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RED ALERT FOR MOTOR HULL

First quarter of the year brought in close-up, once again, the MTPL insurance class as main segment of the market and, also, as the one that has generated its new leader.

The first half has brought an apparent slowdown of the market decline, if we compare the results to the first six months of last year. If we also look at the second quarter of 2010, we realize that, in fact, the market decline is deepening.

However, it is not the underwritings decrease that should be the main concern of the market, but the fact that first half figures indicate a worrisome situation on the Motor Hull insurance segment.

Thus, the claims value on the above-mentioned class – continuously growing, has exceeded the underwritings level - steadily declining, with half a million euro. The figures of the companies also reveal that this reality was generated by 12, which is over half, of the 23 companies that sell this policy.

Therefore, a constantly debated danger, the increasing claims ratio, begins to have visible effects on the market figures and on the results of many companies. So far, shareholders have compensated, by share capital increase, these effects. From now on, due to the crisis, it will be harder and harder for them to do so.

In this context, two main questions are raised: what is there to be done and what other effects will companies have to suffer if this trend persists?

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