

National Reinsurance Company

November 2016

NRC: Mission

NRC is the Russian and one of the world's high-tech centers of insurance competence, which aims the development of the national insurance market, expanding the possibilities of protection of property interests of Russian business and Russian State, as well as to achieve maximum financial results for all stakeholders.

Strategic goals

- Professionalism, expertise, unique competence
- A market player with a focus on the needs of partners
- Brand awareness, widespread recognition, geographic presence
- Portfolio diversification, capitalization of the company
- The development of the direct insurance market in Russia, support for Russian insurers
- Profit for the shareholder and value added to the market
- The innovation, the implementation of advanced IT solutions, high-tech

Key Dates

- July 3, 2016 – the Law was adopted
- July 29, 2016 – the Board of Directors of the Central Bank of Russia undertake a decision to establish National Reinsurance Company
- August 3, 2016 – registration of the legal entity
- September 6, 2016 – the authorized capital was paid in the amount of 21,3 bln. Rubles
- October 12, 2016 – the Central Bank has issued NPK a license for reinsurance
- October 14, 2016 – first reinsurance contracts were signed by NRC
- October 17, 2016 – first meeting of the Reinsurance Council took place, the president of the Council was elected
- January 1, 2017 – the Law is in force for mandatory reinsurance of risks in NPK

Authorized Capital

- Paid-in capital is 21,3 bln. Rubles (appr. 335 mln. USD)
- Announced capital 71 bln. Rubles (appr. 1.100 mln. USD) (possible issuance of additional shares of the Company).
- At the date of establishment of company 100% of shares are owned by the sole shareholder - Central Bank of the Russian Federation (Bank of Russia)

Corporate Governance Bodies

- The sole shareholder
- The Supervisory Board (10 members: 6 – the Central bank representatives, 3 – independent directors, NRC President)
- Management Board (4 members)
- President - Chairman of the Board

- Under the requirement of the Law – collegial advisory body – the Reinsurance Council should be formed by the representatives of the insurance market.
- The Council members were elected in the amount of 14 (7 representatives of insurance companies, 2 representatives of international insurance companies, 2 representatives of brokers, 1 representative of the scientific community, 1 representative of the Guild of Actuaries, 1 representative of the professional community (VSS))

The Law requirements

- Effective from January 1, 2017
- All Russian insurance companies have to offer NRC 10% line in all outward reinsurance business (treaties or facultative)
- NRC has to sign 10% share in all sanctioned business placements offered by direct insurer
- NRC has the right to abstain of the offered share of unsanctioned business
- In the case of the adoption of the law on voluntary insurance of property of citizens against the risks of natural disaster, reinsurance of these risks is the responsibility of NRC

Beyond the Law

- NRC is a reinsurance company regulated as all other Russian insurance companies by the Central Bank of Russia
- NRC may sign a share of more than 10% if the direct insurer needs extra capacity from NRC. The terms and conditions in this case subject to NRC's underwriting
- NRC may sign the share of less than 10% (except sanctioned business) if the risk is of inadequate quality or pricing or the size of business is higher than the risk appetite of NRC
- First weeks of NRC 's activities show that there is demand for NRC's capacity from the market in the amount higher than 10%
- The Law sets no territorial limits for the reinsurance operations of NRC

Tactical Goals

- To provide maximum protection to the business, which fell under international sanctions
- Fast and prompt support to the market within 10% quota (flexible system of signing business and claims' handling)
- To provide extra capacity to the market if required
- Transparency of operations, creation of the analytical data required by the market, wide spread of information
- To apply for and get Russian and international ratings
- To start global expansion
- To form the team of best specialists that meets demanding requirements of the market
- To adjust the technology of interaction with the market by January 1, 2017

Market synergy

- To make the business priorities subject to risk appetite and the capacity offered
- Immediate response to the requests in respect of 10% quota
- Willingness to provide leadership in terms and conditions if the line of NRC in the risk is above 10%
- Limitation of NRC's involvement in the inward business depends on three factors: line of business, maximum share of 50% and maximum amount of retention in Rubles per risk.
- To provide insurance expertise if needed
- To act within the current market communication and interaction practice
- Readiness to work directly and through brokers
- The single “window” – rnrc@rnrc.ru
- Identical terms and conditions for risk to all insurers at the similar query

Priorities / Appetite

Priority Lines

- Property (industrial and non-industrial);
- CAR / EAR;
- General liability;
- General cargo;
- Shipbuilders' risks.

Monitoring Segment

- Aviation;
- Space;
- Marine;
- Energy business;
- Warehouse risks.

Limited interest

- Finpro;
- Title insurance;
- Agricultural risks;
- Political risks;
- Developers' financial risks;
- Some other local specific liability risks;
- Motor hull

Net Retention

	In bln. Rubles (~in mln. USD)
Property	2,5 (40)
CAR / EAR	2,5 (40)
Drilling risks (COW)	1 (15)
Shipbuilders' risks	2,5 (40)
H&M	1 (15)
P&I	0,5 (7,5)
General cargo	2,5 (40)
Aviation (hull)	1 (15)
Aviation (liab.)	1 (15)
Space launches	1 (15)
General Liability	2,5 (40)
Prof. Liability	1 (15)
Finpro	1 (15)

Claims Handling

- Within the signed share of 10%:
 - To follow the decision of original Insurer or Leading Reinsurer on the claims settlement procedures
- Within the role of NRC as Leading Reinsurer:
 - To implement Claims control / Claims cooperation clause in the slips
 - The joint decision on Loss Adjuster to be involved and on the event to be concluded as covered peril
 - To assist original Insurer with claims handling procedures
- The key point – no extra claims handling procedures and paper work except the market standard practice, electronic data exchange
- The rule – prompt claims settlement and payment

Retrocession

- NRC would sign business on the net retention basis only
- No further per risk / slip reinsurance would be purchased on facultative or treaty markets
- NRC would evaluate the risk of cumulation on the formed portfolio in order to protect the capital of the company exposed to catastrophic event

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