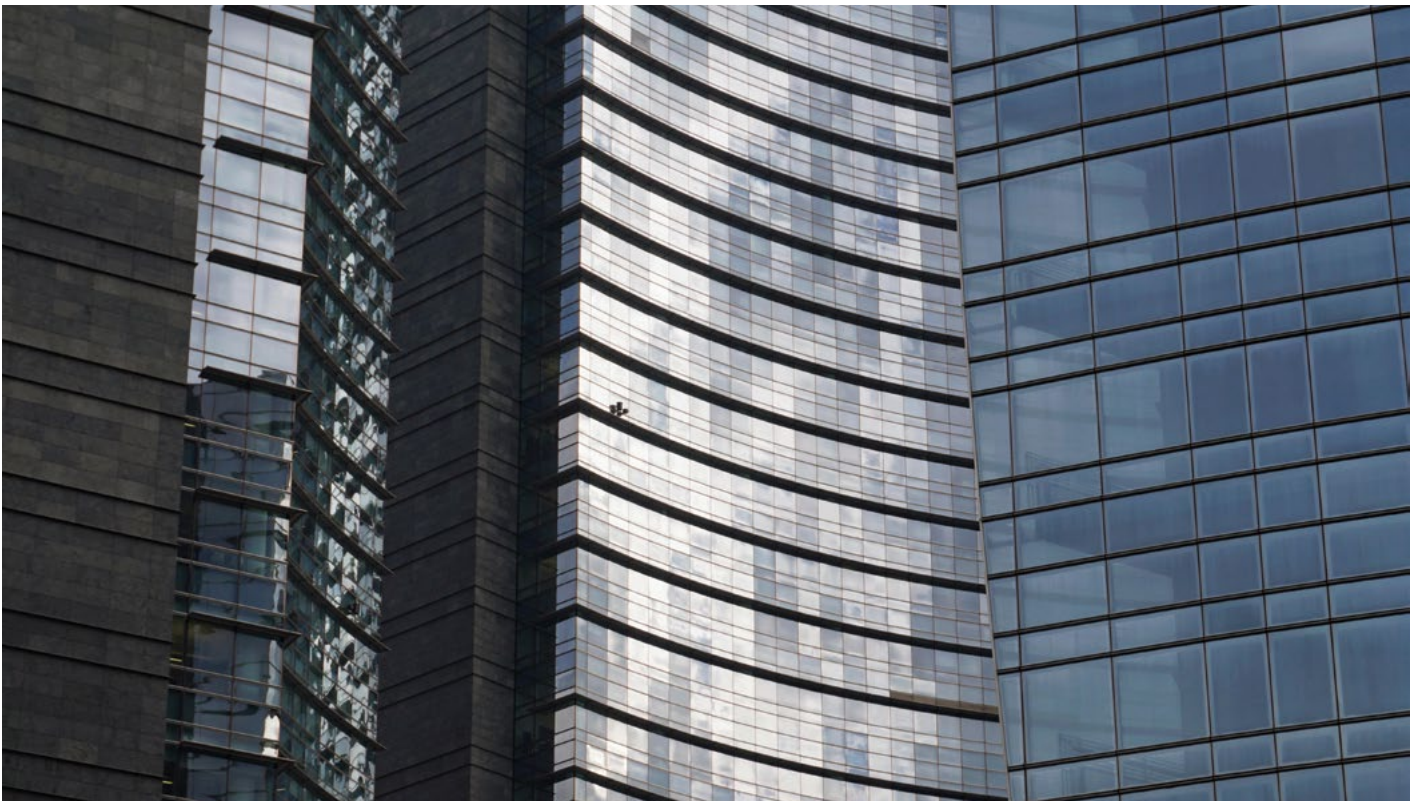
In 2018, 57.0% share of IIZI Group AS was acquired by GrECo International AG for an undisclosed consideration from an unknown buyer.

In 2017, Vienna Insurance Group acquired 100.0% stake of Seesam Insurance AS for an undisclosed amount from OP Financial Group.

Table 52. List of M&A transactions in Estonia 2015-2018

List of insurance M&A deals in Estonia 2015 - 2018						
Year	Target	Buyer	% Acquired	Deal Value in EUR mn	Seller	Completed
2018	IIZI Group AS	GrECo International AG	57.0%	n.a.	Undisclosed seller	Y
2018	Seesam Insurance AS	Vienna Insurance Group	100.0%	n.a.	OP Financial Group	Y

Source: Deloitte Intelligence



Baltic region - Latvia



Macroeconomic environment

Latvia posted a 5.0% real GDP growth in 2017, their highest level of the last six years. The main contributors to the high growth are the vivid investment activity and the more intensive absorption of the resources of the funds from the European Union.

Furthermore, similarly to the two other Baltic countries, Latvia reported an inflation below 1% in 2016, but it managed to avoid deflation in 2016. Inflation significantly increased by 2.8 percentage points in 2017, however it is expected to slow down due to lower food price increase.

Real wages have been steadily growing in the last four years, while recorded unemployment has also been constantly falling, however, still remains relatively high at an 8.7% level. The rise of real wages boosted private consumption, which is expected to stay the main driver of the country's economy.

The 1.4% budget deficit of 2015 narrowed to 0.1% surplus in 2016 and turned to a 0.5% budget deficit in 2017 again. Public debt was one of the lowest among the twelve analysed countries with 40.3% in 2017.

Since Latvia is a small open economy, the country is exposed to developments in its main trading partners, the European Union and Russia. Brexit could also have serious effects on the Latvian economy, as the UK is a very important trading partner. Although exports are growing both in terms of quantity and diversification, Latvia still relies heavily on the export of low-value added products.

Table 53. Macroeconomic environment in Latvia

Macro indicators	2015	2016	2017	Change 2016-17 (% or % point)	
Nominal GDP (EUR mn)	24 320	24 926	26 857	7.7%	●
Nominal GDP/capita (EUR)	12 221	12 653	13 710	8.4%	●
GDP (% real change pa)	2.8%	1.5%	5.0%	3.5%	●
Consumer prices (% change pa)	0.2%	0.2%	2.9%	2.8%	●
Recorded unemployment (%)	9.9%	9.6%	8.7%	-0.9%	●
Budget balance (% of GDP)	-1.4%	0.1%	-0.5%	-0.6%	●
Public debt (% of GDP)	36.8%	40.5%	40.3%	-0.3%	●

Source: EIU, Eurostat





Insurance trends

Life segment's GWP increased by 7.6%, while non-life segment's GWP decreased by 1.8% year over year in 2016. In 2017, both segments could significantly overperform the 2016 growth rate. Life segment's and non-life segment's GWP increased by 17.3% and 22.6% year over year respectively. Therefore, total insurance market's GWP increased by 21.6% from 2015 to 2017 with an annual 10.3% growth rate. According to the Latvian Insurers Association, the public recognised the necessity of

insurance, which boosted the insurance market. Furthermore, uncertain healthcare regulations also increased the demand for health-insurance, as people are afraid that less medical treatments will be covered by the social security.

In 2017, life insurance segment's GWP accounted for 22.5% and non-life segment's GWP covered 77.5% of total market's GWP.

Insurance penetration was 2.4% in 2017, which increased by 0.2% points from 2015 to 2017. In 2017, GWP per capita was EUR 330, which is lower than the CEE average of EUR 360.

Figure 54. Insurance market in Latvia

GROSS WRITTEN PREMIUMS Product portfolio (EUR mn)	2015	2016	2017	Change 2016-17 (% or % point)	
Life	115	124	145	17.3%	●
Non-Life	416	409	501	22.6%	●
Total	531	532	646	21.4%	●
Insurance penetration					
Life	0.5%	0.5%	0.5%	0.0%	●
Non-Life	1.7%	1.6%	1.9%	0.2%	●
Total	2.2%	2.1%	2.4%	0.3%	●
GWP / Capita (EUR)					
	267	270	330	22.1%	●
Total Paid Claims					
Life	63	73	91	23.9%	●
Non-Life	248	240	271	12.7%	●
Total	311	314	362	15.3%	●

Source: Xprimm



Insurance market

There were 6 life insurer and 10 non-life insurer companies in Latvia, from which three of them operate in both segments in 2017.

Table 55. List of life insurers in Latvia, 2017

List of Life Insurers in Latvia end of 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Non-Life Business	
1. SEB dzīvības apdrošināšana	41	28.2%	SEB	No	
2. ERGO Life Ins. SE Latvijas filiāle	41	28.0%	Munich Re	Yes	
3. Swedbank Life Ins. SE Latvijas filiāle	27	18.9%	Swedbank	Yes	
4. Compensa Life VIG SE Latvijas filiāle	17	11.4%	Vienna Insurance Group	Yes	
5. CBL Life	13	8.7%	IPAS "CBL Asset Management"	No	
6. Mandatum Life Ins. Baltic SE Latvijas filiāle	7	4.8%	Sampo Group	No	
Total	145	100%			

Source: Xprimm

Table 56. List of non-life insurers in Latvia, 2017

List of Non-Life Insurers in Latvia end of 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Life Business	
1. BTA Baltic Ins. Company	163	32.5%	Vienna Insurance Group	No	
2. Balcia Ins. SE (ex. BTA Ins. Company SE)	98	19.5%	B5 Holding Limited, HTT Holding Company Limited, MDA Holding Limited, Transport Information Agency AS, B6 Holding Limited	No	
3. BALTA	88	17.6%	POWSZECHNY ZAKLAD UBEZPIECZEN S.A.	No	
4. ADB "Gjensidige" Latvijas filiāle (ex. Gjensidige Baltic)	36	7.1%	Gjensidige Forsikring ASA	No	
5. ERGO Ins. SE Latvijas filiāle	30	6.0%	Munich Re	Yes	
6. If P&C Ins. AS Latvijas filiāle	27	5.4%	Sampo Group	No	
7. Baltijas Apdrošināšanas Nams	17	3.4%	BAN Holdings	No	
8. Seesam Ins. AS Latvijas filiāle	16	3.2%	OP Insurance Company Ltd	No	
9. Swedbank P&C Ins. AS Latvijas filiāle	16	3.2%	Swedbank	Yes	
10. Compensa TU S.A. VIG Latvijas filiāle	10	2.0%	Vienna Insurance Group	Yes	
Total	501	100%			

Source: Xprimm



Life insurance market is highly concentrated. The top three companies, based on GWP, own 75.1% of the market. Only two locally registered companies, SEB dzīvības apdrošināšana and CBL Life are operating in the life segment. They together accounted for 36.9% of the GWP in this segment.

Non-life insurance was almost four times larger than life insurance segment, based on GWP in 2017. Non-life insurance segment's is also highly concentrated,

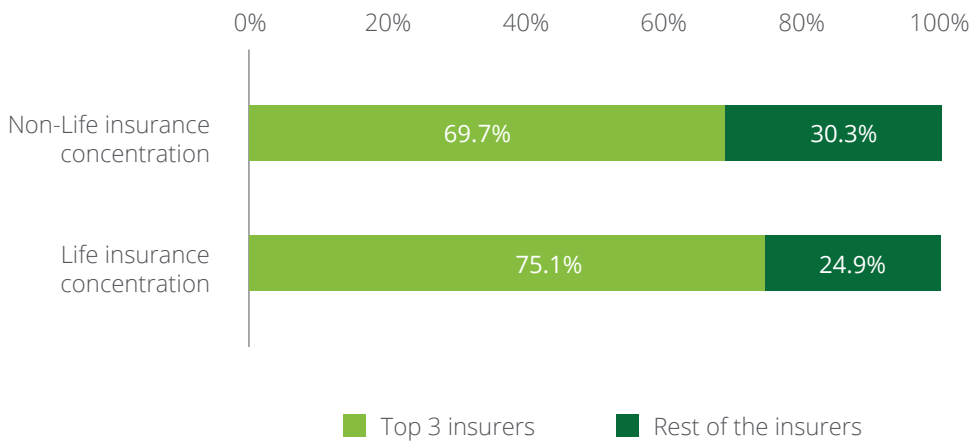
regarding the top three companies own 69.7% of the total GWP. The non-life segment is dominated by locally registered insurers, of which market share accounted for 69.7%. In the life insurance segment foreign branches of international insurers covered 63.1% of the market.

1 life and 2 non-life insurers belong to the Vienna Insurance Group, but only BTA Baltic Ins. and Baltikums VIG are registered in Latvia, the rest are operating as foreign branches.

There are some relatively small insurers mainly in the non-life segment, which means there is still room for consolidation.

Latvian insurers operate cross-border in the Baltics Region because of the modest size of national market. Cross-border operation in the region provides cost efficiency, economies of scale and synergies.

Figure 25. Market concentration in Latvia



Source: Xprimm, Deloitte Intelligence



M&A activity

There were 2 closed insurance related transactions on the Latvian insurance market from 2015 until the end of 2018, of which values were not announced.

In 2015, the Austria-based VIG acquired majority stake in Baltikums AAS and BTA Baltic Insurance Company AAS, Latvia-

based insurance companies, both for an undisclosed amount. Baltikums had GWP of more than EUR 20 mn in 2014, while BTA Baltic's GWP in 2014 was EUR 117 mn. This acquisition enabled VIG's to strengthen its position further in the insurance industry in the Baltics Region.

Table 57. List of M&A transactions in Latvia 2015-2018

List of insurance M&A deals in Estonia 2015 - 2018						
Year	Target	Buyer	% Acquired	Deal Value in EUR mn	Seller	Completed
2015	BTA Baltic Insurance Company AAS	Vienna Insurance Group	n.a.	n.a.	BTA Insurance Company SE	Y
2015	Baltikums AAS	Vienna Insurance Group	n.a.	n.a.	Baltikums Bank AS	Y

Source: Deloitte Intelligence



Baltic region - Lithuania



Macroeconomic environment

The growth of the economy has been steady in the recent years and picked up to 3.9% in 2017, mainly due to the increase in exports, investments and consumption. Growth should remain strong at around 3.3% in 2018-22, underpinned by firm domestic demand.

Price growth recovered significantly – 3.7% in 2017 – after the deflation of 2015 and moderate inflation of 2016. Strong domestic demand, alcohol taxes and oil

price were the key drivers of inflation in 2017. Consumer price inflation will ease to an average of 2.6% in 2018, owing to the high base effect of alcohol excise tax increases last year. Strong private demand on the back of solid wage growth will keep inflation at an annual average of 2.8% in 2019-23.

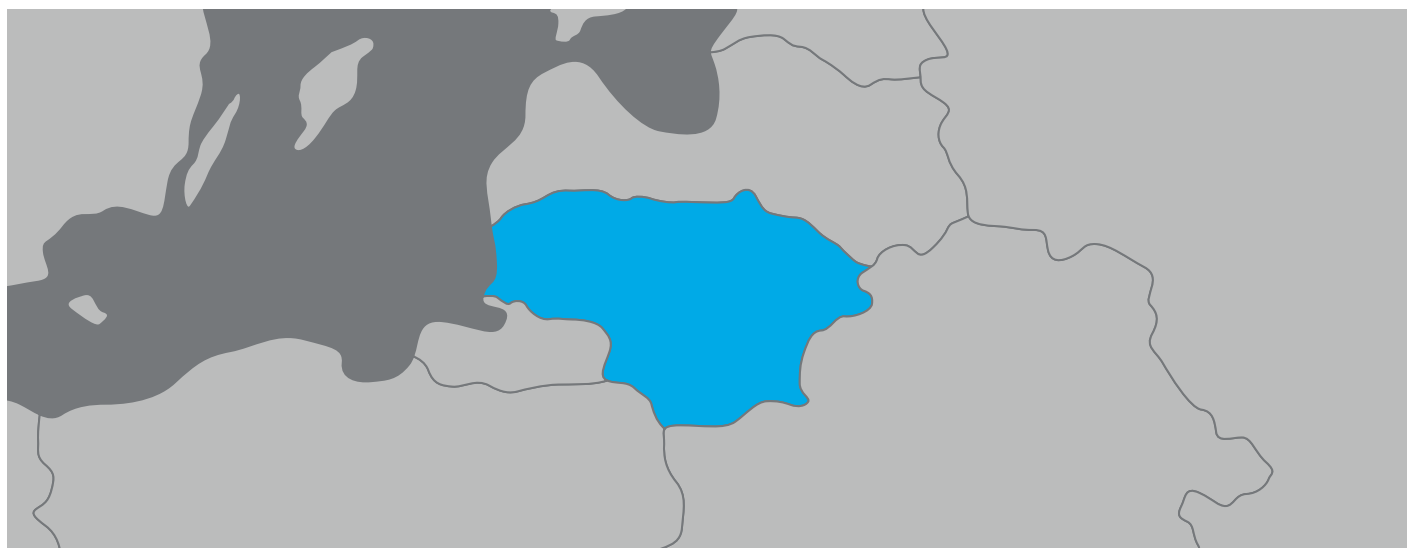
Recorded unemployment slightly decreased in 2017, continuing its downward trend.

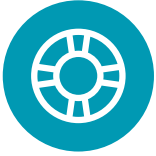
In 2017 budget balance resulted in a positive ratio of 0.5%, while the public debt decreased significantly by 3.6% to 36.5%. Current account surplus is expected to be 0.8% of GDP in 2018, and to move towards the balance in 2019-21.

Table 58. Macroeconomic environment in Lithuania

Macro indicators	2015	2016	2017	Change 2016-17 (% or % point)	
Nominal GDP (EUR mn)	37 427	38 668	41 857	8.2%	●
Nominal GDP/capita (EUR)	12 765	13 296	14 483	8.9%	●
GDP (% real change pa)	2.0%	2.3%	3.9%	1.5%	●
Consumer prices (% change pa)	-0.7%	0.7%	3.7%	3.0%	●
Recorded unemployment (%)	9.1%	7.9%	7.1%	-0.8%	●
Budget balance (% of GDP)	-0.2%	0.3%	0.5%	0.2%	●
Public debt (% of GDP)	42.6%	40.1%	36.5%	-3.6%	●

Source: EIU, Eurostat





Insurance trends

Life segment's GWP increased by 4.7%, while non-life segment's GWP increased by 13.2% year over year in 2016. In 2017, only non-life segment could overperform the 2016 growth rate. Life segment's GWP decreased by 6.5%, while non-life segment's increased by 21.2% year over year. Therefore, total insurance market's GWP increased by 22.8% from 2015 to 2017 with an annual 10.8% growth rate. During the first three quarters of 2017, the life insurance sector also grew, however a

significant reduction in single premiums at the end of the year led to a decrease. The national bank forecasts a less pronounced (8-9%) growth for the whole insurance sector during 2018.

The rapid growth of 2017 resulted in EUR 30.5 mn profits for the industry. The life insurance sector accounts for EUR 21 mn of profits, while EUR 9.6 mn was earned in the non-life sector. Two non-life insurers accounts for all the profits of the segment.

In 2017, life insurance segment's GWP accounted for 29.2% and non-life segment's GWP covered 70.8% of total market's GWP.

Insurance penetration was 1.9% in 2017, which increased by 0.2% points from 2015 to 2017.

In 2017, GWP per capita was EUR 274, which is lower to the CEE average of EUR 360.

Table 59. Insurance market in Lithuania

GROSS WRITTEN PREMIUMS Product portfolio (EUR mn)	2015	2016	2017	Change 2016-17 (% or % point)	
Life	236	247	231	-6.5%	●
Non-Life	409	463	561	21.2%	●
Total	645	710	792	11.6%	●

Insurance penetration					
Life	0.6%	0.6%	0.6%	0.0%	●
Non-Life	1.1%	1.2%	1.3%	0.1%	●
Total	1.7%	1.8%	1.9%	0.1%	●

GWP / Capita (EUR)					
	220	244	284	16.3%	●

Total Paid Claims					
Life	97	114	151	32.5%	●
Non-Life	235	259	304	17.4%	●
Total	332	373	455	22.0%	●

Source: Xprimm



Insurance market

There were 8 life insurer and 16 non-life insurer companies in Lithuania, from which 5 of them operated in both segments in 2017.

Table 60. List of life insurers in Lithuania, 2017

List of life insurers in Lithuania 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Non-Life Business	
1. SWEDBANK	50	21.5%	Swedbank	Yes	
2. AVIVA	49	21.0%	Aviva	No	
3. SEB	42	18.0%	SEB	Yes	
4. COMPENSA	35	15.3%	Vienna Insurance Group	Yes	
5. ERGO Life	25	10.9%	Munich Re	Yes	
6. PZU	14	5.9%	PZU	Yes	
7. MANDATUM	11	4.6%	Sampo Group	No	
8. BONUM PUBLICUM	7	2.9%	Šiaulių bankas	No	
Total	231	100%			

Source: Xprimm



Table 61. List of non-life insurers in Lithuania, 2017

List of Non-life insurers in Lithuania 2017					
Name of Institution	GWP (EUR mn)	Market Share %	Major Shareholder	Has Life Business	
1. LIETUVOS Draudimas	174	31.0%	PZU	Yes	
2. BTA Insurance Company	87	15.5%	Vienna Insurance Group	No	
3. ERGO	79	14.1%	Munich Re	Yes	
4. GJENSIDIGE	70	12.5%	Gjensidige Forsikring	No	
5. If P&C Insurance	39	7.0%	Sampo Group	No	
6. COMPENSA VIG	38	6.8%	Vienna Insurance Group	No	
7. SWEDBANK P&C	21	3.8%	Swedbank	Yes	
8. SEESAM	16	2.9%	Vienna Insurance Group	No	
9. COMPENSA	9	1.7%	Vienna Insurance Group	Yes	
10. BALCIA	6	1.1%	Balcia Insurance	No	
11. Vereinigte Hagelversicherung	6	1.0%	Vereinigte Hagelversicherung	No	
12. COFACE	4	0.8%	COFACE CENTRAL EUROPE HOLDING	No	
13. ERGO	4	0.8%	Munich Re	No	
14. LAMANTINAS	3	0.6%	Bronius Bradauskas	No	
15. InterRisk	3	0.5%	Vienna Insurance Group	No	
16. SEB	0	0.0%	SEB	Yes	
Total	561	100%			

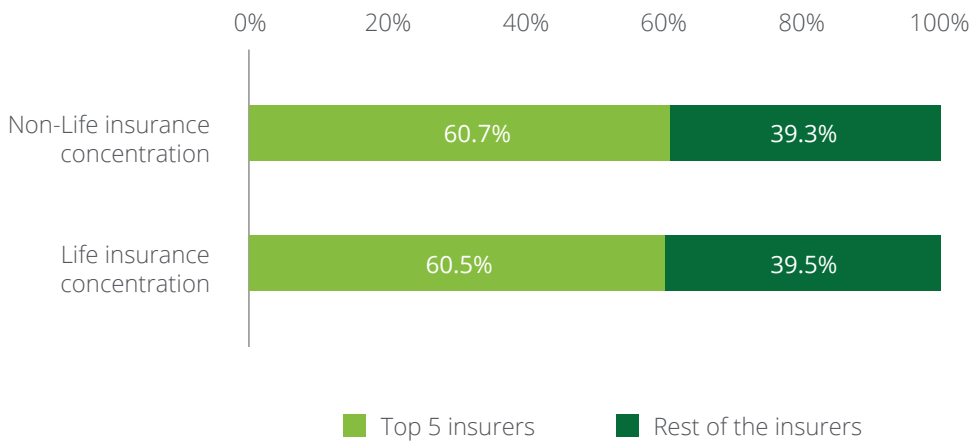
Source: Xprimm

Life insurance market is highly concentrated. The top three companies own 60.5% of the market based on GWP. Despite high concentration, there is still room for consolidation, as four life insurers had GWP under EUR 30 mn in 2017.

Non-life insurance was twice as large as life insurance segment, based on GWP in 2017. Non-life insurance segment is also highly concentrated, regarding the top three companies own 60.7% of the total GWP. The remaining 39.5% of the market is distributed among 13 undertakers, from which the most is owned by foreign firms.



Figure 26. Market concentration in Lithuania



Source: Xprimm, Deloitte Intelligence



M&A activity

There were 2 closed insurance related transactions on the Lithuanian insurance market since 2015 until the end of 2018.

In 2017, Aon Baltic, a Lithuania-based insurance services company acquired Balto Link, a Lithuania-based insurance brokerage company, for an undisclosed consideration. The combined company will be able to offer clients across the region a wide range of risk and insurance consulting solutions. Following the acquisition Balto Link's technological expertise and quality people will complement Aon Baltic's existing strengths in risk management, mitigation and transfer. Balto Link will

benefit from Aon's global presence and expertise across risk, retirement and health related sectors. Pursuant to the transaction, Aon intends to grow its retail business across the Baltic region as well as expand its online business in Latvia and Estonia.

In 2015, Gjensidige Forsikring, the listed Norway-based company providing non-life insurance, banking and pension services for a consideration of EUR 66 mn agreed to acquire PZU business in Lithuania. PZU group was mandated by Competition council of Lithuania to dispose its Lithuanian operations after PZU group

acquired the largest Lithuanian insurance company, Lietuvos draudimas in 2014 and gained a significant share in the market. The acquisition is in line with Gjensidige's strategy to grow and expand in the Nordic and the Baltics region. With the acquisition, Gjensidige Forsikring's market share increased from 7% to 13% in the Baltics and from 7% to approximately 21% in Lithuania.

Table 62. List of M&A transactions in Lithuania 2015-2018

List of insurance M&A deals in Lithuania 2015 - 2018						
Year	Target	Buyer	% Acquired	Deal Value in EUR mn	Seller	Completed
2017	Balto Link	Aon Baltic	100.0%	n.a.	Balto Link	Y
2015	PZU	Gjensidige Forsikring	99.9%	66	PZU	Y

Source: Deloitte Intelligence

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