TRUST RE
REINSURER OF CHOICE

AIIF
Baku, Azerbaijan
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Trust Re's Added Value

Insurance and Reinsurance Development

The use of Market Research

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Contents

1) Vision, Mission, Values

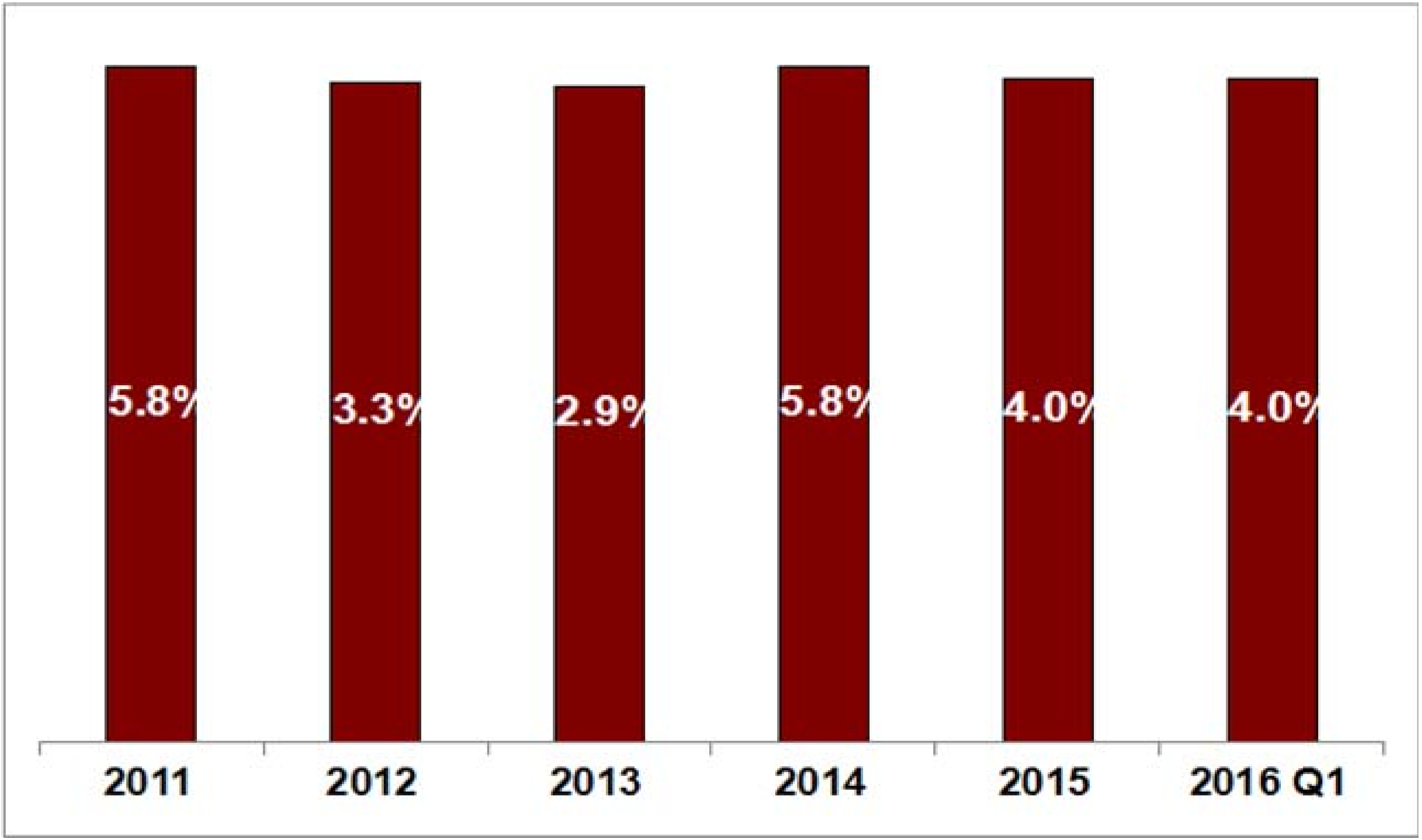
Vision	To be the Reinsurer of Choice
Mission	To be innovative in providing reinsurance solutions and prompt responses, always
Values	Trust (Integrity, Compliance)
	Dynamic (Innovation, Energetic)
	Team Spirit (Openness, Our People)

2) Geographical presence

Model for development and diversification
To be close to our business partners with local presence

Head Office is located in Bahrain

3) Combined Ratio



3) Key Financial Highlights

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2015 vs 2014

Top Line Growth:	⇧	**5% (USD 476m)**
Net Profit After Tax:	⇧	**100% (USD 31m)**
Net Technical Reserves:	⇧	**5% (USD 490m)**
Equity Appreciation:	⇧	**12% (USD 430m)**

Authorized, issued and paid-up Capital of US$ 200 million

3) Recent corporate developments

- Q1 2016 Net profit up 7.7%
  - Profit rose y-o-y to USD 8.4M from USD 7.8M
  - GWP of USD 174M
- Trust Insurance Management (TIM) approved as a Lloyd's cover holder
  - New subsidiary
  - Writing business in more than 200 countries
  - Property, Energy, Liability & Political Violence (for now)
- Surety Reinsurance
- Aviation Reinsurance

4) Market Research at Trust Re

- Market research is an essential tool for Trust Re ’ s strategy, performance measurement, planning, business development and marketing activities

- Market Research is conducted in house since 2012 in conjunction with an independent UK consultant, specialist in market research

5) Methodology

•Qualitative research

-30 in depth telephone interviews with experienced (re)insurers, brokers, regulators and insurance associations

-Open / ended questions

•Quantitative research

-Online questionnaire to 700-1000 business partners and associates

-Multiple choice questions

5) Market Research 2016

Theme: The Outlook for insurance and reinsurance in Central and Eastern Europe (CEE) and in Commonwealth of Independent States (CIS)

- Study the market we operate in depth for meaningful insights
- Part of our contribution to business partners and associates
- Knowledge and experience sharing

6) Qualitative Research

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Qualitative elements of 2016 market research

6) Qualitative Research

30 telephone interviews were conducted with business partners and associates in the following countries:

Azerbaijan	**Poland**
Bulgaria	**Romania**
Croatia	**Russia**
Czech Republic	**Slovenia**
Kazakhstan	**United Kingdom**

7) Quantitative Research

Quantitative elements of market research 2016

7) Country of respondents in online questionnaire

Albania	Kazakhstan
Azerbaijan	Kosovo
Belarus	Macedonia - FYR
Bosnia & Herzegovina	Poland
Bulgaria	Romania
Croatia	Russia
Cyprus	Serbia
Czech Rep.	Slovakia
Estonia	Slovenia
Georgia	Ukraine
Greece	**Total: 21 Countries**

7) Results June 2016

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•An online link has been distributed to more than **700** business partners and associates, in **40** countries on 19th April 2016

•Online responses are **206**

•The results are being analyzed currently

•By the end of June 2016, a final report with the findings is expected to be produced so we can share the results with business partners and associates

A final version of the report available on our website

7) Early results / indications

- Preliminary results/ indications for information and discussion purposes (not statistically robust)

- More for less: A challenging CEE / CIS market in view of declining prices and extended terms and conditions

- Weaker economic prospects, declining oil prices and lower exchange rates (in CIS mainly)

7) Early Results: A Challenging Market

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- Natural catastrophe losses (i.e. flood, EQ) is subsidized by the government
- Consolidation in view competition, increased capital requirements and to create cost synergies
- On the direct insurance market, high commissions to agents/brokers (up to 45% for motor)
- Regulation in certain areas does not provide necessary support for the development of the insurance industry

7) Early Results: Positive Aspects

- Expected growth in property & engineering, financial lines, professional indemnity, D&O, life & health lines of business
- Governments are investing outside the oil sector as part of their diversification strategy which is expected to increase the demand for insurance as well as public awareness's of the role of insurance (in the CIS mainly)
- Rate increases in the motor line of business in order to remain profitable

7) Views on market conditions

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Question: How would you rate the following market characteristics?

Characteristic	Very weak	Somewhat weak	Somewhat strong	Very strong
1. **Public awareness of the role of insurance**	21%	**55%**	24%	0%
2. **Regulatory framework**	0%	18%	**68%**	14%
3. **Profitability**	3%	39%	**47%**	11%
4. **Premium collection**	6%	37%	**43%**	14%
5. **Availability of claims data**	11%	**42%**	36%	11%
6. **Underwriting capability**	3%	19%	**59%**	19%
7. **Support from reinsurers**	0%	9%	**49%**	42%
8. **Education and training**	3%	34%	**49%**	14%

8) Reinsurers added value

- Certain participants expect frequency and severity of losses to increase, therefore demand for reinsurance is expected to increase as well
- Demand for reinsurance to increase in view of Solvency II capital requirements (more feasible solution than raising capital though debt or equity)
- Other participants expect more reinsurance capacity for Aviation and Financial Lines

8) Reinsurers added value

By providing:

•Training on risk assessment, qualitativee & quantitative, use of pricing tools and optimal pricing
•Niche areas and emerging risk assessment (cyber risk, drones, reputational risk)
•Understanding reinsurance as a capital tool, active risk carrier

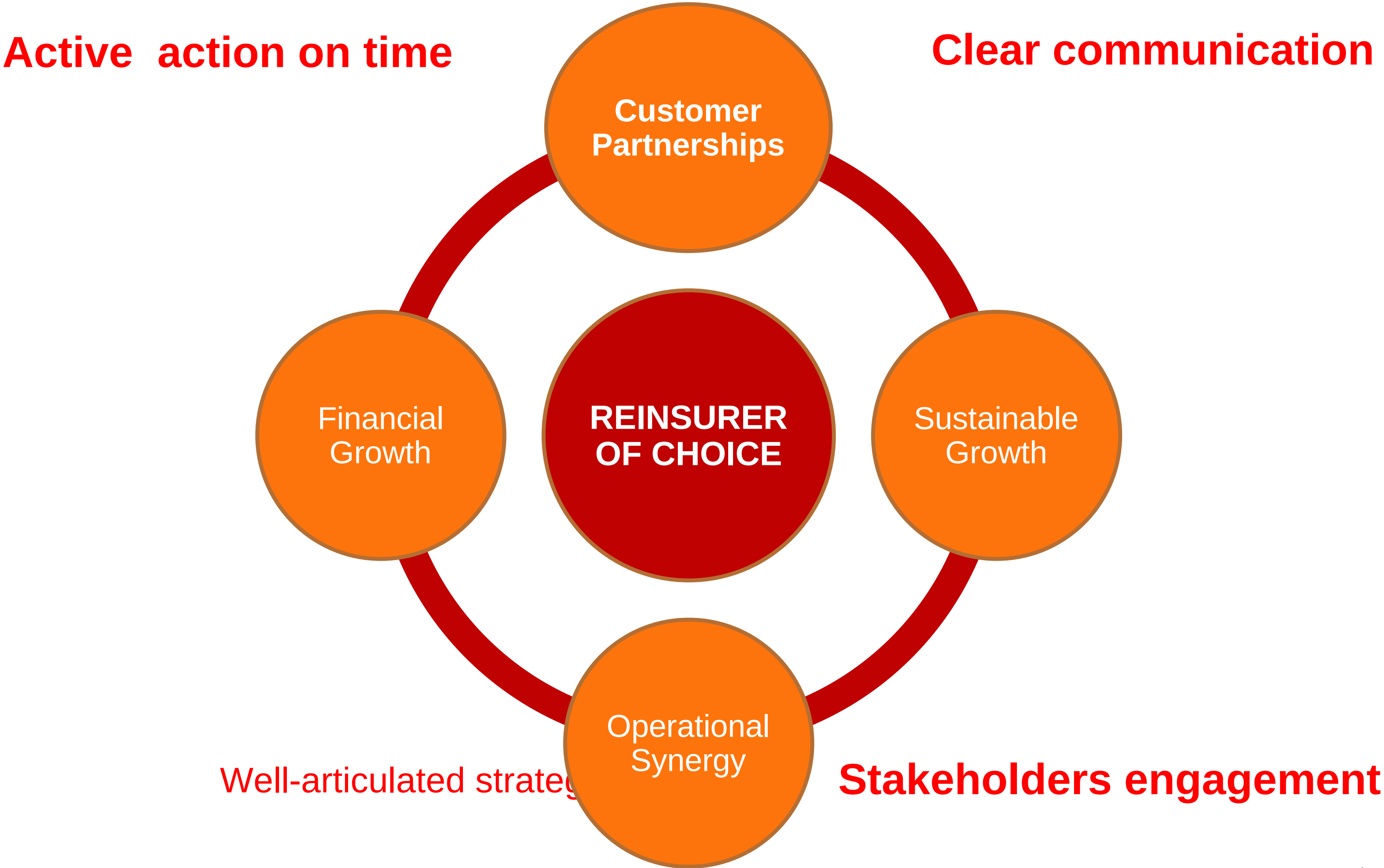
Other opinions on how to add more value:

•By working more closely in partnership with cedants, creating bespoke solution, and better understanding their strategic aims
•By assisting insurers identify their key profitable segments in their portfolio, pricing strategies
•By better sharing insight and coming up with innovative solutions
•By sharing insight into developments and approaches gained on the international level

9) (RE)INSURANCE DEVELOPMENT

Investing in Human Capital

9) (RE)INSURANCE DEVELOPMENT



Thank you

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Working towards our Vision, Mission and Values

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Financial Strength Rating
AM BEST
A- Excellent

A-
STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL
RATED STRONG