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27<sup>th</sup> September 2009

### To the Respected President and Members of the IILA

It is my pleasure to present the 2009 Annual Report for the Eurasia Region.

### Market & Business Development

September 2009 - Lloyd's of London has reported a jump of almost 40% in half-year profit, despite "turbulent financial markets and challenging insurance conditions". Robust underwriting results and a modest rebound in investment returns fuelled the surge, allowing the market to post pre-tax earning of GBP1.32 billion for the first six months of 2009, up from GBP949 million a year earlier. Underwriting profit remained level at GBP678 million. Gross written premium for the period stood at GBP13.5 billion, up by over a third on the first half of last year; both a weaker dollar and increasing demand from international clients supported the rise.

September 2009 - HSBC pumped GBP110m into HSBC Insurance (UK) before putting it into run-off, according to Insurance Times. It had previously been reported that the bank gave a GBP80m cash injection to the insurer in April.

August 2009 - Aviva has been successful in securing High Court approval for the proposed reattribution of its with-profits surplus. Negotiations over the settlement have taken a couple of years because of a dispute over the proportion of the surplus that should be paid to shareholders. Over time, the funds lost value as a result of market volatility in the credit crisis and in May, Aviva fixed the total payout at GBP400 million rather than the GBP1 billion promised earlier.

August 2009 - Guy Carpenter & Company, LLC has revealed that reinsurers have managed to recoup half or more of its losses from the financial crisis and storms in 2008 due to underwriting gains and a greater sense of stability. In the first half of the year Guy Carpenter Global Reinsurance Composite recorded an increase of USD4.6bn compared to a decline of USD3.5bn in the first half of 2008.

July 2009 - Lloyds TSB's insurance arm is conducting a pilot that could see it bring loss adjusting in-house. General insurance director for Lloyds Banking Group said they are currently involved in a 16-week trial that involves using in-house claims consultants carrying out adjusting duties rather than external providers

### WORLD HEADQUARTERS

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June 2009 - Allianz Re has confessed that it will be "difficult" to perform as strongly this year as in 2008, but continues to target an average growth of 10% by 2011. The reinsurance unit of Germany-based Allianz said European windstorms at the start of 2009 will squeeze operating profits. "There will be difficulties to reach the result seen in 2008," said chief executive Clemens von Weichs. In 2008, the unit reported an operating profit of EUR495 million on gross premiums of EUR3.8 billion.

### **Claims / Disasters in the Region**

Floods have killed at least 40 people in and around Istanbul after the worst rainfall in 80 affected schools, hospitals and thousands of residential and office buildings. The costs of flood damage could reach up to USD200 million, according to Association of the Insurance and Reinsurance Companies of Turkey. Loss adjusters have performed a great effort and Insurers have indemnified the policyholders in a short period of time with full support of Reinsurers.

At least eight people were killed and 54 people have still missing after an accident at Russia's largest hydro electric station in south Siberia on 17 August 2009. RusHydro, owner of the Sayano-Shushenskaya plant, which was opened in 1978, said generating units unaffected by the blast could be reactivated within 45 days. Rebuilding the plant, meanwhile, would take an estimated four years at a cost of RUB10 billion (USD315 million), the company said. According to the Moscow Times, the PRIME-TASS information agency reported that the Sayano-Shushenskaya plant is insured by ROSNO, an Allianz subsidiary.

Fire damage costs are at their highest since records began, and Aviva is warning businesses to be on the alert. According to the insurer, statistics from the Association of British Insurers show a 20% rise in fire claims between the first half of 2007 and the first half of 2009, with arson a main contributor to the increased costs incurred. The group's property risk manager says: "We are seeing an increasing number of arson claims crossing our desks. Over 40% of all fires in industry and commerce are now started deliberately."

Boat owners have submitted more fraudulent insurance claims this year than during the whole of 2008, boat insurance firm Navigators & General revealed this week. The Zurich-owned company said the total cost of fraudulent maritime claims between January and April 2009 is higher than the total cost for the full year 2008.

### **Regional Events / Meetings**

The third CILA Technical Conference took place in September 2009. Loss adjusters and claim professionals had opportunity to attend different specialist interest group discussions.

A group of small loss adjusters is poised to establish its own members' association in the UK. The group, which is yet to be given a formal name, is set to be launched by the end of the year, and is targeting at least 20 small adjusters as part of its inaugural membership. Central to the group will be the use of the 'seal of independence'" a quality marque that members will display as a symbol of their guarantee not to accept commissions from contractors.

The group will be largely self-administered but is likely to be accredited by the UK Accreditation Service to ensure all members adhere to the rules laid out in the membership constitution. However, the move does not mark a break from the CILA and members of the group are required to have CILA membership.

### **New Membership Applications**

I had no new official inquiries for membership in the region. Introductory letters have been sent to several well-known loss adjusting companies in order to get attention of potential members. I plan to promote our institute by participating conferences and professional meetings as both speaker and attendee across the Europe in next year.

Respectfully submitted,



Hakan Ileri, *Regional Vice President of Eurasia*  
BA MSc FIFAA ANZIIF (Snr Assoc) CIP RPA