



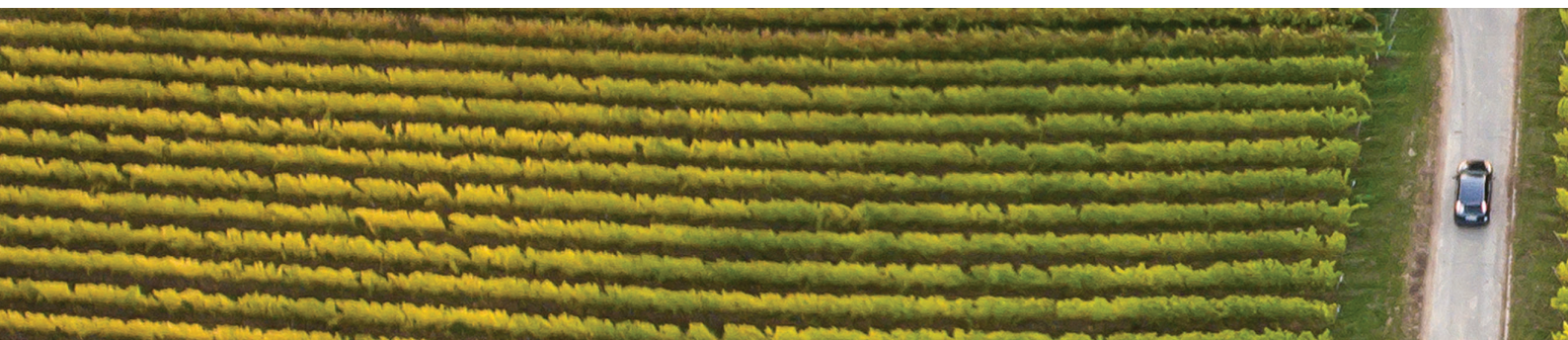
2018 Annual KPMG Report

Private Insurance Market

Facing dilemmas

February 2019

kpmg.com/gr





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Introduction

KPMG is publishing again this year its annual Private Insurance Market Report for Greece. We believe this Report to be an excellent point of reference, providing information to insurers and other stakeholders about matters concerning the Greek Private Insurance Market, as well as being a powerful tool for analysing the financial condition of private insurance companies and the market in particular.

As in previous years, the Report addresses current industry issues, such as the developments in the new insurance contract accounting standards, new technological developments in the automation of processes and data analytics, as well as taxation issues.

The Report, as in prior years, consists of the annual study of the financial analysis and capital adequacy of Greek insurance companies. Our study is mainly based on data drawn from the companies' annual financial statements and the published Solvency Reports under the new Solvency II framework, with figures relating to the fiscal year ended as of 31 December 2017. It aims to provide our readers with a complete picture of the market.

Our hope is that you and your organisation find this publication of interest, and we are at your disposal to discuss any issues that might be of concern in person.

Philippos Kassos

Partner

Audit, KPMG

01

New Accounting Standards IFRS 17, IFRS 16

IFRS 17 - Postponement and change

Due to the complexity and implications observed during the preparatory stage, a large part of the market now believes that the implementation of the standard in 2021 entails a significant implementation risk, and that a postponement is necessary for the successful adoption of the new standard.

In its last discussion on this matter, the European Parliament noted, among other things:

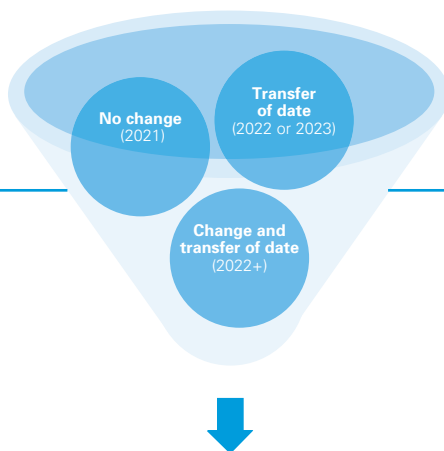
- the significant costs and efforts required due to its complexity
- even though one of the main goals of the new standard is to generate information for investors regarding the measurement of contracts, the complex procedure involved may in fact accentuate, instead of mitigate the financial disturbances
- the ongoing work of EFRAG (European Financial Reporting Advisory Group) in drafting its endorsement advice on issues of concern such as the level of aggregation, the contractual service margin, reinsurance, etc., recommends that this endorsement timeframe be reassessed and notes the need for a cost-benefit analysis, as well as the estimated impact on small and medium-sized enterprises (SMEs)
- the lack of impact analysis and specifically on financial stability, competitiveness and financial markets
- the need for establishing a special committee for IFRS 17.

KPMG's Survey on the progress of the implementation of IFRS 17 and IFRS 9 "In it to win it"

The survey that took place in the 2nd quarter of the current year, was the second in a row, whereas a new one is anticipated in late 2018/early 2019. The first survey, which was carried out 6 months earlier in the 3rd quarter of 2017, was fairly big with the participation of 82 insurance companies in more than 20 countries. The second survey was even more extensive: with 160 insurance companies in more than 30 countries - including a number of insurance companies from the "Forbes Global 500" index, which submit reports in line with international accounting standards.

The survey provides a powerful base for analysing trends on this topic. General key issues stand out, such as:

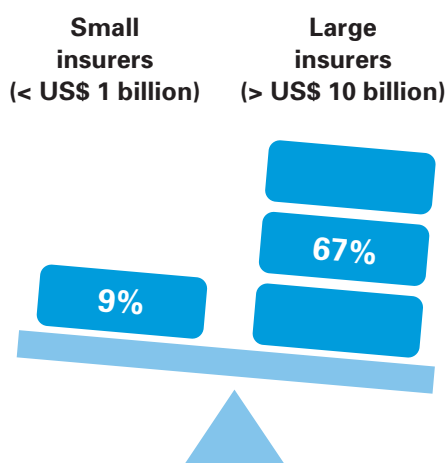
- pressure is already becoming acute - there is still a vast amount to do
- the organizations that are furthest along with their projects (generally, larger insurers) are the ones feeling the time challenge the most - the more they do, the more they realize how hard the task is and how much work is involved
- while working on implementation, the leading insurers are seeking to optimize systems and processes at the same time in order to reap longer-term, enterprise-wide benefits too - even though they recognize that this may take longer than 2021
- smaller insurers have done the least to date - many of them urgently need to get started with the implementation.



IASB
(International Accounting
Standards Board)

In the last IASB meeting in November, a decision was reached to propose an extension to the adoption of IFRS 17 by one year, i.e. for the 1st of January 2022. This proposal will be examined after public discussion within 2019.

State of planning preparation and implementation progress for IFRS 17



The Survey demonstrates the risks from (not) adopting the standard, especially in small and medium-sized insurers, a category that includes all insurers in Greece.

One of the reasons for Europe's concerns regarding the adoption of the standard is the unsatisfactory state of readiness of small enterprises.

The remaining 24% of insurers replied that they have not still launched the project or that they are simply following the developments.

IFRS 17 - Main challenges and decisions

The initial view was that the new standard would move closer to the rule-based approach of the US standards or the Solvency rules, but as the awareness phase is coming to an end, an increasing number of interested parties realise that this is a framework of principles, where insurers must make an entire nexus of decisions regarding the assumptions and handle implementation-related challenges.

According to KPMG's survey "In it to win it", the initial challenges-decisions which insurers appear to be facing, mainly relate to:

Grouping and onerous contracts

One of the key features of IFRS 17, in common with all IFRS standards, is the concept of unit of account. In order to identify this, insurers first need to identify their portfolios of contracts that contain contracts subject to similar risks and managed together.

So what has the approach been to date?

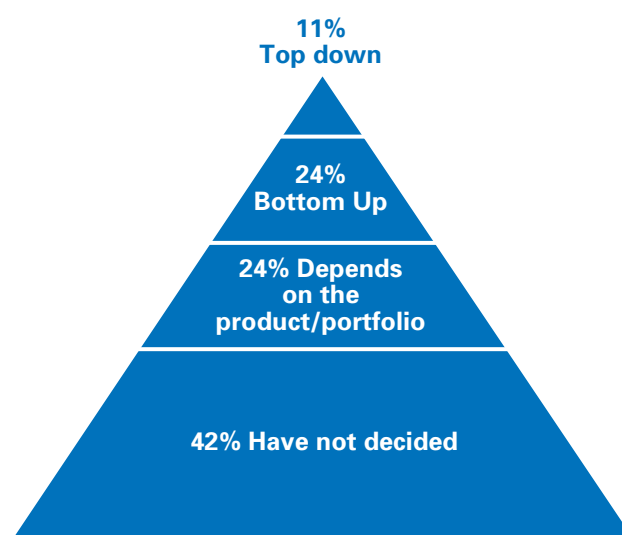
- 48% expect that they will continue to follow the existing Line of Business (LoB) logic
- 35% expect that there will be a more detailed analysis than the existing one
- 17% expect that a less detailed analysis than the existing one will follow.

Discount rate

The standard specifies three requirements for cash flow discount rates. They need to:

- reflect the time value of money
- be consistent with observable current market prices
- exclude from the current market prices factors not reflected in the cash flows.

So, what is the approach relating to the method of calculation of the discount rate to date?



Risk adjustment

The risk adjustment relates to the adjustment of the estimate of the present value of future cash flows to reflect the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risks. The standard does not however, specify the method for the calculation of the risk margin.

So what has been the approach to date?

- 27% cost of capital approach
- 28% confidence level/Value at risk
- 55% have not decided.


Transition

According to the standard, transition must be retrospective, i.e. based on figures that apply at the onset of the contract. Alternatively, if this is not "impracticable", the economic entity has to choose between the modified retrospective and the fair value approach.

So, what has been the approach to date?

- 31% have not decided yet
- 29% go for retrospective implementation (full or modified)
- 27% depending on the group portfolio or the company
- 13% go for fair value.

Issues for discussion - consideration



Grouping and Onerous contacts	<ul style="list-style-type: none">– How are they identified?– Is it necessary to identify them?– How will they be presented?– What will the market do?
Discount rate	<ul style="list-style-type: none">– Can I rely on the internal investments portfolio?– What does a "consistent" to market rates standard mean?– What will the market do?
Risk adjustment	<ul style="list-style-type: none">– Will the SII risk rate do?– How is it calculated?– What will the market use?
Transition	<ul style="list-style-type: none">– What does "impracticable" mean in practice?– How is present value calculated?– What will the market do?

IFRS 16 and effects on Solvency II

The new IFRS 16 standard on leases replaces IAS 17, and is effective from 1 January 2019. The new standard does not appear to have drawn the attention it should have from insurers, because as it was anticipated, the focus lies on IFRS 17 and IFRS 9. The realisation however, that it may affect the supervisory statements, has attracted the attention of large insurance companies and of supervisory authorities, as of late.

In summary, IFRS 16:

- abolishes the current dual accounting model for leases (Finance - in Balance Sheet, Operating - off Balance Sheet)
- introduces a single accounting model similar to the current finance lease accounting
- all significant operating leases will be recognised as financial liabilities, while at the same time the subject items will be recognised as new assets, referred to as "Right of Use" (ROU)
- only leases with a value up to US\$ 5 000 are excluded.

Effects on Solvency II

Since insurance companies rarely operate as lessors, the issue that affects insurers is on one hand the recognition of the new liabilities in the financial statements that will arise from the future rents for operating leases, and on the other hand the corresponding ROU assets.

Regarding the Solvency II Balance Sheet, valuation of assets and liabilities must be market consistent under article 75 of the delegated regulation, which sets out that:

- assets shall be valued at the amount for which they could be exchanged
- liabilities shall be valued at the amount for which they could be transferred, or settled.

According to article 9, insurers value assets and liabilities in line with the IFRS, on condition that accounting standards include valuation methods that fall under the approach of article 75.

According to article 16, leased fixed assets are valued at their fair values.

Therefore, to the extent that a ROU asset is not an investment property or does not concern assets for which insurers apply a revaluation model, it will be valued at cost less depreciation and amortization, which is not in line with article 16 of the relevant regulation.

Moreover, the potential double hit from the recognition of new financial liabilities and from the cash flows must be examined, to the extent that lease expenses affect expenses for the servicing of contracts.

Question to Supervisory Authorities: "How must the ROU be classified in the SII Balance Sheet, and how will the calculation be made for the risk encumbrance in the Solvency Capital Requirements (SCR) with the standard formula?"

02

Artificial Intelligence (AI), Robotic Process Automation (RPA) and Data Analytics

Technology

Insurers seek to switch to technology platforms that allow growth and cost savings. The main goal is a powerful data architecture based on data analytics, artificial intelligence (AI) and process automation (RPA), with the ultimate goal of improving product development, sales and customer service.

Business Model Change

The traditional insurance business model has been disturbed by new innovative newcomers (InsurTech) in the market, changing customer preferences and challenging the macroeconomic environment.

Management Risk and Compliance

Insurance companies typically encounter challenges in managing risks, information and data that prevent real-time acquisition and implementation of business ideas.

Clients and distribution channels

Changing customer requirements to interact with transactions (digitization) creates a new generation of insurance that seeks to provide outstanding customer experience by using pioneering data-driven approaches.

Robotic Process Automation (RPA)

Automating processes through data analytics and artificial intelligence applications offer:



Indicative areas of RPA implementation

Accounting and finance

- Invoice processing
- Expenses processing
- Cash flow statement creation.

Payroll and benefits

- Personnel data correction
- Year-end tax adjustment.

Application processing

- Filling in application forms
- Data deficiency checking.

Sales-related clerical work

- Entering customer information
- Name identification processing.

Implementation of RPA per stage

Basic process automation

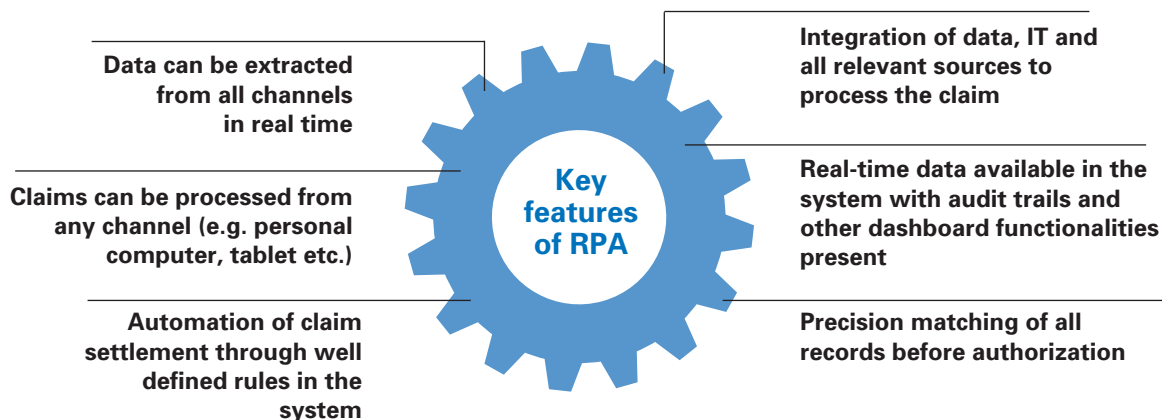
- Micro-based applets
- Screen level data collection
- Workflow automation
- Visio®-type building blocks
- Processing mapping
- Business process management.

Enhanced process automation

- Built-in knowledge repository
- Learning capabilities
- Ability to work with unstructured data
- Pattern recognition
- Reading source data manuals
- Natural language processing.

Cognitive automation

- Artificial Intelligence
- Natural language recognition and processing
- Self-optimization/self-learning
- Digestion of super data sets
- Predictive analytics/hypothesis generation
- Evidence-based learning.

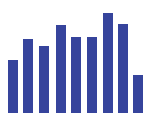


Data Analytics

Until now, most insurers understand the potential value of big data and their analysis for their organization. However, few insurance companies today are ready to take full advantage of the opportunities that could be

captured with greater data insights. For this reason, there are several ways in which the insurance industry can begin to improve their data and analytics capabilities immediately.

Big data characteristics



Volume

x10
The amount of digital information will increase tenfold every 5 years.



Velocity

90%
of the world's current data was created in the last 5 years.



Variety

60 seconds required for 98 000 tweets, 695 000 status updates, 11 million twitter instant messages.



Validity

30 billion
pieces of various content shared on Facebook each month.

Source: KPMG'S Frontiers in Finance, "Big Data: The big factor driving competitive advantage", 2015

Lack of trust in D&A

Few organizations are very confident in their D&A insights, as evidenced by the percentages below:



Source: KPMG Survey, "Building trust in analytics", 2016

Perception and reality about D&A

Perception		Reality
Big data is only about massive data volume	↔	It is about variety, velocity, validity and volume
Big data is for social media sentiment analysis	↔	Big data is about viewing all types of data sources broadly
Big data is a technology issue	↔	Big data is a business issue
The more data you have, the better the insights	↔	Having the right data is more important than having the most data
Analytics is about software and tools	↔	Analytics is about making better decisions by asking better questions
Analytics is just another business trend	↔	It's a permanent change in the business landscape
Analytics is what data scientists do	↔	It's about enabling your employees across the organization, not just a silo of specialists
Predictive analytics is the answer.	↔	Adoption rate for predictive analytics is still low and there is still much benefit to be gained from the basics.

Why D&A trust matters

Making decisions or targeting consumers based on inaccurate predictions will quickly erode, if not extinguish, consumer trust and shake the confidence of those executives who rely on these predictions to make informed decisions.

Company preparation

In order companies adapt to the new big data environment, they have hired executive professionals to prepare the business operation and introduce data analysis processes into it.

D&A underpins competitive advantage

In what percentage are companies using D&A when it comes to the following issues?



Knowing your customers

70% – How products are used
67% – What new products and services to develop



Streamlining existing operations

71% – Business performance
68% – How to drive process and cost efficiency
70% – How to drive strategy and change



Managing risk and compliance

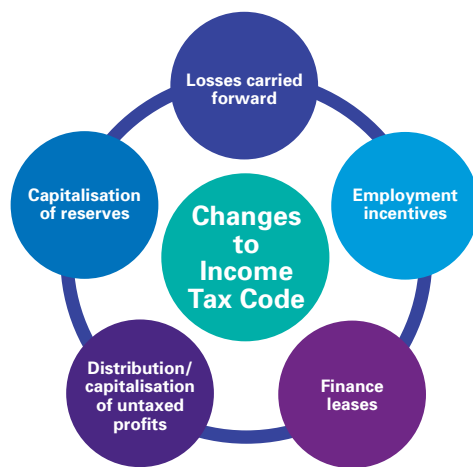
70% – Fraud
67% – Business Risks
70% – Regulation Compliance

Source: KPMG Survey, "Building trust in analytics", 2016

03 Taxation

Taxation in Greece, with its frequent changes and complexity, is a regular headache for companies' financial departments, and insurance companies are no exception.

We are selectively presenting certain changes to the Hellenic Income Tax Code (KFE) introduced in 2018 and are of interest to insurers, despite being applicable to all sociétés anonymes (SAs):



Tax Losses Carried Forward

The provisions of article 115 (6) of Law 4549/2018 improved the special anti-abuse law for preventing the infringement of the deductibility of losses through the acquisition of loss making companies.

Tax losses are not carried forward to be offset against the next 5 years' profits, if the following apply in conjunction:

- in the case of a change in the direct or indirect holding or the voting rights in a legal person or legal entity of more than thirty three percent (33%) during one tax year
- and at the same time, during the same and/or the next tax year from the one when the change was made to the holding or the voting rights, a change is made in the activity of the company in which the holding or the voting rights are acquired, compared to the directly previous tax year from the change in the holding or the voting rights.

(The second condition is the amendment of article 27 (5) of the Income Tax Code with the above law, with retrospective effect as of 1/1/2014).

Capitalisation of untaxed reserves of development laws (articles 71B and 71C)

Law 4512/2018 incorporated provisions on the capitalisation of untaxed reserves of development laws of listed and unlisted companies and set a time limit for the use of these beneficial provisions. More specifically, in the case of listed SAs, if capitalisation takes place during 2018, the tax rate is 5%, in 2019 it will be 10%, whereas if it takes place in 2020 the corresponding rate will be 20%.

For unlisted SAs and LTDs (limited companies), the tax rate for years 2018 and 2019 is 10%, while for 2020 it is 20%. If the company implements these provisions and is liquidated before 10 years lapse, it will be taxed with the regular rate (except in the case of a merger).

Employment support incentives (article 71D)

Employer contributions for creating new full-time employment places are deducted from the gross income of persons exercising the business activity, of the legal persons and of the legal entities, surcharged with fifty percent (50%) and up to 14-fold of the minimum salary of a single employee above the age of 25 years (EUR 586.08x14) per place, provided that the following apply cumulatively:

- increase of the number of employees on the year they were hired, compared to the average of the previous year, and
 - increase of the payroll cost on the year they were hired, compared to the previous year average.
- this provision applies to young people up to thirty (30) years old and for the long-term unemployed registered with the Manpower Employment Organisation (OAED)
 - in related parties, in the sense of article 2 of the Income Tax Code, the incentive is granted once for each employee.

This additional increase of the discount of employer contributions, except for the year of recruitment or conversion of the contract to a full-time employment contract, is granted for four (4) additional consecutive years, on condition that the average of the number of employees and the payroll expense of each year have not decreased compared to those of the previous year.

(article 71D was inserted with paragraph 1 of article 116 of Law 4549/2018 and is effective as of tax year 2018 and onwards).

Moreover, Circular POL 1117/2018 provides a reminder that **the provisions of par. 1 through 7 of article 73 of Law 3842/2010**, are in effect, for the reduction of the profit tax rate by 3%, on condition that the number of employees that existed during the fiscal period preceding the 2 year period, is not reduced during any of the above three fiscal periods.

Capitalisation or distribution of profits for which no income tax has been paid

According to article 99 (2) of Law 4446/2016 and the clarifications provided with Circular POL 1014/2018, in case of capitalisation or distribution of profits for which no income tax has been paid for either legal person or legal entity, the amount that is distributed or capitalised is taxed in any case as profit from business activity, regardless of any tax losses.

From the above it arises that in the case where prior year tax losses do exist, which when carried over (offset) with the results of the current year, result in losses, and at the same time, during the same period, profits are distributed, the amount to be distributed must be taxed separately (independently), as implementation of the provisions of article 47 (1) of Law 4172/2013. In this case, the taxable amount will be added to tax losses.

Based on the above, the untaxed reserves remain untaxed, provided they are not distributed or capitalised, or that the company is not dissolved, and under no circumstances can they be offset with tax losses of past periods (circular POL 1014/2018).

The aforementioned provisions apply to tax years starting on or after 1 January 2017.

Finance leases

The conditions of article 24 (2) relating to the classification of finance leases, were abolished.

Leases are now evaluated as finance leases, based on the criteria of the finance lease definition that is provided in the law on the Greek Accounting Standards (IFRS 17).

For finance lease contracts entered into before 01.01.2014, with their term not extending beyond 01.01.2019 (expiring during 2018) no adjustment needs to be made.

For old contracts to be recognised as fixed assets as of 1.1.2019, the following need to be drawn up:

- the finance lease table
- the table for the calculation of the depreciation of the leased assets that would have encumbered the results, if the entity treated it from the onset as

a finance lease. For the above contracts, **depreciation based on the rates of article 24 of the Income Tax Code must continue to be carried out (and not based on the useful life)**

- determination of the necessary adjustments.

Exempt - Untaxed income

Sometimes, the handling of the exempt and untaxed income both at the time of tax form submission, and later, during distribution or capitalisation, is a difficult puzzle to solve, with the constant changes and contradicting provisions. Recently, certain information were added to the audit program of the tax certificate of article 65A of Law 4174/2013 which do not constitute changes but clarifications.

Categories of Exempt - Untaxed income and subsequent treatment (indicatively)

Not taxed (with corporate tax) during the distribution - capitalisation

- collected intragroup dividends of article 48
- goodwill from the sale of UCITS (Undertakings for Collective Investment in Transferable Securities) shares, as well as the distributed profits from UTICS shares
- untaxed reserves that were taxed pursuant to the provisions of paragraphs 12 and 13 of article 72.

Taxed (with corporate tax) during the distribution - capitalisation

- interest arising from bonds issued by the European Financial Stability Fund (EFSF), in implementation of the participation in the Greek debt restructuring program
 - goodwill from the transfer of corporate bonds, according to the provisions of Law 3156/2003, in countries of the EU and the EEA/EFTA
 - goodwill in case of contribution of assets or merger pursuant to the provisions of articles 52 and 54 of Law 4172/2013)
 - capital gains arising from the exchange of Greek Government bonds or corporate bonds with the guarantee of the Greek Government with other securities, pursuant to the Greek debt restructuring program
 - distributed profits of legal persons arising based on the IAS or GAS, for the part by which they exceed the taxable profits
 - distributed untaxed reserves not subject to the independent taxation of article 72(12) of Law 4172/2013, as well as the amount of the distributed or capitalised reserves formed based on the provisions of Law 4172/2013 and are exempt of income tax and which are taxed on the year of their distribution.
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04 KPMG Annual Report

The financial condition and solvency of greek insurance companies

Introduction

For the eighth year in a row, KPMG in Greece, aiming to provide a qualitative study of the private insurance sector, carried out a study with a sample of 25 private insurance companies, with financial data for the year ended as of 31 December 2017.

The study is based on the calculation of a series of significant ratios related to the insurance market, which aid in the better understanding of the financial condition of insurance companies in Greece, their Solvency and Capital Adequacy, and the risks they face. To understand Solvency and Capital Adequacy and the separate risks, we took into account the new Solvency Reports (SFCR) published by insurance companies under the new Solvency II framework and Law 4364/2016.

The companies that have been selected operate both in the Life and Health Insurance sectors, as well as in Non-Life Insurance, and hold more than 80% of the market in terms of production of premiums written.

For the purpose of this report, the use of an over the time analysis, and in certain cases a cross-sectional analysis of the published financial data, provide reliable and easy to understand information for examining the true condition of the separate economic units (with the right grouping), as well as

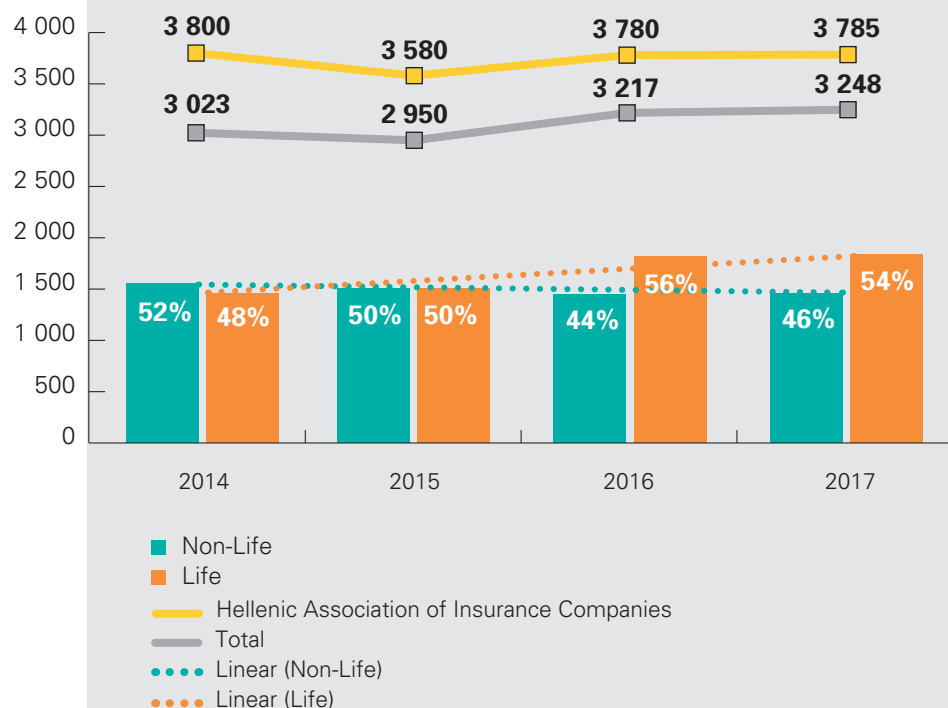
the general sector they belong to. For this report there is no specific set of ratios that provide the “correct” information to users, because there is a large number of ratios to choose from, whereas each ratio can be defined/calculated in a different way.

The ratios used and presented in this Report were chosen based on their relevance to the insurance industry and refer to modern evaluation methods with the aim of rendering this report a useful tool for the comparative evaluation between the industry’s undertakings and for evaluating the ways used to allocate resources between the separate activities and sectors of each business.

According to the Bank of Greece Overview of the Greek Financial System of 2017, the greek insurance market consists of 43 insurance companies supervised by the Bank of Greece, with 3 of them exclusively operating in life insurance, 23 in non-life insurance and 17 in both life and non-life insurance (composite). At the same time, there are 20 branches of insurance companies registered in different EU member states and 16 European insurance companies under a status of freedom of service operating in the greek insurance market (Bank of Greece: Publication July 2017).

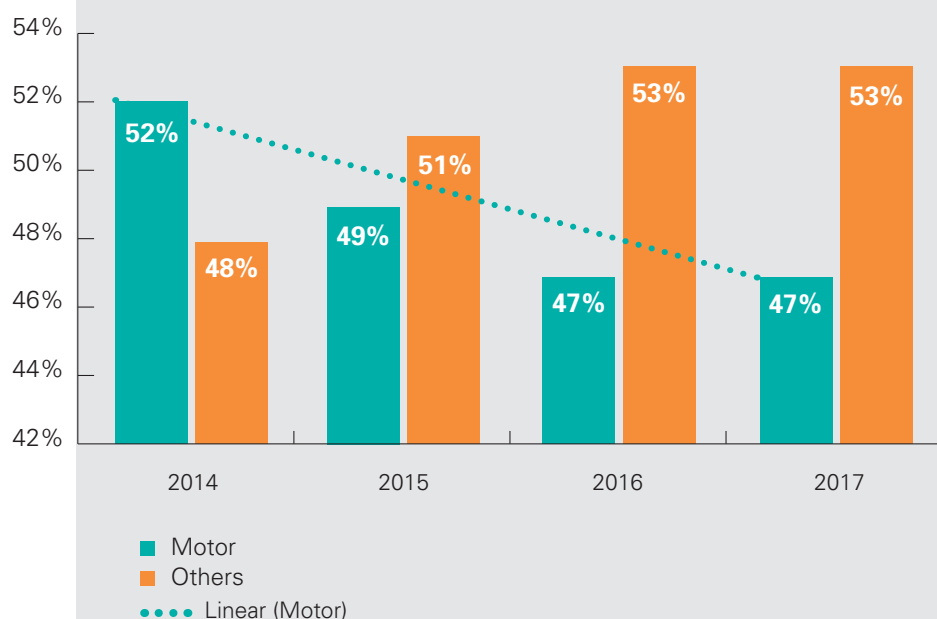
All amounts are in Euro

Premiums (in thousands)

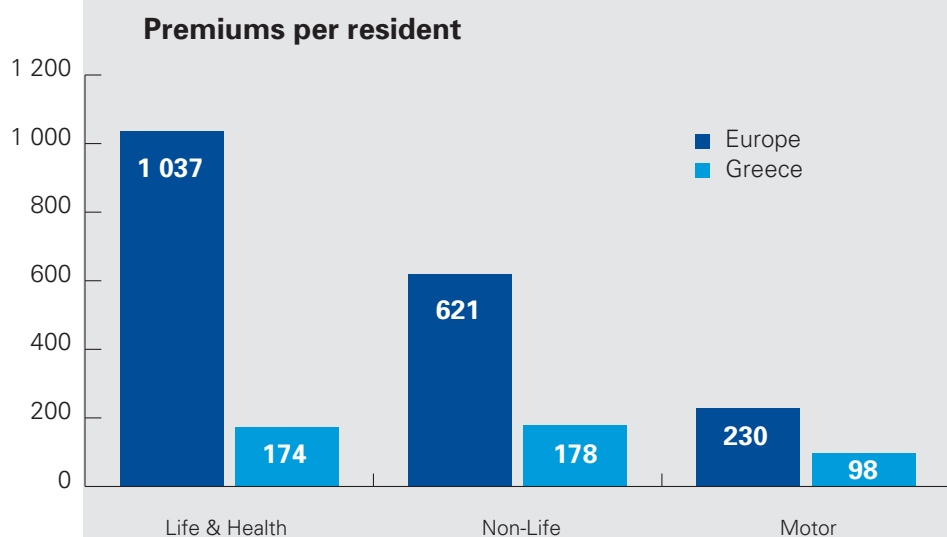


Unfortunately, the forecasts for a steady increase of production in 2017, after the upward turn recorded in 2016, were not confirmed. Premiums in total remained at 2016 levels, without substantial change, with Life insurance recording a drop of about 2%, which was however counterbalanced by a similar increase in Non-Life insurance. On the contrary, according to the October 2018 publication of Insurance Europe, across Europe (35 members of Insurance Europe) there was a 5% increase in Life premiums in 2017 compared to 2016, 4.4% in Non-Life and 3.9% in Health. The greek insurance industry does not follow the path of the European market average, a trend also evidenced in other sectors in Greece.

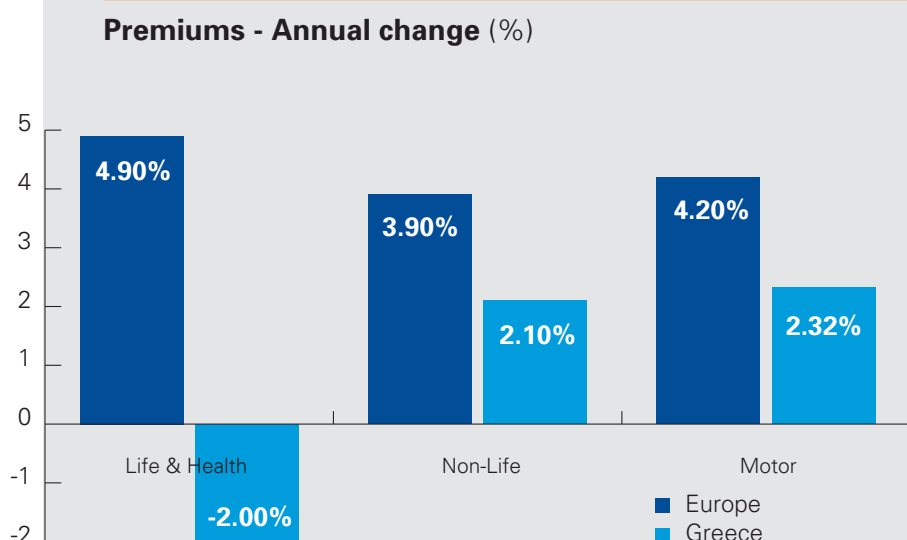
Allocation of general premiums



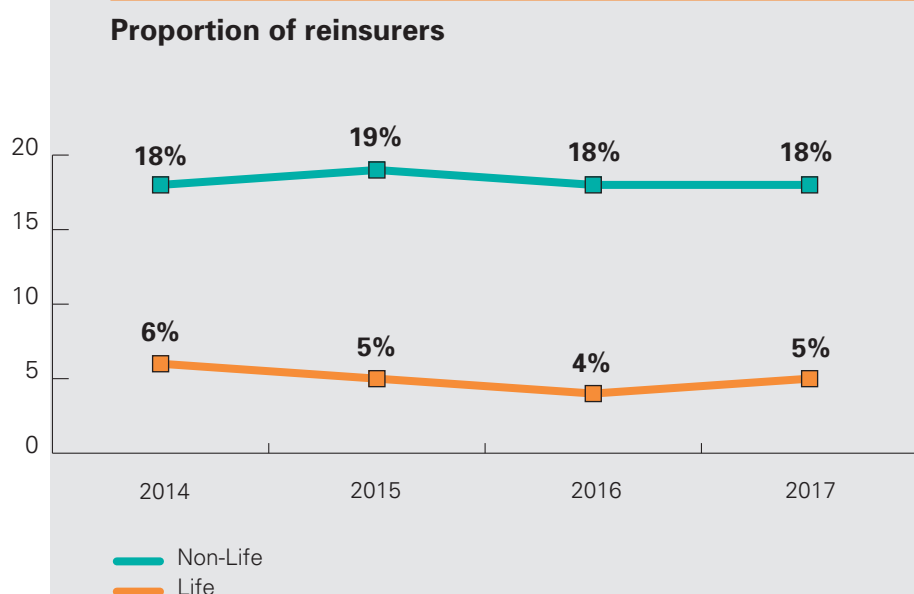
As expected, there were no changes in 2017 in the make up of the insurance market due to production stabilisation. The only noteworthy change was in the motor sector (including all riders) which after consecutive years of decline, recorded a small increase (proportionally to the total of Non-Life insurance), mainly due to the stabilisation of tariffs and the partial reintegration of uninsured automobiles.



There is an impressive gap between Greece and Europe at the level of average insurance spending in all categories. The penetration of Life and Health insurance and the greater insurance awareness of western and northern Europe residents adds to this enormous difference with Greece in these sectors.



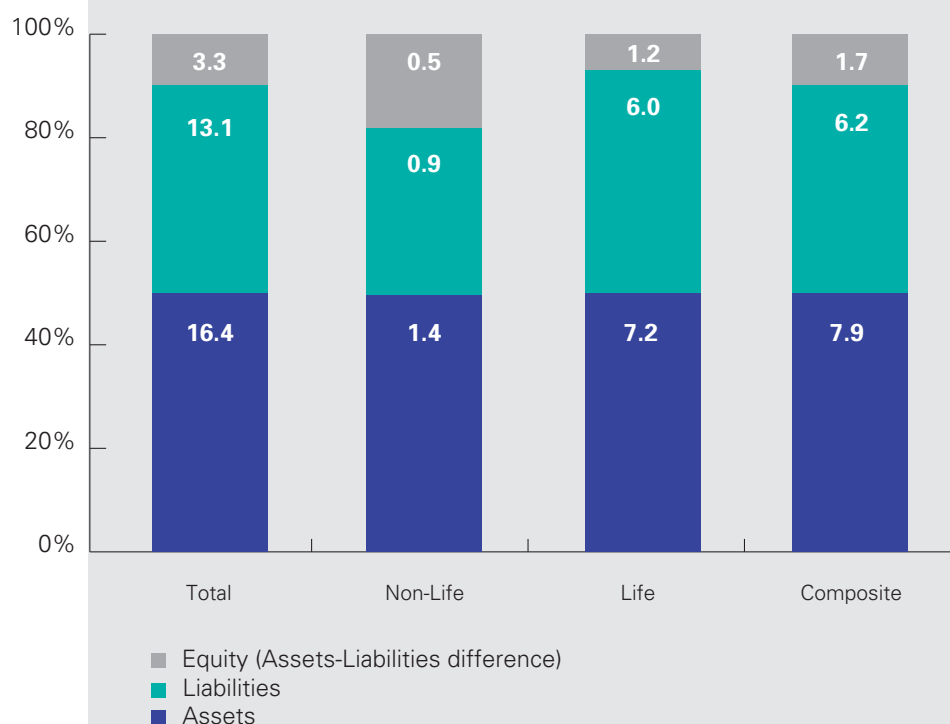
The lack of liquidity and available net income of households is reflected in the negative change in Life and Health premiums, with a large part of the population not having the funds for private insurance, whereas an increase in cancellations and non-renewals of contracts is also apparent.



The reinsurance policy of companies remains unchanged.

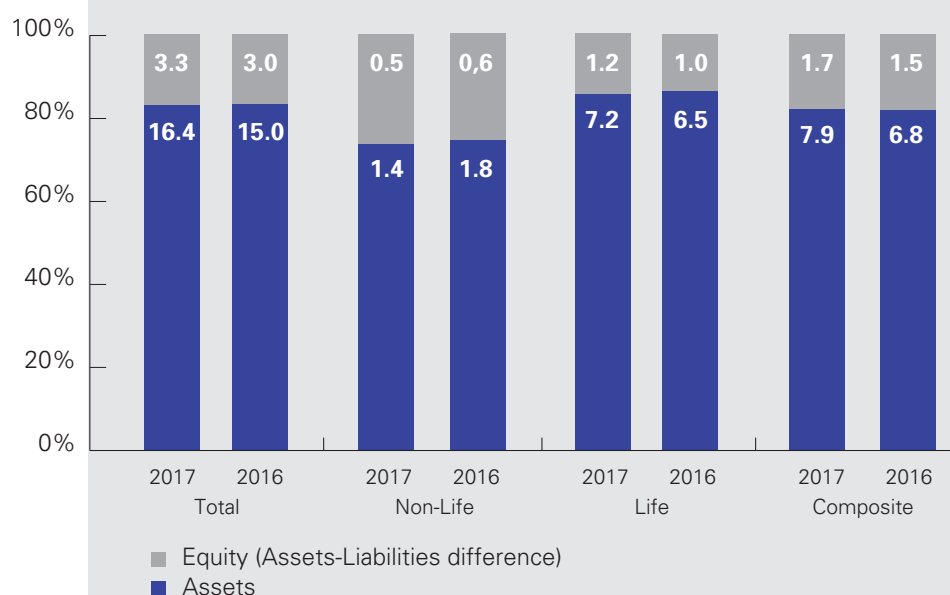
Analysis of Assets and Liabilities

SII Balance Sheet composition (in billions)



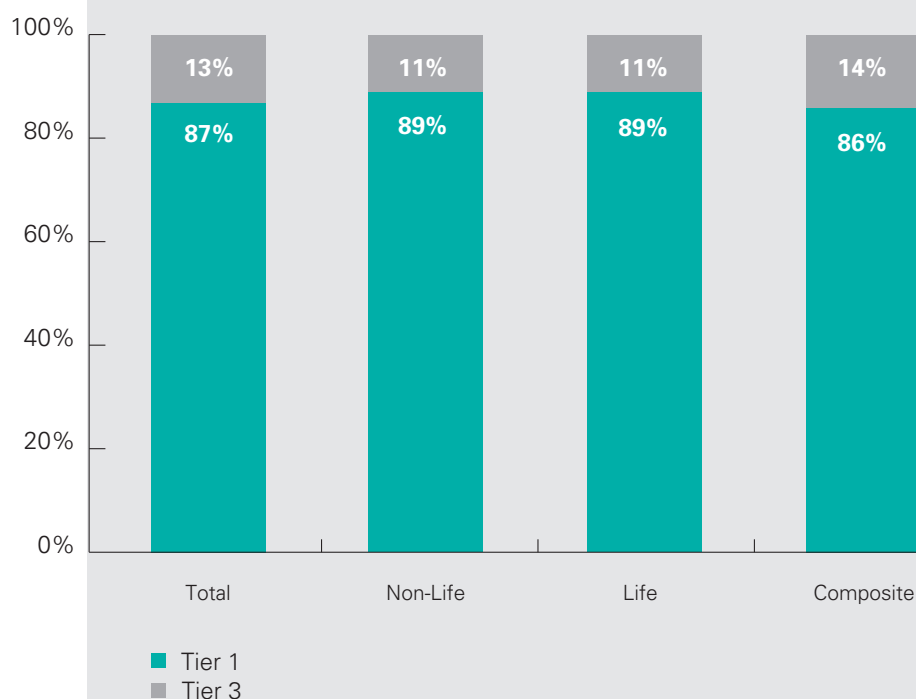
Equity held by insurance companies now amounts to 20% on average, with the Non-Life insurance companies holding equity exceeding 35% of total Assets. Due to supervisory requirements and the need for retaining particularly high equity depending on the risk profile of each company, insurance companies have both the need and the obligation to first ensure that they have the necessary capital and then to underwrite risks, in contrast to other sectors of the economy.

Equity and Assets development



Due to the increased supervisory requirements and the need for underwriting new risks, insurance companies preferred to capitalise their 2017 profits and not distribute dividends, resulting in the reinforcement of Equity by approximately 10%. This policy however has a negative impact on the Return on Equity ratio (ROE).

Tiering of Own Funds (available capital)



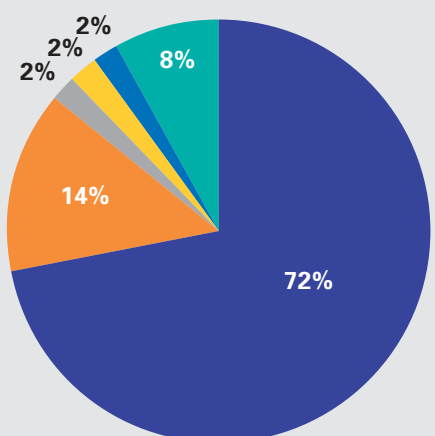
The existence of Tier 1 capital corresponds to taxed capital without limitations for distribution/disposal, which may also be used to absorb losses. We find no Tier 2 capital in the greek market, or it is negligible. Tier 3 capital is significant, and relates mainly to receivables from deferred tax, which after 2012 and the losses incurred from the PSI and the possibility of utilization in 30 years provided by the tax laws, takes up a significant part of company assets, depending on the amount of the relevant investments. The capital of the last tier is subject to quantitative limitations for capital requirement purposes in Solvency II and as a result is not eligible in its entirety.

Analysis of Assets

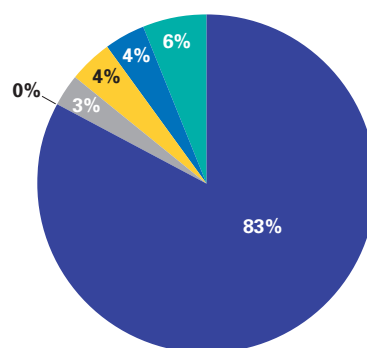
	Total		Non-Life		Life		Composite	
	2017	2016	2017	2016	2017	2016	2017	2016
Investments (other than UL)	72%	71%	83%	76%	72%	70%	70%	70%
Unit Linked	14%	15%	0%	0%	21%	22%	11%	12%
Cash and Cash Equivalent	2%	3%	3%	6%	1%	1%	2%	3%
Receivables from reinsurers	2%	2%	4%	5%	1%	0%	3%	4%
Own-used property	2%	2%	4%	3%	1%	1%	3%	3%
Receivables and other assets	8%	8%	6%	10%	5%	6%	10%	9%

No noteworthy changes in the make up of Assets, with 88% relating to investment assets.

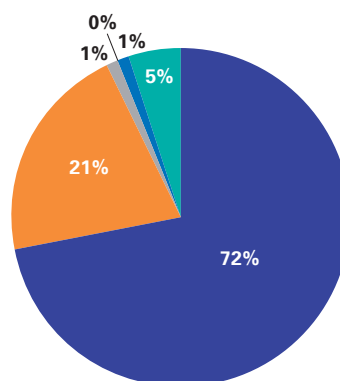
Analysis of Assets



- Investments (except Unit Linked)
- Unit Linked
- Cash and cash equivalents
- Recoverable amounts from reinsurance
- Owner-occupied property, plant and equipment
- Other assets

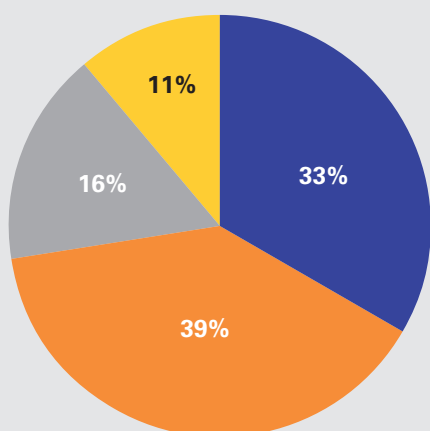


Non-Life companies



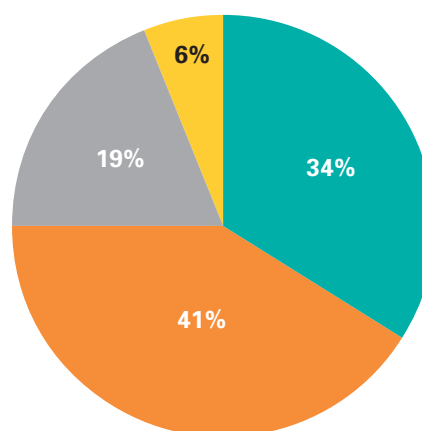
Life companies

Analysis of Liabilities (Composite companies)



- Technical provisions - Non-life insurance
- Technical provisions - Life insurance (excluding insurance linked to ratios or combining life insurance with investments)
- Technical Provisions - Insurance linked to ratios or combining life insurance with investments
- Other liabilities

Analysis of Technical Provisions (Composite companies)



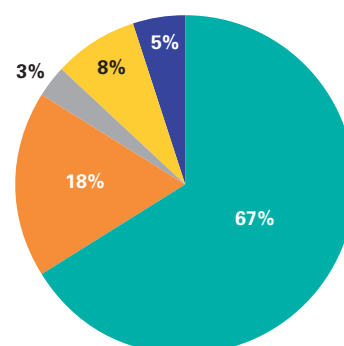
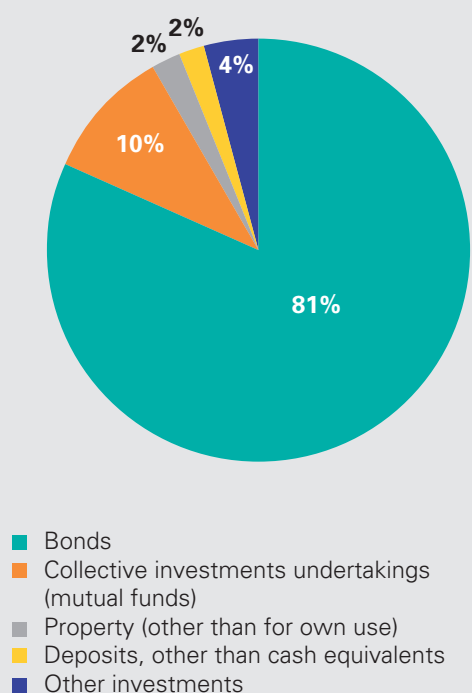
- Non-Life insurance
- Life insurance
- Combined with investments
- Health insurance

Analysis of Investments

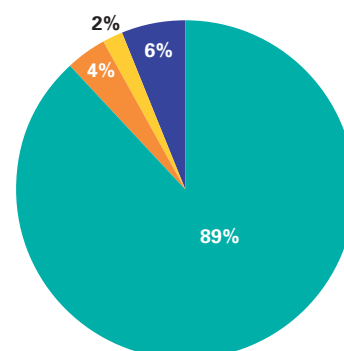
	Total		Non-Life		Life		Composite	
	2017	2016	2017	2016	2017	2016	2017	2016
Bonds	81%	78%	67%	66%	89%	88%	77%	72%
Mutual funds	10%	9%	18%	20%	4%	4%	15%	10%
Investment properties	2%	5%	3%	4%	0%	0%	3%	10%
Time deposits	2%	3%	8%	7%	2%	2%	2%	3%
Shares	4%	5%	5%	4%	6%	6%	2%	5%

The bond portfolio continues to prevail among all investments with an upward trend.

Analysis of Investments - Greece

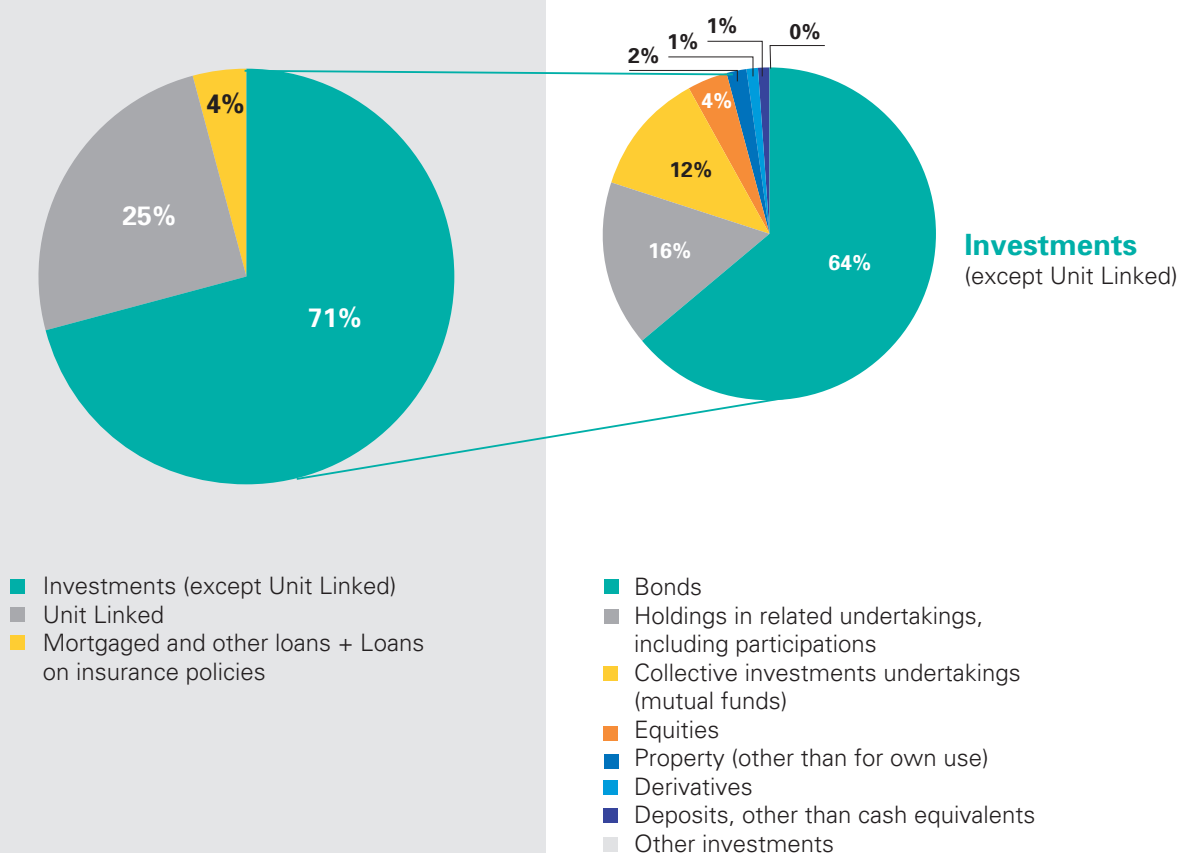


Non-Life Companies



Life Companies

Insurers' Investment Portfolio - Europe



Source: Insurance Europe, "European Insurance-Key Facts, October 2018"

The preference of companies in investment properties was steadily and gradually shrinking during the years of the crisis. Surplus funds are now invested in bonds and mutual funds (collective investment undertakings).

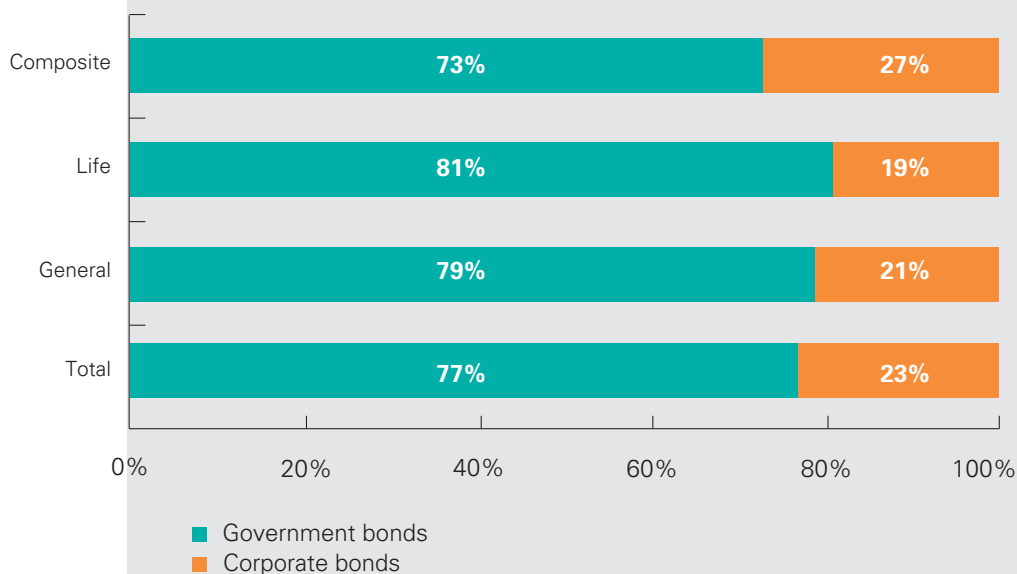
The trust or preference of insurers in equity portfolios, and especially in greek listed companies, is meagre or non-existent.

The preference of life insurers in long-term bond portfolio investments (89%) is clear, given the need to match the maturity of assets with the corresponding liabilities from insurance policies. However, if we take a closer look at the not so inconsiderable percentage of bonds in Non-Life Insurance (67%), we can conclude that

investment choices did not necessarily coincide with the relevant maturity of liabilities for outstanding claims and other liabilities of Non-Life insurance companies. To the contrary, it is possibly attributed to the lack of trust in investments with higher returns, while feelings from the collapse of equities and properties prices in Greece are still raw.

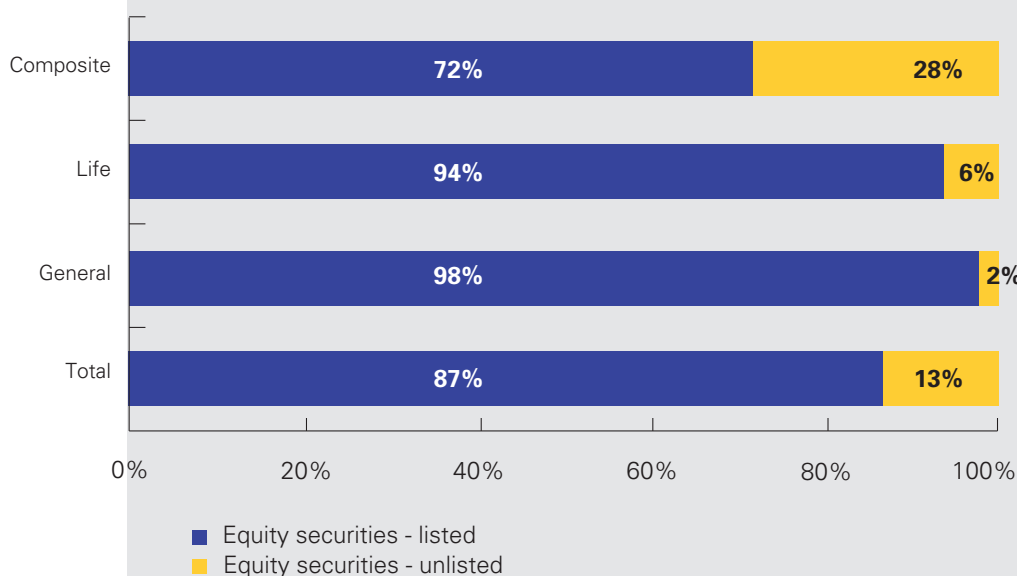
The most important differences seen in investments compared to the European average refer to the preference of greek insurers for bond portfolios that exceed 80% of the total, with the corresponding percentage of Europe at around 64% and the difference distributed between equity portfolio and mutual funds.

Composition of bonds



The trend for strengthening confidence towards new greek corporate securities, which was observed in 2016 (26%), does not seem to have continued into 2017, remaining at the same level (27%). If we consider the performance of the greek stock market in 2018, adding the shadows cast over the confidence of investors in the financial figures and returns of listed companies, we will reach the reasonable conclusion that greek insurers are expected to offer no substantial support to the greek stock market.

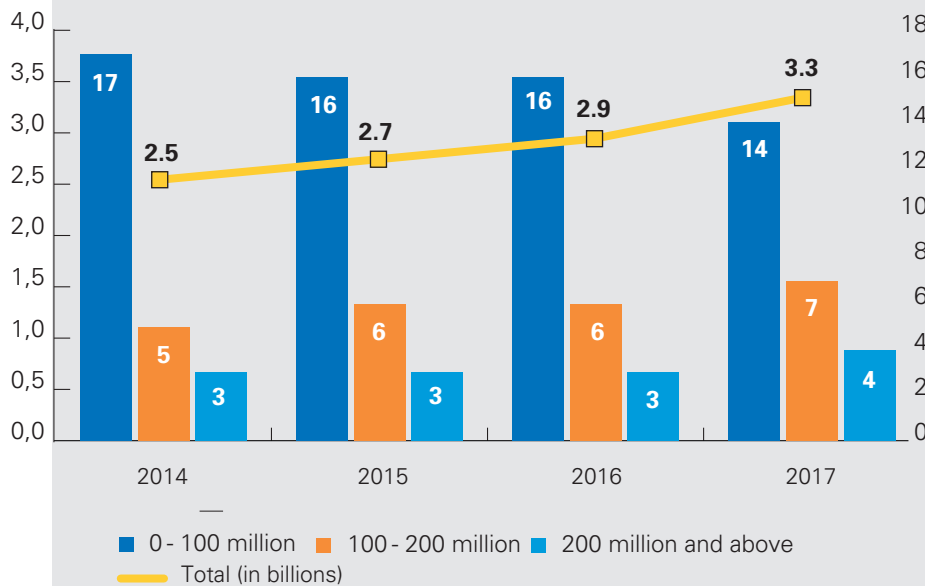
Equity securities



Unlisted securities seem to be steadily gain ground from 10% in 2016, to 13% in 2017, and include mainly investments in mutual funds and investment management companies that belong or operate under groups, with the purpose of facilitating management and general control.

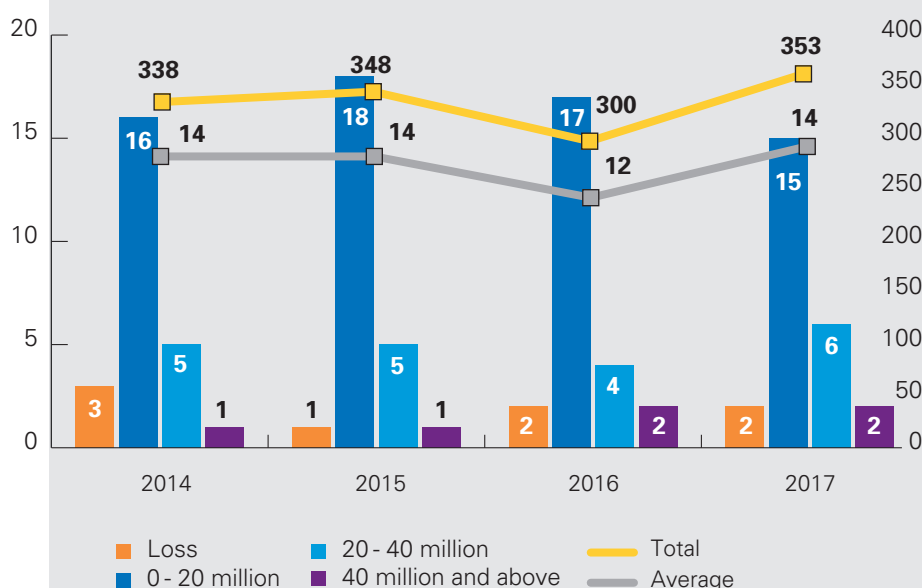
Capitalisation and Results

Equity



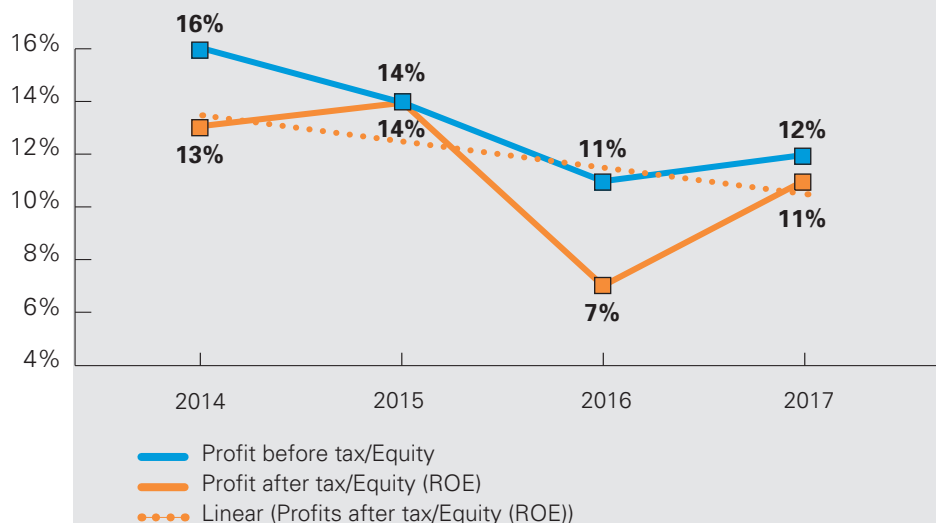
The capitalisation of companies continues to steadily increase with the addition of annual profits following the decisions of shareholders to strengthen companies (in view of supervisory needs) and to postpone the payment of dividends.

Earnings before tax (in millions)



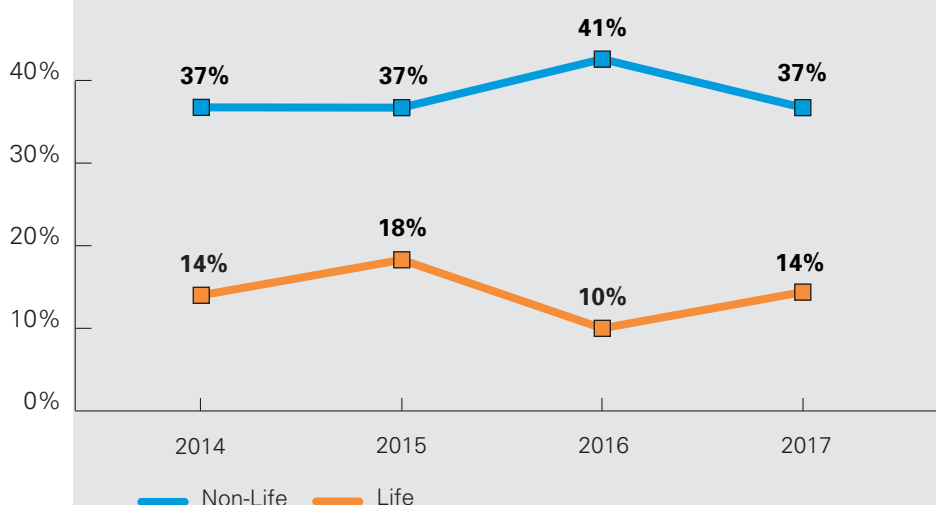
After the partial drop of profitability in 2016, companies' results are clearly improved, a fact that reflects to some extent the improvement in economy. The average of EUR 14 million is considered satisfactory, taking into consideration other sectors of the economy with much lower returns. As far as ROA ratio is concerned (Profitability/Assets), it was 2% in 2017, slightly up from the four-year average of 1.9%.

Return on capital



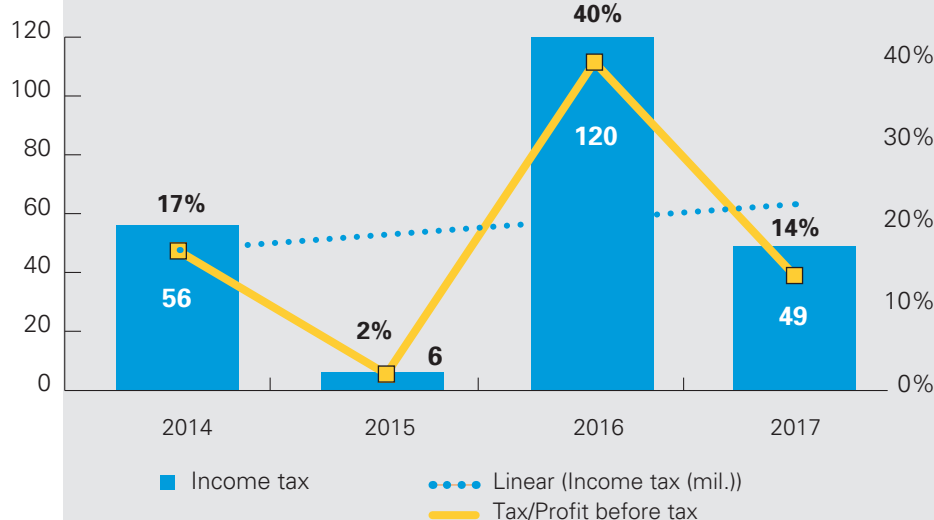
The good results of the period visibly improved the ROE ratio to 11% which is also the four-year average. The difference in returns, compared to 2015, is mainly due to the capitalisation amount, which as it grows stronger, it makes the effort to keep returns steady at high levels harder. At an international level, the average capital returns for the insurance sector range between 10 and 15%.

Operating result



The improvement in the operating results of Life, compared to the small drop in Non-Life insurance reduced the distance between the returns of both sectors, which remain clearly in favour of Non-Life insurance. However, there are general limitations to the analysis of results coming both from the (different) method of distinction and presentation of operations, and due to the Health sector that is included in both sectors.

Income tax

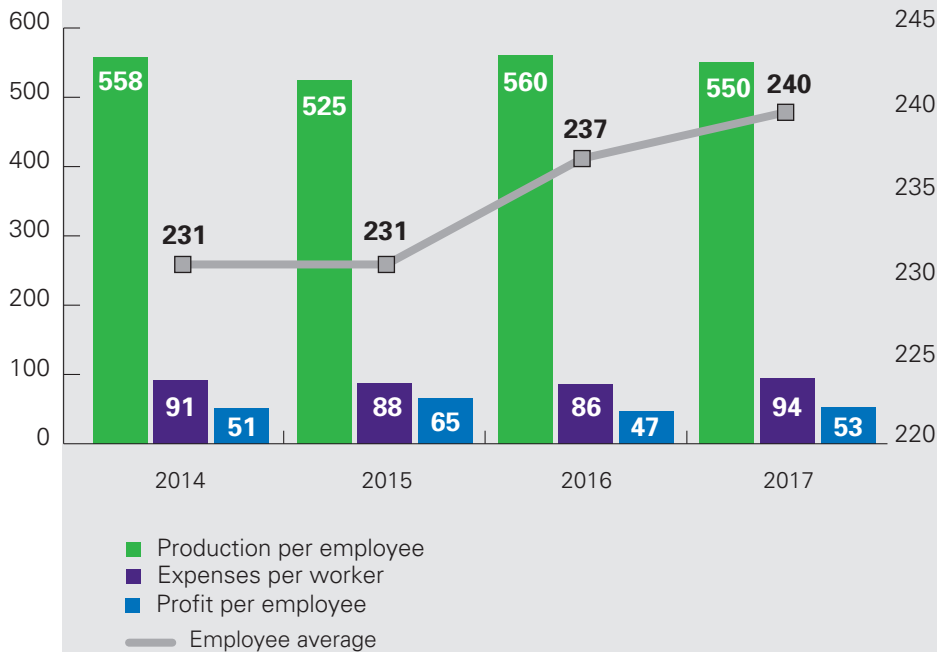


The income tax rate has not changed in recent years and remains (still) at 29%, and therefore the differences observed per year are due to the periodical and irregular recognition of a deferred tax receivable that reduces the average (real) tax rate, especially in cases where the possibility of the full recognition of deferred tax receivables has not been exhausted.



Performance and Activity

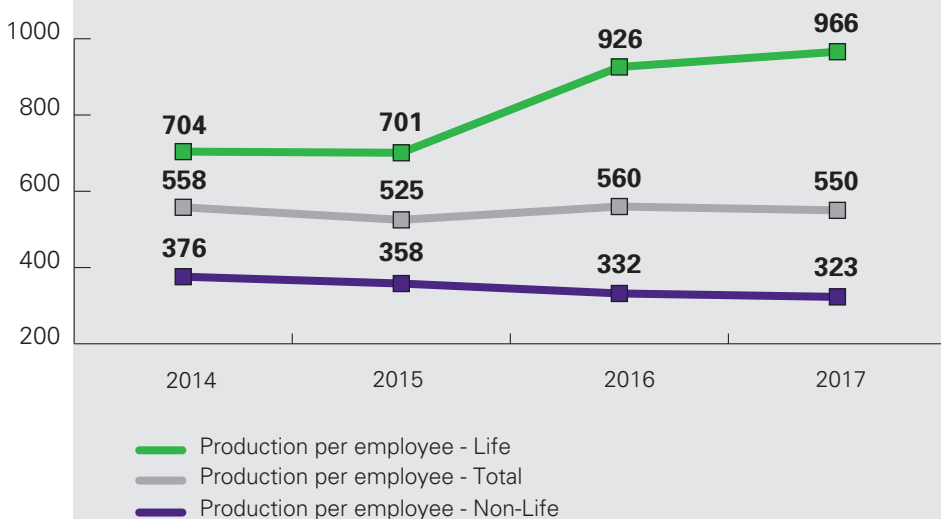
Statistics per employee (in thousands)



Performance measurement in relation to the number of employees is a key performance indicator (KPI), depending on the sector being evaluated.

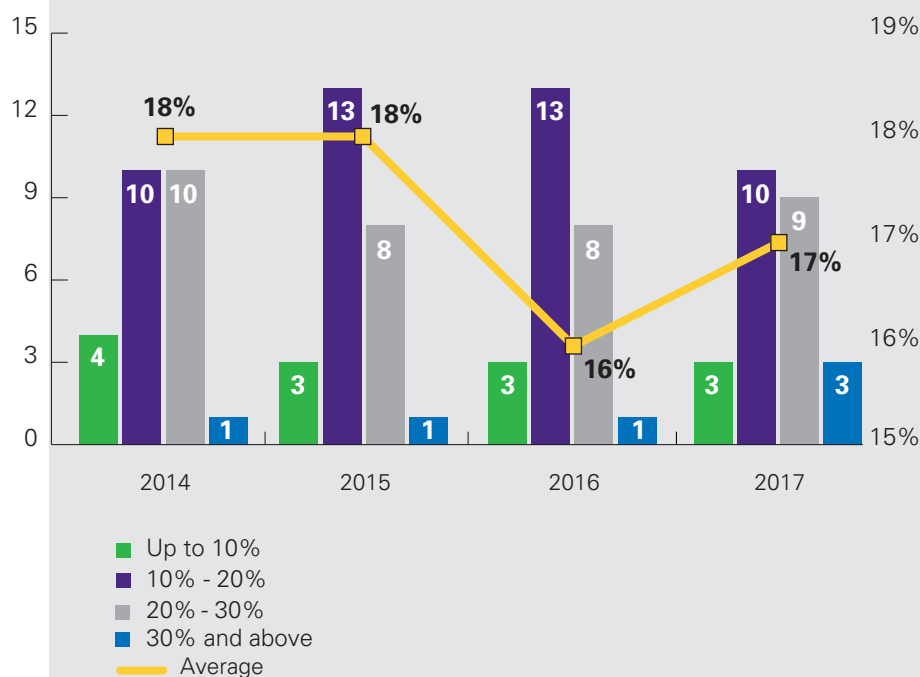
The historical evaluation of KPIs, where no significant changes are seen, reveals the overall picture of the insurance market and is a useful comparison tool for management.

Production per employee



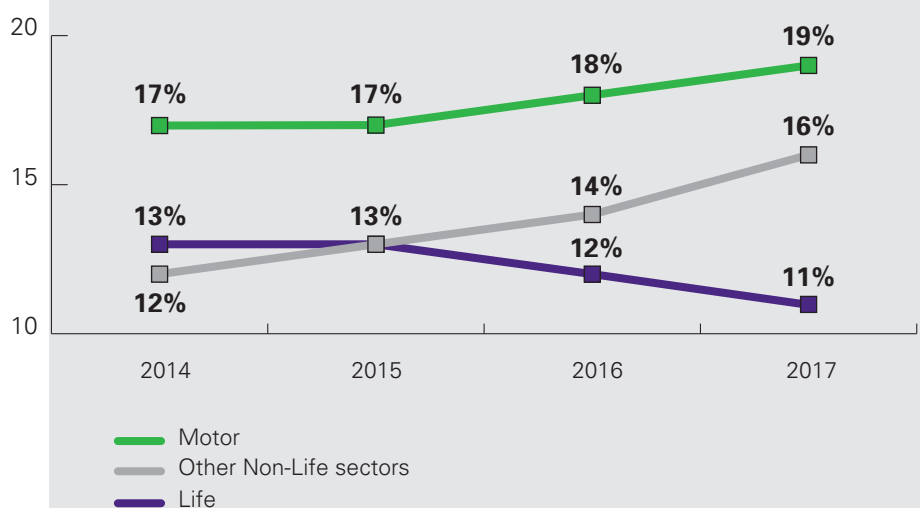
Production per employee in the Life sectors is greatly affected by the underwriting of products that contain a significant investment part together with the relevant level of it. As a result, it is reasonable that there are significant changes observed and a distortion in this indicator. We see a relative stability in the other Non-Life sectors.

Expenses ratio



As expected, administrative and other management expenses increased in 2017, as companies prepared for the new regulatory framework (IDD, GDPR, PRIIPs) and the new accounting requirements. Expenditure restraint remains a difficult wager for management in 2018, due to the fixed or growing compliance cost which management try to allocate over more periods.

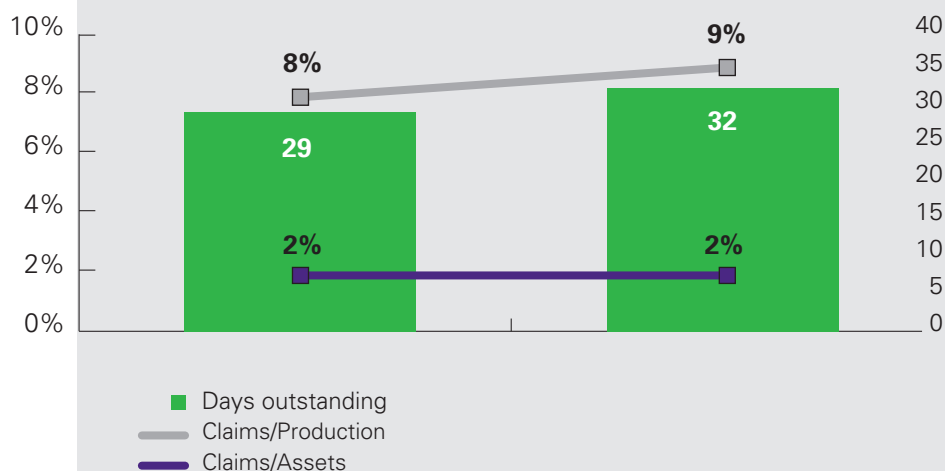
Earned commissions ratio



There is a clear upward trend in earned commissions in Non-Life insurance (compared to the amount of total earned premiums plus policy fee) demonstrating that acquiring new customers or even retaining them is a difficult endeavour without a proportional increase of the acquisition cost. On the other hand, the brokerage income is under strong pressures due to tax and insurance encumbrances and the decrease in the average premium in recent years, leading certain companies to decide to absorb part of this loss of income.

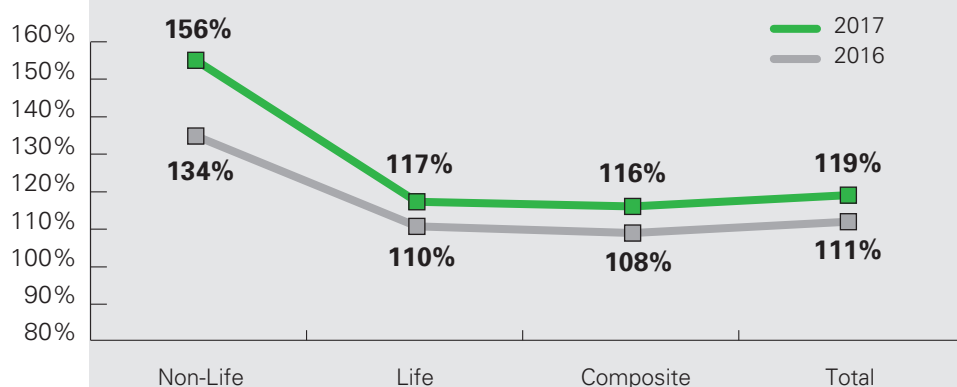
In Life sectors, on the contrary, there is a different trend, a fact which is partially attributed to more insurance products linked to investments.

Collectability ratio



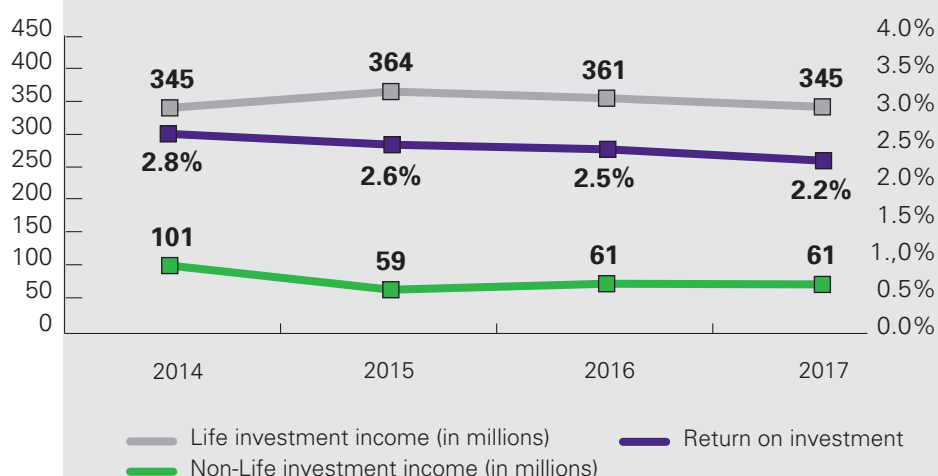
Following a number of consecutive years of a declining collectability ratio in terms of outstanding premium receivables, we see a 3 day increase in 2017. Although the current level remains far from that of the 90 days of 2013, we would have expected the declining trend to slowly but steadily continue. This did not occur. If we consider the enforcement of Law 4261/2014 on the advance collection of premiums on the motor sector, and even the life sectors with a low receivable amount, insurers appear to be especially flexible in terms of collections for the other Non-Life sectors.

Liquidity ratio



The parallel upward shift of the ratio (investments, plus cash to technical provisions) in all sectors, highlights from a different perspective the higher liquidity level retained by insurers. A key theme is also the fact of the non-distribution of dividends, which we have also seen through other indicators.

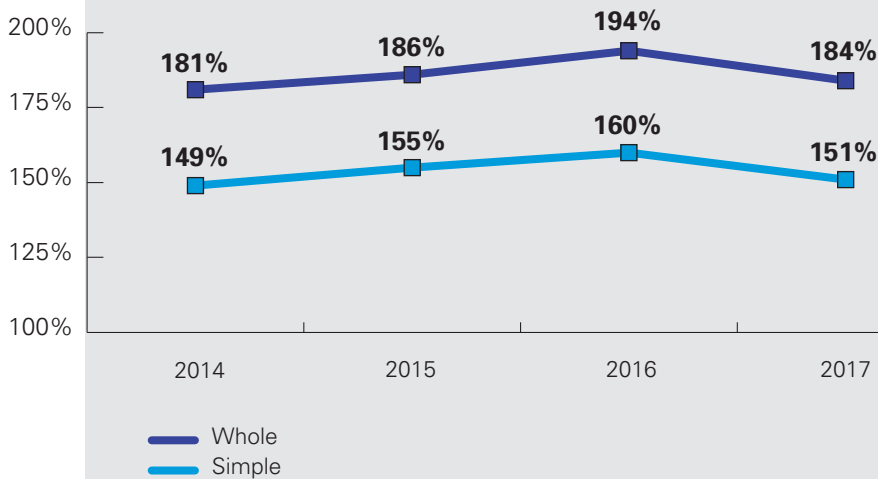
Income and return on investment



Returns on investment are on a steady decline, which on one hand is due to the move of insurers towards safer investments with lower returns and the gradual scaling down of interest rates on the other.

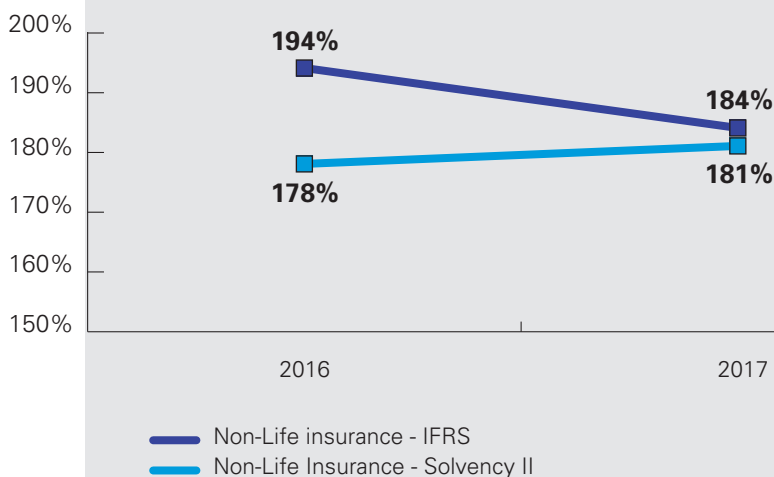
IV Reserves

Reserve Ratio (total Non-Life)



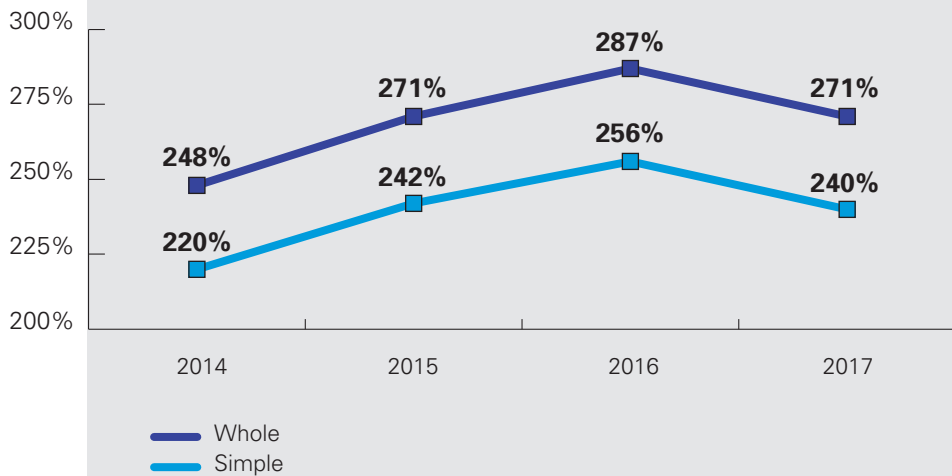
With the reserve ratio on the rise for a number of consecutive years, we are now witnessing a reversal of the trend with a significant 10% drop, stemming mainly from the motor sector.

Reserve ratio (IFRS / SII)



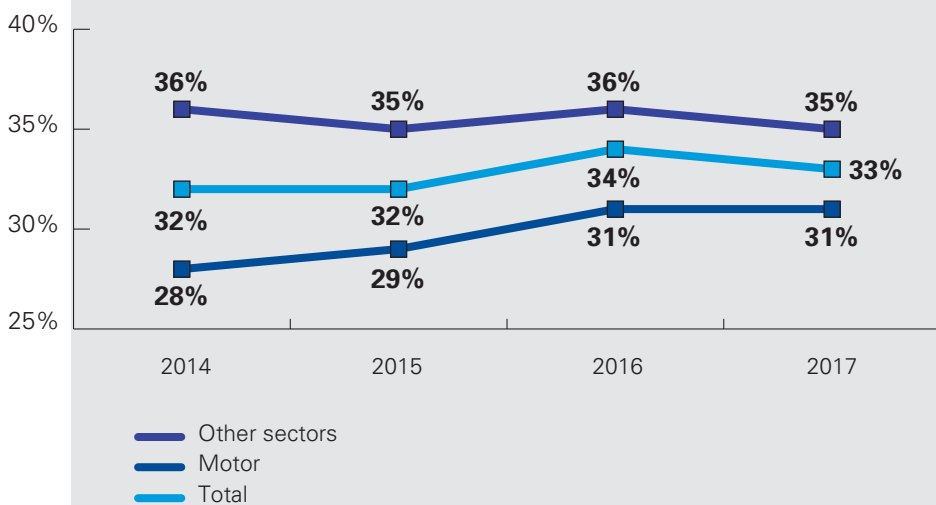
We are witnessing a gradual convergence of ratios between IFRS financial statements and supervisory statements under Solvency II. This gradual and steady release of reserves, especially in the motor sector, contributes to the convergence of the amount of reserves between the two reports, which was to be expected, also due to the imminent adoption of the new accounting standard (IFRS 17), which provides for the best estimate for the measurement of reserves with practices similar to those of supervisory reports.

Reserve ratio (Motor)



The stabilisation of production in the motor sector, with a parallel decrease in the level of the related reserves caused a reversal of the rising trend in the reserve ratio seen in recent years, with a sharp 16% drop in 2017. The significant release of reserves that started in 2015, prevented the drop in the ratio being detected until 2016, mainly due to the simultaneous significant decrease in premiums during the past years.

Unearned premiums ratio



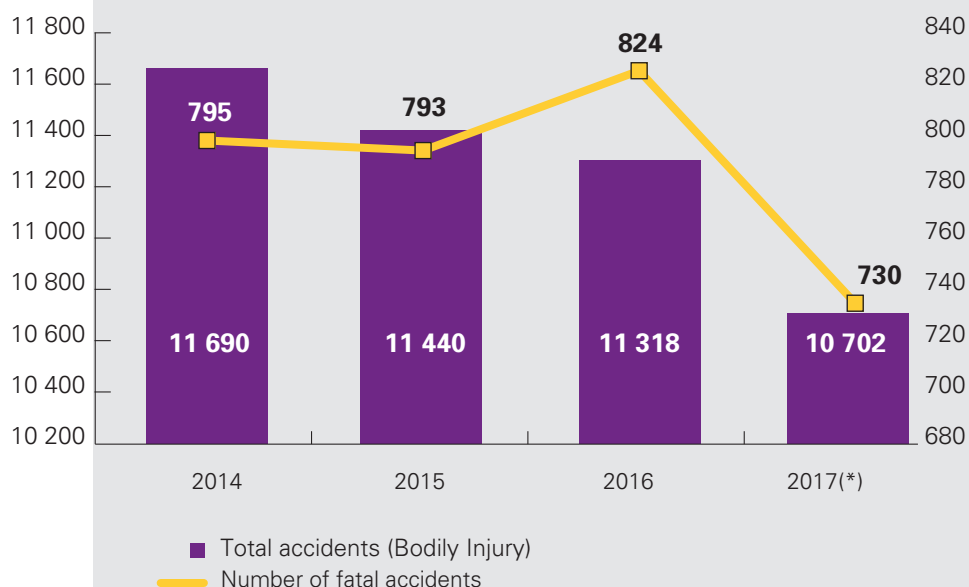
There are no particular changes in the unearned premiums ratio, which practically means that the average duration of contracts remains relative stable, since no significant seasonal fluctuations are observed.

Statistical data Accidents Bodily Injuries

	2017(*)	2016	2015	2014
Number of automobiles in circulation	8 262 896	8 172 948	8 076 431	8 048 438
Total accidents (bodily injuries)	10 702	11 318	11 440	11 690
Number of bodily injuries/100 000 automobiles	130	138	142	145
Number of fatal accidents	730	824	793	795
Number of fatal/100 000 automobiles	8.8	10.1	9.8	9.9

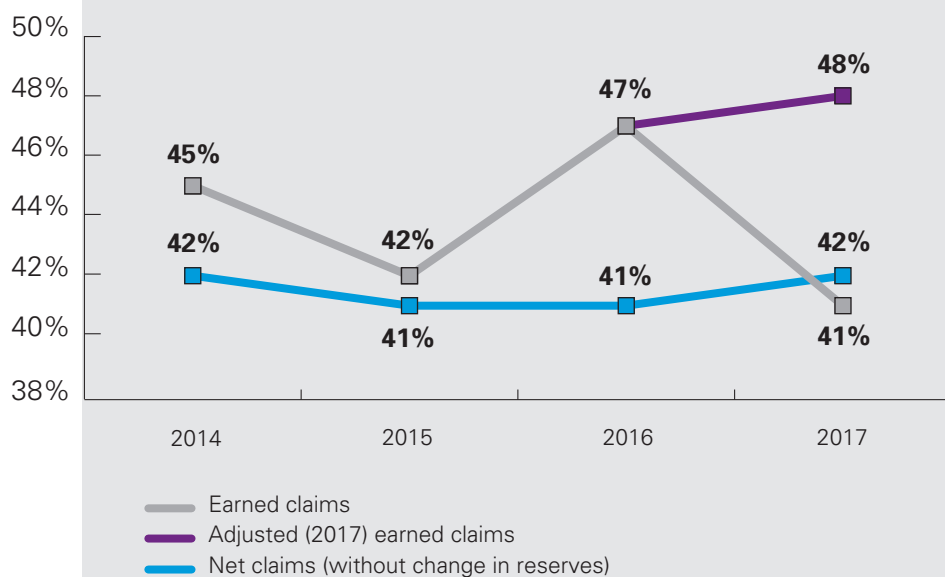
Source: Hellenic Statistical Authority (*source: Hellenic Police)

Accidents' development



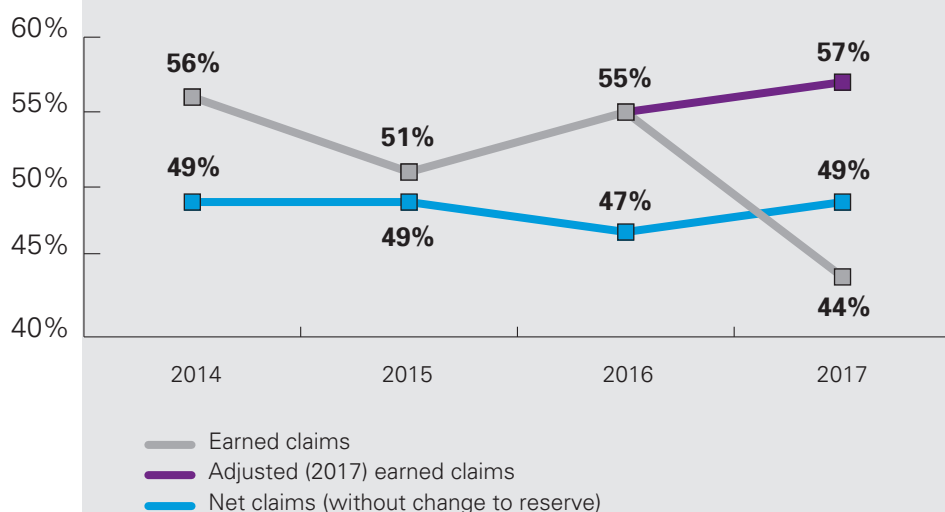
The number of fatal accidents remains at particularly low levels, whereas according to Hellenic Police data for 2017 (the HELSTAT data have not yet been published), there was a significant drop, following a continuous increase over the three years leading to 2016. The frequency was also markedly decreased, both in total bodily injury accidents and in fatal ones.

Loss ratio Non-Life insurance - net claims (cumulative)



The noteworthy release of reserves since 2015, particularly in the motor sector, has created a distortion to loss ratios on a cumulative level. If we take into consideration only the change in (net) claims of the year without the change in reserves, we note a relative stability with an upward trend. In contrast, for earned claims, together with the change in the outstanding claims reserve, we see sharp changes demonstrating that the effect from the release of prior year reserves essentially distorts the trend of the ratio. If, however, we adjust the ratio for 2017 to the development of net claims, the reversal of the trend becomes apparent (17% difference).

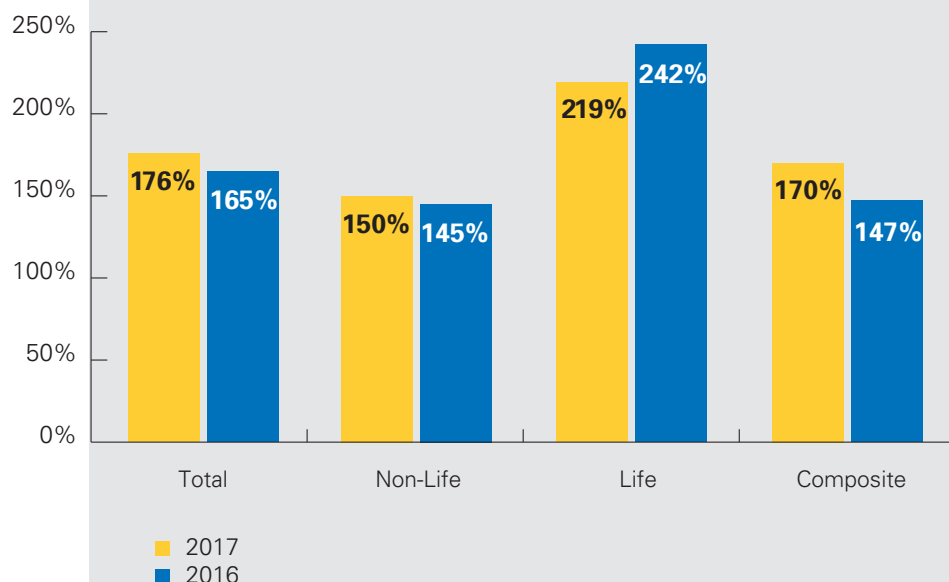
Motor loss ratio - net claims (cumulative)



The loss ratio development has been significantly distorted from the prior year reserves adjustment.

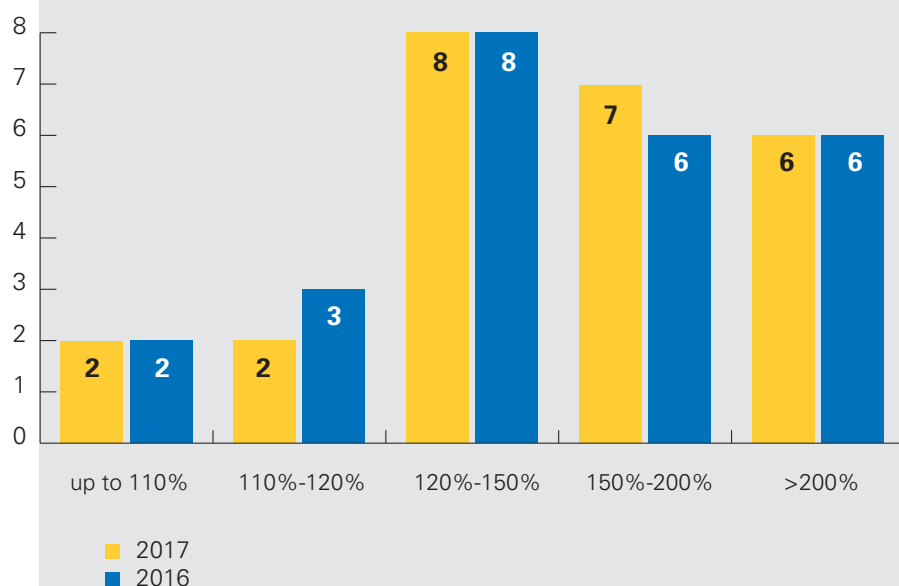
In the motor sector in particular, it refers to the dropping cost of claims as a result of the release of reserves for past years, that is due either to five-year limitation reasons, or reasons of redetermination of the ultimate cost due to experience. Again, in the case of the motor sector, the adjusted ratio for the current year appears to be more reasonable, taking into account the development of net claims of the period.

Solvency Capital Requirement (SCR) ratio



The SCR ratio recorded an 11% increase, falling short of the European average which reached 239% for 2017, with Germany and Malta going above 300%. In the separate categories, the drop seen in life companies was balanced out by the relative increase in composite undertakings.

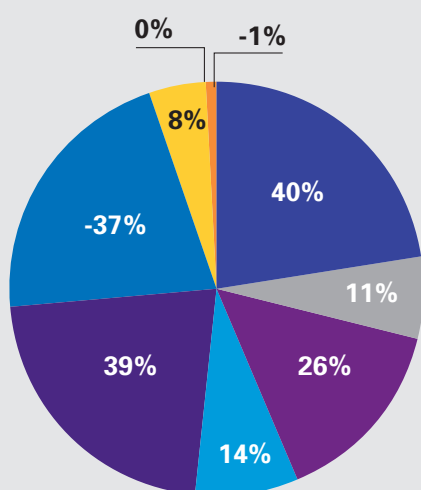
Solvency coverage ratio (SCR)



Without remarkable changes at cross-sectional analysis level.

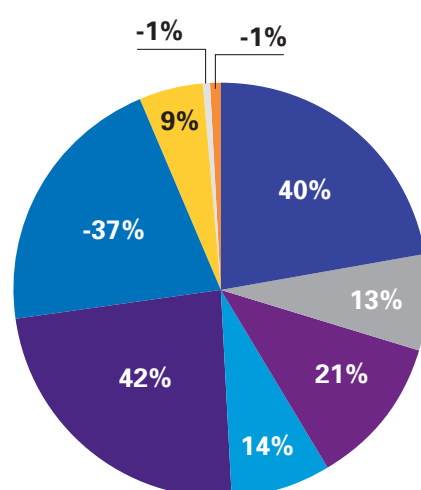
Risk category	Total%		Non-Life%		Life%		Composite%	
	2017	2016	2017	2016	2017	2016	2017	2016
Market risk	40%	40%	30%	32%	50%	49%	39%	38%
Counterparty default risk	11%	13%	10%	9%	5%	8%	15%	17%
Life insurance risk	26%	21%	0%	0%	50%	44%	25%	19%
Health insurance risk	14%	14%	3%	2%	16%	21%	18%	17%
Non-life insurance risk	39%	42%	76%	76%	0%	0%	44%	48%
Spreading/diversification benefit	-37%	-37%	-24%	-22%	-30%	-33%	-49%	-46%
Intangible assets risk	0%	0%	0%	0%	0%	0%	0%	0%
Key solvency SCR ratio	93%	93%	95%	96%	91%	89%	93%	93%
Operating risk	8%	9%	9%	8%	9%	11%	7%	8%
Loss-absorbing capacity of technical provisions	0%	-1%	0%	0%	0%	-1%	0%	-1%
Loss-absorbing capacity of deferred taxation	-1%	-1%	-4%	-4%	0%	0%	0%	0%
SCR solvency ratio	100%	100%	100%	100%	100%	100%	100%	100%

2017 Risk analysis



- Market risk
- Counterparty default risk
- Life insurance risk
- Health insurance risk
- Non-life insurance risk
- Spreading/diversification benefit
- Operating risk
- Loss-absorbing capacity of technical provisions
- Loss-absorbing capacity of deferred taxation

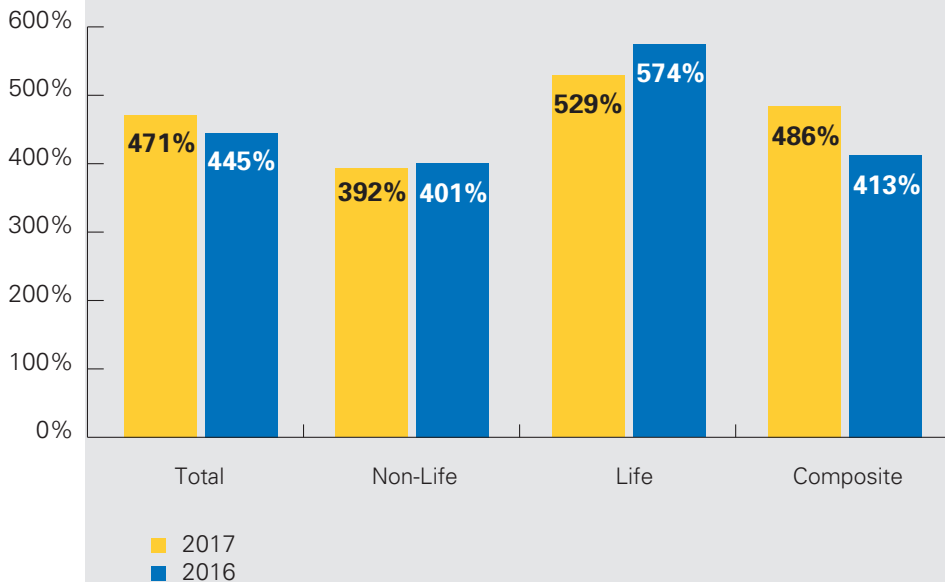
2016 Risk analysis



- Market risk
- Counterparty default risk
- Life insurance risk
- Health insurance risk
- Non-life insurance risk
- Spreading/diversification benefit
- Operating risk
- Loss-absorbing capacity of technical provisions
- Loss-absorbing capacity of deferred taxation

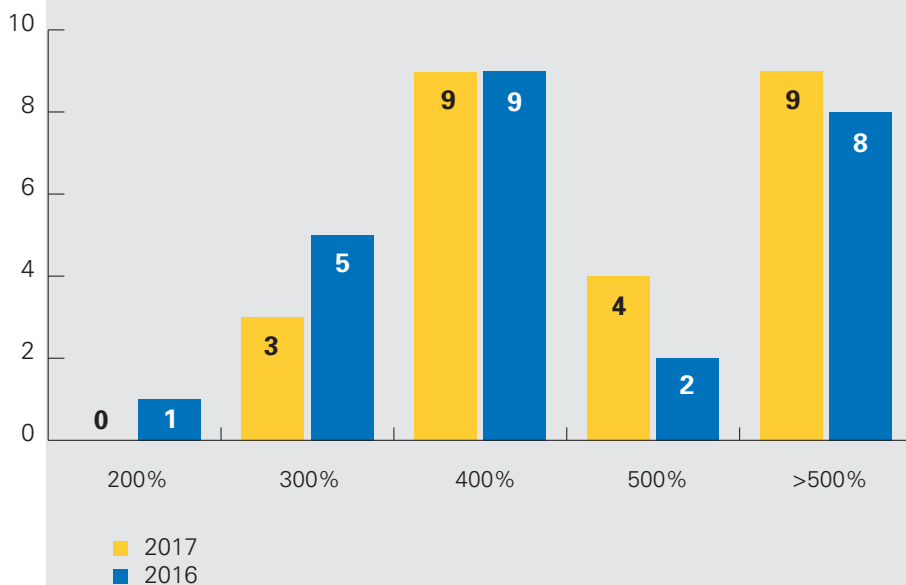
In summary, the most important changes from the two years analysis, pertain mainly to the decrease in non-life insurance risk by 3% and counterparty default risk by approximately 2%, with a corresponding 5% increase in life risk.

Minimum Capital Requirement (MCR) ratio



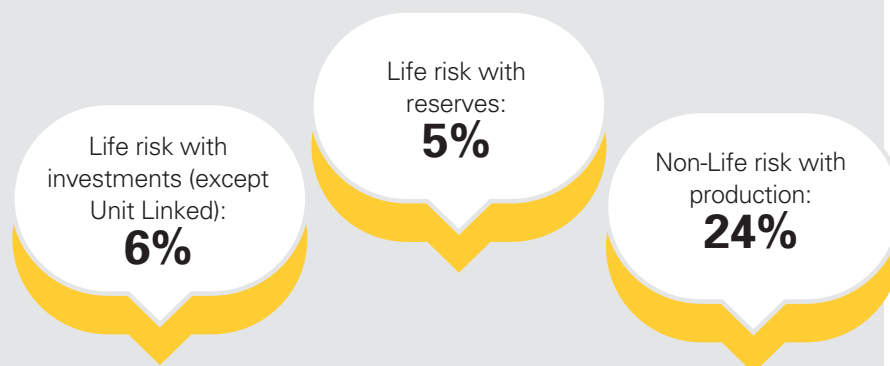
Across Greece, the MCR ratio was 452% in 2017, with any differences arising concerning individual cases in our sample. It is however worth noting the approximately 25% upward trend, which arises from composite undertakings. In this case also, the average European ratio is 648%, with Germany and Sweden exceeding 900%.

Minimum Capital Requirement (MCR) coverage ratio



The rising trend is also clear in the cross-sectional analysis, with percentages that go over 400% in their majority.

Risks - Balance Sheet Correlations



The amounts arising from the calculation of the separate risks for purposes of solvency present a relative correlation with the balance sheet figures.

05 Analysis and Conclusions

The KPMG study

The new KPMG study based on the data of the fiscal year ended on 31 December 2017, allowed us to reach useful conclusions on the financial condition of greek insurance companies and the insurance market in general, yet again.

The combined use of financial statements and supervisory reports regarding the solvency ratios provides considerable help in understanding both the profitability of businesses and the solvency level in relation to the risks assumed.

From the aspect of **turnover and market size**, no changes were recorded regarding the previous fiscal year, **noting zero growth** and small portfolio shifts. As long as the market share remains unchanged, competition will intensify in a zero sum game, with insurer attention focused on cost cutting techniques.

In contrast, the European insurance market continues to grow at rates above 4% further widening the gap with Greece. The vast difference between Greece and the European average goes along the same lines in terms of the average premium spending per capita. The low price levels in Greece, as opposed to Europe for the same product, are indicative, among others things, of the weak insurance awareness of the Greek consumer.

Regarding the **development of the Balance Sheet figures**, the increase of the figures by an approximate 10% is remarkable, with the simultaneous increase of Assets and Own Funds. If one considers the comparative level of annual profits, they will reach the safe conclusion that insurers are still trying to increase the figures of their undertakings through internal profit retention by not paying out dividends. The increase of Equity and therefore the solvency level helps improve the overall picture of the market, as well as the capability of undertakings to underwrite new risks. In reality, this however does not necessarily entail the growth of a company's activities. In contrast, the continuous retention of profits without a plan for utilising any excessive adequacy, constitutes in many cases an impediment for the growth of the companies through the loss of investment opportunities and their capability for transformation. The timing when decisions are (must be) taken, in the context of strategic planning, is also not a random choice.

When **analysing the Investment portfolio**, we find differences compared to the European average with greek insurance companies investing on average 80% in the bond portfolio as opposed to approximately 65% in Europe, with the difference invested in equity portfolio and mutual funds. The preference of insurers in government bonds remains high, at levels above 75%, reflecting the favourable treatment of government bonds in Solvency II compared to other investments.

Company results again this year are satisfactory - slightly improved compared to 2016. Return on capital at 11% after taxes is within the range of investment returns for the insurance market. The insurance market continues to perform above the greek market average despite the stagnation of the premium production level, a fact that is indicative of its resistance even during the crisis period.

At operating results level, without taking into consideration administrative expenses, we see an improvement in the life sector's profitability compared to Non-Life insurance. In any case, life sectors retain considerably smaller profit margins than Non-Life insurance.

Considerable is also the drop in the reserve ratio after consecutive years where company reserves, particularly in the motor sector, showed an upward drive mainly in relation to the premium levels. However, the drop in the ratio in 2017 appears to be attributed partially to the suspension of the decline of motor premiums seen up to 2016, which were stabilised in 2017, showing an upward trend. Even in absolute figures, there is a drop in the amount of technical provisions directly related to the continuing high profitability, especially in the motor sector, where **the release of prior year reserves continued at an even more rigorous pace**. This is clearly demonstrated by the sharp drop of the cumulative claims ratio recorded in 2017, which appears to be notional due to the above event. The adjustment of the ratio for 2017, without taking into consideration the "positive" change in reserves, reflects the trend better. In any case, the claims ratio in the motor sector for new production is at higher levels. Even though the official data on accidents are expected to

be published by the Hellenic Statistical Authority, **the decrease in the number of fatal cases in 2017**, according to police data, is considerable. This has a positive effect on keeping cost down.

Following on the above, management is concerned about the fact that a significant part of profitability is not generated by new production but mostly by the release of reserves, as a result of low claims ratios particularly for prior periods, in relation to the estimates for the ultimate cost. **Maintaining profitability in the upcoming period in Non-life insurance with significant dependence from the motor sector is a goal for management.** The adjustment of premiums to the estimated ultimate claims ratio, while monitoring costs through the introduction of necessary automations in routine procedures, appears to be an appropriate policy mix, especially in cases where the diversification of the product is not feasible or visible by the consumer.

When **measuring company performance** in relation to the amount of production per employee, we find no significant changes, which was anticipated due to the stabilisation of the production and the number of employees in the sector. Conversely, the expenses ratio appears to have gone up by one percent (17%), with a direct effect on the results, as forecasted in our previous survey, mainly due to the preparation for the implementation of the IDD, GDPR and PRIP;s regulations. The launch of the diagnostic checks for the introduction of the new accounting standards as well as the cost of compliance with the new regulatory requirements that was extended into 2018, makes the monitoring of expenses an exceptionally difficult task.

Typical of the difficulty to attract new production in a stagnant market is also the **increase in acquisition costs**, where the earned commissions' ratio, with the exception of the life sectors, is steadily moving up by one point in recent years, linked also to the fact that the dependence of insurance companies on traditional distribution networks is still significant. The cases where the attraction of new customers is connected exclusively through the increase of commissions alone, is the cause for a strong headache for management, which is aware that this policy is effective only in the short-term and has a significant impact on profitability.

In contrast, judging from the **amount of unearned premiums**, which shows a remarkable resilience at the 30-day levels, we see that there are still no visible signs of significant further improvement. Companies appear to continue underwriting policies without collecting premiums in advance, which will also have an impact on the transition to IFRS 17 and IFRS 9.

The 2.2% **return on investments level** sounds satisfactory on a long-term basis, at slightly lower levels than the previous year, following on the interest rate scaling down trend in the closing of 2017 and the quantitative easing programme run by the ECB at European level.

Remarkable changes were also observed in risk analysis for the calculation of the **Solvency II** ratios, concerning on one hand the considerable drop of the Counterparty Default Risk by 2%, and on the other hand the enlargement of the Life insurance risk. The counterparty default risk decrease is mostly the result of the upgrade in the counterparty credit rating and the possibility of default on their contractual obligations. In contrast, in life underwriting risk, no significant change to the risk profile of companies emerged from the data analysis. We therefore conclude that there was a change in assumptions relating to the calculation of risk and the relevant cash flow projections.

The SCR Solvency ratio climbed up to 176%, recording a 11% change, slightly reducing the gap with the European average of 239%, while the overall ratio of 173% at national wide level in Greece remains amongst the lowest in Europe. The MCR ratio moves along the same lines that increased significantly to 452% (total for Greece), remaining however considerably under the European average of 648%.

New trends and challenges, over-supervision, compliance, intense competition, pressures on prices, drop of profits in the motor sector and return on investment are some of the issues causing the daily headache to companies management, who have certainly lost their sleep from the constant struggle for survival in the new competitive and volatile environment.

To a certain extent, these headaches are a daily reality for insurance company managers - a symptom that can be treated taking the appropriate medicine to calm the pain; however, this is not the appropriate therapy.

Nevertheless, it has become apparent that past treatments are no longer suitable for facing the risks and challenges of a new era which requires strategic choices.

This is the point where insurers come across **the cross-roads of strategic dilemmas**. By monitoring international trends and challenges in the insurance industry, with the focus on Greece, we adopt the view that the **main strategic dilemmas** that management and shareholders of greek insurance companies are facing, can be described as follows:



Facing Dilemmas

- Go Digital or keep on traditional-utilize legacy up to the end
- Go Direct or stay with traditional networks
- Go Together or stay alone
- Go Niche market or stay with all business lines

– **“Go Digital or keep on traditional-utilize legacy up to the end”**. Digital transformation is not a new area of concern. The speed of changes in the industry however, and the fear that time is running short, with competitors or new entrants gaining significant advantage, provides perfect timing and opportunity for immediate evaluation and decision making. New trends in digital transformation refer to artificial intelligence systems, automation and data analytics, among other things. Many people believe that the insurance sector falls short in implementing and adopting new technologies, and therefore if this perception is not change, it will create - if not already under way - fertile ground for new players to penetrate and prevail in the market, whereas insurers with traditional techniques, strategies and systems will be wiped off the map. This is not unusual in other sectors of the economy, so can one preclude that something similar could not happen in insurance?

– **“Go Direct or stay with traditional networks”**. Choosing a sales network or a combination of networks is a hot topic, especially in the greek market, mainly due to the fear that the new platforms and aggregators that have already made their presence will prevail, including those that are soon to come, as well as due to the significant influence of traditional networks which remains at high level. Management’s real concerns include the evaluation of the profile of new “digital consumers”, on whether the profession of intermediation will continue to be attractive, the penetration level of certain players in Direct, and finally the development of aggregators. On the other hand, the fact that the influence of traditional intermediaries on greek consumers continues to show resilience, is a matter

of vital importance for management causing serious concerns on decision making for best policy mix.

– **“Go Together or stay alone”**. Even large insurance companies have come to realise that organic growth without strategic alliances is in most cases an impossible task. Recent surveys show that insurers are seeking the benefits of transformation through acquisitions, mergers, alliances and partnerships. The change of the status quo among shareholders and management is not part of the human DNA; however, even survival strategies require strategic planning which may include solutions involving alliances and partnerships. Competition, which is expected to grow intensively, the significant investments required, the increased cost of implementation and compliance, are all roadblocks to individual standalone strategies, in exchange however, of the benefits from maintaining the status quo and exclusive benefit of any future goodwill.

– **“Go Niche market or stay with all business lines”**. Insurers and new entrants in the insurance market are repositioning themselves with new business models, aiming at a competitive advantage in a specific field and not across the entire or wider product range. Choosing a niche may restrict the spectrum of the market which insurers address, but offers opportunities with high returns and limited competition, as well as strong customer relationships. The old belief that by aiming at more customers or at a larger market, you will automatically increase benefits and profitability, does not work in all cases. New customer-centric products require specialisation and new structures. Aiming at various sectors and products however, raises obstacles to new entrants and retains liquidity at higher levels.

Looking forward

By looking back to recent history, we easily realize that the insurance sector is not characterised by strong fluctuations, therefore it is often hard to distinguish the exact economic cycle it is going through, as well as its duration. The stabilisation of the economy and its recovery prospects, the low production cost and the slow but gradual shift in insurance awareness, are positive messages for the upcoming periods. On the other hand, the shortage in net available income and savings, the high unemployment and any effect from a potentially long election period put a damper on the expectations and do not leave much room for strong fluctuations.

Those who are expecting the growing stage of the economy cycle in the industry to soon begin, with weaker competition and satisfactory profits, will probably have to wait. Competition's intensity, especially in the dominating motor market, will be strongly felt by those who usually see events and developments through distorting lens or who have nothing else to hold onto.

Strategies that include a broad spectrum of products require significant investments and a minimum size; otherwise more specific targeting may be a one-way street. We believe that this is a good time for those with a survival strategy to pursue an honest reward for their efforts to date, anticipating any good prospects, because it is not certain that the future will provide the same rewards. We should not forget that divestment, whether partial or in total, is occasionally a good investment strategy.

To those that foresee the industry supporting satisfactory long-term returns and with investment capabilities, digital transformation is inevitable. First reactions, when it comes to technological achievements and the practical use of technology, usually include amazement or scepticism. Nevertheless, feelings of insecurity or suspicion are also common when it comes to change. This of course does not apply to everyday technology tools, such as mobile phones, cars or other gadgets considered to be life style accessories, but to the tools involved in the production process, such as robots and artificial intelligence machines.

Technophobia and the fear of losing jobs due to technological advancement, the introduction or strong penetration of new technologies and robots in the production process, is not a modern phenomenon. This feeling of threat stems from lack of skills or resistance to change, but in certain cases it is caused by those who better understand the new environment, while also being able to skilfully handle the new technology.

According to the most recent surveys on the insurance sector and the use of new technologies, the greatest change and therefore pressure on the existing structures is expected to take place in underwriting and claims departments. Moreover, the processes related to back offices, such as accounting, actuarial and risk, are expected to undergo a reevaluation stage for their necessary transformation in line with the new requirements and their harmonisation with the new technological structures and systems.

Important information

The analysis of the resulting ratios coming from the Financial Statements and other financial reports is not an evaluation tool on its own regarding business evaluation or decision making. KPMG bears no responsibility for the accuracy and correctness of the data taken from the information sources, as well as the use of indicators or annotations beyond the general analysis of the insurance market as a whole and not as individual elements or companies. Kindly note that the commentary on the results of the analysis does not serve as a hint for the efficiency or solvency of businesses in the greek market. The above analysis is not a basis for investment options. Investors or insured persons should be consulted by professionals before each decision they make.

Sources of information: KPMG analysis, Annual Financial Statements, Solvency and Financial Condition Reports, data from corporate and other websites.

KPMG at a glance

KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 153 countries and territories and have 207 000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such. Operating in Greece for more than 45 years we offer through four entities, audit, tax, legal, accounting & payroll and advisory services to domestic and international businesses in Greece and abroad.

The insurance industry is one of the main branches of specialization for KPMG internationally. Specifically, KPMG's Advisory Services for the Insurance Sector provide for more than 30 years, all professional insurance services to insurance companies, institutional bodies and supervisory authorities internationally.

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