

FIAR 2018
REINSURING NATCAT RISKS Conference

**PAID – the biggest single territory Nat Cat reinsurance
buyer in the CEE**

Nicoleta Radu
General Manager

PAID Vision

Effective

- Effective **claims handling**, in order to ensure the prompt payment of compensations in case of mass natural disaster.
- Increased **awareness of the Romanian public** about the natural catastrophe risks they are facing and the benefits of insurance.
- Support **data improvement** in order to obtain most reliable and detailed risk assessment for internal Risk Management and effective reinsurance protection purchasing

Sustainable

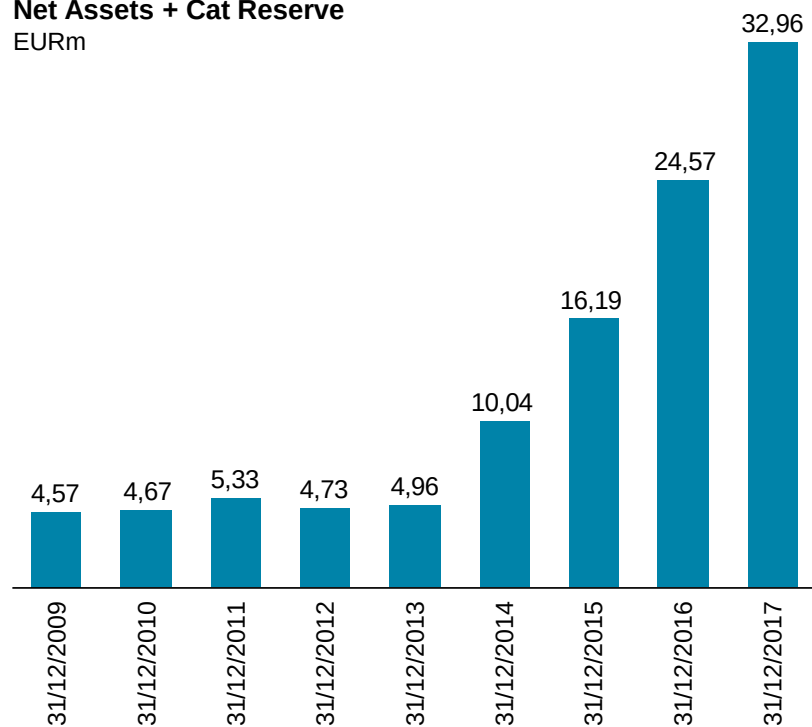
- Comfortably **compliant with Solvency II** requirement with **Solvency Ratio** estimated around 200% at the end of 2017
- Combined Ratio of 79.87% at the end of 2017
 - **Full retention of profit / no dividend payout** / all profit reinvested into PAID
- Reinsurance cover above **1 in 200 year return period** (RMS EQ)
- Further strengthening of shareholding by sale of the shares of ASTRA and Carpatica

Overview

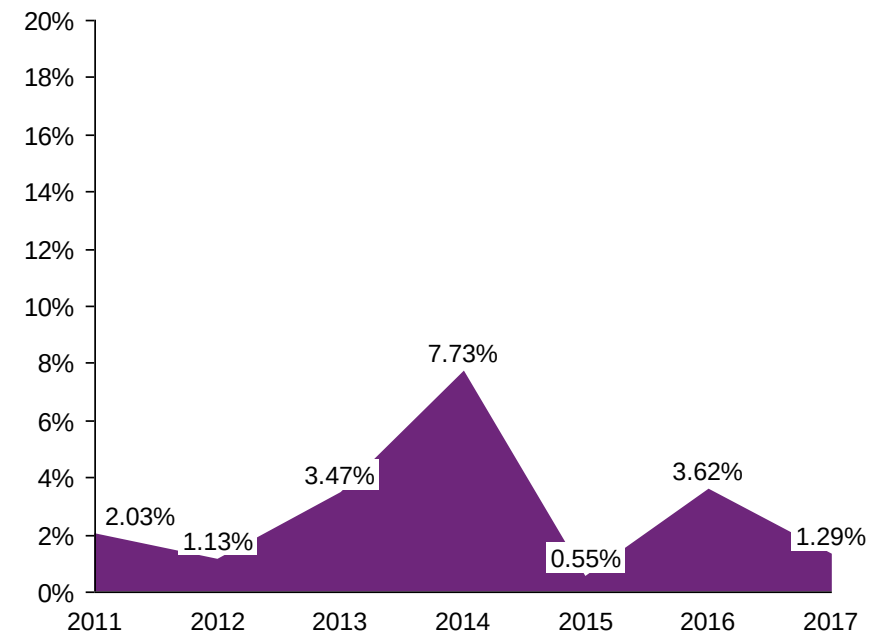
Capital strengthening

Obtaining of profit, non-distribution of dividends and lack of major CAT events over the years allowed PAID to consolidate its capital position

Net Assets + Cat Reserve
EURm



Loss Ratio Development



➤ Capital consolidation remains a priority for PAID.

Overview

Data quality optimization

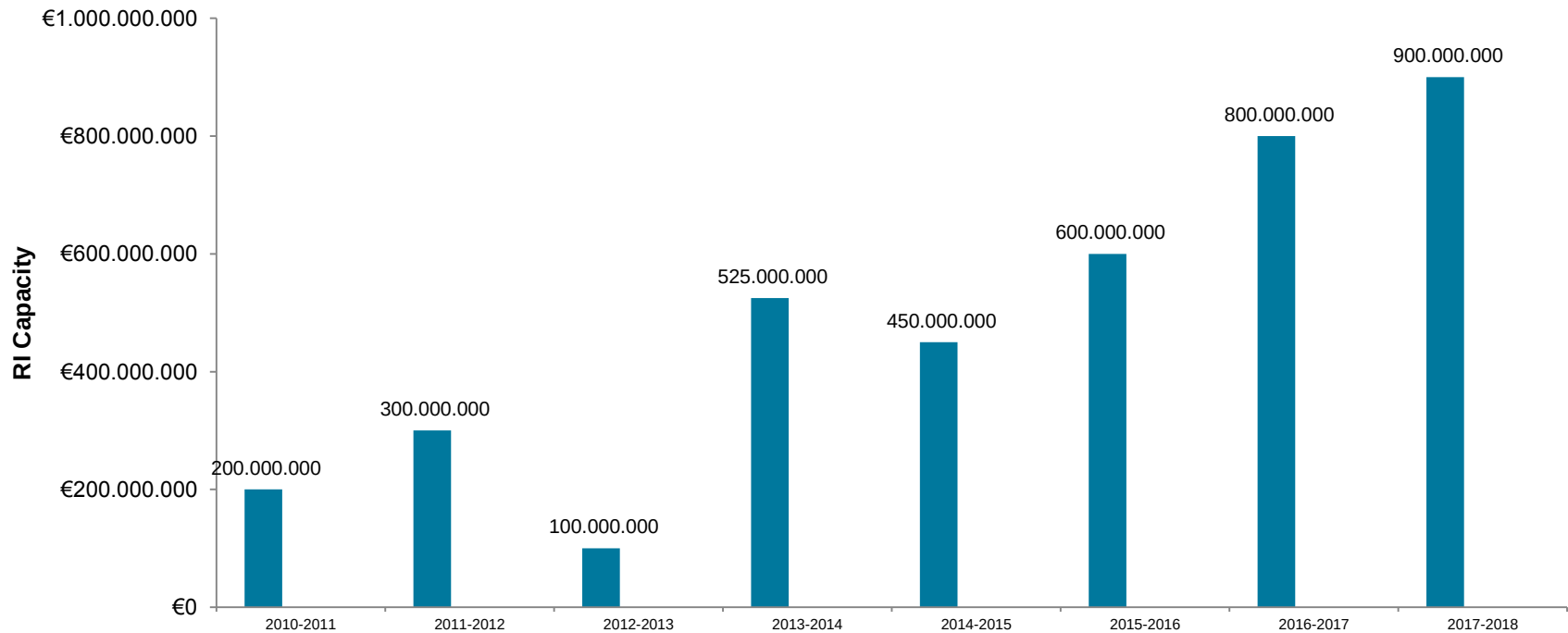
In 2017 PAID continued to concentrate on improvement of the data quality managing to obtain excellent results:

- Geocoding at address / street level reached 71.91%
- Significant improvement in the percentage of portfolio with known construction type, year of construction and number of floors
- Overall over 98% of the portfolio has the highest level of modelling data quality

Collecting the data at high quality and granularity level allows PAID to obtain detailed risk assessment which leads to a better internal risk management and to reliable catastrophe modelling used for reinsurance capacity decision making

Reinsurance is the cornerstone

RI Capacity Development



- Capacity increased **450%** since inception
- Reinsurance cover above **1 @ 200** year return period (RMS EQ) at the end of 2017

Reinsurance is the cornerstone

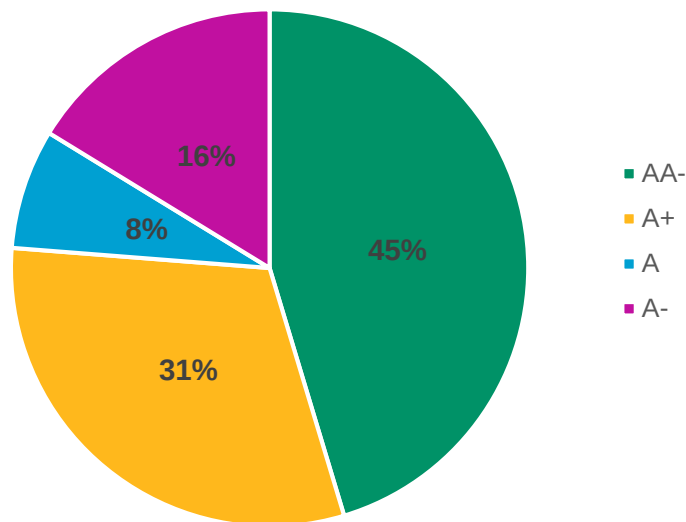
- Current RI programme capacity

900.000.000 mil euro

- Current number of reinsurers

68

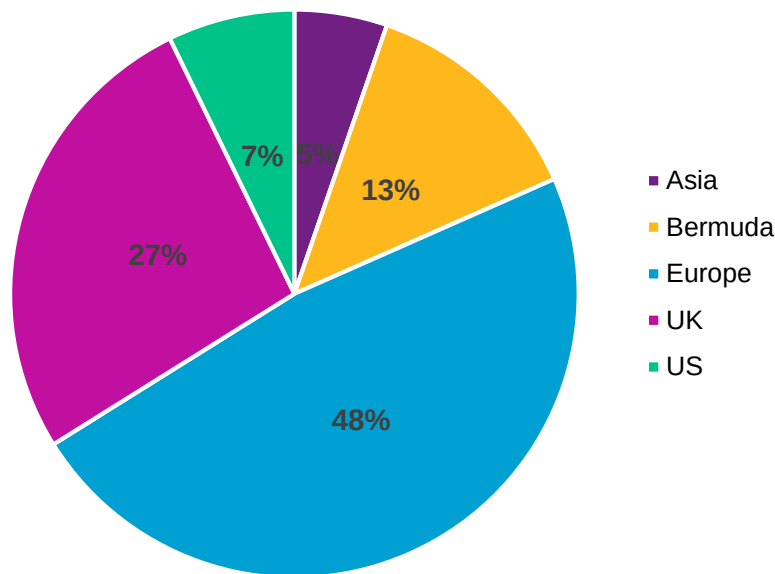
- Current capacity split by rating (S&P)



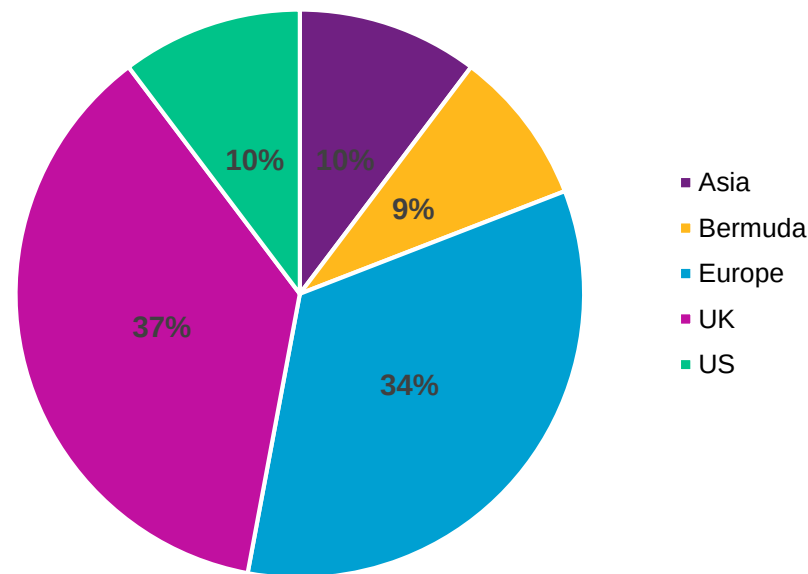
Reinsurance is the cornerstone

Diversification

Region by Signed Capacity

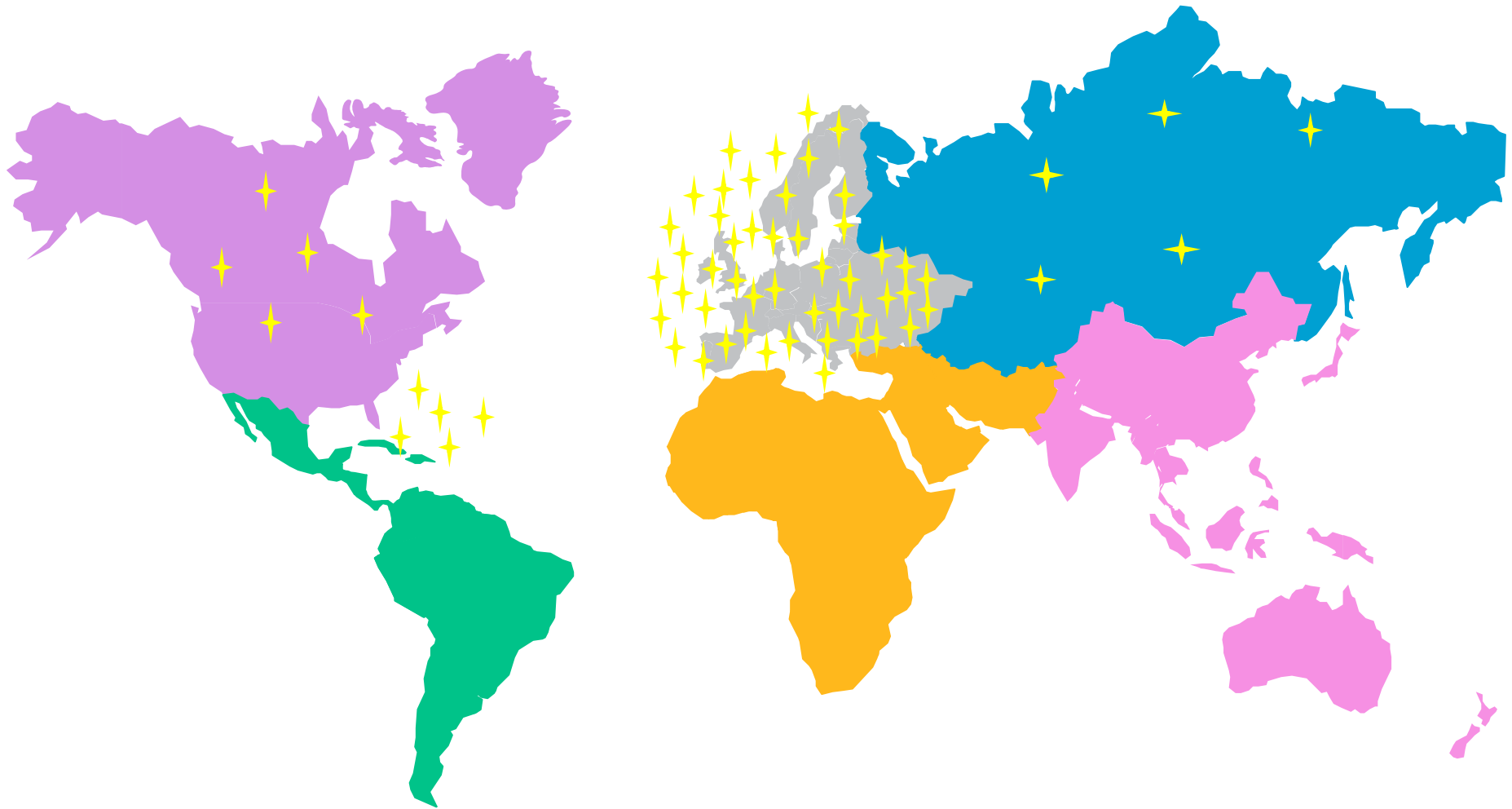


Region by no. of reinsurers



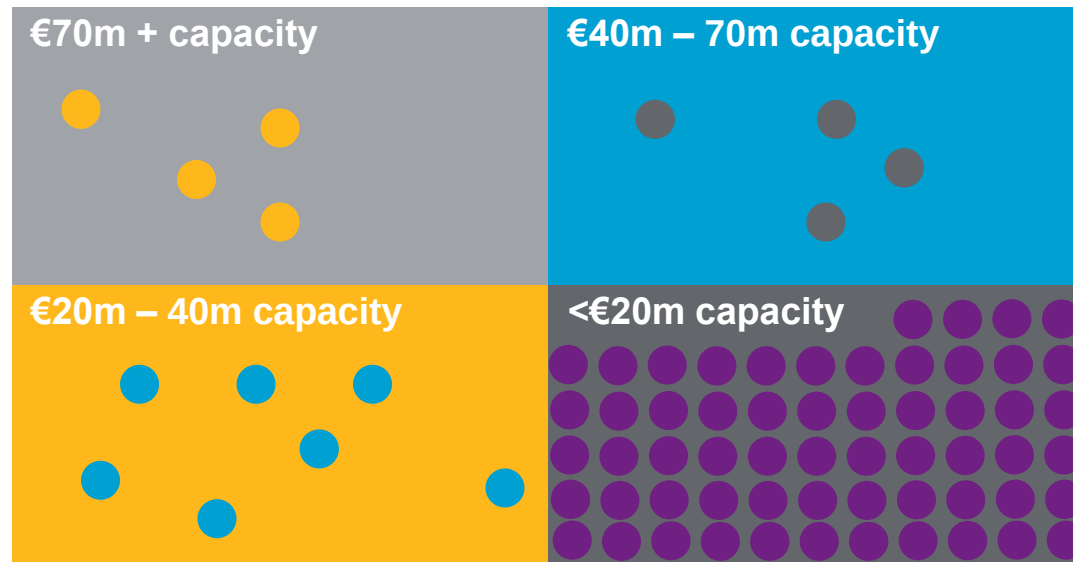
Reinsurance is the cornerstone

Diversification

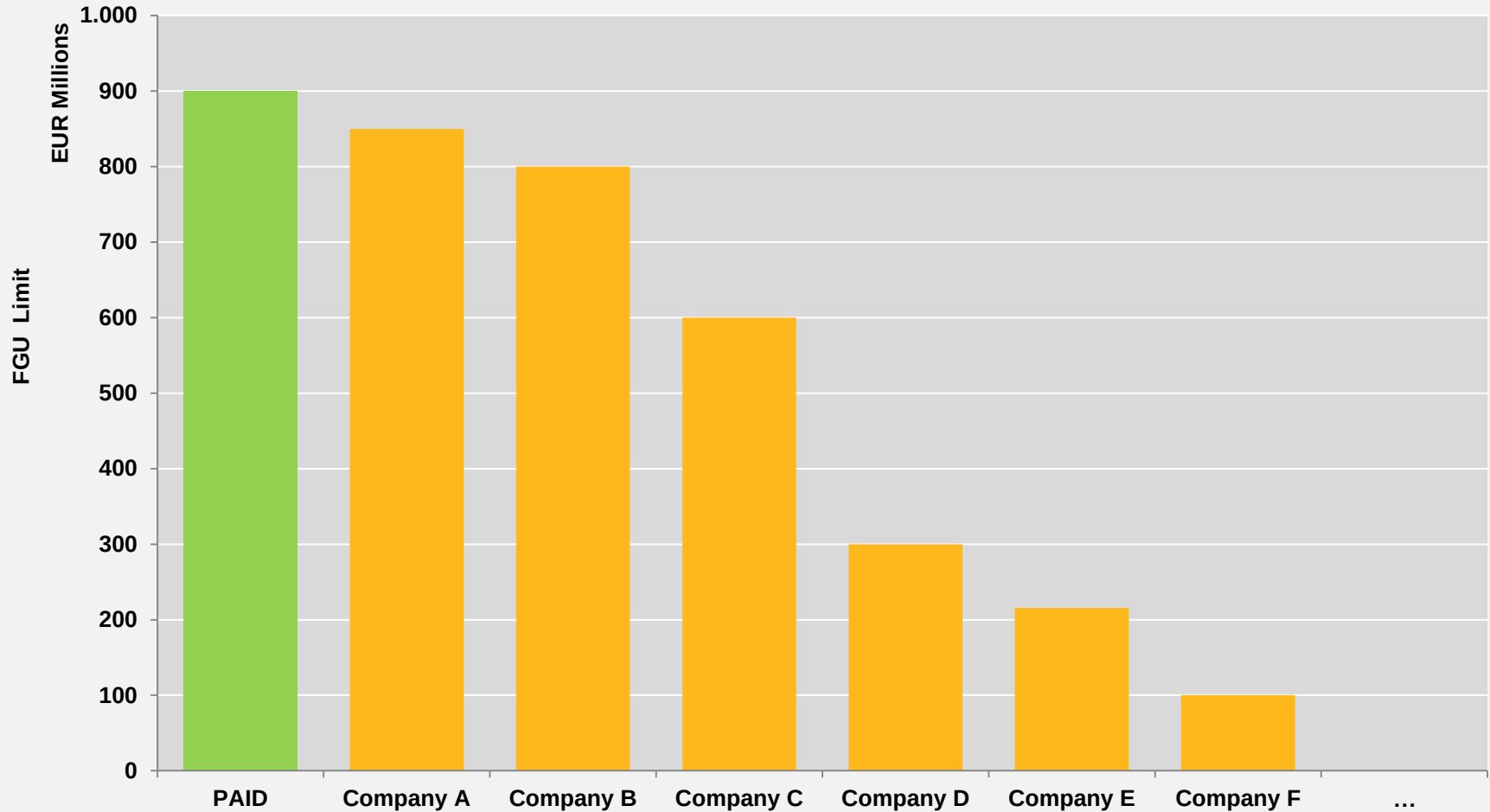


Reinsurer Strategy

- PAID values **continuity and long-term stability** with its reinsurers
- PAID reinsurers presented in 4 groups according to written capacity
- We are keen to continue to build on the existing important and strategic partnerships



Large CEE Placements - FGU Limit Purchased



Delivering benefit for the Romanian Economy

Currently 1.7 million of families in Romania rely on PAID

- Created **ex-ante** to protect the Romanian households
- PAID has to build a **solid financial reserve**, so that Romania is protected financially in the face of extreme natural phenomena
- PAID has to reduce the **budgetary impact** of such disasters on the Government of Romania, so that public resources are allocated to rebuilding hospitals, schools and infrastructure
- PAID has to contribute to the development of **financial education** of the general public and to promote home insurance as an indispensable way of protection

PAID has to ensure the prompt payment of indemnity in the event of a catastrophic event

Mass Claim Plan

In 2017 PAID continued to work on and develop this important project, managing to conclude protocols and being in discussions with various relevant institutions.

Project status

Phase 1: AS-IS – **completed**

Phase 2: TO-BE – **completed**

Phase 3: ROADMAP – *in progress*

Phase 4: IMPLEMENTATION

The main objectives for 2018 are:

- to finalize and implement the IT solution
- to ensure the alignment of all processes with the insurance companies
- preparing the entire plan for testing

Main goals for 2018

- Continuing to strengthen PAID's own funds and solvability
- Implementing PAID's communication strategy to raise awareness of PAD
- Gradual increase of the penetration rate
- Ensuring efficient use of capital through continuous optimizing of reinsurance program whilst maintaining high quality of reinsurer security
- Further aligning capacity with min. 1:200 RTP according to RMS EQ PMLs
- Finalising the Mass Claims Plan
- Full alignment to GDPR and IDD regulations

Thank you!