



Department:
Generali Insurance Brokers -
Russia and CIS

Country:
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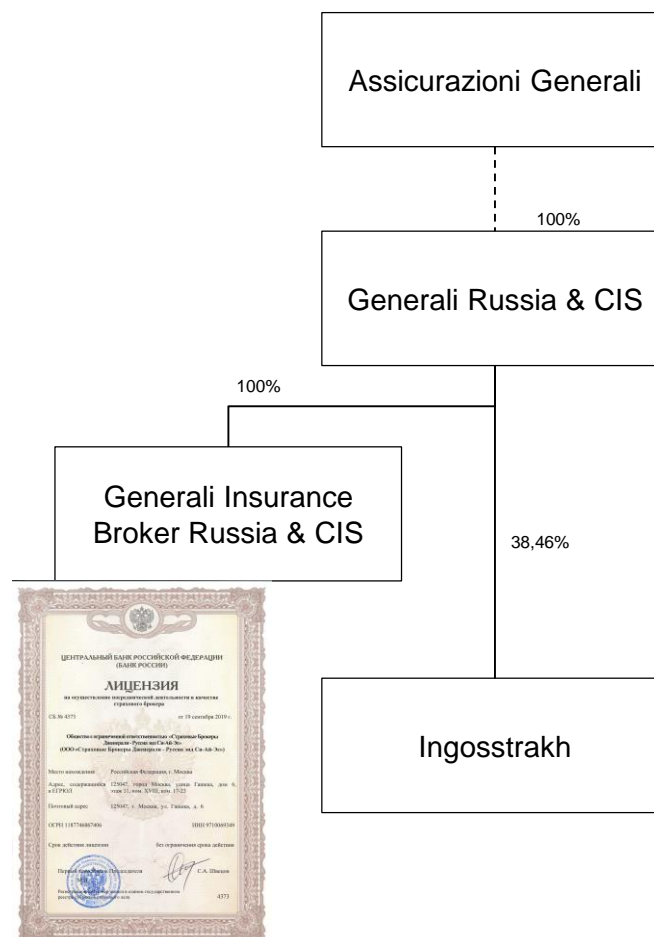
Generali Insurance Broker Russia & CIS

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Our presence and set-up in Russia: strategic rationale

- Generali has established in Moscow **Generali Russia & CIS**, a Representative Office to scout for new development opportunities in Russia & CIS.
- This vehicle is also set to carry the participation of 38,46% in Ingosstrakh, the fourth largest insurer in the Russian market, following the participation restructuring process that would terminate in Q12019.
- Under the Representative Office, we have established an operating entity, **Generali Insurance Broker Russia & CIS**, to act as insurance and reinsurance broker in Russia

CONTROL CHAIN AND STRUCTURE AS OF 2019



Digitalization of Russian insurance industry in 2019: InsurTech

The main driver of growth in the insurance industry will be new technology.

- ✓ The digital transformation in the Russian bancassurance market is starting almost from scratch;
- ✓ Most of business operations are paper-based;
- ✓ Insurance companies' business could leverage much more data analytics.

Difficulties in the development of InsurTech in Russia

- ✓ Legislative framework and changes;
- ✓ One of the most widespread types of insurance – OSAGO is still subsidized (1st step of liberalization of tariffs reform already in place from 1st Jan 2019) by social benefits and is prone to frauds;
- ✓ Mass of data available barely used;
- ✓ Resistance to use new IT solutions;
- ✓ Customers suspicious of new IT offerings from Insurers.

The key drivers of digital development :

- ✓ Life insurance as a key growth sector will open new opportunities for customization and individualized pricing, based on client data analysis;
- ✓ Improve insurance online service for final customer;
- ✓ Mobile technology;
- ✓ Increasing competition among Insurers in Russia;
- ✓ Telematics is in high demanded in auto insurance (decrease cost for insurance policy and effective risk management for Insurers).

InsurTech in Figures:

More than **25 % of Insurers** are planning to implement technological decision for claims regulation;

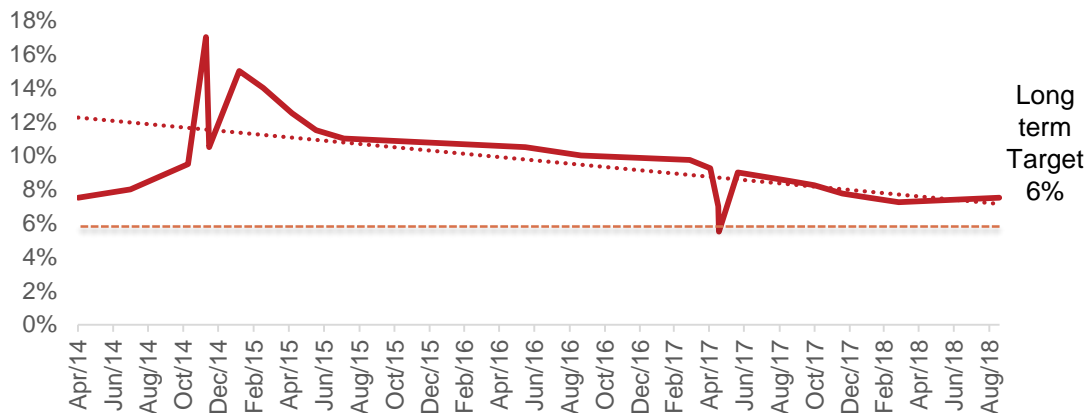
71 % of Insurers are going to use big data for underwriting and scoring

36 % of Insurers are willing to implement telematics and fitness – tracker

Source: KPMG report

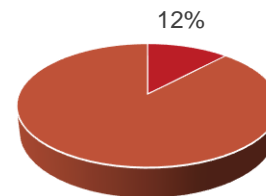
Fee and commission income is becoming even more important for banks (and other distributors such as telco's and utilities)

CBR key rate to decline to 6%



- ✓ The decreasing key rate would ultimately undermine banks' profitability from the core lending activity
- ✓ Earnings from other activities will become more important

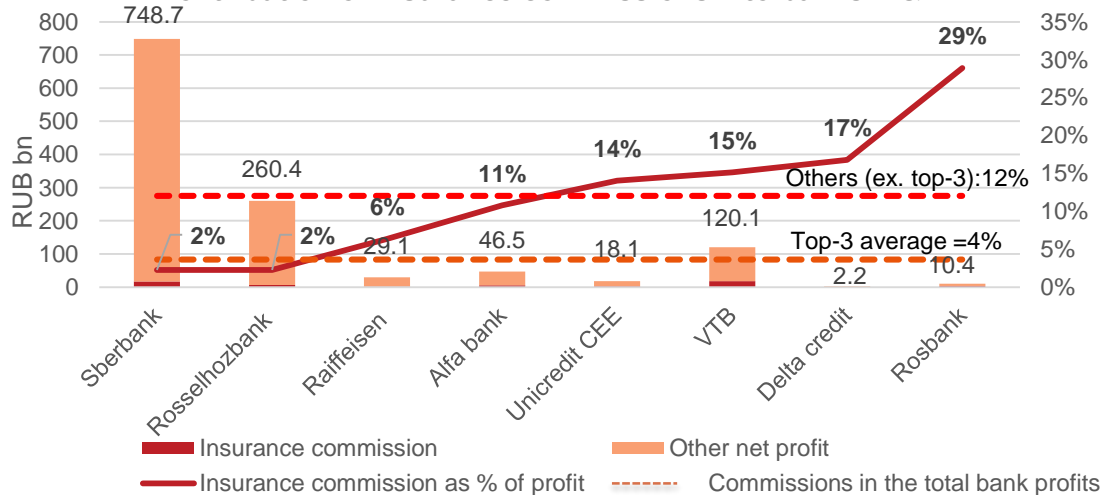
Commissions as part of total bank profits (excluding TOP-3)



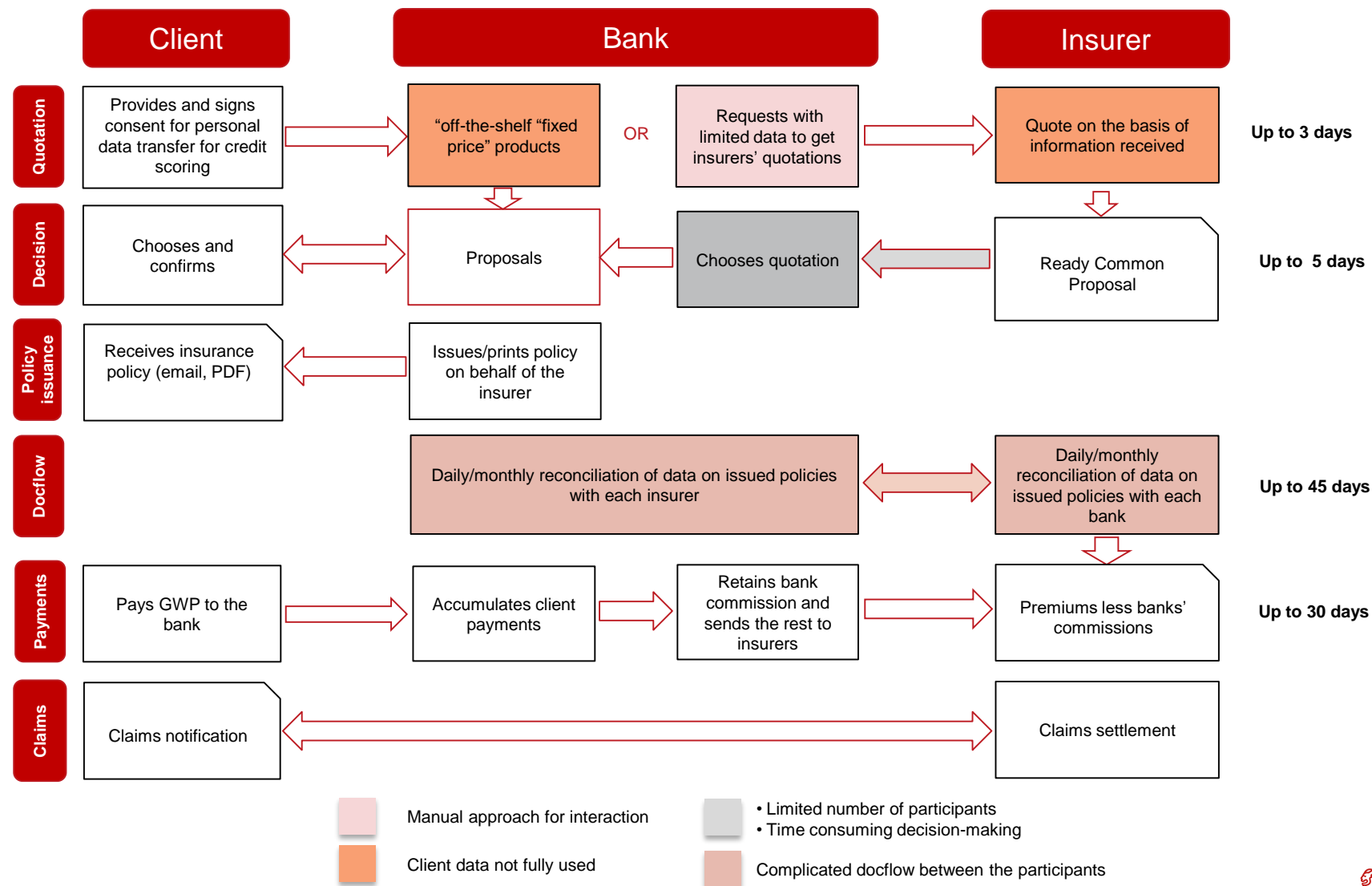
■ Insurance commission ■ Other net profit

- ✓ On the European bank market the share of income from commissions exceeds 50% of total profits
- ✓ Excluding top-tier RU state banks, the contribution of insurance commissions to banks profits is 12%.
- ✓ This share is set to grow in the future.

Contribution of insurance commissions into banks' P&L

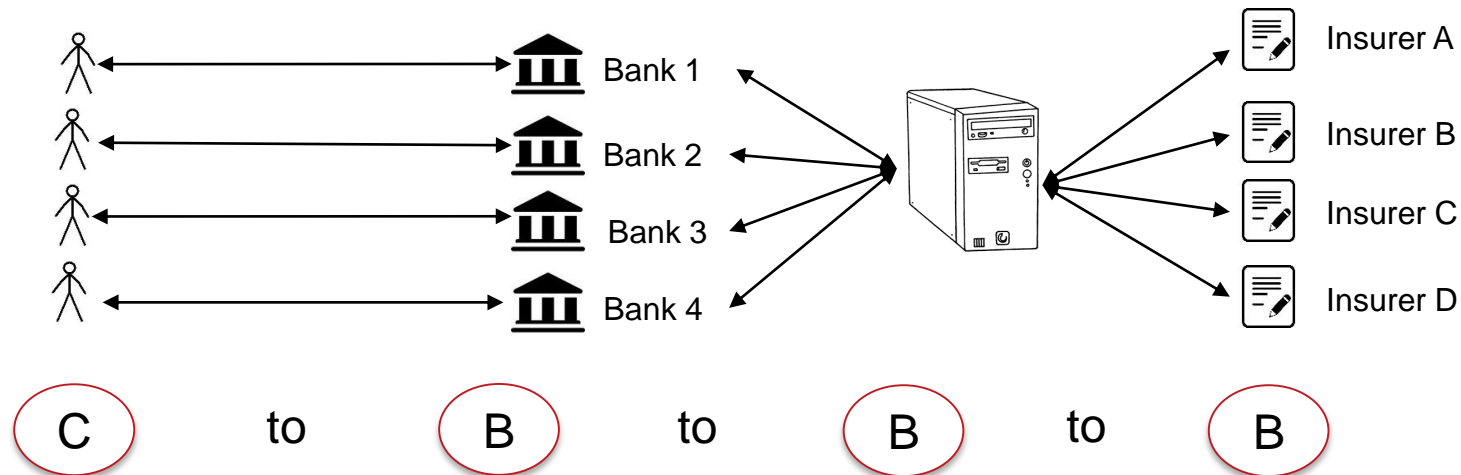


The current process is inefficient and does not exploit the full business potential...



We set up a platform-based insurance broker model

Broker's USP is based on a "comparator-like" open-end system interface between the bank's lending systems and the insurer's tariff engines for bancassurance products.



The **platform**

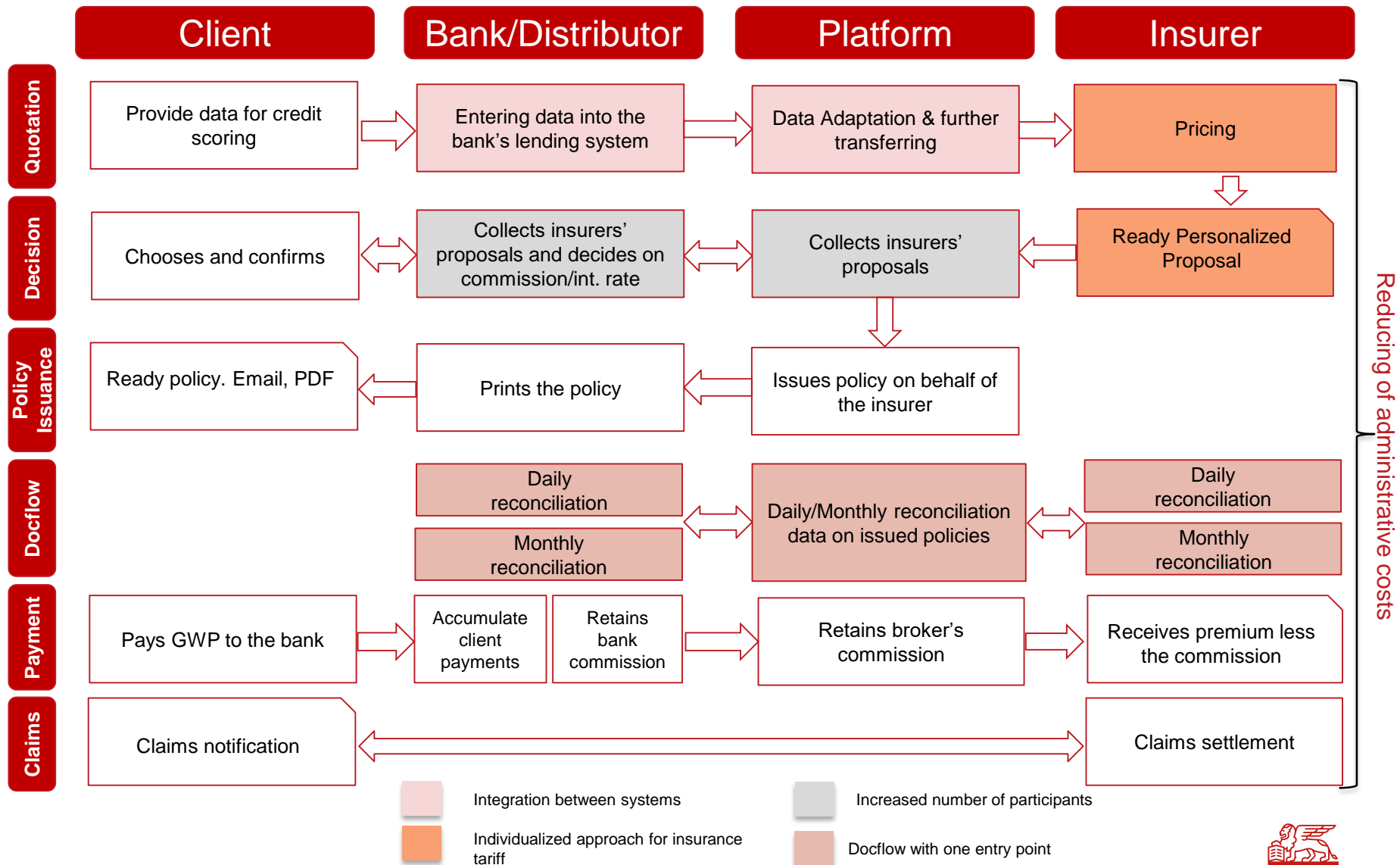
- **Simplifies** the interaction between bank & insurers & customers (docflow, cash settlement, provide comparison list for a customer)
- **Makes** the process of insurance quotation much more efficient and allows stakeholders to implement individualized commercial strategy (Volume vs. Profit)



The **platform**

- **Satisfies** the needs of the end customer, the Bank, the Insurer, in full compliance with regulators and antitrust requirements

Our platform connects banks' and distributors' front-end system and insurance tariff engines in real-time improving the efficiency



Reducing of administrative costs

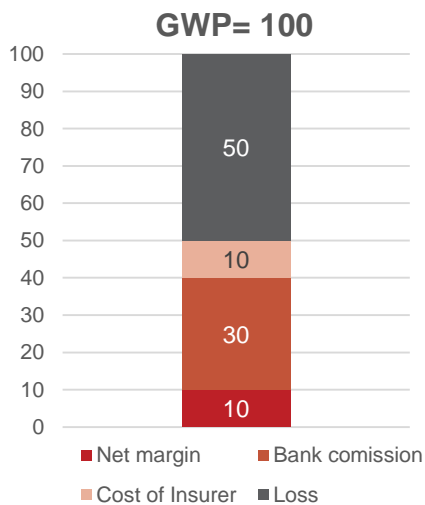
The platform allows insurers and banks to take informed decisions on each single client, based on full set of client data

As is



Pricing for average client

No price discrimination by insurers: average loss



Advanced pricing options



Price discrimination by insurers based of the data gathered through credit scoring

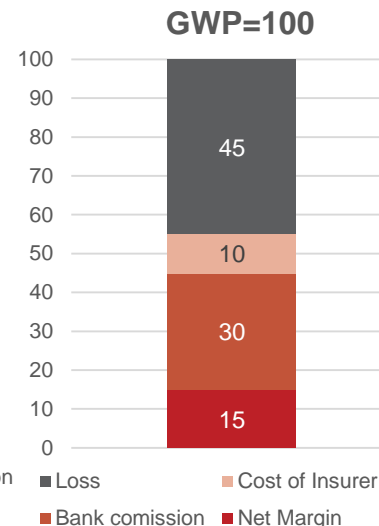
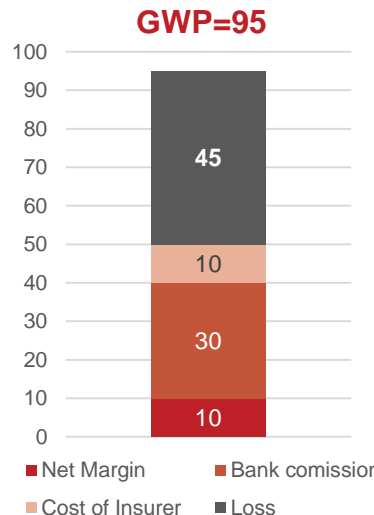
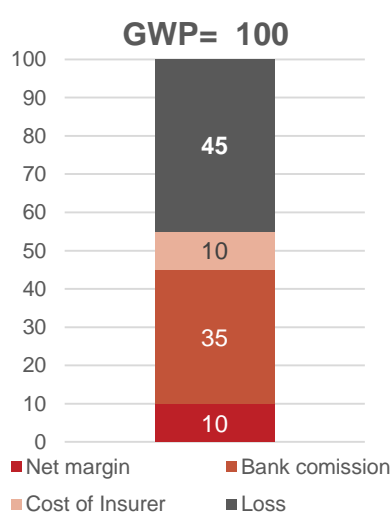
Insurers can cut losses to provide banks higher flexibility on commissions

Or

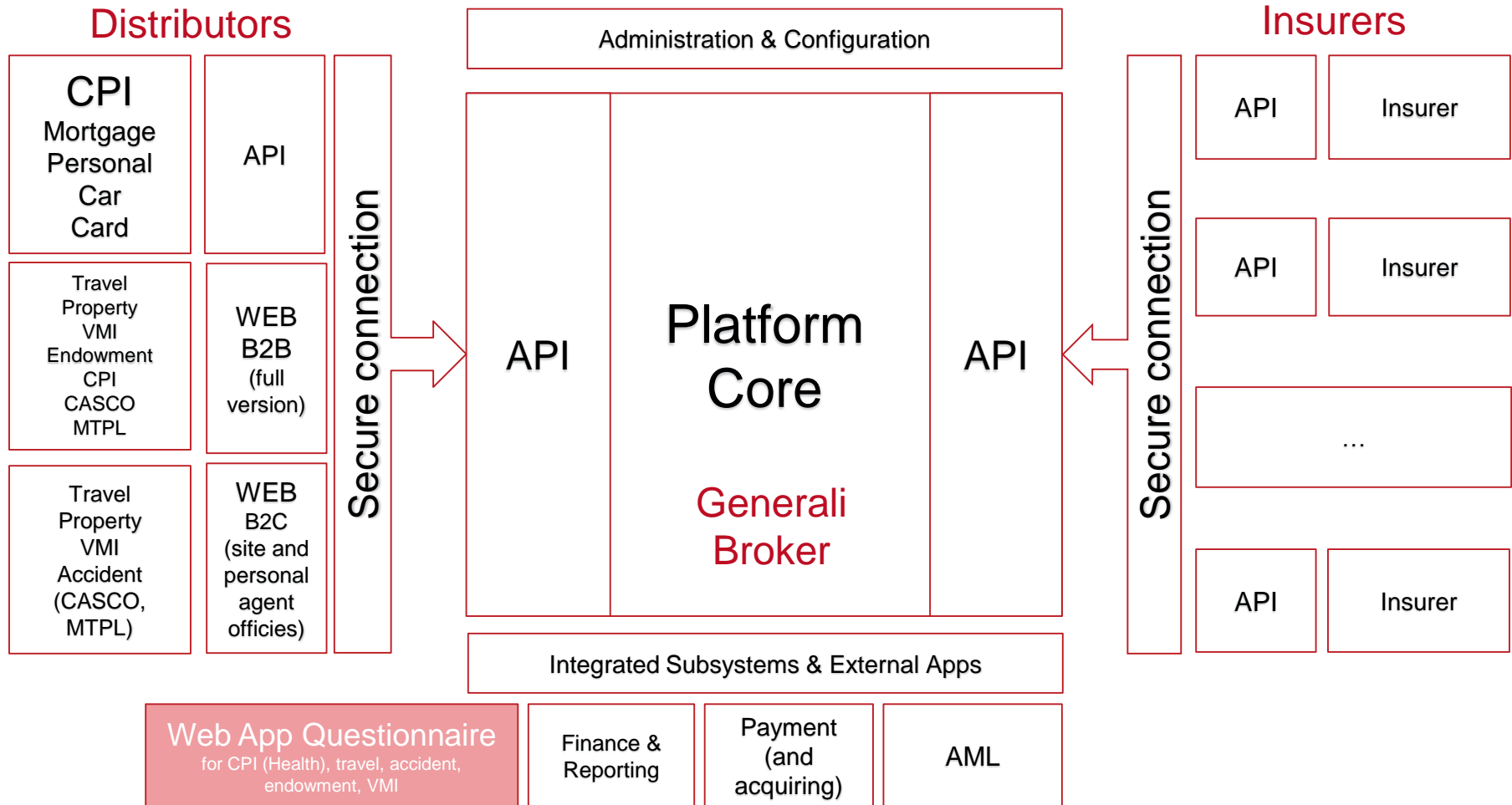
Insurers can cut losses to provide banks higher flexibility on the final price

Or

Insurers can increase margins






IT solution (Maturity)





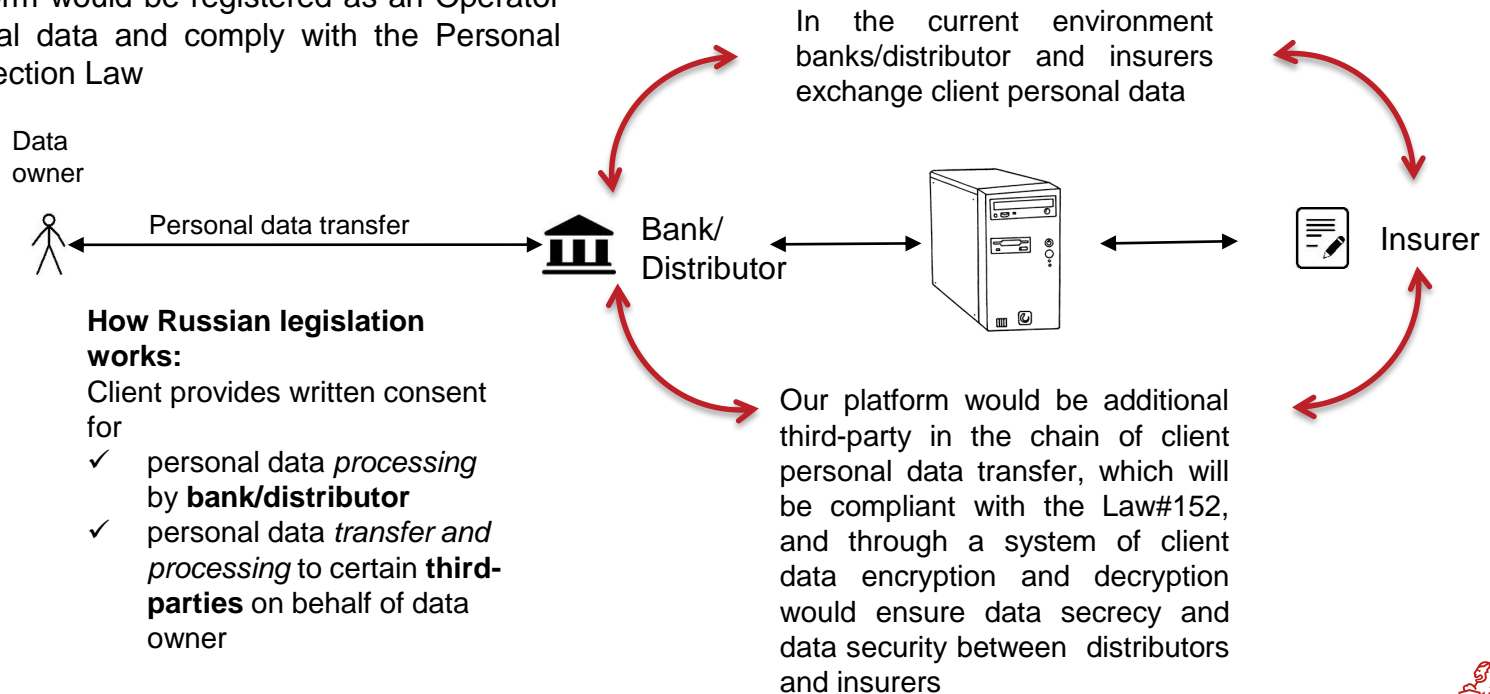
Personal data protection

- ✓ In Russia personal data are protected by the Federal Law #152
- ✓ Personal Data Protection is currently less restrictive than GDPR
- ✓ It requires operators of personal data to physically store information about Russian citizens in the territory of Russian Federation
- ✓ Our Platform would be registered as an Operator of personal data and comply with the Personal Data Protection Law

Personal data definition:

First and last name  Contact details  Birth date  **Personal data**

OR  **OR** 



Platform goal is to create an efficient bancassurance instrument

- Platform solves major operational problems and creates a seamless experience for all stakeholders (no changes but rather efficiency improvements of bank's front desk sales processes): This modern aggregator platform would manage the full bancassurance lifecycle, including sales of all types of products and back-end process such as policy issuance and commission reconciliation.

Key Features

- ❑ The platform provides a standardized communication mechanism between the bank and insurers
- ❑ It creates a single source of policy information and allows complex exception handling on policy changes
- ❑ The interfacing component connects the bank with insurance carriers in real time, allowing full straight – through processing
- ❑ It provides a comparison list of quotation from different accredited insurers promptly and accurately

Platform benefits for Bank&Insurer

- ❑ It simplifies the interaction between insurer, bank, and customer
- ❑ It reduces throughout time for quotation and switch from boxed fix “on-the-shelf” products to personal offer
- ❑ It improves back-end processes with automatic policy issuances and accurate reconciliation of commissions and claw backs (and follow accurate payment)
- ❑ It reduces integration and administrative costs
- ❑ It provides fast implementation of differentiated sales strategies (volumes vs. profit) upon the specific client profile
- ❑ It provides valuable business insight from analytics over clients portfolio

Thank you for your attention