

INSURANCE SECTOR IN SERBIA

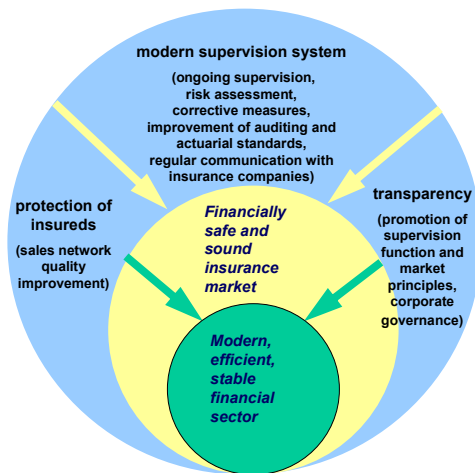
2008 Report

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Introduction

Pursuant to current legislation, the overall supervision of the financial sector has been entrusted to the National Bank of Serbia. In 2008, this sector comprised 34 banks, 24 insurance companies, 17 financial leasing companies, and 10 voluntary pension funds.

Activities of the National Bank of Serbia in 2008



In 2005, the National Bank of Serbia defined and disclosed its strategic goal in the area of insurance for the period from 2006 – 2009, which is to create and maintain a safe and stable insurance market in order to protect the interests of insureds and insurance beneficiaries and to ensure high-quality and transparent provision of insurance services and products. In line with its strategic objective, the Insurance Supervision Department continued to channel its activities in 2008 in several

directions simultaneously, namely, towards: the preservation of the stability of the insurance sector by taking appropriate measures and implementing continuous supervision; the creation of conditions for the further development of the sector by adopting the appropriate secondary legislation based on EU directives and the international practice, as well as by increasing the transparency of the operation of the NBS and the companies; the further development of the supervision function in accordance with IAIS standards and principles, and based on risk assessment, including continuous education of actuaries and staff.

Insurance market

General Indicators

The 2007 global macroeconomic environment was characterised by a slight decline in the economic growth of the majority of the countries, as well as growing inflation. That year's global GDP growth amounting to 3.8% was above the 3% average for the ten-year period, despite the impact of the US subprime mortgage crisis. The slow down of the business activities was the most conspicuous in the USA and Japan, while Europe was less affected. On

the other hand, developing countries' economies (the group including Serbia) marked a growth of 7.3%.

Global inflation rates started rising notably in the third quarter of 2007, particularly in developing countries, as a consequence of mark ups in food and fuel prices.

In 2007, the subprime crisis did not have a significant impact on the life insurance market. Its development continued without interruption, as a result of which their global market indicators show a growth of 5.4%, which is above the growth rate they had over a long period of time.

Non-life insurance marked a positive real growth of 0.7% mainly owing to non-life insurance growth which was higher than the ten-year average in developing markets¹ while premiums in industrial countries faced a decline.

USA had the highest premium at the global level, its share being 30.3%. Only three countries: USA, UK, and Japan covered more than a half of the global market. Serbia was 67th in the world with USD 833 million.

The Serbian insurance sector is underdeveloped and in terms of its development level it is substantially below the average for EU member countries. This fact is corroborated by the indicators of its insurance market development – the ratio of the total premium to the GDP, and the total premium per capita.

**Share of the premium in GDP in 2007 in Serbia
compared to some European countries, in %**

	Life	Non-life	Total
Great Britain	12.6	3.0	15.7
Switzerland	5.7	4.6	10.3
Germany	3.1	3.6	6.6
Greece	1.0	0.9	1.9
Group average¹⁾	1.45	1.30	2.75
Slovenia	1.8	3.8	5.7
Czech Republic	1.5	2.2	3.7
Hungary	2.0	1.6	3.5
Croatia	0.9	2.4	3.3
Serbia	0.2	1.7	1.9
Romania	0.3	1.4	1.8
Turkey	0.2	1.5	1.7

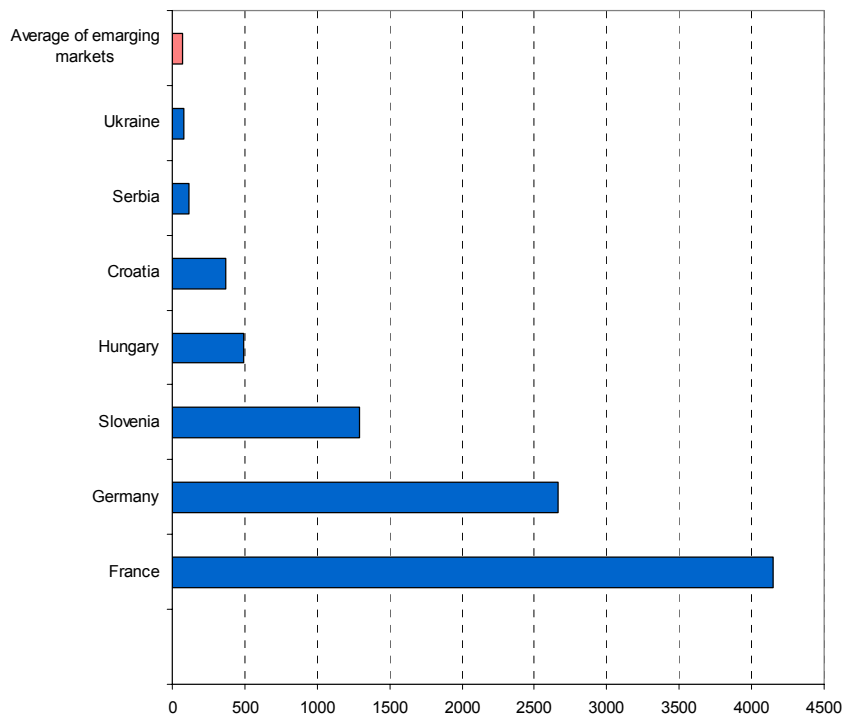
Source: Swiss Re, Sigma No 3/2008.

¹ In accordance with Swiss Re methodology, this group of developing countries which includes Serbia as well, also comprises Slovenia, the Czech Republic, Hungary, Poland, Croatia, Russia, Bulgaria, Romania, China, Morocco, Tunisia, etc.

Namely, Serbia was 66th in the world based on the share of its premium in its GDP in 2007, which equalled 1.9% (in 2004, 1.6%), while this indicator for the 27 EU countries was as high as 8.76%. However, compared to the 2.75% average for the group comprising Serbia, its position may be considered as satisfactory, in view of the fact that Greece had a similar level of the indicator, while countries such as Romania, Turkey, and Lichtenstein were behind Serbia.

In view of its premium per capita amounting to USD 113 in 2007 or EUR 77 (in 2004 USD 52 i.e. EUR 38), Serbia was only 64th in the world, while this indicator for the 27 EU countries amounted to USD 2,982. The United Kingdom was first with USD 7,171, followed by Ireland and Switzerland, while Slovenia was 28th with USD 1,295 and Croatia 42nd with USD 371. The average premium per capita in the group including Serbia amounted to USD 72.

Per capita premium payment in 2007 in selected European countries in USD



Source: Swiss Re, Sigma No 3/2008.

The Serbian insurance market development measured in terms of premium growth had a positive trend. The total premium in 2008 in relation to 2007 increased by 16.5%, which, coupled with the retail price index of 6.8% (and/or the average retail price index of 10.9%) points to an effective growth in the total insurance premium.

In the overall financial sector (banks, leasing, insurance, and voluntary pension funds) insurance based on capital and the number of employees was ranked 2nd. Within the framework of the 2008 balance sheet sum which amounts to RSD 1989 billion, banks account for 89.3%, and insurance companies were 3rd with 4.3%, marking a modest increase in relation to the year before.

	Share in total financial sector in % ¹⁾													
	Banks				Leasing				Insurance				VPF	
	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2007	2008
Balance sheet total	88.8	90.4	90.2	89.3	5.9	5.3	5.5	6.2	5.3	4.3	4.1	4.3	0.18	0.23
Capital	85.8	89.8	91.5	93.0	1.5	1.6	1.6	1.4	12.7	8.6	6.9	5.6	0.0	0.0
Number of employees	77.1	77.3	74.5	72.2	1.0	1.1	1.2	1.2	21.9	21.7	23.9	26.2	0.5	0.5

¹⁾ One voluntary pension fund included in 2006.

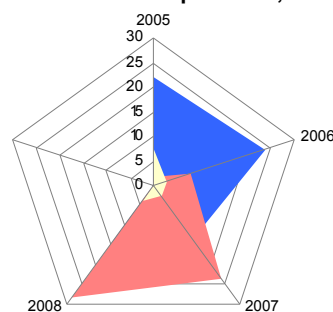
Market Participants

Insurance Companies

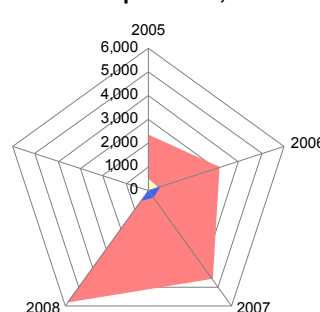
The number of insurance companies in Serbia increased from 20 in 2007, to 24 in 2008, of which 20 dealt exclusively in insurance business, 3 solely in reinsurance business, and one in both insurance and reinsurance. Of the insurance companies, 6 dealt exclusively in life insurance, 9 in non-life insurance, and 6 in both life and non-life insurance.

In terms of the capital ownership structure, in 2008, 17 of the 24 insurance companies were in majority foreign ownership, 7 were in domestic ownership, one was in state-social ownership, and 6 companies were privately owned.

Non-life insurance premium, in RSD bln



Life insurance premium, in RSD mill



■ Majority state and public ownership

■ Majority foreign ownership

■ Majority domestic private ownership

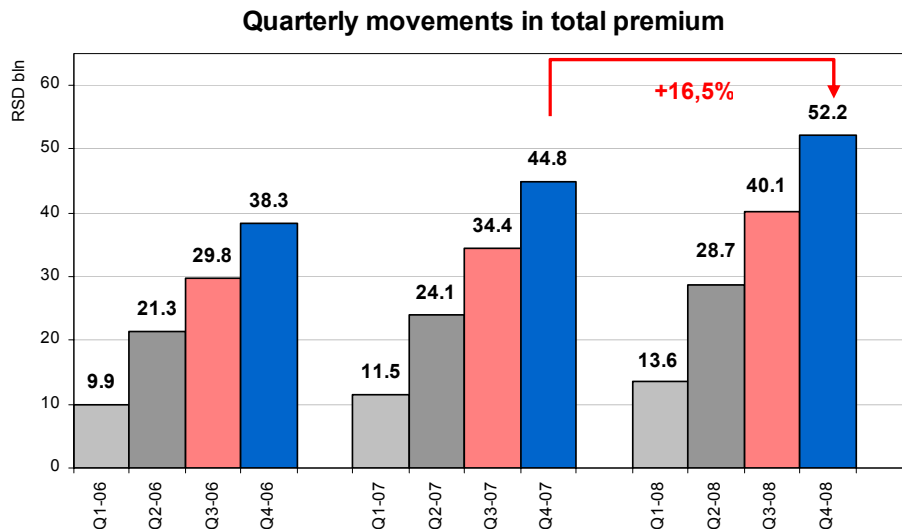
As a result of the successful privatisation process in the past period, and the entry of foreign companies on the market based on green field licences, privately owned insurance companies increased their previously noted prevalent share in non-life premiums from 59.1% in 2007, to 61% in 2008, as well as in the total assets from 58.6% to 61.2%, retaining their share in life insurance premiums at the same level, i.e. 92.6%, and their share in the number of employees of 70%.

Other Market Participants

In addition to insurance companies within the framework of the sales network, there were also 11 banks with licences for agency operations, as well as 65 legal entities, 122 natural persons – sole proprietors, one tourist agency, as well as 8,190 natural persons who were granted authority for agency and/or insurance brokerage business.

Insurance Portfolio Structure

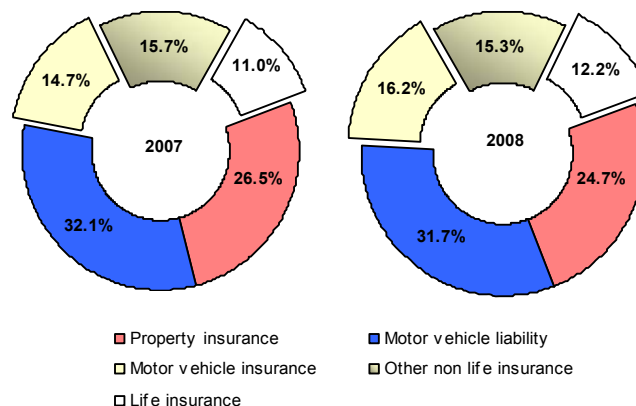
In 2008, insurance companies generated a premium in the value of RSD 52.2 billion in total (EUR 589 or USD 830), accounting for 16.50% of the growth in relation to the year before, when the premium amounted to RSD 44.8 billion.



In the 2008 premium structure, the share of non-life insurance amounted to 87.8%, while the share of life insurance increased from 11% in 2007, to 12.2% in 2008, thanks to the high growth compared to the previous year which amounted to 28.5% (including a 15.1% increase in the non-life insurance premium)

In the portfolio structure, five non-life insurance types alone, namely: accident insurance, motor insurance, insurance of property against fire and other hazards, other types of property insurance, and motor liability insurance, account for 80%. Third party liability which took over the lead from the sector of property insurance in terms of its share in 2006, retained its position in 2008 with 31.7%, while the share of property insurance continued to drop in 2008 reaching 24.7%. Property insurance, in terms of its share, was followed by motor insurance – hull, insurance type with the most significant growth of the share i.e. from 14.7% in 2007 to 16.2% in 2008, including increase in the premium by 27.9% in relation to 2007.

**Total premium according to the types of insurances
in 2007 and 2008**



Just like in the previous years, a significant growth in the premium (22.9%), including a share increase from 3.9% in 2007 to 4.1% in 2008 was marked by non-life insurance and voluntary health insurance. Considering the upward trend of this insurance type in the previous period, on the one hand, and the regulation introduced in this area based on the new legislation adopted late in 2008 specifying the obligation for all insurance companies to harmonise their operation in 2009, it is realistic to expect the introduction of new voluntary health insurance packages.

Grouping of insurance companies according to their shares in the total premium was carried out in three groups, with the first group comprising 3 companies with more than 15% in the total premium, the second – 4 companies with a share of less than 15%, and the third – 4 companies with less than 3%, pointing to the continuation of the declining trend in portfolio concentration

which commenced in 2005, when the concentration in the market measured on the basis of the Herfindahl Hirschman index was moderate for the first time (1523), continuing to drop further in 2008, when the index reached 1433.

One third of the total number of insurance companies dealing in insurance operations (group I and II) cover 88.6% of the market.

Share of insurance companies in the total premium according to peer groups ¹⁾						
Group		2004	2005	2006	2007	2008
I	Share in %	74.2	64.9	63.4	59.0	69.6
	Number of insurance companies	2	2	2	2	3
II	Share in %	11.8	21.5	21.6	22.1	19.0
	Number of insurance companies	3	4	3	2	4
III	Share in %	14.0	13.6	15.1	18.8	11.4
	Number of insurance companies	15	11	10	14	14

¹⁾ No reinsurance companies .
Source: National Bank of Serbia.

It is interesting to note that the major part of the total premium, observed in terms of the above groups including non-life insurance in 2008 – 73.8%, and total life insurance premiums – 38.7%, belongs to the first group of the companies ranked.

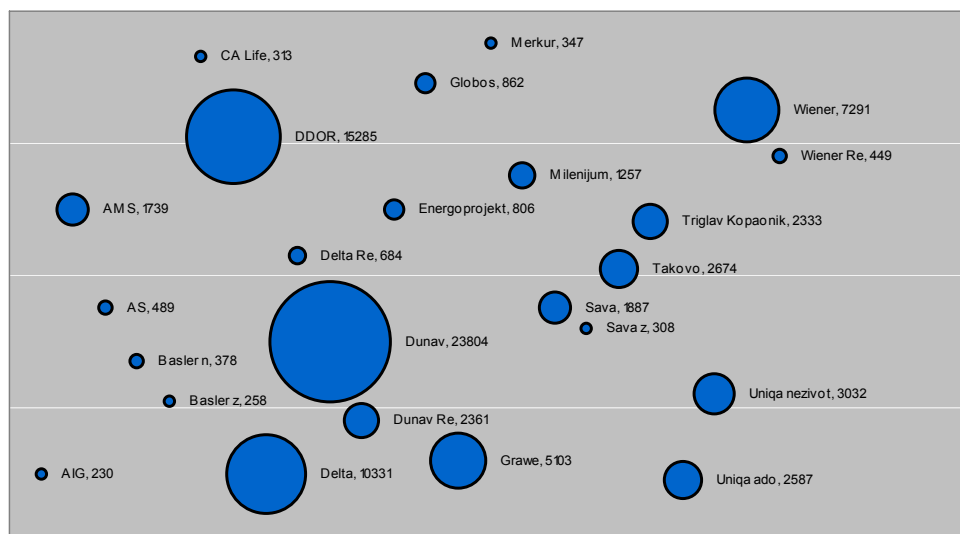
Viewed in terms of ownership, companies in majority foreign ownership marked a growth in the total non-life insurance premium from 3.8% in 2004 to as much as 61% in 2008, as well as in the total life premium of all the companies from 68.7% in 2004 to 92,6% in 2008.

Balance Sheet Sum and Balance Sheet Structure

Balance Sheet Sum

The volume of operations in the insurance sector, measured on the basis of the balance sheet sum of companies providing insurance and reinsurance, increased by 20.1% in 2008 compared to 2007 i.e. from RSD 70.6 billion to RSD 84.8 billion.

**Balance sheet total of insurance companies in million RSD
as at 31/12/2008**



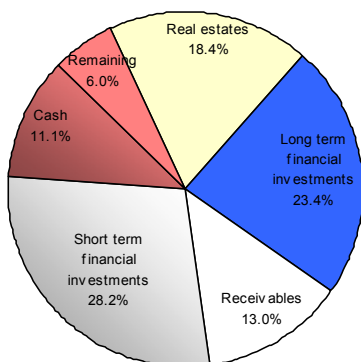
Assets Structure

Within the framework of the insurance companies assets structure as of December 31, 2008, 41.5% accounts for fixed assets (of which 22.5% to immovable property, and 18.3% to long-term financial placements), while 58.5% accounts for operating assets (27.2% of which refers to short-term financial placements, and 12% to premium-based receivables).

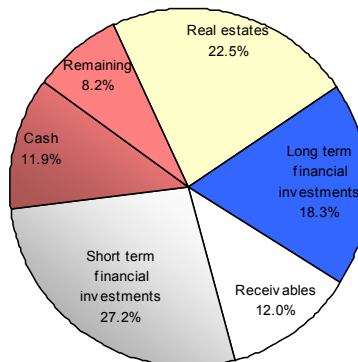
In comparison to 2007, when the share of the fixed assets was 42.6% (of which 23.4% accounted for long-term financial placements, and 18.4% for immovable property), with the share of operating assets equalling 57.4% (of which 28.2 were short-term financial placements, and 13% - premium-based receivables), it may be concluded that the structure of the assets did not change significantly, except for the trends evident in long-term placements caused by the situation in the stock exchange market.

The largest share in the assets over the past two years belongs to short-term financial placements, which amounted to 27.2%, on December 31, 2008, marking a growth of 15.9% compared to the year before, as opposed to 2004 and 2005, when the largest share was held by immovable property, plants and equipment.

Structure of assets as at 31/12/2007



Structure of assets as at 31/12/2008

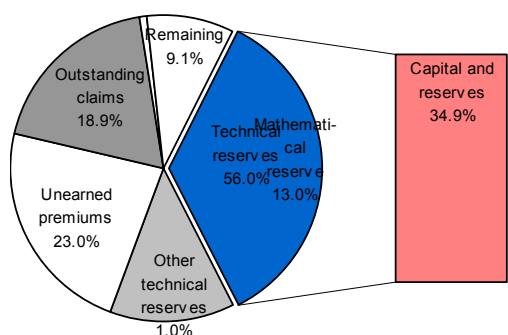


Assets Structure

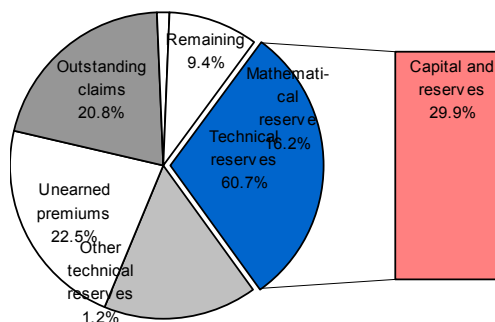
The structure of liabilities as of December 31, 2008 consisted of technical reserves accounting for a share of 60.7%, and capital and reserves accounting for 29.9%.

2008 saw a continuation of the increasing trend in the share of allocations for technical reserves that started in 2005 when the share of technical reserves amounted to 49.3% and that of capital and reserves – 40.1%. While capital marked a somewhat slower growth from RSD 24.7 billion in 2007, to RSD 25.3 billion in 2008, the technical reserves in the period concerned marked a 30.3% growth, namely from RSD 39.5 billion to RSD 51.5 billion, with mathematical reserves accounting for the largest growth in the structure of the reserves, with a rate of 49.5%. The 31.8% growth of outstanding claims was also significant, being the result of the criteria introduced on the basis of legal regulations for outstanding claims, and the continuous supervision of the adequacy of such reserves and measures taken.

Structure of liabilities as at 31/12/2007

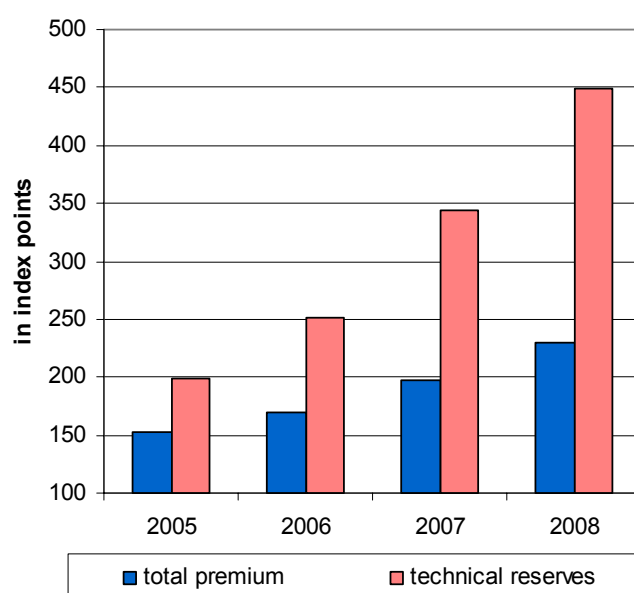


Structure of liabilities as at 31/12/2008



Another significant indicator of the results of the activities aimed at stabilizing and regulating the insurance market is the trend exhibited by technical reserves and total premium. The next graph, with 2004 as the basic year for the analysis, speaks in favour of the much faster growth of technical reserves than the technical premium, considering that the insurers adopted the practice of making a more realistic assessment of this reserve, thus providing a better protecting for the interests of insureds and insurance beneficiaries.

**Movements in total premium and technical reserves,
2004=100**



Performance Indicators

Solvency

Solvency of insurance companies depends on the adequacy of their technical reserves relative to the volume of obligations undertaken, as well as on the adequacy of guarantee reserves as a form of protection for policy holders in the event of incidental operating losses, or as a buffer for losses not covered by technical reserves.

On December 31, 2007, the solvency margin in Serbia equalled RSD 12.2 billion, with the guarantee reserve amounting to RSD 21 billion, while the growth in the margin – which depends on the trends in the premium, and the capital inflow generated by new insurance companies – was much more pronounced. At the level of all the companies in Serbia dealing in *non-life insurance*, the ratio of guarantee reserves to solvency margin equalled 171.44%, while its level in the case of companies dealing in *life insurance* amounted to 157.95%.

The company's ability to absorb the premium price risk, incidental losses and inadequate risk transfer to coinsurance and reinsurance etc. (insurance risk) is measured, among the rest, also by the ratio of the **retained premium to total capital**. For *non-life insurance* companies retained premium represents the approximate value of the risks assumed and should be sufficient for the payment of indemnity and insurance fees. In the event of inadequately assessed premium, and inadequate risk transfer to coinsurance and reinsurance, and in the event of other insurance risks, the guarantee for the cover is the total capital and/or parts thereof.

Despite the fact that the consequence of more rapid growth of the premium than the insurance companies' capital, the share of retained premium in the capital in 2008 was at the level of all the companies in Serbia dealing prevalently in non-life insurance, amounting to 212.51%, compared to 179% in 2007, and the guarantee reserve was significantly above the solvency margin, meaning that solvency was not jeopardised.

The ratio of **total capital to technical reserves** of companies dealing prevalently in *life insurance* business, even though marking a slight decline from 33.36% in 2007 to 29.6% in 2008, was sustained at a stable level. The above reduction was impacted by the growth in life insurance technical reserves (which rose by 39%) due to the growth in the volume of life insurance policies in the previous period. The value of the above ratio in 2008 points to the existence of a "reserve" of roughly 30% available in the event of inadequately estimated risks assumed by the companies (for which technical reserves are a good approximation in life insurance).

Quality of Assets

In order to stabilize the insurance market, which featured an absence of investment safety in 2004 as well as defaulting on the obligations in relation to insureds by some of the companies, the steps undertaken included, in addition to permanent supervision, also identification of the criteria for insurance fund investment, primarily with regard to technical reserves, and criteria for balance items assessment.

The above stated activities enhanced the quality of insurance companies' assets. Namely, considering that the **share of intangible investments, immovable property, placements in securities traded in the market, and receivables within the framework of the total assets** of companies dealing prevalently in *non-life insurance*, amounted to 38.62% and 44.22% in 2007 and 2008, respectively, as well as considering their share in 2005 when the indicator rose to as much as 61.53%, the ability of the companies to settle their liabilities was nevertheless, satisfactory, despite the share of the above investment forms in 2008, given that as much as 28% of the above 44.22% referred to immovable property, which featured good marketability in 2008 as well as a rise in the value.

As regards companies operating prevalently in the field of *life insurance*, the above share dropped from 15.62% in 2007 to 10.16% in 2008. The positive change in the value of this indicator in the above companies in 2008 compared to 2007, was brought about by the nominally higher growth of the total assets than that of the above asset forms.

In addition to ensuring that the company is able to maintain the premium calculation at a level adequate for indemnities, it is also necessary to provide for its collection. Otherwise, the insurer may face the problem of not being able to settle its liabilities in relation to its insureds.

The introduction of regulations governing the assessment of balance sheet items and the supervision by the NBS of the companies' indemnity disbursements, as well as the companies' own enhancement of their business practices (indemnity payments rather than compensation for damage with premium outstanding) resulted in a positive ratio of **premium-based receivables to total contracted premium**.

Namely, while this indicator for all companies operating mainly in the field of *non-life insurance* in 2004, amounted to 23.88% (pointing to a tendency for the companies to approve deferrals in premium payment at any cost in order to be to achieve short-term objectives, and also to "inflate" company assets), in 2007 and 2008 it amounted to 13.18%, and 13.66%, respectively.

Companies operating prevalently in the area of *life insurance* the share of receivables in the total contracted premium was reduced from 19.57% in 2007 to 13.54% in 2008.

Coverage of Technical Reserves by Prescribed Asset Forms

In order for the companies to be able to protect the interests of their insureds and third injured parties, and/or to ensure timely payment of indemnities, creating an adequate technical reserve alone is not enough. Rather, they also have to invest in a manner ensuring their full settlement of the obligations they have assumed, within the stipulated deadlines, in the present period as well as in future. In order for a company to be able to meet its obligations, it has to invest its resources depending on the type of insurance it provides, taking care of the liability maturity periods, as well as of profitability and investment dispersion.

In 2008, the companies operating prevalently in the area of *non-life insurance* exhibited a slightly lower coverage of technical reserves in relation to 2007. Namely, according to the data submitted by the companies, the coverage of technical reserves by the prescribed forms of assets in 2008 amounted to 90.41%, while in 2007 it amounted to 96.45%, which can be explained by the trends of stock exchange indices at the end of 2007 and 2008. The indicator which also takes into account the diversification of placements in different forms in 2008, amounted to 90.35%, equalling 91.99% in 2007.

The companies operating prevalently in the area of *life insurance*, met the requirements for technical reserves coverage by the prescribed forms of assets, and technical reserves coverage by the prescribed forms of assets based on the observance of investment diversification in 2008, in the same level, i.e. 100.30%.

Viewed all together, all insurance companies in Serbia provided technical reserves coverage for *non-life insurance* in 2008 mainly by deposits with banks in the amount of 30%, cash in the amount of 20%, receivables from premiums not due for payment in the amount of 12%, government securities in the amount of 10%, and shares traded in the market in the amount of 7%. Investments in government securities accounted for the largest share in the structure of coverage for life insurance technical reserves, equalling 71%, followed by bank deposits, amounting to 19%.

Considering the impact of the current crisis on the stock exchange and the potential impact on the value of insurance companies' investments, the National Bank of Serbia adopted a Decision on Temporary Measures for Preserving Financial Stability, increasing the level of investments by insurance companies in technical reserves in the form of bank deposits from 30 to 35% and from 35 to 40% respectively, as well as altering the requirements for the shares which are the subject of investment of funds.

Reinsurance

Reinsurance and coinsurance provide for so called risk offsetting and protection of the insurer from major or massive losses, which may jeopardise a company's operation. As regards the portion of risk retained, the company's capital is used as a buffer for unforeseen events and inadequate premium prices.

The share of **earned premium retained in total earned premium** points to the scope of risks transferred to reinsurance and coinsurance. In the period from 2004 to 2008, this indicator had stable amounts, ranging in the level of about 90% and 91% in companies operating prevalently in the area of *non-life insurance*.

In terms of insurance types, the percentage of risk transfer to reinsurance was the largest in aircraft liability insurance and aircraft insurance, followed by legal costs insurance, financial loss insurance, warranty insurance, insurance of property against fire and other hazards, and general liability insurance, a situation corresponding to the nature of operation of those insurance types and the scope of risk assumed.

For companies operating prevalently in the area of *life insurance* this indicator ranged in the level of 99% in the given period. The high value of this indicator in the above companies was the result of the transfer of a portion of pure risk premium to reinsurance, while the investment portion (as the significantly larger portion of life insurance premium) remained in the insurer's portfolio.

Profitability

The earned net loss result retained (ratio of earned claims retained to earned net pure premium retention) for the Serbian insurance sector - as an indicator of the price policy and adequacy, and/or the sufficiency of premiums for the settlement of liabilities based on insurance contracts, as well as as an indicator of the adequacy of risk transfer to reinsurance and coinsurance - amounted to 78.11% in 2008, being more favourable compared to 2007 when it equalled 84.18%.

Unfavourable net loss retention in 2008 was generated in motor insurance - 101,77% (which was more favourable than the figure in 2007 i.e. 105.41), as well as in vessel insurance - 116.5%, mainly as the result of more adequate provisioning for incurred losses.

The net result to total assets ratio (ROA) as a measure of yield on total assets in 2008, generated by engaging the assets in insurance operations, investments etc. in relation to the previous year, was similar to the previous year's value in companies dealing prevalently in *non-life insurance*. Namely, the value of this indicator in 2008 and 2007 was at the level of about 3%.

Companies operating predominantly in the area of *life insurance* in 2008 marked a negative net result, the value of this indicator equalling -0,44%. This

result was due to the commencement of the expansion² in the volume of life insurance contracts, which is characterised by high insurance processing costs in the initial years.

Considering all Serbian insurance companies together, they had a positive net result and positive yield on the total assets of the companies in the amount of 2.3%, as a result of the net profit generated in the insurance sector.

Liquidity

In order for a company to be able to settle its liabilities, it has to take care of the adjustment of its assets with its obligations based on maturity, as well as taking care about the marketability and quality of its assets. Considering the unpredictability of the time of incurrance of the individual losses and their amounts, the company has to be cautious in planning the structure of its assets primarily those intended for settling its claim liabilities, followed by other liabilities.

In the case of companies engaging prevalently in *non-life* insurance the indicator of adjustment of current assets (operating assets less inventories) with current liabilities amounted 96.87%, in 2007, and 103.18% in 2008. The indicator measuring liquidity as the ratio of more marketable assets (shares traded in the organised market, securities available for sale traded in the organised market, securities issued by the government, the central bank, international financial institutions, and cash equivalents and cash) to current liabilities amounted to 43.76% in 2008, as a result of the situation in the stock exchange market.

The ratio of short-term assets (current assets less inventories) to short term liabilities for companies engaging primarily in *life* insurance in 2007 amounted 276.46%, and in 2008, 197.45%. Also, the indicator measuring the ratio of more marketable assets to current liabilities in 2008 equalled 263.61%.

The level of this indicator points to the adequacy of the liquid assets for the settlement of current liabilities. The high level of both current assets less inventories, and the so called more marketable assets, was due primarily to placements by insurance companies in securities issued by the government and the central bank.

² The number of insurance policies contracted in 2008 reached 433.676 (in 2007, 346.351 insurance policies) marking an increase of 142% in relation to 2004, while total life insurance premium in 2008 had a growth rate of 277% compared to 2004.

Conclusion

The above comparative indicators show the following changes in the insurance market in 2008 as compared to the year before:

- The balance sheet sum of the insurance sector marked a growth of 20.1% namely, from RSD 70.6 billion to RSD 84.8 billion,
- Capital marked an increase of 2.6 % , i.e. from RSD 24.7 billion to RSD 25.3 billion,
- Technical reserves increased by 30.3%, with coverage in life insurance and incomplete coverage in non-life insurance,
- The total premium which amounted to RSD 22.6 billion in 2004, RSD 34.7 billion in 2005, RSD 38.3 billion in 2006, RSD 44.8 billion in 2007, reached the level of RSD 52.2 billion in 2008 with a growth rate of 16.5%,
- The 87.8% share of non-life insurance in total premium continued to be dominant. A significant increase in non-life insurance at the rate of 27.9% was marked by motor insurance – hull, as well as voluntary health insurance at the rate of 22.9%,
- The slight increase in the share of life insurance in the total premium from 11% in 2007 to 12.2% in 2008 was still far from the average in the 27 EU countries, where that share was around 63%, as well as in comparison with Hungary – 56%, Slovenia – 32%, and Croatia – 27%,
- Market concentration measured by the Herfindahl Hirschman index is moderate, just like in 2007, with a tendency towards further reduction,
- The number of insurance companies increased from 20 to 24, including an increase in the number of employees to 11.713 at the rate of 20.8%.

The key areas that the companies should address, particularly in the present situation, is corporate management, implying, among the rest, an adequately established internal supervision system, enhancement of risk management, investment valuation techniques, transparency, good business practices and fair relationship towards the clients, as well as activities aimed at educating potential insureds, and contributing to building confidence on the part of insureds and creating conditions for the development of this segment of the financial system.

(Outsource translation)