

# Breeders of Life

Life insurance in Russia and the former Soviet Union is still at an incipient stage of development, however experts these days are foreseeing a radiant future for the life market. But tomorrow is another day, and currently only a few brave companies in Russia, Ukraine and Kazakhstan are taking their first hesitant steps on the life market. These companies often have little experience in methods which are well developed in the West, such as product development, agent training, information technology, marketing and underwriting knowledge. And occasionally they simply suffer from a lack of capital. But these insurers are ready and eager to get all of the above from the west. This is the conclusion that was drawn from the International Conference "World Views for Life Insurance in Eastern Europe, CIS and Asia" which took place in Moscow at the end of 2005.

With the exception of populous countries like China and India, the countries of the former USSR are perhaps of the greatest interest to life insurance dealers. There are a range of factors that make Eastern European markets especially attractive. First of all, these countries have a good raw potential for life insurance: the population of Russia is about 140 million, while Ukraine counts over 50 million, and Kazakhstan about 15 million. Their economies are making strong progress, and their citizens are being exposed to new opportunities through a constantly rising level of wealth. The western structure of goods and services, customer crediting, and an increasing number of companies with foreign investment are bringing the population of the former USSR ever closer to western standards of life. This means that there are a variety of major



◀ **Dr. Herbert Luethy,**  
**Head of the Swiss**  
**Federal Office of Private**  
**Insurance**

▶ **left Chris Schnor, Member of**  
**Executive Board and Head of**  
**Market Group International at**  
**Winterthur, Switzerland**

**right Petra Wildemann,**  
**Director for Insurance**  
**EMEA at Hewlett-Packard,**  
**Switzerland**



## Conference



cities where a considerable part of the population is financially ready to accept life insurance services.

Another sweetener for business is that companies face hardly any competition in the insurance markets of these countries. On the Russian market, for example, where the level of competition is considered to be the highest, insurers believe they have covered less than 10% of potential clients. The Ukrainian and Kazakh markets are even less penetrated, with a very limited number of insurers.

The focus of the conference was thus to acquaint national insurers with international experience in this area. The conference attracted interest on the part

of both domestic and western companies. In many respects, the conference's success was the achievement of its organizing committee, which assembled a very strong group of speakers, and of its chairperson Dr. Olga Ruf-Fiedler, Vice President and Chief Life Underwriter of Switzerland's Winterthur Group.

In accordance with the current state of the life markets in the former USSR, the conference was divided into two parts. On the first day, most speeches touched upon the strategic development of life insurers and future market trends. The second day of the conference was devoted to discussion of life insurance technologies which are critical for emerging markets.

**Bill Toppeta, President of MetLife International, US** ▼



◀ **right Dr. Olga Ruf-Fiedler, Vice President and Chief Underwriter Life, Winterthur Group, Switzerland**

**left Sir Ronald Grierson, Blackstone Group, UK**

## Insurance



◀ **left Ilya Lomakin-Roumyantsev, Head of the Federal Service for Insurance Supervision, Russia**  
**right Victor Suslov, Chairman of the State Commission for the Regulation of Financial Services Markets, Ukraine**



The conference kicked off with a discussion of life insurance regulation. The floor was held by such speakers as Dr. Herbert Luethy, Head of the Swiss Federal Office of Private Insurance, Jukka Rantala, Chair Senior Account Manager for CIS of the International Actuarial Association, Ilya Lomakin-Roumyantsev, Head of the Russia's Federal Service for Insurance Supervision, and Victor Suslov, Head of Ukraine's Commission for Regulation of Financial Services Markets. Insurance is a new regulation area in Russia and Ukraine, but the supervisory bodies of both countries are actively making preparations, in particular by heeding the recommendations of IAIS. In this regard, the Kazakh market has an advantage because its national law and regulations copy the European model.

A more serious concern for Russian, Ukrainian and Kazakh companies is choice and implementation of diverse development strategies. At the moment, there are no successful life projects in these countries. Western experience, therefore, is in great demand. The organizing

committee was able to cover a wide range of views on the correct organization of life business.

In the section headed by Sir Ronald H. Grierson, Blackstone Group, UK, the vision for the investment climate in the countries of Eastern Europe and the CIS was reported by Jonathan Woollett, EBRD, Director for Non-Bank Financial Institutions. Subsequently, Bill Toppeta, the President of MetLife International, made a speech on the US approach to encouraging development in local insurance markets. His speech owing partly to its inimitable manner and partly to the sheer magic of the world famous company name, was met with great enthusiasm.

Nonetheless, it was the European experience that held the day. Chris Schnor, Executive Board Member and Head of Market Group International of Winterthur Group, and Andreas Vassiliou, Vice President of AIG Worldwide and Director and Executive Vice-President for Alico, Greece, shared their views on the development as well as management of life insurance business. Dr. Philipp Kindt, Executive Director

◀ **Top to bottom: Stefanie Appel, CFO at Allianz ROSNO Life, Russia; Andre Bischoff, Gerling, Germany; Jonathan Woollett, Director for Non-Bank Financial Institutions, EBRD, UK; Brian Heale, Director for Global Product Strategies at SunGard Sherwood Systems, UK; Dmitry Demidov, Operational Division Life, Senior Account Manager for CIS at Munich Re, Germany;**

## Conference



Top to bottom: ▶  
**Stanislav Gotsuliak,**  
**Chairman of the Board at**  
**Garant Life, Ukraine;**  
**Michael Hergesell, CEO of**  
**Allianz Insurance Company,**  
**Russia;**  
**Stein Fjeld, SpareBank 1**  
**LIVS og Fondsforsikring,**  
**Norway;**



for Wealth Management UBS AG, devoted his speech to the influence of the oil boom on the growth of life insurance and asset management in Russia.

The East European experience in market modernization was represented from within. Ivo Foltyn, Life Insurance Executive Board Member of Ceska Pojistovna a.s., and Miroslaw Kowalski, Executive Director

for Foreign Strategic Investment PZU SA, are representatives of two former insurance monopolists and shared their considerable experience with the audience. At the end of the first day, the question of sales techniques was brought up. Auke Veenstra, Managing Director Business Development Europe of FORTIS Insurance International and Dmitry Demidov, Senior Accu-



# Insurance

Top to bottom:

**Dr. Philipp Kindt, Executive Director for Wealth Management UBS AG, Switzerland**

**Nikolay Nikolenko, CEO of UralSib, Russia;**

**Dr. Martin Balleer, Principal Consultant of FJH AG, Germany;**

**Auke Veenstra, Managing Director Business Development Europe at FORTIS, Netherlands**



ont Manager for CIS at Munich Re, shared information they had picked up from Western markets, while cooperation with MLM-nets was reported on by Stanislav Gotsuliak, Board Chairman of Garant-Life, Ukraine.

Cooperation between the life insurance and banking industries, the role of IT in life insurance, insurance

company asset management – this is the list of IT concrete technological themes discussed at the second day. Alex Bertolotti, Partner of PricewaterhouseCoopers Moscow and Chairman of the Pension and Insurance Committee of the European Business Association, made a review of the international experience in cooperation between banks



## Conference

**top to bottom: Jukka Rantala, Chairperson of the Insurance Regulation Committee at the International Actuarial Association, Finland;**  
**Didier Beck, CEO of e-Center Solutions, Switzerland;**  
**Daniel Adamec, CEO of eBao Technology Europe, Switzerland;**  
**Mirosław Kowalski, Executive Director for Foreign Strategic Investment at PZU S.A., Poland;**  
**Klaus Hackbarth, WGV-Versicherung, Germany**



and insurers. Daniel Adamec, CEO of eBao Technology Europe, spoke about the technological features of this kind of cooperation.

Technological aspects of life insurance were discussed broadly, then in considerable detail. The ins and outs of multichannel distribution were covered by Didier Beck, CEO of e-Center Solutions, Helvetia Patria Group, Switzerland and his colleague Nick Stefania. Ways to revitalize legacy systems were explained by Brian Heale, Global Product Strategies Director for Sungard Sheerwood Systems, UK, while innovative process models and strategic balance were examined by Klaus Hackbarth, Deputy CEO of WGV, and Dr. Martin Ballear, Principal Consultant for FJH, both based in Germany.

Asset management is of vital importance for any life insurer. Andre Bischoff, Managing Director of Gerling Pensions Management spoke on a German life insurer's

means of protecting against reinvestment risks.

Before the curtain fell, Prof. Dr. Peter Zweifel, University of Zurich, delivered a speech on the subject of insurance provision, in which he discussed the benefits of private versus social, and attempted to illuminate future possibilities in this area. The majority of attendees were pleased to hear that his vision of the future life market augured very well for Russian, Ukrainian and Kazakh insurers.

The two-day conference brought together over 130 industry professionals. All the companies writing life insurance in Russia, Ukraine and Kazakhstan were represented. Such an event could not have been half so successful without the support of the sponsors: Rosgosstrakh, Hewlett Packard, Allianz ROSNO Asset Management, AIG Life, as well as PricewaterhouseCoopers, SAP, eBaoTech.

**Vadim Demchenko**

