

SOLVENCY II & THE GREEK INSURANCE MARKET

BAROMETER STUDY

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In cooperation with FOCUS BARI & supported by DARAG

The profile of the study

An online [CAWI*] study, addressing representatives of insurance companies in the Greek market

Population and sample size

Population: List of high-rank representatives of insurance companies in Greece [45 CEOs & CFOs]
The specific population was invited via email to participate in the study; invitation management, reminders & participation coordination by Focus Bari

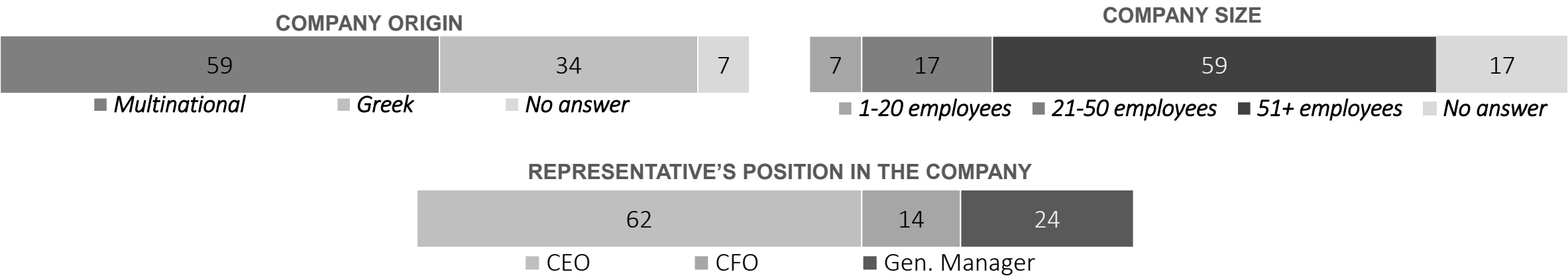
Sample size: 29 high-rank representatives of the initially invited insurance companies [64,5% response rate]

Technical specifications

Questionnaire length: 10'
Quality controls: By Focus Bari's EDP Department | simultaneous check and data validity | 100% electronic data control
Field dates: 19.07-05.09.2016 [including a 3-week interval due to summer holidays]

Final sample structure [* as defined by representatives themselves]

%



* CAWI = Computer Assisted Web Interviews

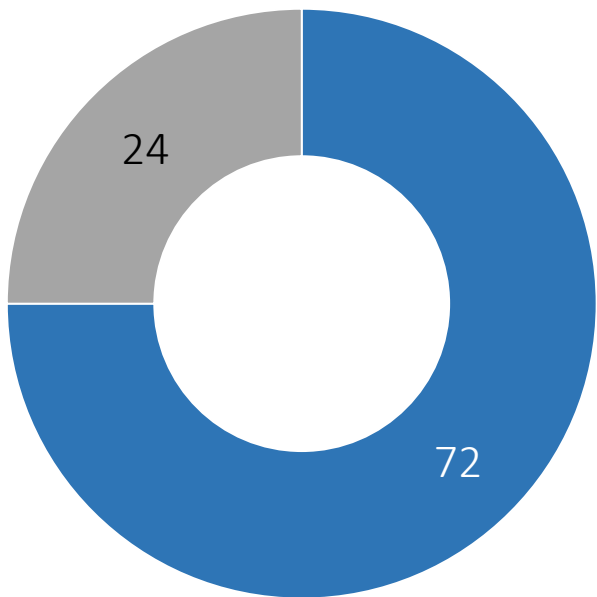
THE GREEK INSURANCE MARKET IN VIEW OF SOLVENCY II

Expectations regarding Market resilience

The Greek insurance market proved more resilient than the banking sector. Do you expect this to continue despite Solvency II?

ALL INSURANCE COMPANIES (n=29)

%

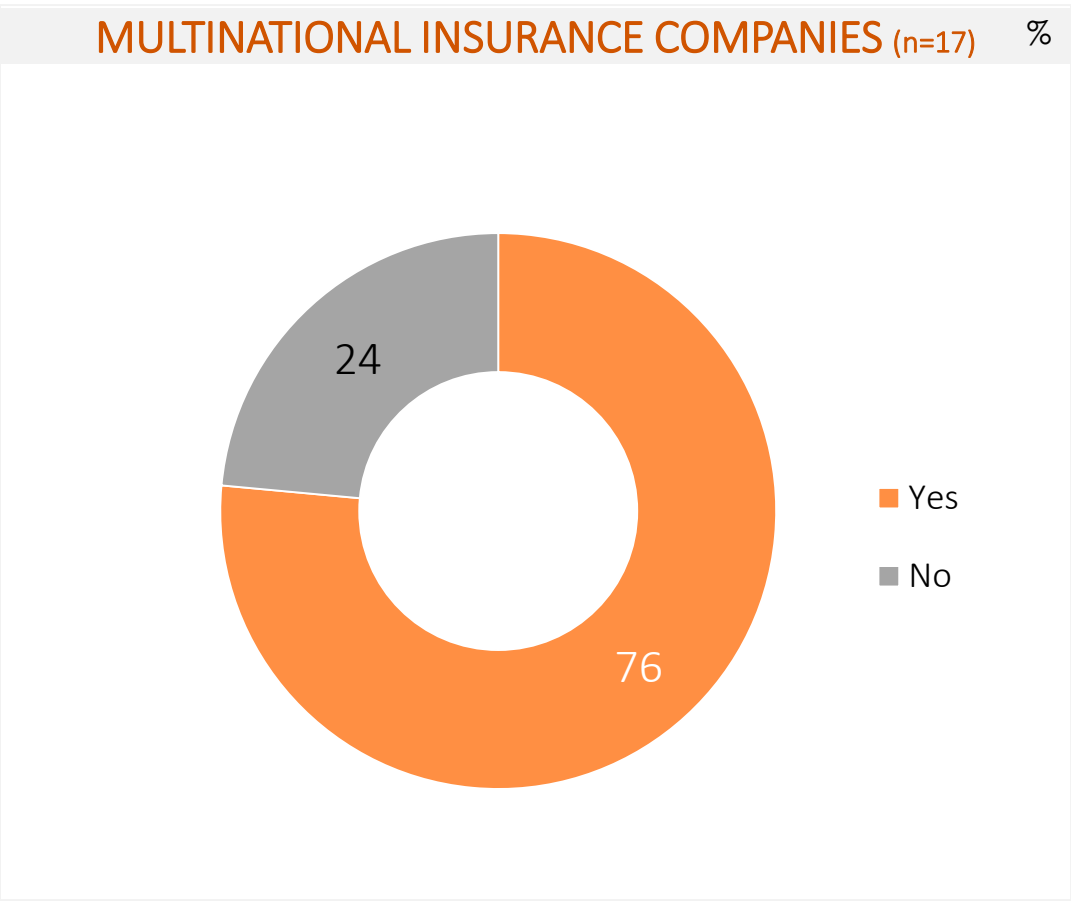
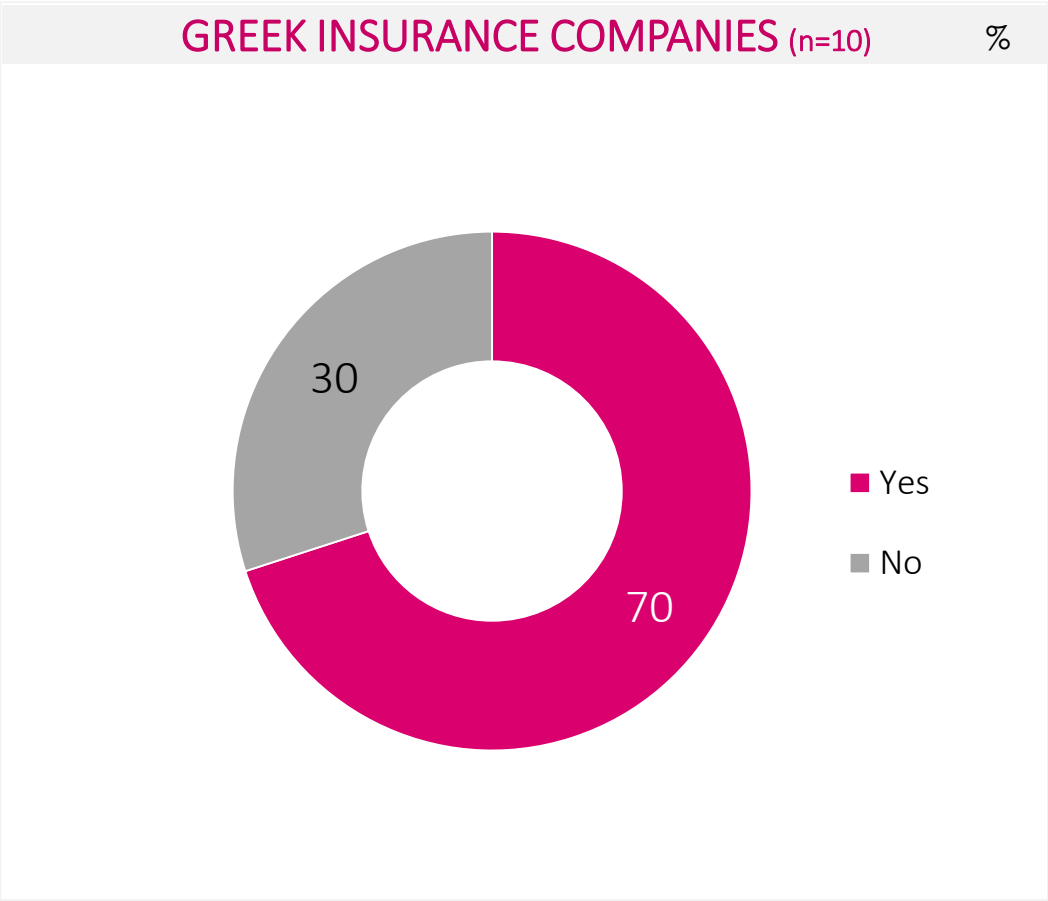


■ Yes, market resilience will continue ■ No, market resilience with weaken

- Despite the high demands set by the Solvency II framework, the majority of the market expects to succeed in addressing the challenges and maintain its evidenced resilience in the future.

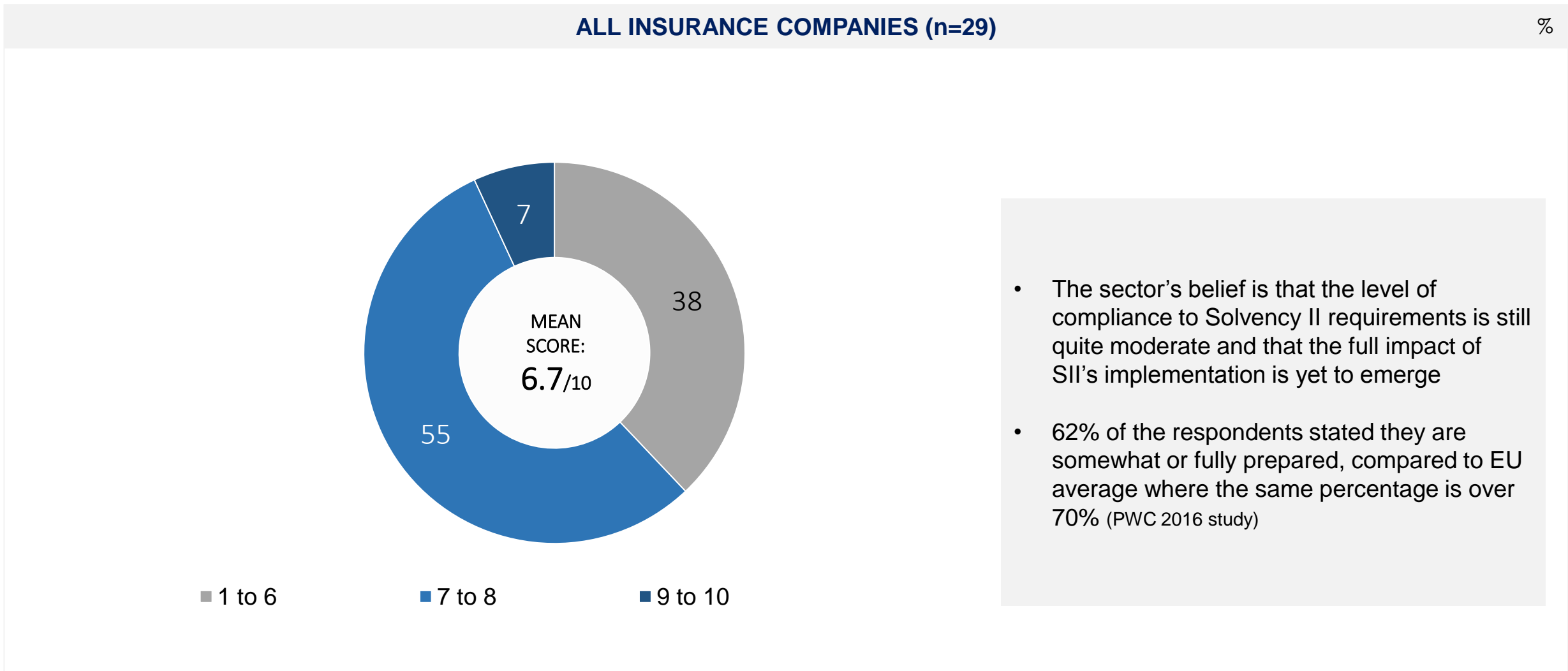
Expectations regarding Market resilience

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Evaluation of the Greek insurance market's compliance to Solvency II

On a scale 1 to 10, how would you rate Greek insurers' compliance with Solvency II requirements?

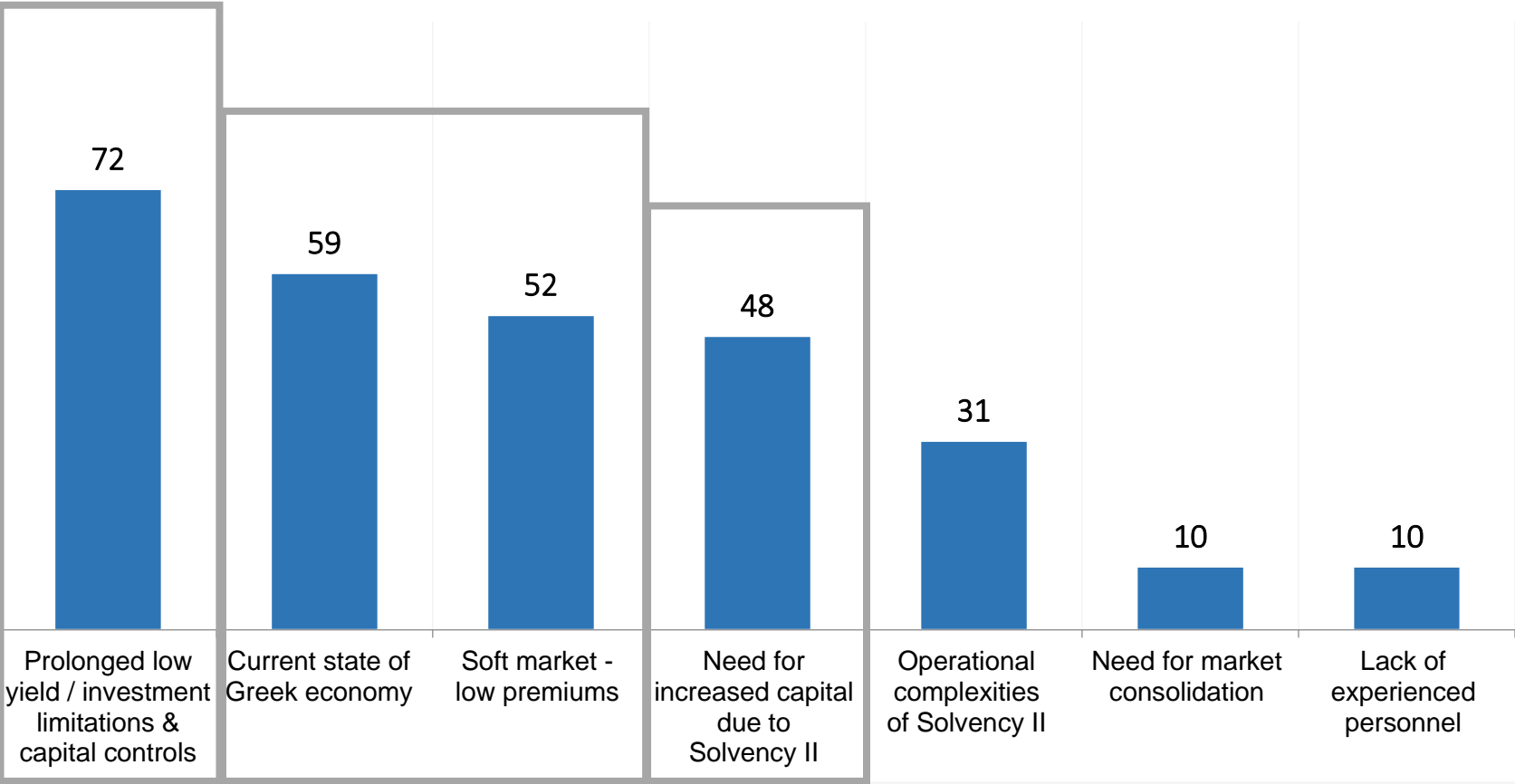


Greek insurance market challenges

What do you see as the biggest challenges for the Greek insurance market? (Please tick the 3 most important ones)

■ All companies (n=29)

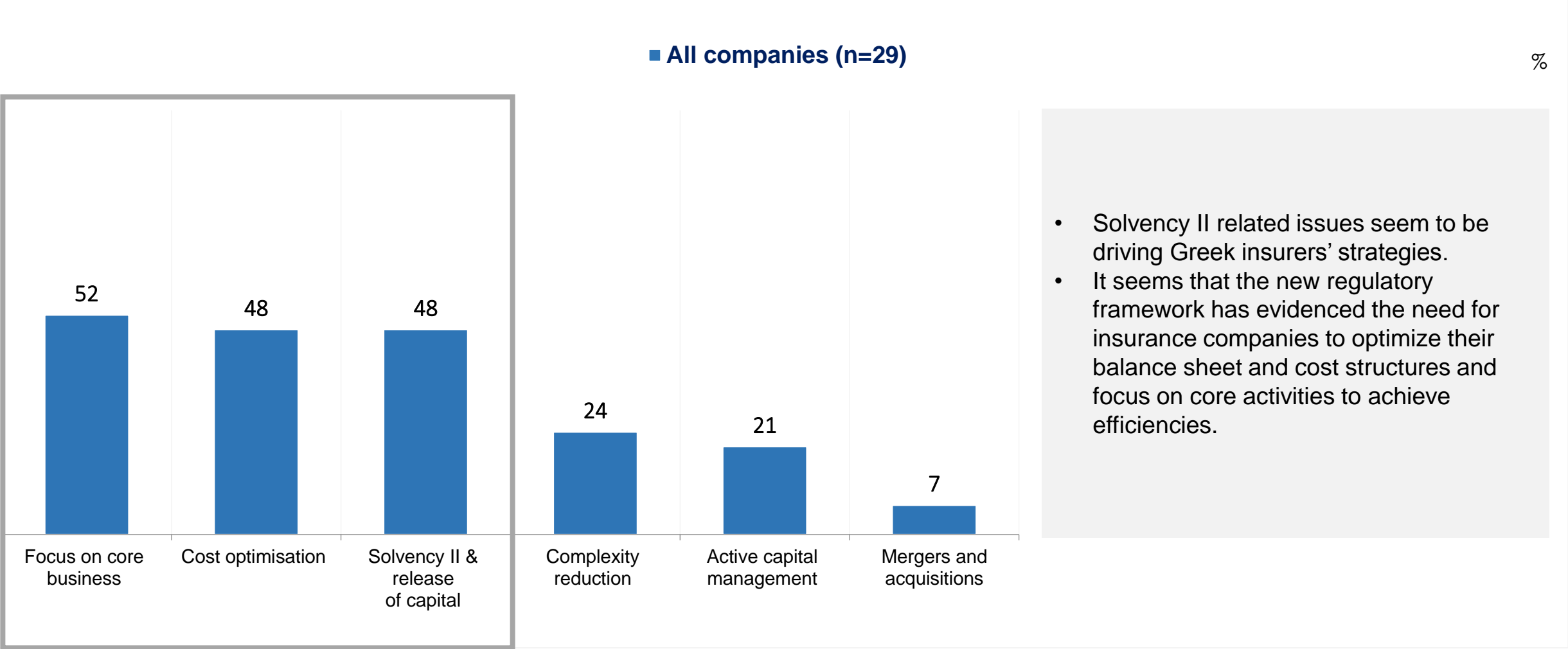
%



- The combination of negative global trends (pressure on investment yields & underwriting margins continues straining profitability) together with the state of the Greek economy [including capital controls] are defined as today's core challenges.
- Solvency II operational complexities follow at a close pace.

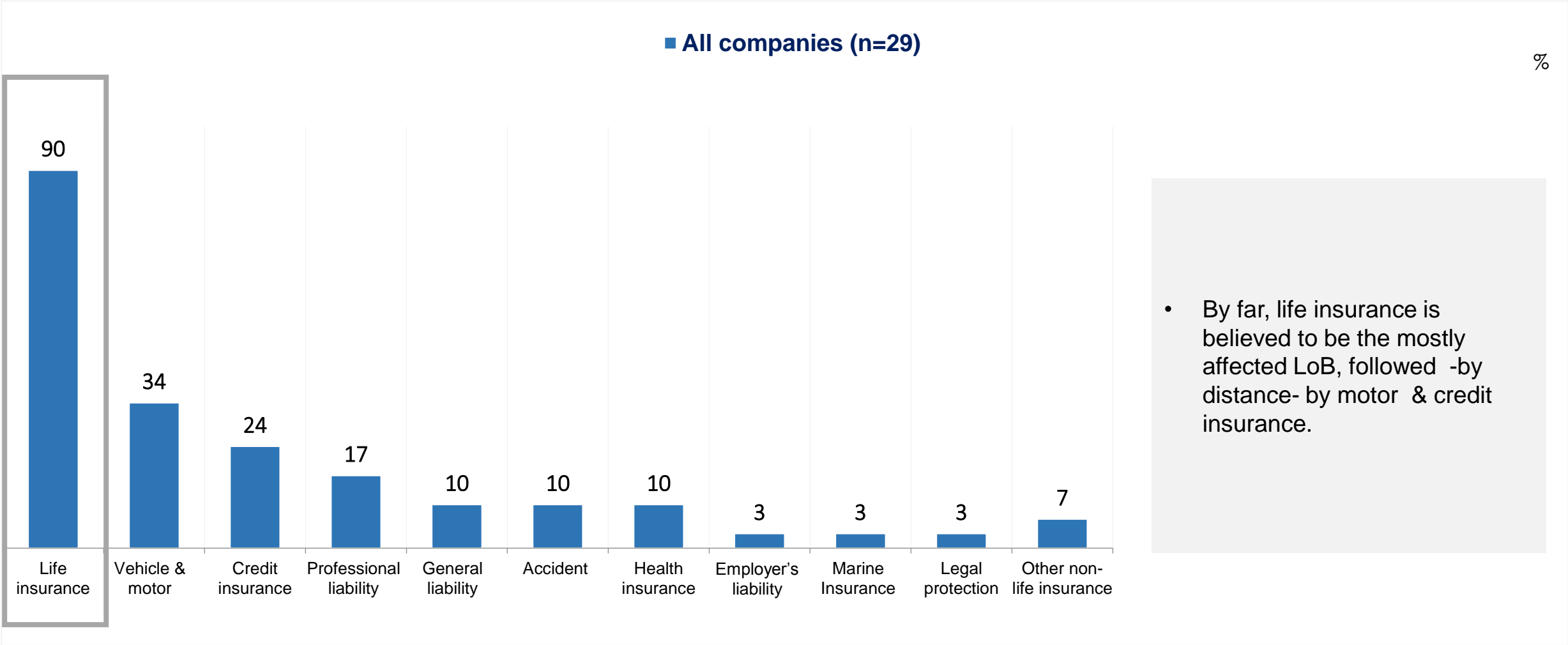
Drivers that influence companies' strategic activities

What do you see as the main drivers which influence strategic activities in your company? (Please tick the 2 most important drivers)



LoBs to be mostly affected by Solvency II

Which Lines of Business / products do you believe will be mostly affected by the Solvency II regime? (Please tick a max of 3 options)

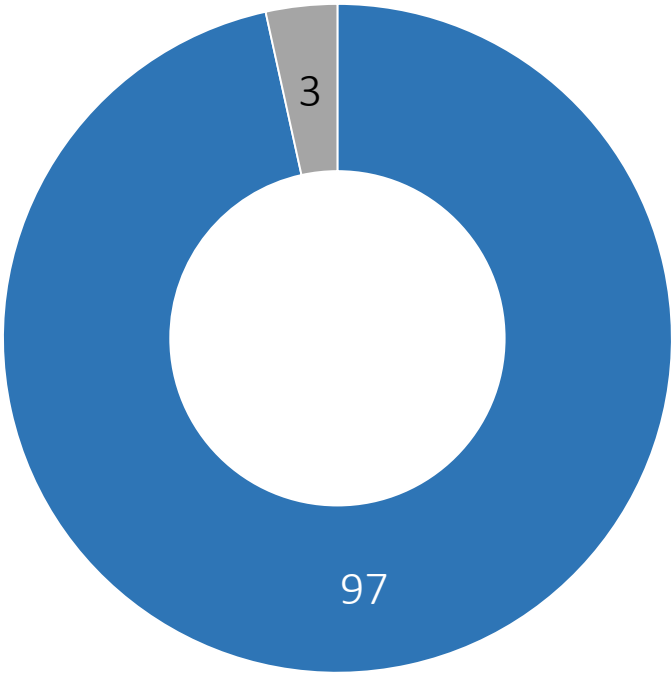


Expectations on future consolidations in view of Solvency II

Do you expect to see consolidation in the market in light of Solvency II stricter regulatory and capital requirements?

ALL INSURANCE COMPANIES (n=29)

%



■ Yes, consolidation is expected ■ No consolidation is expected

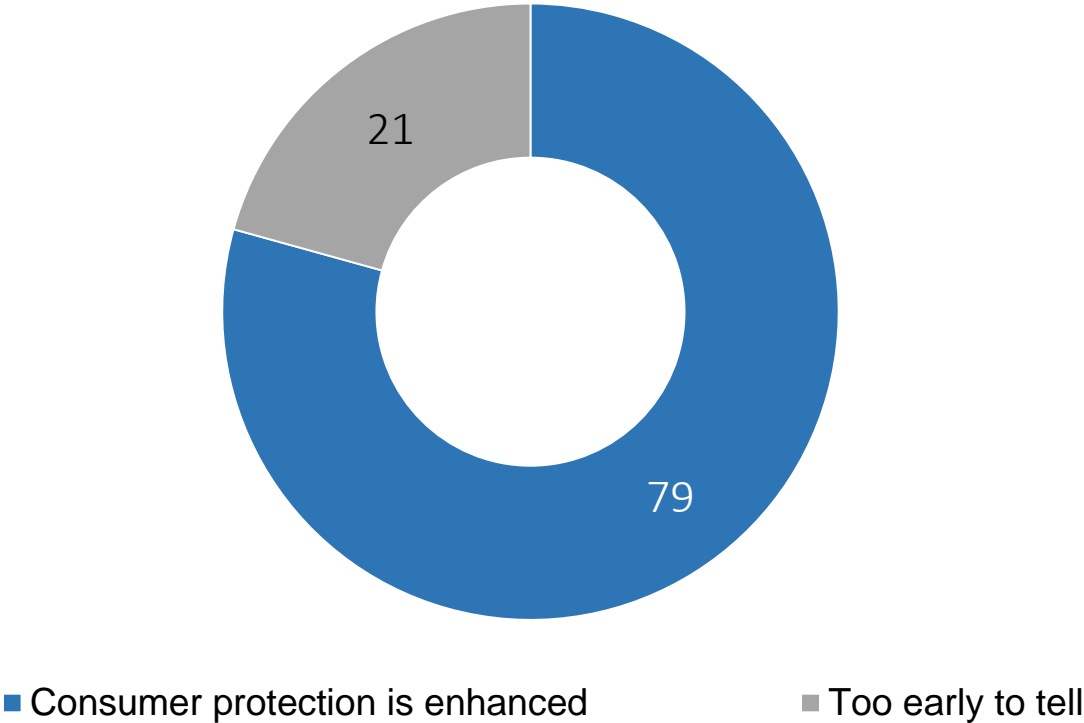
- The market overwhelmingly believes that consolidation is (to be) expected.
- Interestingly in the previous question on Greek insurance market challenges, the need for market consolidation ranked low.

Evaluation of Solvency II impact on policyholders' protection

Is policyholders' protection enhanced with the introduction of Solvency II?

ALL INSURANCE COMPANIES (n=29)

%



- The positive impact of Solvency II on consumer/policy holders' protection is acknowledged by most representatives.

Expected role of the Department of Private Insurance Supervision

Do you think that there should be more or less specific (illustrative) guidance and cooperation from the Department of Private Insurance Supervision?



Key take-outs

A highly demanding overall environment

- Insurance companies in Greece are called upon to operate in a highly **challenging European insurance framework**, driven by the Solvency II, in the midst of a **highly challenging overall environment** driven by a combination of negative global socioeconomic factors.
- To make matters worse, **the current state of Greek economy comes as an additional burden** for the Greek insurance companies, accentuated by, **negative growth & liquidity issues** (capital controls)

Solvency II: Growing regulatory complexities force insurers to focus & optimize

- On one hand, Greek insurance companies recognize the **positive impact of Solvency II requirements**, especially in relation to policyholders' protection.
- On the other hand, they acknowledge the need to **focus & optimize their business models and best manage their capital by means of balance sheet optimization and capital release**.
- In this framework, **the closer cooperation between the market & the regulatory authorities** is welcome

Greek Insurance Industry: The future is consolidated but bright

- Overwhelmingly, the Greek insurance market acknowledges that **consolidation is to be expected**
- However, Greek insurers are positive on the prospects and believe that the industry will prove **resilient** and successfully **adjust to the new market conditions**.

THANK YOU