

SUMMARY

2013 preliminary results

ABOUT CONFIDENCE, LOW RATES AND MARKET FIGURES

Lack of trust stands as any business enemy. Customer trust in insurance means everything! In our field of business trust is everything! All of those statements are valid for an ideal market!

From a customer perspective, in Romania, trust has always been a criterion at the bottom of the list when it comes to MTPL insurance. Price beats confidence! A low enough insurance rate always beats low confidence in the insurer. Romanian MTPL customer rather rely the lowest rate disregarding any trust issue. In fact, the customer believes in the lowest insurance rate!

Therefore, customers continued to buy cheap trusting little. Companies with MTPL tradition persevered to sell more at low rates. Those companies built portfolios 80-90% MTPL based. For several years we are debating about unsustainable low rates for the market. However, for several years, the customer has the option to buy cheap insurance! Persistence in selling cheap led to lower quality of service, unhappy clients and many petitions alleging the companies focused on cheap MTPL rates.

Debates about rates based on real costs remained at a theory level for some market players. The market supervision lacked the strength to intervene radically in the market. This led to the recent situation that will turn for the market into a true zero point! From here on, the market supervision cannot make any single step back! We will witness radical decisions whose effect will sooner or later consist in the disappearance of low rates.

How will this impact the market figures? Certainly, the financial health of the companies will be better. For customers' pocket: no fun at all! For market as a whole: the average rates will certainly be higher.



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