

**R E P O R T**  
**on the situation in the insurance sector of the Republic of Srpska**  
**for the period from 1 January 2015 to 31 December 2015**

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## INTRODUCTORY WORD

The Report on the Situation in the Insurance Sector of the Republic of Srpska for 2015, was prepared in accordance with Article 9 of the Law on Insurance Companies, and based on the analysis of annual financial reports, actuarial reports, the reports of independent auditors on the financial statements as well as other reports, submitted to the Insurance Agency of the Republic of Srpska (hereinafter: the Agency) by insurance companies in accordance with the regulations.

The total calculated premium in the Republic of Srpska market reached the level of BAM 182.7 million, representing an increase of 6.8% compared to the previous year. Insurance companies based in the Republic of Srpska recorded the premiums of BAM 171.3 million, representing an annual increase of 10%. The dynamic growth of life insurance continued. The share of this type of insurance was 16.7% of the total premium recorded in the Republic of Srpska market, or 10.7% of total calculated premium of companies based in the Republic of Srpska. Looking at indicators of market concentration, it can be concluded there is a pretty strong competition in the Republic of Srpska insurance market.

At the sector level, net result for the period is the profit in the amount of BAM 15.9 million. Ten insurance companies recorded net profit of current year in the amount of BAM 21.3 million, while two companies recorded a net loss in the amount of BAM 5.4 million. When the profit and loss are included directly in capital, the total net result of the accounting period at the sector level is the profit of BAM 16.1 million. Operating profit at the level of the sector was BAM 14.6 million, while the profit from ordinary activities (when financial revenues and expenses are included) was BAM 23.4 million. Total technical result is positive. These data confirm that the sector has fully rehabilitated the losses of 2014, while the return on assets (ROA) rate was 4.3% and the return on equity (ROE) rate was 14.3%.

Total capital in the balance sheet was increased by 23.1%, and as of 31 December 2015 amounted BAM 122.2 million. The basic capital, speaking of the life and non-life insurance amounted BAM 82.2 million in 2015, representing an increase of BAM 4.6 million nominally or 5.9% compared to 2014. The basic capital at the sector level is higher than the guarantee fund by 44.2%. The basic capital for non-life insurance was higher by 40.1% than the guarantee fund prescribed by law, and by 61.3% concerning life insurance. The available capital, both as a total, and separately for life and non-life insurance was higher than the guarantee fund prescribed by law. A positive change compared to the previous year is visible, when the available capital of non-life insurance had been lower than the guarantee fund.

Balance sum was increased by 4.5%. Total calculated technical reserves are less by 2.1% compared to the previous year, but the calculated premiums are higher by 25.9%. The level of coverage of technical reserves by prescribed types of funds was increased in the reporting year.

Total paid claims and benefits at non-life insurance companies based in the Republic of Srpska increased by 7.6% compared to the previous year and amount BAM 74.3 million, while the total claims paid in 2014 and 2015 were significantly higher than the normal in the

previous period, due to the high amount of claims paid under the insurance contracts covering the risk of catastrophic floods in May 2014. The fees based on life insurance contracts increased by 47.6% compared to the previous year and reached the level of BAM 6.3 million, which is complied with the age structure of the portfolio.

Director of the Agency,

Slaven Dujaković

Banja Luka, June 2016

## 1. STRUCTURE OF THE SECTOR

### 1.1. Insurance companies

In 2015, in the Republic of Srpska insurance market a total of 12 insurance companies with the seat in the Republic of Srpska<sup>1</sup> operated, and they are shown in the below table by insurance industry, seat and state majority ownership as of 31 December 2015

*Table 1: Insurance companies*

No.	Company	Seat	Majority ownership
<b>NON-LIFE INSURANCE</b>			
1.	Bobar <sup>2</sup> osiguranje A.D.	Bijeljina	domestic
2.	D.D. Brčko gas osiguranje	Brčko	domestic
3.	Drina osiguranje A.D.	Milići	domestic
4.	Krajina osiguranje A.D.	Banja Luka	foreign
5.	Mikrofin osiguranje A.D.	Banja Luka	domestic
6.	Nešković osiguranje A.D.	Bijeljina	domestic
7.	Osiguranje Aura A.D.	Banja Luka	domestic
8.	Osiguranje Garant D.D.	Brčko	domestic
9.	Triglav osiguranje A.D..	Banja Luka	foreign
<b>LIFE AND NON-LIFE INSURANCE (COMPOSITE COMPANIES)</b>			
10.	Grawe osiguranje A.D.	Banja Luka	foreign
11.	Dunav osiguranje A.D.	Banja Luka	foreign
12.	Wiener osiguranje A.D.	Banja Luka	foreign

Out of 12 insurance companies with the seat in the Republic of Srpska, nine of them were engaged in activities of non-life insurance and three both in non-life and life insurance<sup>3</sup>.

In 2015, a total of 11 branches of insurance companies from FBiH operated in the insurance market of the Republic of Srpska, while seven insurance companies from the RS operated through branches in FBiH.

#### 1.1.1. Ownership structure

According to the ownership structure, seven insurance companies were in majority domestic ownership, while five insurance companies were in majority foreign ownership, as of 31 December 2015.

<sup>1</sup> At the end of 2015, the Agency issued the license for work to one insurance company with the seat in the Republic of Srpska, which began with the insurance activities in January 2016, after the completion of the entry of the company in the register of the competent court and registration with the Agency. For this reason, this insurance company is not included in the total number of insurance companies presented in Table 1 and is not the subject of this Report.

<sup>2</sup> In 2016, in the period of preparation of this Report, "Bobar osiguranje" a.d. Bijeljina changed its name to "Atos osiguranje" a.d. Bijeljina.

**Table 2: Ownership structure in insurance companies as of 31 December 2015**

Ownership	Number of insurance companies	Share in total capital	Share in total assets	Share in total gross invoiced premium
Majority domestic ownership	7	52.4%	40.2%	50.1%
Majority foreign ownership	5	47.6%	59.8%	49.9%
<b>UKYIHO</b>	<b>12</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Report and insurance companies and the Central Securities Registry

The share of foreign capital in the total capital of all insurance companies was 47.6%. The percentage of 59.8% of the total assets and 49.9% of gross invoiced premium relates to insurance companies with majority foreign capital.

According to the Report of the Central Securities Registry - the book of shareholders, the state capital was recorded in Osiguranje Aura a.d. Banja Luka in the percentage of 38% (preferred shares), while there was a decrease in the share of the state capital from 70.4% to 34.9% in Krajina osiguranje a.d. Banja Luka, in 2015. Changes in ownership structure in Krajina osiguranje a.d. Banja Luka was the result of the capital increase through the issuance of ordinary shares through a public offering in the amount of BAM 6,899,999, when two foreign entities acquired the ownership shares of 25.2% and 25.3%.

### 1.1.1. Human Resources

As of 31 December 2015, a total of 1 658 employees were employed in the insurance sector, of whom 1 430 in the insurance companies with the seat in the Republic of Srpska, and 222 in the branches of insurance companies from the FBiH, while the Protection Fund of the Republic of Srpska employed six workers. Insurance brokers also work in the insurance sector.

The number and qualification structure of employees in insurance companies with the seat in Republic of Srpska for the period 2013-2015 are shown in the following table.

**Table 3: Number and qualification structure of employees in insurance companies**

QUALIFICATION	As of 31 December 2013		As of 31 December 2014		As of 31 December 2015		INDEX 2015/14
	Number	%	Number	%	Number	%	
non-skilled	8	0.7	4	0.3	8	0.6	200.0
semi-skilled	15	1.3			1	0.1	
elementary education qualifications	1	0.1	1	0.1			
qualified	45	3.8	65	5.3	85	5.9	130.8
secondary education qualifications	631	53.8	647	52.4	752	52.6	116.2
highly-skilled	5	0.4	5	0.4	6	0.4	120.0
college education qualifications	90	7.7	86	7.0	90	6.3	104.7
higher education qualifications	357	30.5	402	32.6	461	32.2	114.7
Master	18	1.5	21	1.7	25	1.7	119.0
PhD	2	0.2	3	0.2	2	0.1	66.7
<b>TOTAL</b>	<b>1,172</b>	<b>100.0</b>	<b>1,234</b>	<b>100.0</b>	<b>1,430</b>	<b>100.0</b>	<b>115.9</b>

Source: Reports of the insurance companies

There was a rise in employment of 15.9% in the insurance companies with the seat in the Republic of Srpska in the reporting period.



## 1.2. Insurance brokers

As of 31 December 2015 the following was registered in the Register of Insurance Broker with the Agency:

- 154 insurance broker - individuals, of whom 30 registered the entrepreneurial activities,
- 10 companies for agency in insurance (including Pošte Srpske) and four branches of insurance agencies from the FBiH,
- 117 insurance brokers - individuals,
- seven brokerage companies from the Republic of Srpska (three banks and four brokerage companies), and one branch of the brokerage company from the FBiH.

An excerpt from the Registers of Insurance Brokers is available on the Agency's website ([www.azors.rs.ba](http://www.azors.rs.ba))

In 2015, the Agency organized a training and held the exam term for taking the professional exam for checking professional knowledge, required in order to obtain the authorization for performing insurance brokerage. Professional exam was passed by 61 candidates.

## 1.3. Protection Fund of the Republic of Srpska

The Protection Fund of the Republic of Srpska (hereinafter: the Protection Fund) was established by the Law on Compulsory Insurance for Motor Vehicle Third Party Liability Insurance – consolidated version ("Official Gazette of the Republic of Srpska", No. 102/09) as a separate legal person. The competence of the Protection Fund is regulated by the Law on Compulsory Traffic Insurance ("Official Gazette of the Republic of Srpska", No. 82/15). The Protection Fund is obliged to fulfil the obligation of compensation of the damage to the injured third party in the territory of the Republic of Srpska caused by an unknown vehicle or the vehicle whose owner has not concluded an automobile liability insurance contract. In addition, the Protection Fund is obliged to fulfil the obligation of payment of compensation of damage to injured persons if the contract on compulsory insurance of passengers in public transport against accidents is not concluded as well as damage based on automobile liability insurance and insurance of passengers in public transport that could not be compensated from the bankruptcy or liquidation estate of the insurance company.

In the Republic of Srpska, all insurance companies performing the tasks of automobile liability insurance and insurance of passengers in public transport against accidents, except of passengers in air transport, are obliged to be the members of the Protection Fund and are obliged to pay contributions to the Protection Fund, in proportion to the realized premium of automobile liability insurance and insurance of passengers in public transport against accidents in the Republic of Srpska.

Total revenues of the Protection Fund were BAM 3,038,333 KM in 2015, representing an increase of 29.5% compared to the previous year, primarily due to increased revenue from reduction of liabilities and losses. The total expenses amounted BAM 3,029,499, representing an increase of 15.6% compared to the previous year, mainly due to allowance and write-off of

receivables based on recourses. In 2015, the Protection Fund recorded a surplus of revenue over expenses in the amount of BAM 8.834.

The following table provides an overview of solving and payment of claims for the period 2013-2015, which relate to damage to persons or property in traffic accidents, within the competence of the Reserve Fund.

**Table 4: Claims from the Protection Fund**

Claims	31 December 2013	31 December 2014	31 December 2015	Index 2015/2014
1. Reported in the current period and reactivated	415	429	506	117.9
2. Transferred from the previous period	165	166	136	81.9
3. Total number of claims (1+2)	580	595	642	107.9
4. Rejected claims	54	70	85	121.4
5. Processed claims without the rejected	360	389	391	100.5
6. Number of paid claims	360	389	391	100.5
7. Amount of paid claims in BAM	1.258.153	1.487.468	1.171.594	78.8

*Source: Report of the Protection Fund*

The total number of claims increased by 7.9% and the number of rejected claims by 21.4% compared to the previous year. All processed damage claims have been paid. The amount of paid claims decreased in 2015 by 21.2% compared to the previous year. The average value of claims paid in 2015 was BAM 2.996 representing an increase by 21.6% compared to 2014.

#### **1.4. Authorized actuaries**

In accordance with international standards, the provision of an adequate number of professionally qualified actuaries is of particular importance for functioning of the insurance sector. As of 31 December 2015 there were a total of 32 persons registered in the Register of Certified Actuaries with the Agency. There is an excerpt from the Register of certified actuaries on the website of the Agency.

#### **1.5. Ombudsman in insurance**

The Agency dealt directly and through the Insurance Ombudsman in with the consumer protection. In the reporting period, the Office of the Ombudsman received 118 cases, mostly objections and complaints of the insured, the beneficiaries of benefits, or third injured parties, where, as in the previous period, the complaints about the procedures in the payment of the motor liability insurance dominated. More detailed data on the results achieved in this segment are given in the Report of the Agency for 2015.

## 2. INSURANCE MARKET

### 2.1. Indicators of development of the insurance market

The following table provides a comparative overview of the basic relative indicators, related to the premium, which measure the degree of development of the insurance market.

**Table 5: Premium and macroeconomic indicators** *(in USD<sup>4</sup>)*

Country		Premium/population			Premium/GDP (%)			Life/Total premium (%)		
		2012	2013	2014	2012	2013	2014	2012	2013	2014
BiH	RS	70.4	75.7	81.4 <sup>5</sup>	1.8	1.8	2.1	11.8	14.6	15.8 <sup>6</sup>
	FBiH	83.7	91.6	96.2	2.2	2.3	2.3	20.4	22.4	24.4
Austria		2,464.5	2,604.0	2,680.6	5.3	5.3	5.2	40.0	39.0	39.4
Bulgaria		140.4	156.0	163.7	2.0	2.1	2.1	14.7	16.2	17.0
Greece		519.7	476.0	478.0	2.4	2.2	2.2	42.2	40.7	45.2
Hungary		333.1	354.0	352.5	2.4	2.6	2.5	53.8	55.3	55.9
Romania		107.4	124.0	119.0	1.4	1.4	1.2	20.8	22.0	19.3
Slovenia		1,225.2	1,309.0	1,245.9	5.5	5.6	5.0	27.2	29.8	27.6
Serbia		95.5	104.0	111.1	1.8	1.8	1.9	18.1	19.0	21.5
Turkey		145.9	166.0	152.7	1.4	1.5	1.5	16.0	14.1	12.8
Croatia		351.1	372.0	351.5	2.7	2.7	2.6	27.2	28.0	30.9
Czech Republic		747.2	760.0	721.4	3.7	3.8	3.5	46.9	45.7	45.1

Source: Statistics of insurance market in Bosnia and Herzegovina, Statistics Institute of the Republic of Srpska FBiH StatisticsInstitute, SwissRE

Comparison of the insurance market in the Republic of Srpska with other developed as well as emerging markets, shows that this sector is lagging behind based on the observed indicators. The share of premiums in GDP is similar as in other transition countries, but it is lower than in developed markets. Premium per capita and share of life insurance in the total premium are growing, but they are still lower than in neighbouring countries which have a similar level of economic development.

### 2.2. Calculated premiums in the Republic of Srpska insurance market

The following table provides an overview of gross calculated premium in the Republic of Srpska market<sup>7</sup>.

<sup>4</sup> There was no available comparative statistics for 2015 at the time of preparation of this Report

<sup>5</sup> When calculating the average premium per capita in the Republic of Srpska the following was taken into account: The total premium of the Republic of Srpska - Premium of branches of companies from the Republic of Srpska in FBiH + Premium of branches of companies from the FBiH in the Republic of Srpska (the data from Table 6. Row No.3)

<sup>6</sup> When calculating the share of life insurance in total premium, the premium for life insurance of branches of companies from the FBiH (the data from Table 6. Row No. 1.2. and 2.2.) was taken into account

<sup>7</sup> Total calculated premium in the insurance market of RS was calculated in a way that the total premium achieved by insurance companies with the seat in the Republic of Srpska, decreased by premium which those companies achieved in the FBiH and increased by the premium which the insurance companies based in FBiH achieved in the Republic of Srpska

**Table 6: The insurance premium realized in the market of the Republic of Srpska in the period 2013-2015.**  
years

(in BAM)

No.	Entities in the RS market	Calculated premium in the RS market						Index 2015/20 14
		I-XII 2013.		I-XII 2014.		I-XII 2015.		
		Amount	%	Amount	%	Amount	%	
1.	<b>COMPANIES FROM THE RS</b>	<b>126,355,102</b>	79.5	<b>135,141,740</b>	79.0	<b>142,533,340</b>	78.0	<b>105.5</b>
1.1.	Non-life insurance	113,484,913	71.4	120,270,533	70.3	124,977,306	68.4	103.9
1.2.	Life insurance	12,870,189	8.1	14,871,207	8.7	17,556,034	9.6	118.1
2.	<b>BRANCHES OF THE COMPANIES FROM THE FBiH</b>	<b>32,643,740</b>	20.5	<b>35,981,553</b>	21.0	<b>40,221,388</b>	22.0	<b>111.8</b>
2.1.	Non-life insurance	22,278,002	14.0	23,830,918	13.9	27,231,416	14.9	114.3
2.2.	Life insurance	10,365,738	6.5	12,150,635	7.1	12,989,971	7.1	106.9
	<b>УКУПНО</b>	<b>158,998,841</b>	<b>100.0</b>	<b>171,123,293</b>	<b>100.0</b>	<b>182,754,728</b>	<b>100.0</b>	<b>106.8</b>

Source: Reports of insurance companies

Total calculated premium in the insurance market of the Republic of Srpska in the period 1 January to 31 December 2015 was BAM 182 754 728 and it is higher compared to the same period of the previous year by BGAM 11,631,435 or 6.8%. Non-life insurance increased by 5.6%, on average, while life insurance increased by 13.0%.

### 2.3. Market structure and concentration<sup>8</sup>

The following table shows the share of insurance companies from the Republic of Srpska and branches of insurance companies from FBiH in total calculated premium in the Republic of Srpska market for 2014 and 2015.

**Table 7: Share of insurance companies and branches of the FBiH in the RS market**

No.	The share of insurance companies from the Republic of Srpska and branches from the FBiH in total calculated premium in the Republic of Srpska market		
	The insurance company from the Republic of Srpska / Branch companies in FBiH	2014	2015
1.	Bobar osiguranje A.D.	8.6%	5.0%
2.	D.D. Brčko gas osiguranje	5.8%	5.8%
3.	Grawe osiguranje A.D.	7.6%	8.4%
4.	Drina osiguranje A.D.	9.1%	10.4%
5.	Wiener osiguranje A.D.	10.4%	9.5%
6.	Dunav osiguranje A.D.	9.0%	9.1%
7.	Krajina osiguranje A.D.	5.7%	5.5%
8.	Mikrofin osiguranje A.D.	3.3%	3.4%
9.	Nešković osiguranje A.D.	8.2%	8.5%
10.	Osiguranje Aura A.D.	3.9%	4.1%
11.	Triglav osiguranje A.D.	5.4%	5.4%
12.	Osiguranje Garant A.D.	2.0%	3.2%
13.	Asa osiguranje D.D.	0.0%	1.3%
14.	Bosna-Sunce osiguranje D.D.	1.0%	1.1%

<sup>8</sup> Compared to the reports on the situation in the insurance sector in previous years, it is pointed out that the methodology for determining the statistical basis for the calculation of concentration in the insurance market of the Republic of Srpska was changed in a manner that this report included in the calculation the total premiums in the Republic of Srpska market, calculated by insurance companies with the seat in Republic of Srpska and branches of insurance companies from FBiH.

No.	The share of insurance companies from the Republic of Srpska and branches from the FBiH in total calculated premium in the Republic of Srpska market		
	The insurance company from the Republic of Srpska / Branch companies in FBiH	2014	2015
15.	Camelija osiguranje D.D.	0.3%	0.3%
16.	Croatia osiguranje D.D.	0.4%	0.7%
17.	Euroherc osiguranje D.D.	3.3%	4.0%
18.	SARAJEVO osiguranje D.D.	3.2%	1.8%
19.	Merkur BH osiguranje D.D.	4.8%	4.2%
20.	Osiguranje "VGT" D.D.	0.4%	0.4%
21.	UNIQA osiguranje D.D..	4.9%	5.4%
22.	Zovko osiguranje D.D.	2.7%	2.7%
23.	Triglav osigurnaje D.D.	0.0%	0.1%
	<b>TOTAL</b>	<b>100.0%</b>	<b>100,0%</b>

*Reports of Insurance Companies*

The following table provides a level of concentration of the insurance market in the Republic of Srpska by peer groups, which shows that the number of insurance companies by peer groups remained the same compared to the previous year.

**Table 8: Share of companies from the Republic of Srpska and branches of companies from the Federation of BiH in the total calculated premium in the market of the Republic of Srpska towards peer groups**

Share	Share of companies from the Republic of Srpska and branches of companies from the Federation of BiH in the total CALCULATED premium in the market of the Republic of Srpska towards peer groups					
	2013.		2014.		2015.	
	Total share	Number of insurance companies and branches of FBiH	Total share	Number of insurance companies and branches of FBiH	Total share	Number of insurance companies and branches of FBiH
<b>to 5%</b>	27.3%	11	30.2%	14	32.2%	14
<b>5-10%</b>	51.0%	7	59.3%	8	57.5%	8
<b>10-15%</b>	21.7%	2	10.4%	1	10.4%	1
<b>over 15%</b>	0.0%	0	0.0%	0	0.0%	0

*Source: Reports of Insurance Companies*

Herfindahl Hirschman's index also represents a measure of market concentration and it is calculated as the sum of the squares of the individual share of each insurance company compared to the achieved premium. This index takes into account the relative size and distribution of companies in the market, and if the market is monopoly, there is a greater market concentration, and of course less competition. The index increases if the number of market participants decreases and at the same time the difference in size between them is growing. If there was only one company that engages in insurance, the index would amount 10,000 (market share of 100%, and the index is  $100 \times 100 = 10,000$ ). Otherwise, if there were many companies with a relatively low share, around 0%, the index would be close to 0, which would indicate that there is perfect competition in the market. If the Herfindahl Hirschman's index between 1000 and 1800 it is considered that there is a moderate concentration in the market. Since the Herfindahl Hirschman's index in 2015 was 654 points, which compared to 2014 represents a decrease by 19 points, it can be concluded that pretty strong competition is present at the insurance market of the Republic of Srpska.

## 2.4. Calculated premiums by insurance companies

Total calculated premiums in the period from 1 January to 31 December 2015 achieved by the insurance companies with the seat in the Republic of Srpska, including the premium which these insurance companies achieved in the insurance market of FBiH, amounted BAM 171,323,509 (of which BAM 28,790,169 KM in the FBiH and BAM 142,533,340 in the RS). Compared to the same period of the previous year, the calculated premium increased by BAM 15,570,661 or 10.0%.

Below is an overview of calculated premium by insurance companies.

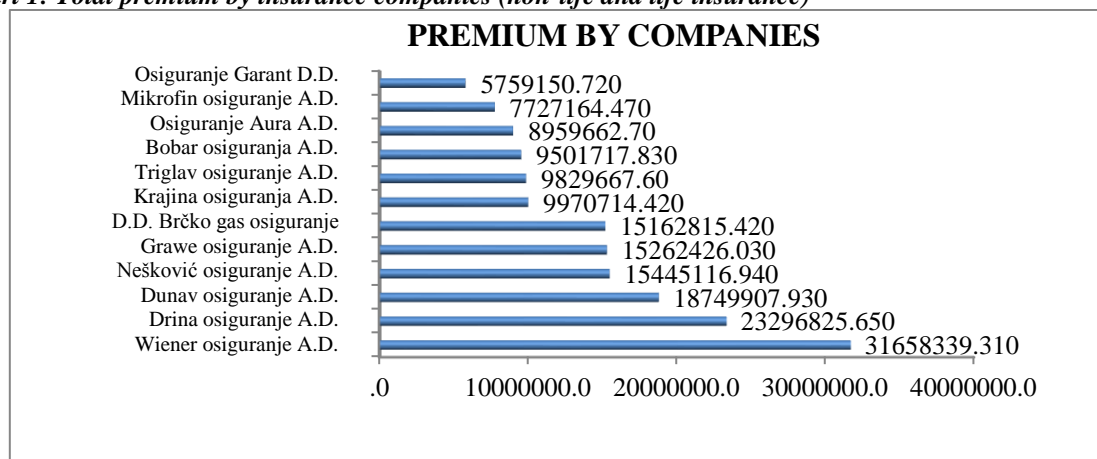
Table 9: Calculated premiums by insurance companies in the period 2013-2015

(in BAM)

No.	NAME OF COMPANY IN THE RS	Calculated premium						Index 2015/ 2014
		I-XII 2013		I-XII 2014		I-XII 2015		
		Amount	Share	Amount	Share	Amount	Share	
<b>NON-LIFE INSURANCE</b>								
1.	Bobar osiguranje A.D.	15,192,779	10.8%	15,356,845	9.9%	9,501,718	5.5%	61.9
2.	D.D. Brčko gas osiguranje	14,049,277	10.0%	14,004,946	9.0%	15,162,815	8.9%	108.3
3.	Grawe osiguranje A.D.	13,860	0.0%	13,033	0.0%	23,932	0.0%	183.6
4.	Drina osiguranje A.D.	16,908,248	12.1%	19,076,537	12.2%	23,296,826	13.6%	122.1
5.	Dunav osiguranje A.D.	17,249,309	12.3%	15,999,612	10.3%	18,013,284	10.5%	112.6
6.	Wiener osiguranje A.D.	22,252,878	15.9%	25,662,912	16.5%	29,337,981	17.1%	114.3
7.	Krajina osiguranje A.D.	9,127,272	6.5%	9,710,231	6.2%	9,970,714	5.8%	102.7
8.	Mikrofin osiguranje A.D.	5,013,215	3.6%	6,514,275	4.2%	7,727,164	4.5%	118.6
9.	Nešković osiguranje A.D.	13,259,366	9.5%	14,017,231	9.0%	15,44,117	9.0%	110.2
10.	Osiguranje Aura A.D.	5,944,065	4.2%	7,544,864	4.8%	8,959,663	5.2%	118.8
11.	Osiguranje Garant D.D.			3,346,557	2.1%	5,759,151	3.4%	172.1
12.	Triglav osiguranje A.D.	8,118,340	5.8%	9,300,477	6.0%	9,829,668	5.7%	105.7
	<b>TOTAL NON-LIFE INSURANCE</b>	<b>127,128,608</b>	<b>90.7%</b>	<b>140,547,520</b>	<b>90.2%</b>	<b>153,028,033</b>	<b>89.3%</b>	<b>108.9</b>
<b>LIFE INSURANCE</b>								
1.	Grawe osiguranje A.D.	11,444,276	8.2%	13,006,048	8.4%	15,238,494	8.9%	117.2
2.	Dunav osiguranje A.D.	626,419	0.4%	700,797	0.4%	736,624	0.4%	105.1
3.	Wiener osiguranje A.D.	1,000,313	0.7%	1,498,483	0.4%	2,320,358	1.4%	154.8
	<b>TOTAL LIFE INSURANCE</b>	<b>13,071,008</b>	<b>9.3%</b>	<b>15,205,328</b>	<b>9.8%</b>	<b>18,295,476</b>	<b>10.7%</b>	<b>120.3</b>
	<b>TOTAL PREMIUM IN THE RS</b>	<b>140,199,616</b>	<b>100.0%</b>	<b>155,752,848</b>	<b>100.0%</b>	<b>171,323,509</b>	<b>100.0%</b>	<b>110.0</b>

Source: Reports of the insurance companies

Chart 1: Total premium by insurance companies (non-life and life insurance)



Source: Reports by insurance companies



In 2015, compared with the previous year, concerning non-life insurance only one insurance company achieved a lower premium, while concerning life insurance all the three insurance companies achieved growth in premium.

Branches of insurance companies from FBiH participate in the premium recorded in the insurance market of the Republic of Srpska in the amount of BAM 40,221,388, representing 22.0% of the total premium.

The following table shows an overview of the premiums of branches of companies from the FBiH in the Republic of Srpska insurance market in the period 2013 - 2015.

**Table 10: Calculated premium by branches of insurance companies from the FBiH in the period 2013-2015**  
(BAM)

No.	Branches of insurance companies from the FBiH which perform business activities in the RS	Calculated premium						Index 2015/2014
		I-XII 2013.		I-XII 2014.		I-XII 2015.		
		Amount	Share	Amount	Share	Amount	Share	
<b>NON-LIFE INSURANCE</b>								
1.	Asa osiguranje d.d.			16,201	0.0%	2,385,776	5.9%	- <sup>9</sup>
2.	Bosna-Sunce osiguranje d.d.	1,503,633	4.6%	1,670,142	4.6%	1,876,177	4.7%	112.3
3.	Camelija osiguranje d.d.	370,997	1.1%	546,587	1.5%	612,088	1.5%	112.0
4.	Croatia osiguranje d.d.	568,263	1.7%	653,364	1.8%	1,159,739	2.9%	177.5
5.	Euroherc osiguranje d.d.	4,777,572	14.6%	5,585,874	15.5%	7,247,652	18.0%	129.7
6.	SARAJEVO osiguranje	5,036,575	15.4%	5,537,645	15.4%	3,309,403	8.2%	59.8
7.	Merkur BH osiguranje	172,491	0.5%	198,001	0.6%	217,909	0.5%	110.1
8.	Osiguranje "VGT" d.d.	801,911	2.5%	649,472	1.8%	648,646	1.6%	99.9
9.	UNIQA osiguranje d.d.	4,714,676	14.4%	4,401,618	12.2%	4,758,278	11.8%	108.1
10.	Zovko osiguranje d.d.	4,331,885	13.3%	4,572,014	12.7%	5,015,747	12.5%	109.7
	<b>TOTAL NON-LIFE INSURANCE FBiH</b>	<b>22,278,002</b>	<b>68.2%</b>	<b>23,830,918</b>	<b>66.2%</b>	<b>27,231,416</b>	<b>67.7%</b>	<b>114.3</b>
<b>LIFE INSURANCE FBiH</b>								
1.	Bosna-Sunce osiguranje d.d.					80,029	0.2%	
2.	Croatia osiguranje d.d.	73,398	0.2%	75,611	0.2%	85,885	0.2%	113.6
3.	Merkur BH osiguranje d.d.	7,199,008	22.1%	8,020,263	22.3%	7,483,182	18.6%	93.3
4.	UNIQA osiguranje d.d.	3,093,331	9.5%	4,040,648	11.2%	5,138,811	12.8%	127.2
5.	Triglav osiguranje d.d.			14,114	0.0%	202,064	0.5%	- <sup>10</sup>
	<b>TOTAL LIFE FBiH</b>	<b>10,365,738</b>	<b>31.8%</b>	<b>12,150,635</b>	<b>33.8%</b>	<b>12,989,971</b>	<b>32.3%</b>	<b>106.9</b>
	<b>TOTAL PREMIUM FBiH</b>	<b>32,643,740</b>	<b>100.0%</b>	<b>35,981,553</b>	<b>100.0%</b>	<b>40,221,388</b>	<b>100.0%</b>	<b>111.8</b>

Source: Reports of branches of insurance companies

Data and indicators on insurance companies from the Republic of Srpska, which include data for the Republic of Srpska and FBiH will be used in the remainder of this Report.

## 2.4. Portfolio structure

The following table presents the structure of calculated premium of insurance companies by types of insurance in the period 2013-2015 provided that the category "other" refers to a group of 13 non-life insurance, which participate individually below one percentage in total premium.

<sup>9</sup> Due to the extremely low base (calculated premiums in 2014), the calculated Premium Growth Index 2014/2015 amounts 14,726.4 and it is not a relevant indicator

<sup>10</sup> Due to the extremely low base (calculated premiums in 2014), accounted for Premium Growth Index 2014/2015 amounts 1431.7 and it is not a relevant indicator

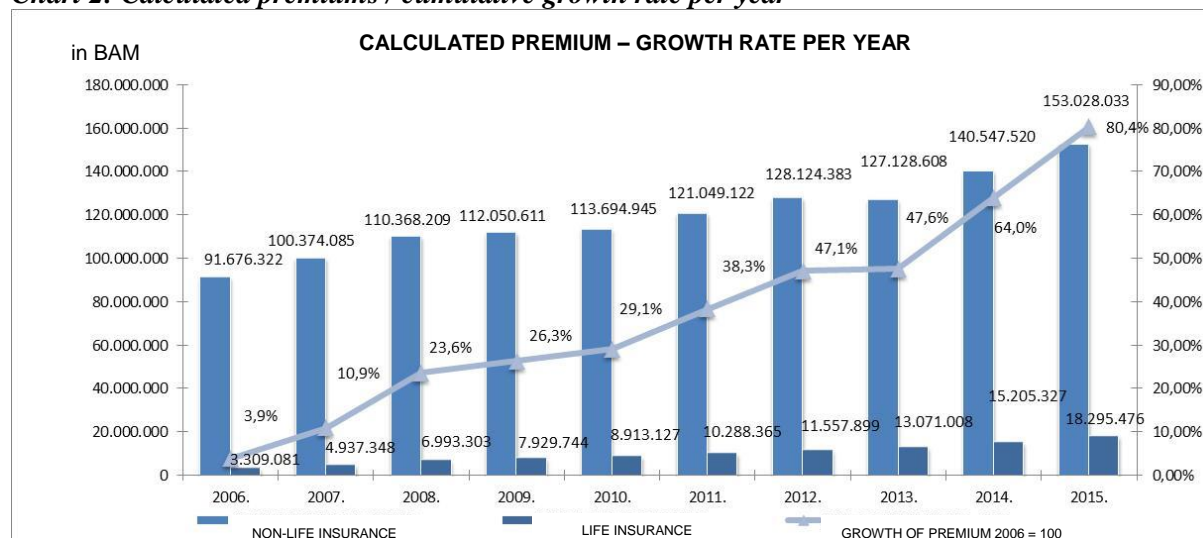
Table 11: Calculated premiums by type of insurance

Type of insurance	I-XII 2013		I-XII 2014		I-XII 2015		index 2015/2014
	Amount	Share	Amount	Share	Amount	Share	
Accident insurance	8.904.151	6,4%	9.797.621	6,3%	11.199.875	6,5%	114,3
Insurance of land vehicles other than rail vehicles	9.531.550	6,8%	10.090.636	6,5%	9.821.394	5,7%	97,3
Property insurance against fire and natural forces	6.187.734	4,4%	7.206.001	4,6%	6.507.093	3,8%	90,3
Insurance of other damage to property	7.112.393	5,1%	10.300.674	6,6%	12.776.740	7,5%	124,0
Motor vehicles liability insurance	92.454.100	65,9%	99.632.267	64,0%	109.042.261	63,6%	109,4
Other	2.938.680	2,1%	3.520.322	2,3%	3.680.671	2,1%	104,6
<b>Total non-life insurance</b>	<b>127.128.608</b>	<b>90,7%</b>	<b>140.547.520</b>	<b>90,2%</b>	<b>153.028.033</b>	<b>89,3%</b>	<b>108,9</b>
<b>Life insurance</b>	<b>13.071.008</b>	<b>9,3%</b>	<b>15.205.327</b>	<b>9,8%</b>	<b>18.295.476</b>	<b>10,7%</b>	<b>120,3</b>
<b>TOTAL</b>	<b>140.199.616</b>	<b>100,0%</b>	<b>155.752.848</b>	<b>100,0%</b>	<b>171.323.509</b>	<b>100,0%</b>	<b>110,0</b>

Of the total premiums in 2015, the non-life insurance accounted for BAM 153,028,033 or 89.3%, while the calculated premium of life insurance amounted BAM 18,295,476 or 10.7%. Compared to the previous year, calculated premiums of non-life insurance grew by 8.9%, while life insurance premiums grew by 20.3%, continuing the continuous premium growth in this insurance. The premium liability insurance for motor vehicles remains the dominant type of insurance.

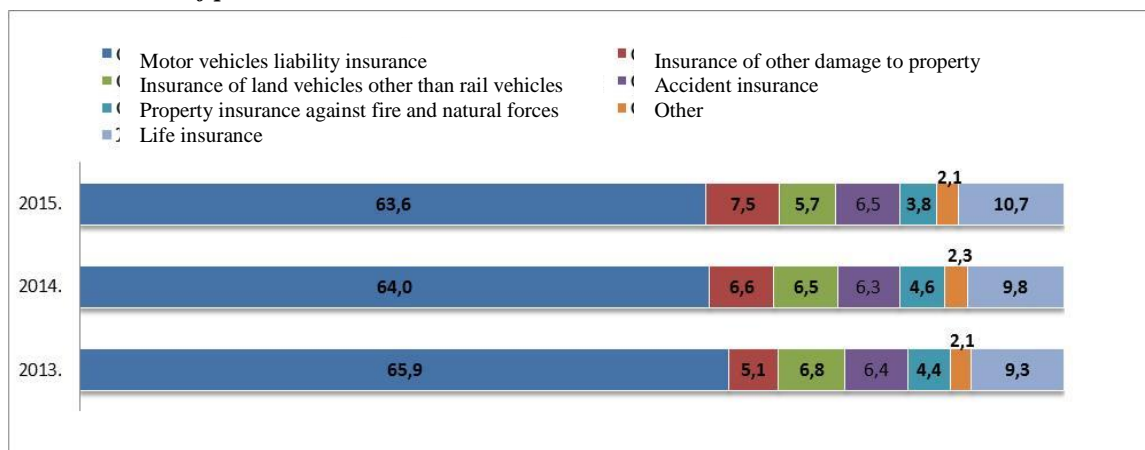
Below is given a set of graphic illustration of the structure of gross premium.

Chart 2: Calculated premiums / cumulative growth rate per year

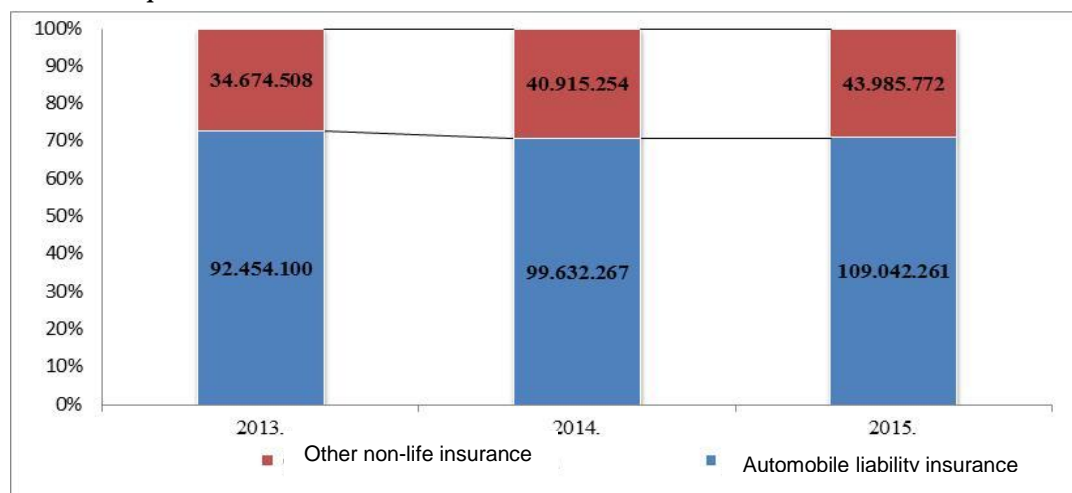


Source: Reports of insurance companies



**Chart 3: Structure of premiums**


Source: Reports of insurance companies

**Chart 4: Achieved premium**


Source: Reports of Insurance Companies

The following table shows data on the share of compulsory and optional insurance in the total calculated premium for the previous three years.

**Table 12: Share of compulsory and optional insurance in the total calculated premium**

Type of insurance	2013	Share	2014	Share	2015	Share	Index 2015/14
Compulsory	101,366,877	72.3%	109,440,514	70.3%	120,247,933.5	70.2%	109.9
Optional	38,832,738	27.7%	46,312,333	29.7%	51,075,575.5	29.8%	110.3
<b>TOTAL</b>	<b>140,199,15</b>	<b>100.0%</b>	<b>155,752,848</b>	<b>100.0%</b>	<b>171,323,509.0</b>	<b>100.0%</b>	<b>110.0</b>

In the reporting period, there have been no changes in the share of compulsory and optional insurance in the total calculated premium.

### 3. BALANCE STRUCTURE

Based on the submitted audited financial statements of insurance companies for 2015, a comparative overview and analysis of the main balance items for 2014 and 2015 is given below. Data in this report, relating to 2014 differ from the data for the same year in the Report on the situation of the insurance sector for the period 1 January to 31 December 2014 due to completed retrospective correction of financial statements in accordance with IAS 8 - Accounting policies, changes in accounting estimates and errors.

#### 3.1. Balance Sheet

The following table provides a shortened scheme of assets of aggregate balance sheet of all insurance companies.

*Table 13: Assets - total for all insurance companies*

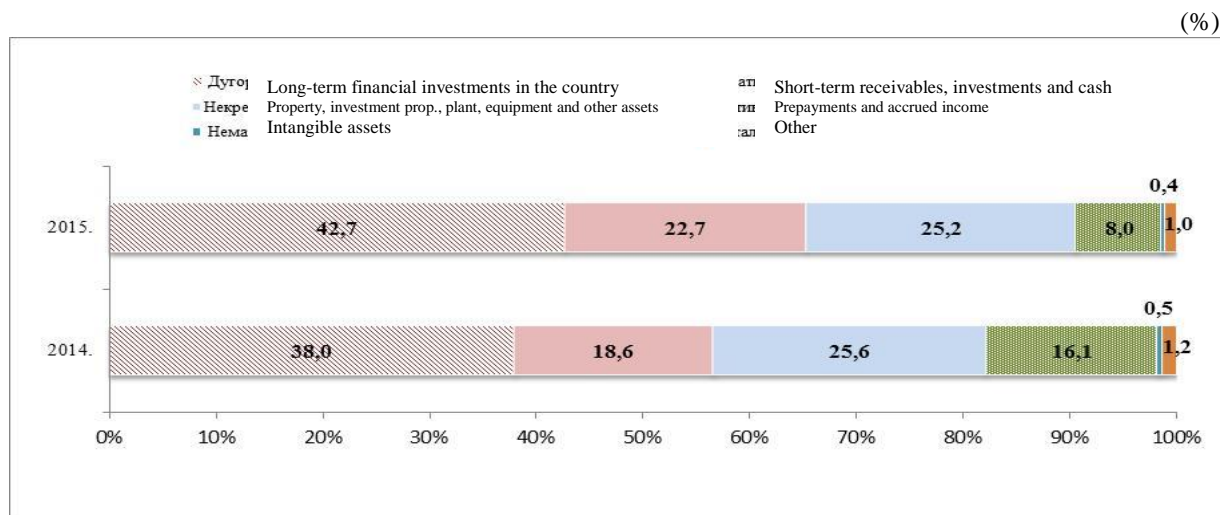
ASSETS	31.12.2014		31.12.2015		Index 2015/14
	Amount	%	Amount	%	
<b>A. FIXED ASSETS (I+II+III+IV)</b>	<b>229,056,128</b>	65.2%	<b>256,450,481</b>	69.2%	112.0
I Intangible assets	1,877,017	0.5%	1,581,549	0.4%	84.3
II Real estates, investment property, plants, equipment and other assets (1+2+3)	90,132,825	25.6%	93,445,331	25.2%	103.7
1. Land, buildings, plants and equipment	35,524,799	10.1%	34,586,046	9.3%	97.4
2. Investment property	49,546,081	14.1%	54,382,209	14.7%	109.8
3. Basic assets in preparation process and other basic assets	5,061,945	1.4%	4,477,076	1.2%	88.4
III Long-term financial placements (1+2)	135,666,748	38.6%	160,130,804	43.2%	118.0
1. Share in capital of subsidiaries, affiliated entities and other legal persons	1,969,253	0.6%	1,899,253	0.5%	96.4
2. Long-term financial investments mother companies, subsidiaries and other related parties, long-term investments in the country and abroad, financial assets held to maturity, financial assets available for sale and long-term investments	133,697,495	38.0%	158,231,551	42.7%	118.4
IV Deferred tax assets	1,379,538	0.4%	1,292,797	0.3%	93.7
<b>B. CURRENT ASSETS (I + II + III + IV)</b>	<b>122,473,833</b>	34.8%	<b>113,949,805</b>	30.8%	93.0
And inventories, fixed assets and assets of discontinued operations held for sale	450,341	0.1%	340,098	0.1%	75.5
II Short-term receivables, investments and cash	65,351,833	18.6%	84,048,927	22.7%	128.6
1. Receivables from premiums, participation in payment of claims and other customers	12,763,909	3.6%	10,673,399	2.9%	83.6
2. Receivables from specific operations and other receivables	3,682,813	1.0%	8,956,977	2.4%	243.2
3. Short-term financial investments	35,411,184	10.1%	42,524,349	11.5%	120.1
4. Cash	13,493,928	3.8%	21,894,202	5.9%	162.3
5. VAT					
III Prepayments	56,658,451	16.1%	29,457,435	8.0%	52.0
IV - deferred tax assets	13,208	0.0%	103,345	0.0%	782.4
<b>OPERATING ASSETS (A+B)</b>	<b>351,529,961</b>	<b>100.0%</b>	<b>370,400,286</b>	<b>100.0%</b>	<b>105.4</b>
<b>OFF BALANCE SHEET ASSETS</b>	<b>9,423,190</b>		<b>6,787,697</b>		<b>72.0</b>
<b>TOTAL ASSETS</b>	<b>360,953,151</b>		<b>377,187,983</b>		<b>104.5</b>

Source: Balance sheets of insurance companies

The value of operating assets and liabilities of insurance companies in the Republic of Srpska as at 31 December 2015 amounted to BAM 370,400,286 and, compared to the situation as it was as at 31 December 2014, increased by 5.4%.

The following graphical representation gives the structure of assets for 2014 and 2015.

**Chart 5: The structure of assets of insurance companies**



Source: Balance sheets of insurance companies

The structure of operating assets, as at 31 December 2015, is made up of non-current assets participating at the rate of 69.2% and current assets participating at the rate of 30.8%, whereby, compared to the previous year, the participation of non-current assets increased from 65.2% to 69.2%, and the participation of current assets decreased from 34.8% to 30.8%.

The non-current assets increased by 12.0% due to the increase of the following items: investment property by 9.8% and long-term financial investments by 18.0%.

The investment property increased significantly in case of three insurance companies. The increase is a result of the purchase of investment property in case of two insurance companies and the reclassification of property that had served for performing business operations under investment property in case of one insurance company. Changes on this position for other companies, in absolute or relative terms, are of small influence in terms of the stated changes of investment property.

Changes of material importance concerning the position of long-term financial investments relate to the increase of held-to-maturity investments by 98.6%, financial assets available for sale by 73.7% and other long-term financial investment by 15.6%, while investments in deposits with banks decreased by 15.9% compared to the previous year.

Within the scope of the non-current assets, there was a significant decrease of items: intangible assets by 15.7%, buildings by 3.2%, fixed assets in preparation and other fixed assets by 11.6%, participation in the capital of subsidiaries, affiliated legal entities and other legal entities by 3.6% and deferred tax assets by 6.3%.

The decrease of value of current assets position by 7.0% is a result of the decrease of this position for two insurance companies, while this position increased for all other insurance companies. The decrease of current assets is a result of the decrease of prepayments and accrued income position by 48.0%, within the scope of which the provisions for insurance and coinsurance losses significantly decreased, which are charged to the co-insurer and re-insurer,

after the settlement of claims relating to floods in 2014 in one insurance company, and of the decrease of short-term financial investments in another insurance company

In the structure of the current assets position, a significant increase was reported with regard to the following items: receivables from specific business operations increased 3.6 times as a result of exercising of the right to recourse following assumption of debt on the basis of guarantees given by one insurance company to secure the fulfilment of third persons' liabilities, cash by 62.3% due to unplaced funds obtained through the issue of shares towards the end of 2015 in case of one insurance company and short-term financial investments by 20.1%.

As regards the off-balance-sheet assets position, i.e. liabilities, a 28.0% decrease was reported compared to the previous year. One part of this position relates to state-owned property (buildings) used by the Wiener Osiguranje a.d. insurance company and the written-off receivables of Triglav Osiguranje a.d. insurance company, where no significant changes were reported. This position considerably decreased with one insurance company after the assumption of debt for which guarantees had been given by the company to secure the fulfilment of third persons' liabilities, while this position increased with two insurance companies as a result of recorded potential liabilities of companies arising from guarantees given to secure the fulfilment of third persons' liabilities.

The following overview gives a comparative review of aggregate positions of Balance Sheet liabilities at the sector level for the years of 2014 and 2015

**Table 14: Liabilities – totally for all insurance companies**

(in BAM)

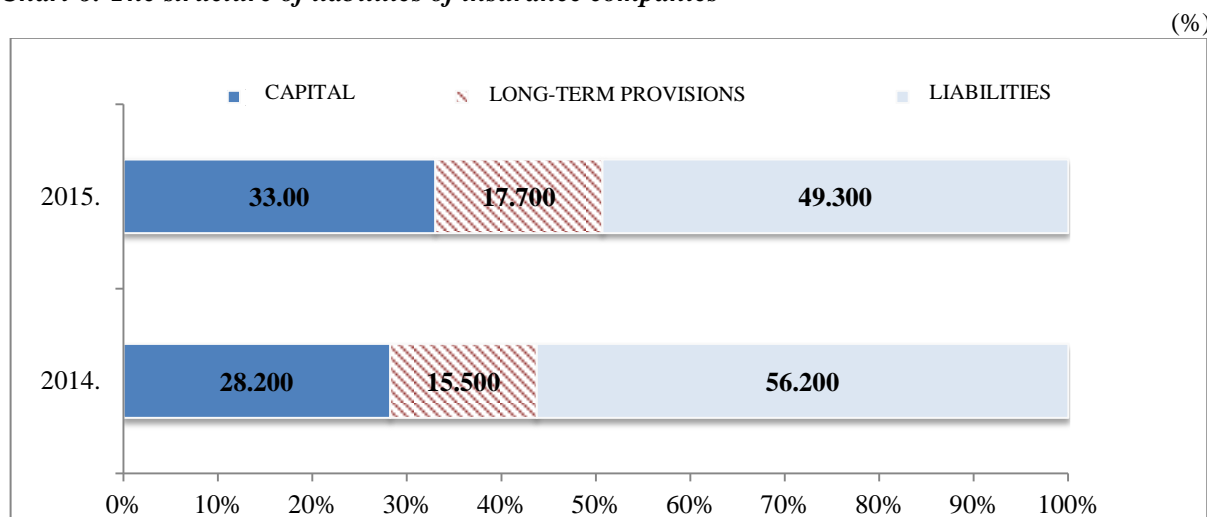
LIABILITIES	31 December 2014		31 December 2015		Index 2015 /2014
	Amount	%	Amount	%	
<b>A. CAPITAL</b>	99,251,535	28.2%	122,165,587	33.0%	123.1
1. Share capital	93,069,192	26.5%	92,788,292	25.1%	99.7
2. Share premium/share loss	252,000	0.1%	-891,682		
3. Reserves out of income	4,747,321	1.4%	5,685,024	1.5%	119.8
4. Revaluation reserves	5,154,503	1.5%	3,918,128	1.1%	76.0
5. Unrealised gains from the financial assets available for sale	1,991,993	0.6%	4,540,976	1.2%	228.0
6. Unrealised losses from the financial assets available for sale	1,729,894	0.5%	1,500,464	0.4%	86.7
7. Retained earnings (8+9)	22,216,076	6.3%	25,744,652	7.0%	115.9
8. Profit from previous years	4,412,314	1.3%	4,478,859	1.2%	101.5
9. Profit for the financial year	17,803,762	5.1%	21,265,793	5.7%	119.4
10. Loss up to the amount of capital (11+12)	26,449,655	7.5%	8,119,339	2.2%	30.7
11. Loss of previous years	3,098,308	0.9%	2,786,349	0.8%	89.9
12. Loss of current year	23,351,347	6.6%	5,332,990	1.4%	22.8
<b>B. LONG-TERM PROVISIONS</b>	54,596,624	15.5%	65,642,237	17.7%	120.2
<b>C. LIABILITIES (1+2)</b>	197,681,802	56.2%	182,592,462	49.3%	92.4
1. Long-term liabilities	630,081	0.2%	4,933,656	1.3%	783.0
2. Short-term liabilities and accruals and deferred income	197,051,721	56.1%	177,658,806	48.0%	90.2
2.1. Unearned premium life insurance	4,361,353	1.2%	4,834,996	1.3%	110.9
2.2. Unearned premium non-life insurance	74,968,176	21.3%	82,853,206	22.4%	110.5
2.3. Claims reserves life insurance	549,291	0.2%	1,003,593	0.3%	182.7
2.4. Claims reserves non-life insurance	86,354,398	24.6%	62,904,736	17.0%	72.8
2.5. Other accruals and deferred income	6,331,923	1.8%	6,705,930	1.8%	105.9
2.6. Other short-term liabilities	24,486,580	7.0%	19,356,347	5.2%	79.0

LIABILITIES	31 December 2014		31 December 2015		Index 2015 /2014
	Amount	%	Amount	%	
<b>D. OPERATING LIABILITIES</b>	<b>351,529,961</b>	<b>100.0%</b>	<b>370,400,286</b>	<b>100.0%</b>	<b>105.4</b>
<b>E. OFF-BALANCE-SHEET LIABILITIES</b>	<b>9,423,190</b>		<b>6,787,697</b>		<b>72,0</b>
<b>F. TOTAL LIABILITIES</b>	<b>360,953,151</b>		<b>377,187,983</b>		<b>104.5</b>

Source: Balance sheets of insurance companies

The following graphical representation gives the structure of liabilities for the years of 2014 and 2015.

**Chart 6: The structure of liabilities of insurance companies**



Source: Balance sheets of insurance companies

The structure of operating liabilities, as at 31 December 2015, is made up of liabilities 49.3%, capital 33.0% and long-term provisions 17.7%. Compared to the previous year, the capital increased by 23.1% and long-term provisions by 20.2%.

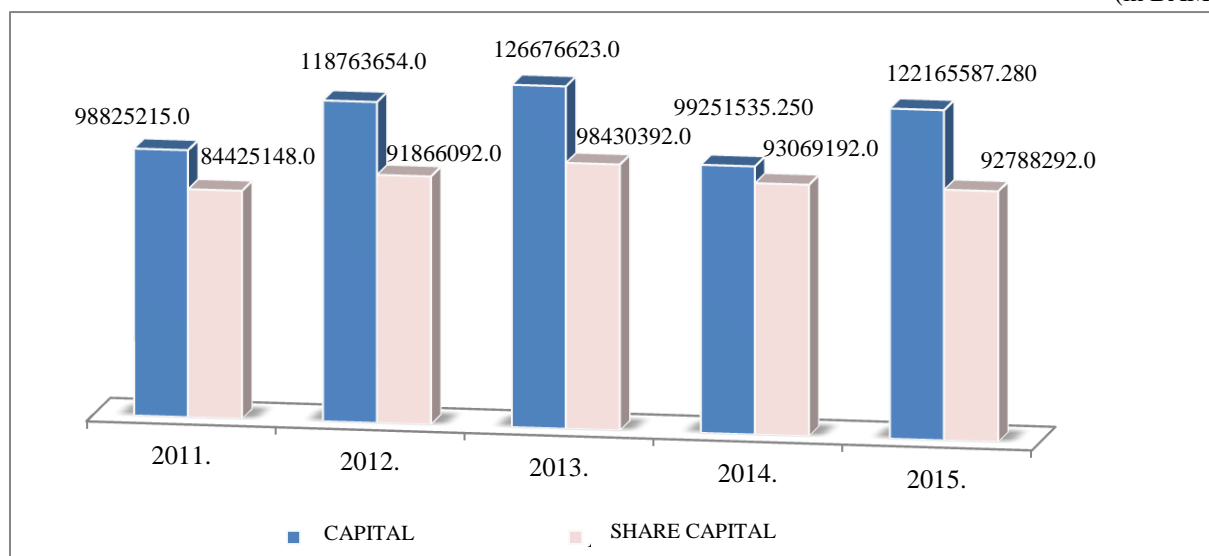
Items of material importance in the structure of capital are as follows: share capital 25.1%, retained earnings 7% and loss up to the amount of capital 2.2%. Share capital slightly decreased, the retained earnings increased by 15.9% and the loss up to the amount of capital decreased by 69.3%.

As for other capital items, the largest relative increase was realized with regard to the reserves out of income, just like with regard to the unrealised gains from the financial assets available for sale as a result of the increased value of bonds. As regards the share premium/share loss position, changes were reported with two insurance companies. The issued shares in the case of one insurance company were sold at the price higher than the nominal one, and share premium was realized, while in the case of the other insurance company the situation was vice-versa resulting in a share loss. When it comes to other capital positions, changes were of minor importance.

The text below provides an overview of movements of capital for the period 2011 – 2015:

Chart 7: Capital of insurance companies

(in BAM)



Source: Balance sheets of insurance companies

An increase of 20.2% compared to the previous year was reported with regard to the long-term provisions position. Within the scope of this position, items of material importance increased as follows: mathematical reserves by 20.3% and provisions for share in the profit by 11.3%.

Total liabilities, compared to the past year, decreased by 7.6%, and their structure is made up of short-term liabilities participating at the rate of 97.3% and long-term liabilities participating at the rate of 2.7%.

Long-term liabilities increased 7.9 times, almost entirely as a result of assumed third persons' debt, which an insurance company was a guarantor for already at an earlier stage.

Short-term liabilities decreased by 9.8%, and 89.3% of such liabilities relate to accruals and deferred income. Within the scope of the position of accruals and deferred income, the items of unearned premium for life and non-life insurance, just like provisions for life insurance losses increased, while the position of provisions of non-life insurance losses registered a decrease of 27.3%. The decrease of this position was reported for two insurance companies. The decrease in the case of one company was a result of the reduced scope of operations, while in the case of other insurance company of the settled claims that came as a consequence of catastrophic floods from May 2014, and which were provisioned during the previous year.

### 3.2 Income statement

The table below provides a comparative review of Income statement items for all insurance companies for the years of 2014 and 2015.

Table 1: Income statement – totally for all insurance companies

(in BAM)

POSITION	31 December 2014	%	31 December 2015	%	Index 2015/14
	Amount		Amount		
<b>A. OPERATING INCOME AND EXPENSES</b>					
<b>I – Operating income (1+2+3+4+5+6)</b>	<b>227,733,245</b>	<b>92.9%</b>	<b>215,543,653</b>	<b>92.8%</b>	94.6
1. Income from premiums and commissions of insurance, coinsurance, reinsurance and retrocession of life insurances	15,262,928		18,343,265		120.2

POSITION	31 December 2014	%	31 December 2015	%	Index 2015/14
	Amount		Amount		
2. Income from premiums and commissions of insurance, coinsurance, reinsurance and retrocession of non-life insurances	134,089,032		144,980,108		108.1
3. Income based on the participation of coinsurance and reinsurance and retrocession in compensation of non-life insurance claims	26,103,956		34,112,767		130.7
4. Income from cancellation and reduction in provisioning of non-life insurance	42,468,605		6,431,110		15.1
5. Income from tax refunds and other charges and income from premiums, subsidies, grants, donations and similar	283,425		381,610		134.6
6. Other operating income	9,525,299		11,294,793		118.6
<b>II – Operating expenses (1+2)</b>	<b>217,242,311</b>	<b>87.3%</b>	<b>200,951,128</b>	<b>94.0%</b>	92.5
1. Functional expenses (1.1.+1.2.+1.3.)	148,696,435		127,259,819		85.6
1.1. Expenses for long-term reservations and functional contributions	12,240,738		13,074,054		106.8
1.2. Compensation of claims, contractual amounts and premiums of coinsurance and reinsurance	5,057,845		7,469,578		147.7
1.3. Compensation of claims and other compensations in non-life insurances	131,397,852		106,716,187		81.2
2. The costs of implementing insurance	68,545,876		73,691,309		107.5
<b>III – Operating gain/loss (I-II)</b>	<b>10,490,933</b>		<b>14,592,525</b>		139.1
<b>B. FINANCIAL INCOME AND EXPENSES</b>					
I – Financial income	9,863,842	4.0%	9,682,522	4.2%	98.2
II – Financial expenses	690,714	0.3%	861,198	0.4%	124.7
<b>III – Financial gain/loss (I-II)</b>	<b>9,173,128</b>		<b>8,821,324</b>		96.2
<b>AB – Gain/loss of regular activity (AIII+BIII)</b>	<b>19,664,061</b>		<b>23,413,849</b>		119.1
<b>C. OTHER INCOME AND EXPENSES</b>					
I – Other income	4,098,316	1.7%	4,843,470	2.1%	118.2
II – Other expenses	23,933,666	9.6%	10,056,987	4.7%	42.0
<b>III – Gain/loss from other income and expenses (I-II)</b>	<b>-19,835,351</b>		<b>-5,213,516</b>		26.3
<b>D. INCOME AND EXPENSES FROM ADJUSTMENT OF PROPERTY VALUE</b>					
I – Income arising from the adjustment of asset value	1,602,783	0.7%	981,425	0.4%	61.2
II – Expenses arising from the adjustment of asset value	6,226,386	2.5%	722,827	0.3%	11.6
<b>III – Gain/loss arising from the adjustment of asset value (I-II)</b>	<b>-4,623,603</b>		<b>258,598</b>		
<b>E. INCOME ARISING FROM THE CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS YEARS</b>					
<b>E I- EXPENSES ARISING FROM THE CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS YEARS</b>	<b>71,650</b>	0.0%	<b>80,118</b>	0.0%	111.8
<b>F. GAIN/LOSS BEFORE TAX (AB+CIII+ DIII+E-E1)</b>	<b>-4,805,069</b>		<b>18,393,099</b>		
<b>G. CURRENT AND DEFERRED INCOME TAX -Tax expenses of the period</b>	2,173,729		2,440,781		112.3
<b>H. DEFERRED TAX INCOMES OF THE PERIOD</b>	<b>1,339,630</b>	0.5%		0.0%	
<b>H I- DEFERRED TAX EXPENSES OF THE PERIOD</b>			82,957		
<b>I. NET GAIN/LOSS OF THE PERIOD (F-G+H-HI)=(3 1-3 2)</b>	<b>-5,639,168</b>		<b>15,869,361</b>		
1. Net gain for the current year	17,771,237		21,316,384		119.9
2. Net loss for the current year	23,410,405		5,447,023		23.3
<b>J. OTHER GAINS AND LOSSES OF THE PERIOD</b>					
I – Gains determined directly in the capital	346,462	0.1%	1,140,955	0.5%	329.3
II – Losses determined directly in the capital	783,273	0.3%	963,655	0.5%	123.0
III – Tax on income relating to other gains and losses	35,995		16,064	0.0%	44.6
<b>K. TOTAL NET RESULT OF THE ACCOUNTING PERIOD (I+JI-JII±JIII)</b>	<b>-6,039,985</b>		<b>16,062,725</b>		



POSITION	31 December 2014	%	31 December 2015	%	Index 2015/14
	Amount		Amount		
L. TOTAL INCOME AND GAINS (AI+BI+CI+DI+E+H+JI)	245,045,750	100.0 %	232,206,312	100.0%	94.8
M. TOTAL EXPENSES AND LOSSES (AII+BII+CII+DII+EI+JII±JIII+HI)	248,912,006	100.0 %	213,702,806	100.0%	85.9
N. TOTAL GROSS RESULT OF THE ACCOUNTING PERIOD (L-M)	-3,866,256		18,503,506		
O. CURRENT AND DEFERRED INCOME TAX (G)	2,173,729		2,440,781		112.3
P. TOTAL NET RESULT OF THE ACCOUNTING PERIOD (N-O)=K	-6,039,985		16,062,725		

Source: Balance sheets of insurance companies

The total incomes, including gains determined directly in the capital in 2015 amounted to BAM 232,206,312 and decreased by 5.2% compared to the previous year.

The operating income of insurance companies in 2015 constitutes 92.8% of the total income and amounts to BAM 215,543,653 which is a decrease of 5.4% compared to the previous year. All items of the operating income increased, with the exception of income from cancellation and reduction in provisioning of non-life insurance item which decreased 6.6 times. The decrease of the income from cancellation and reduction in provisioning of non-life insurance item is related to the decrease of provisions for losses resulting from floods in May 2014 that were stated with one insurance company, since the claims were settled in 2014 and 2015.

In the structure of total incomes, financial incomes participate at the rate of 4.2%, other incomes at the rate of 2.1%, with the percentage of participation of income arising from the adjustment of asset value, income arising from the changes in accounting policies and corrections of errors from previous years as well as gains determined directly in the capital in total incomes being lower than 1%. Financial incomes decreased by 1.8%, while the rest of incomes increased by 18.2%.

The income arising from the adjustment of asset value decreased by 38.8%, on the basis of decrease of this position in case of one insurance company, whose incomes realized last year on this position participated at the rate of 77.3%, while there has not been any income of this type in the current year. An increase of 121.1% compared to the previous year was reported on the same position with one other insurance company.

The incomes arising from the changes in accounting policies and corrections of errors from previous years decreased, but their amount just like their participation in the total incomes are not of material importance, whereas gains determined directly in the capital increased 3.3 times, whereby this position increased for two insurance companies and decreased for one insurance company.

The total expenses, including losses determined directly in the capital in 2015 amounted to BAM 213,702,806 and decreased by 14.1% compared to the previous year.

The operating expenses in 2015 constitute 94.0% of the total expenses and amount to BAM 200,951,128 which is a decrease of 7.5% compared to the previous year. Within the scope of operating expenses, 63.3% belongs to the functional expenses, and they were decreased by 14.4%. Within the scope of functional expenses, a decrease of 18.8% compared to the previous year was reported on the compensation of claims and other compensations in non-life insurance position that constitutes 83.9% of functional expenses, which is mainly a consequence of the decrease of settled flood compensation claims, for the largest part of such claims were settled during the previous year.



The costs of implementing insurance increased by 7.5%, which is in correlation with the growth of premium at the sector level. The position of costs of material, energy, services and non-production costs participates in the expenses of implementing insurance at the rate of 56.8% which is an increase by 12.4%.

In the structure of total expenses, financial expenses participate at the rate of 0.4%, the expenses arising from the adjustment of asset value at the rate of 0.3% and the losses determined directly in the capital at the rate of 0.5%. Due to the low rate of their participation in total expenses, they did not have materially significant impact on the financial result in 2015, regardless of their relative change.

Other expenses participate in the total expenses at the rate of 4.7% and decreased by 58.0% compared to the previous year. Within the scope of this position, decrease was reported with regard to the items of provisions for receivables, including receivables for premium and recourse receivables. One insurance company, which had a participation of 63.5% on this position during the previous year, showed a decrease of 3.5 times, while another insurance company with 15% participation reported in the previous year showed a decrease of 1.6 times.

The operating gain at the sector level was realized by eight companies in the amount of BAM 14,592,525, which is an increase of 39.1% compared to the previous year, whereas the gain of regular activity (with financial incomes and expenses included) was realized by ten companies in the amount of BAM 23,413,849, which is an increase by 19.1%. The operating loss was reported by four insurance companies, and the loss of regular activity by two insurance companies.

The net result of the period, at the sector level, is a gain amounting to BAM 15,869,361. Ten insurance companies realized net gain amounting to BAM 21,316,384, whereas two insurance companies reported net loss amounting to BAM 5,447,023.

The total net result at the sector level, obtained as a difference between total incomes, gains determined directly in the capital and deferred tax incomes on one side and total expenses, losses determined directly in the capital and the current and deferred income tax on the other side, is a gain in the amount of BAM 16,062,725.

Following an independent audit procedure and upon the order of the Agency (confirmed by a final court ruling), certain balance sheet positions in financial statements for the previous year were corrected. It is precisely because of the above said that certain data for the year of 2014 that are shown in this report differ from the data for the same year in the Report on the situation in the insurance sector for the period from 01 January until 31 December 2014. The corrections were made in accordance with the International Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The operating assets and liabilities for the year of 2014 on the basis of ordered corrections decreased by BAM 2,013,750, while the total net result of the accounting period increased by BAM 1,648,000. For two insurance companies corrections were made upon independent auditor's order, while for one insurance company corrections were made on the basis of a final court ruling relating to the Agency's decision.

### **3.3 Consolidated financial statements**

Four of the total of 12 insurance companies exert direct or indirect control over one of more legal entities or exert significant influence on other legal entities, and they are, in accordance with Article 19 of the Law on Accounting and Auditing of the Republic of Srpska, obliged to prepare consolidated financial statements of related legal entities that form an economic whole.

In accordance with the foregoing, the insurance companies prepared and submitted to the Agency revised consolidated financial statements. One insurance company stated a loss amounting to BAM 4,127,083, and three insurance companies stated a loss amounting totally to BAM 5,539,056. The total net result of the current period for those insurance companies stated in the revised consolidated financial statements is negative and amounts to BAM 1,411,973.

The loss stated in individual revised financial statements of the said insurance companies amounts to BAM 1,288,967 and is lower by BAM 123,006 compared to the loss stated in the revised consolidated financial statements.

## 4. FINANCIAL AND TECHNICAL INDICATORS OF THE SITUATION IN THE SECTOR

### 4.1 Fulfilment of adequacy of capital requirements

The insurance companies seated in the Republic of Srpska are obliged to continuously maintain the amount of capital which is adequate in terms of the scope and types of insurance operations that they perform, i.e. of the risks that they are exposed to in their performing of insurance operations.

The adequacy of capital of an insurance company is measured in the sense of fulfilment of prescribed requirements, i.e. the available capital of an insurance company must be at least equal to the solvency margin, where it may not be lower than the amount of the minimum guarantee fund as prescribed by the law, whereas the basic capital must be at least equal to the amount corresponding to 1/3 of the solvency margin or to the minimum prescribed amount of the guarantee fund<sup>11</sup>. Composite insurance companies must state the fulfilment of capital adequacy requirements separately for life insurance group and non-life insurance group.

*Table 16: Fulfilment of capital adequacy requirements*

(in BAM)

No.	Description	31 December 2014		31 December 2015	
		Non-Life Insurance	Life Insurance	Non-Life Insurance	Life Insurance
1.	Basic capital	65,056,077	12,563,215	64,437,685	17,738,898
2.	Guarantee Fund	51,000,000	9,000,000	46,000,000	11,000,000
3.	More/less basic capital (1-2)	14,056,077	3,563,215	18,437,685	6,738,898
4.	Available capital	45,945,614	12,563,215	57,305,208	15,118,005
5.	Solvency margin	24,865,457	2,473,769	19,371,913	6,827,109
6.	More/less available capital (4-5) or (4-2) depending on what is bigger (2 or 5)	-5,054,386	3,563,215	11,305,208	4,118,005

*Source: Reports of insurance companies*

The basic capital of insurance companies, as at 31 December 2015, together for both life and non-life insurances, amounted to BAM 82,176,583 and is higher than the guarantee fund by BAM 25,176,684 or by 44.2%. At the sector level, the total basic capital for non-life insurance is higher than the guarantee fund prescribed by the law by 40.1%, and by 61.3% for life insurances.

The available capital<sup>12</sup> of insurance companies, for both life and non-life insurances, determined to show the fulfilment of capital adequacy requirements, amounted to BAM 72,423,213, as at 31 December 2015, and is higher by 23.8% compared to the previous year. At the sector level, a surplus of available capital is stated compared to the minimum guarantee fund in the amount of BAM 15,423,212 (or 27.1%), of which BAM 11,305,208 belongs to non-life insurance (or 24.6%), i.e. a surplus of BAM 4,118,005 to life insurance (or 37.4%).

<sup>11</sup> While determining the sufficiency of basic capital the bigger amount of 1/3 of the solvency margin or the minimum prescribed amount of the guarantee fund (the founding capital), as determined under the Law on Insurance Companies, is taken as the relevant amount.

<sup>12</sup> It is necessary to stress that the amount of capital, as determined for the purpose of fulfilling the capital adequacy requirements, differs from the amount of capital stated in the balance sheet.

Even though the fulfilment of capital adequacy requirements is ensured at the level of insurance sector of the Republic of Srpska, one insurance company stated a deficit of available and basic capital for non-life insurance compared to the minimum guarantee fund.

In addition to the fulfilment of prescribed capital adequacy requirements, insurance companies are obliged to keep the amount corresponding to at least 50% of the minimum required guarantee fund in specific-purpose term deposit or securities, the issuer or guarantor of which is Bosnia and Herzegovina, Republic of Srpska or the Bosnia and Herzegovina Central Bank. All insurance companies fulfil this requirement, i.e. have the required coverage in the said means, which serve solely for the purpose of protection of insured persons and maintenance of solvency of an insurance company and may not be used for any other purposes.

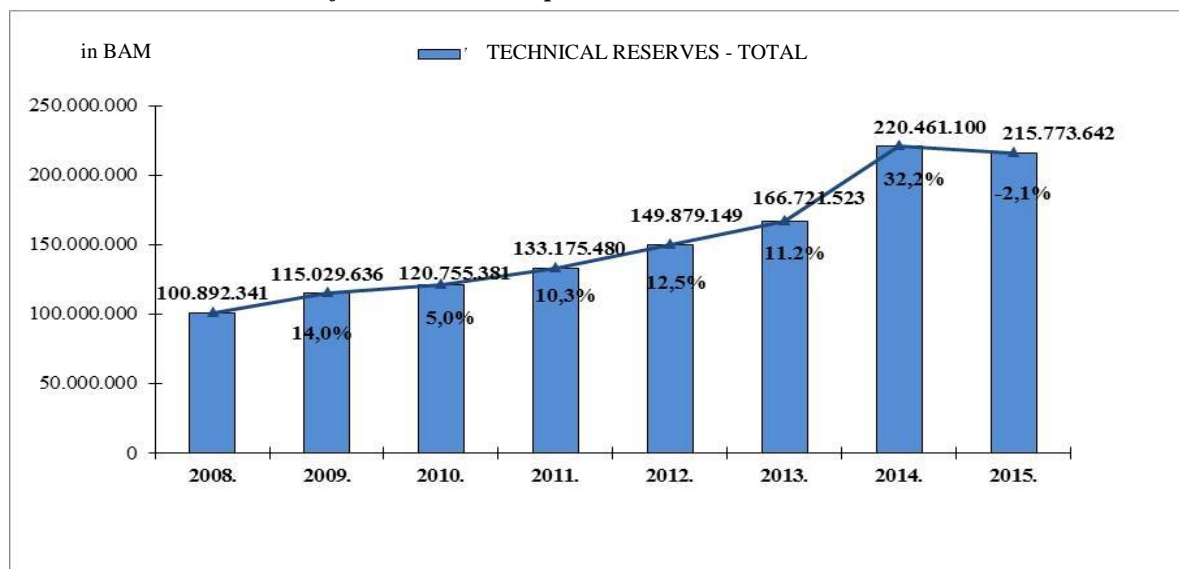
## 4.2 Calculation and coverage of technical reserves with the prescribed types of assets

### 4.2.1 The total of calculated technical reserves

The actuarial calculation of technical reserves represents the basic prerequisite for maintaining the solvency of insurance companies, thus contributing to a better protection of interests of insured persons and insurance beneficiaries just like to the strengthening of trust in the insurance sector. The rules of calculation of technical reserves are prescribed in Agency's by-laws, and their adequate application is subject to control, by both authorized actuaries and the Agency, through obligatory reports that insurance companies submit periodically and through direct controls.

The chart below illustrates an overview of calculated technical reserves at the sector level for the period from 2008-2015.

*Chart 1: Technical reserves of all insurance companies*



*Source: Reports of insurance companies*

As at 31 December 2015, the total of calculated technical reserves at the sector level is lower by 2.1% compared to the previous year, which is a result of the decrease of calculated technical reserves in case of three insurance companies. The decrease, in case of one company, came as a result of the

reduced scope of operations and the consequential drop of the unearned premium; of a decrease of loss reserves due to the settlement of claims resulting from concluded insurance contracts covering flood risk in the case of the second company, while it is of no material importance in the case of the third insurance company.

Since different conditions and limitations of investments are applied concerning life and non-life insurance a separate analysis of investment funds to cover technical reserves is given in the text below.

In order to maintain the financial ability to perform obligations regarding payment of damages and compensation under the insurance contract, the insurance company is obliged to invest the funds for covering technical reserves in the permitted forms of funds, depending on the type of insurance it performs, with the application of the principles of safety, profitability and taking into account the dispersion of investments.

#### 4.2.2. The calculation of funds to cover the companies' technical reserves for non-life insurance

Total calculated technical reserves of non-life insurance in the period 2008-2015 are presented in the following chart.

Chart 9: Technical reserves for non-life insurance companies



Source: Reports of Insurance Companies

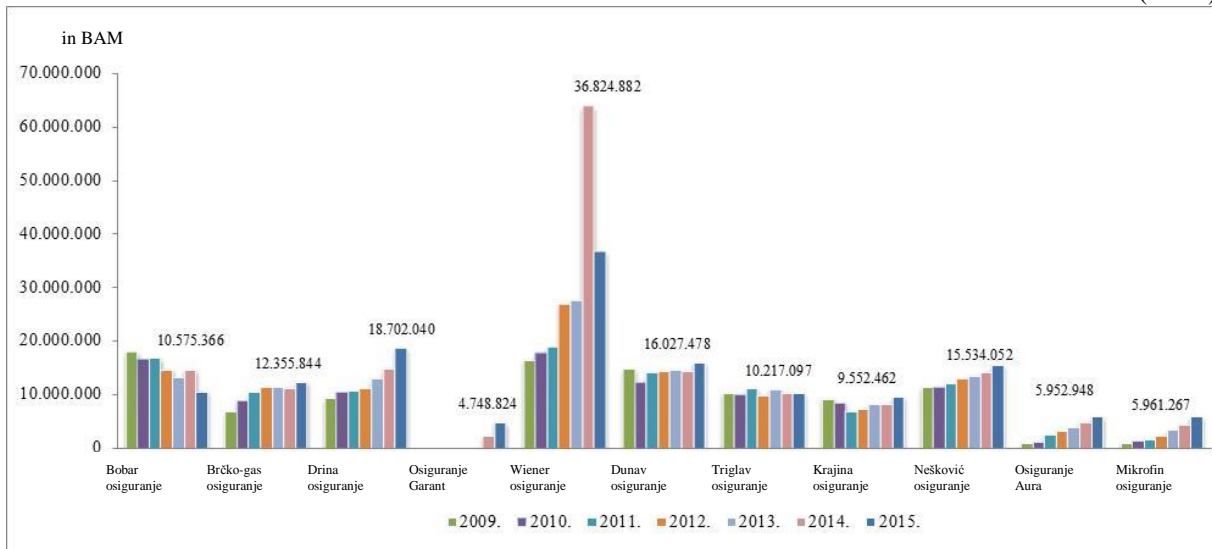
Along with the growth of premiums, technical reserves of non-life insurance in the period 2008-2015 increased by 64.8%.

The reason for the reduction in calculated technical reserves by 10.5%, as of 31 December 2015, compared to the previous year, is a result of the payment of damages incurred as a result of the devastating floods of May 2014, as these are no longer reserved or they are not within the calculated technical reserves.

The following chart shows the calculated technical reserves of non-life insurance individually, by insurance companies.

**Chart 10: Overview of calculated technical reserves of non-life insurance by companies**

(BAM)

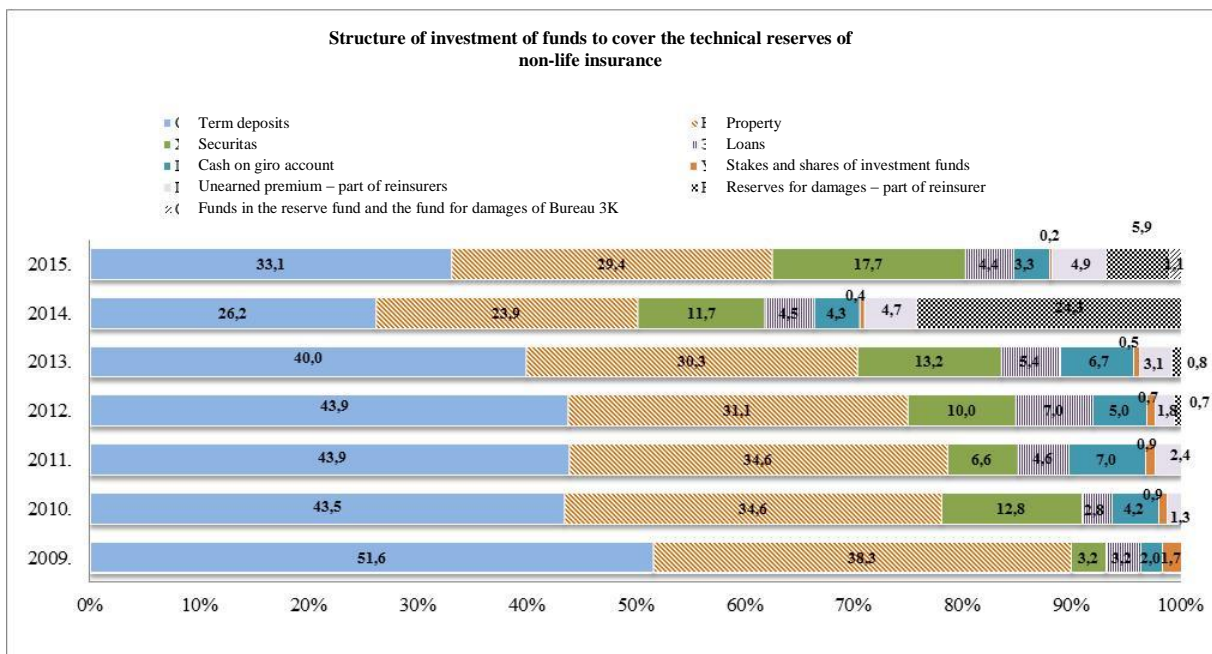


Source: Reports of insurance companies

The chart shows that, as of 31 December 2015, compared to the same period last year, there was a decrease in the amount of calculated technical reserves in three insurance companies, and in case of one insurance company this was a significant amount, as explained above.

The following chart shows the structure of investment if funds to cover the technical reserves of non-life insurance.

**Figure 11: Structure of investment of funds to cover the technical reserves of non-life insurance**



Source: Reports of insurance companies



Term deposits and real estate have continuously the most important share in the structure of investment of funds to cover the technical reserves of non-life insurance. In the reporting period, there was a significant decrease in share of reserves for damages paid by reinsurers, as already explained. Investment in securities, primarily government bonds, recorded a continuous growth, and they reached a share of about 18% of investments for covering technical reserves in 2015. With regard to investment in real estate, there was a continuous risk of reality of assessment of their value.

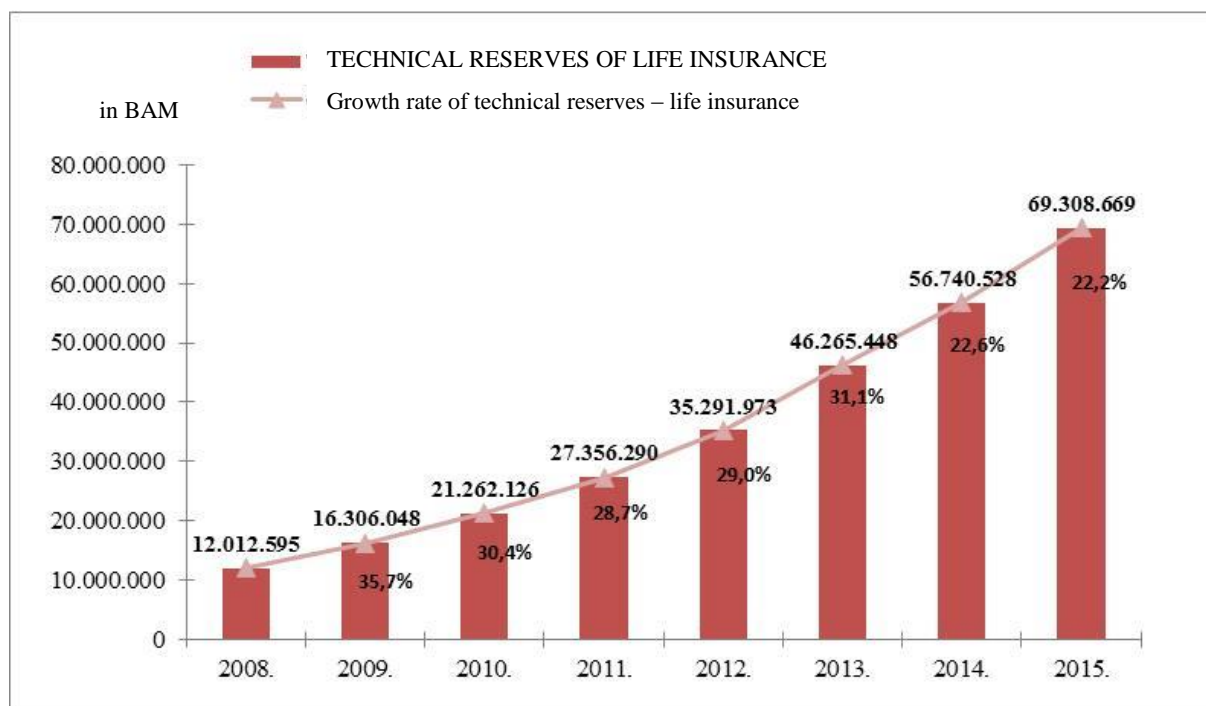
As of 31 December 2015, three insurance companies did not fully covered technical reserves by permissible forms of investment, because of, among other things, the risk transferred from the banking sector, which related to the previous reporting period. It should be noted that in late 2015, one insurance company provided the funds to cover the technical reserves (by issue of shares), but by the end of the reporting period, it did not make the investment of funds in the permissible forms, in accordance with the rulebook.

#### 4.2.3. The calculation of funds to cover the companies' technical reserves for life insurance

Technical reserves of life insurance are characterized by dynamic growth due to the growth of life insurance premiums and the maturity of the portfolio, so that they increased by 5.8 times in the reporting period 2008-2015.

Chart 12: Technical reserves of life insurance

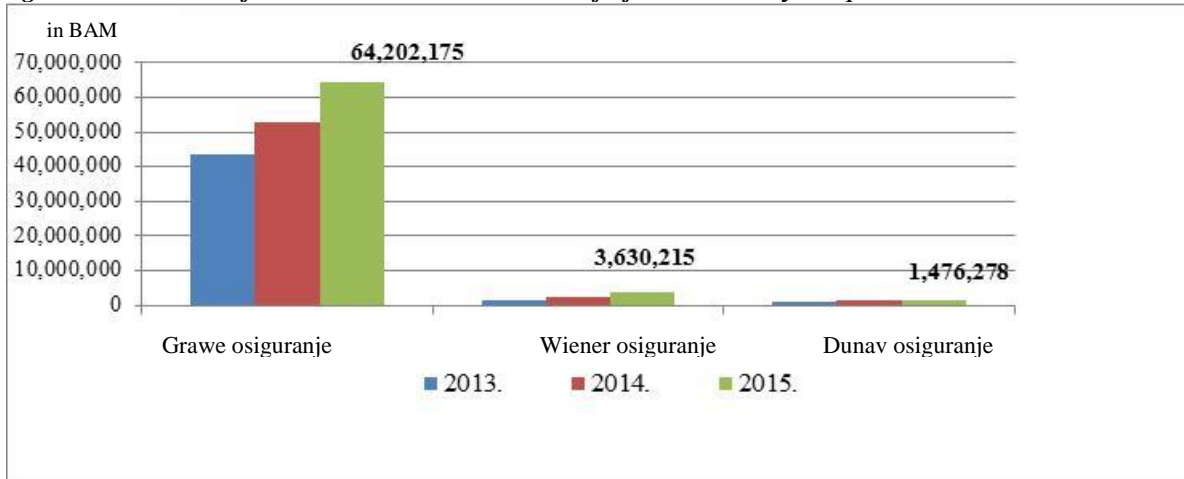
(in BAM)



Source: Reports of insurance companies

The following chart shows the calculated technical reserves of life insurance, individually by insurance companies.

**Figure 13: Overview of calculated technical reserves of life insurance by companies**

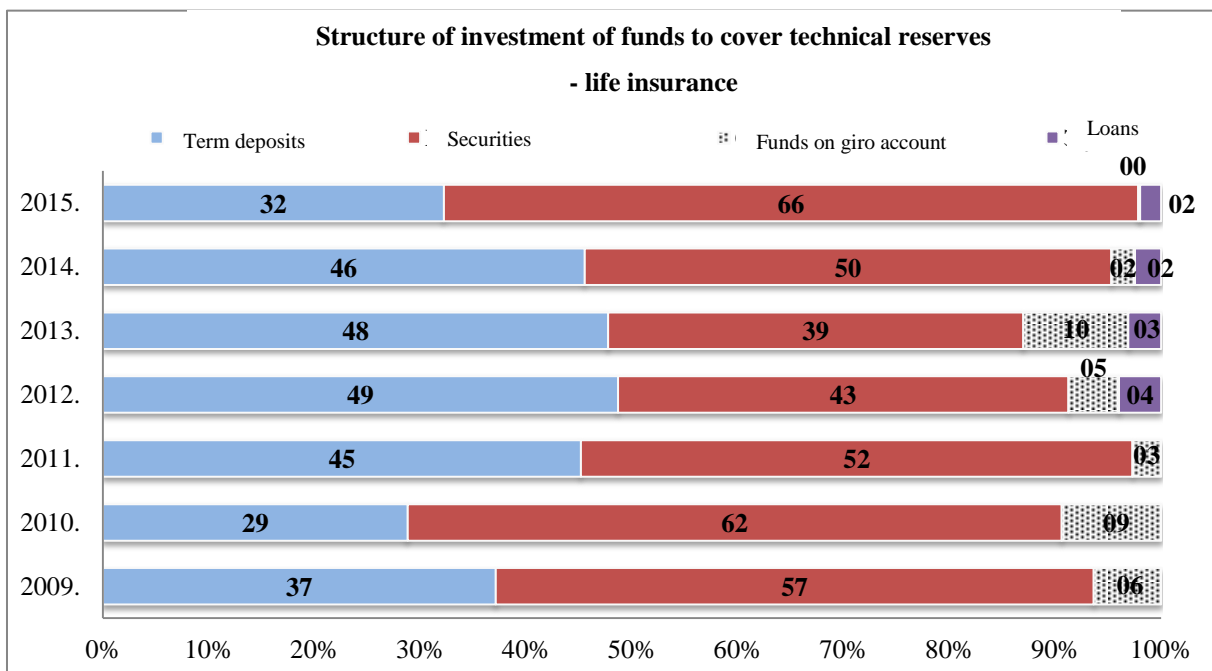


Source: Reports of Insurance Companies

The difference in the amount of calculated life insurance technical reserves between individual insurance companies is proportionate to the share of these companies in total life insurance premium.

The following chart shows the structure of investment funds to cover life insurance technical reserves.

**Chart 14: Structure of investment of funds to cover life insurance technical reserves**



Source: Reports of Insurance Companies

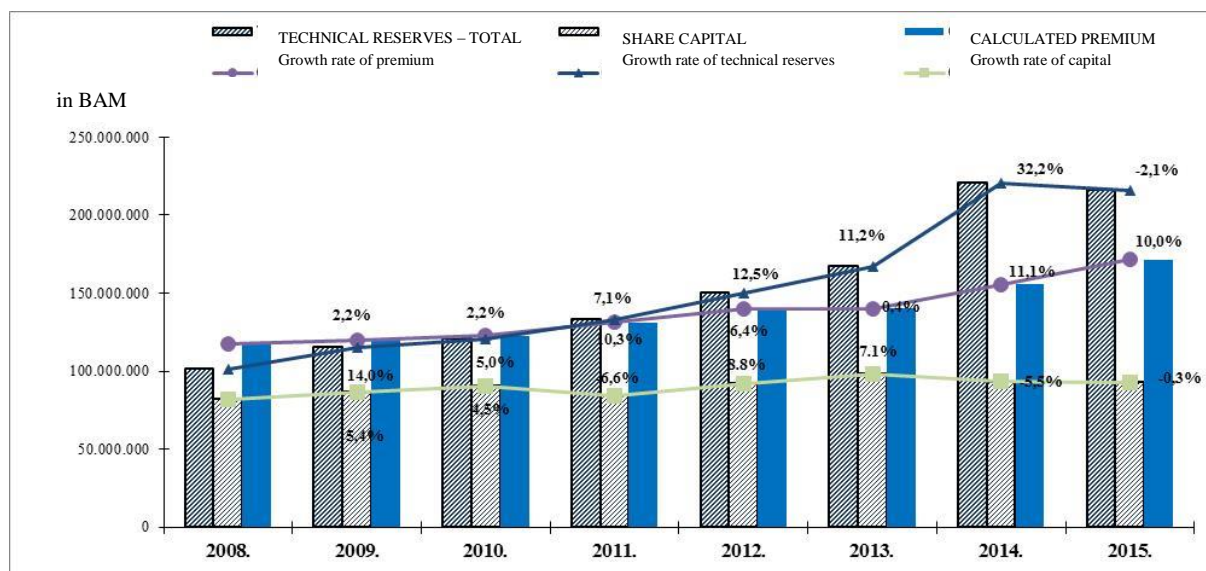
The securities of domestic issuers and term deposits have the largest share in the structure of investment of funds to cover life insurance technical reserves. Government and municipal bonds dominated in the context of securities. In the reporting period there was an increase in the share of investment in securities at the expense of monetary funds (both through deposits, and through the funds on the account). All companies dealing with life insurance provided quantitative and qualitative compliance with the prescribed requirements to cover life insurance technical reserves.



### 4.3. Comparative overview of key indicators

A significant indicator of the results of the regulatory and supervisory activities undertaken in order to stabilize and regulate the insurance market is the comparison of changes of calculated technical reserves, premiums and share capital.

*Chart 15: Trend of calculated technical reserves, share capital and premiums*



Source: Reports of Insurance Companies

Data from the previous chart show continued growth in premiums, as well as a slight decline calculated technical reserves and share capital, which has been discussed in earlier chapters.

As of 31 December 2015, at the level of the sector, the amount of calculated technical reserves was higher by 25.9% than the calculated premium.

### 4.4. Indicators on paid damages and other compensation from insurance

This section provides basic information relating to the settlement and payment of damages from liability insurance and other benefits from the contracted insurance (hereinafter: insurance obligations).

In 2015, the companies with the seat in the Republic of Srpska paid a total of BAM 80,580,214 to policyholders and beneficiaries of insurance, which, compared to 2014, when the sum of paid insurance obligations totalled BAM 73,273,441, represents an increase of BAM 7,306,773 or 9.9%. However, it should be noted that the total paid claims in 2014 and 2015 were significantly higher than normal, due to the high catastrophic damage caused by

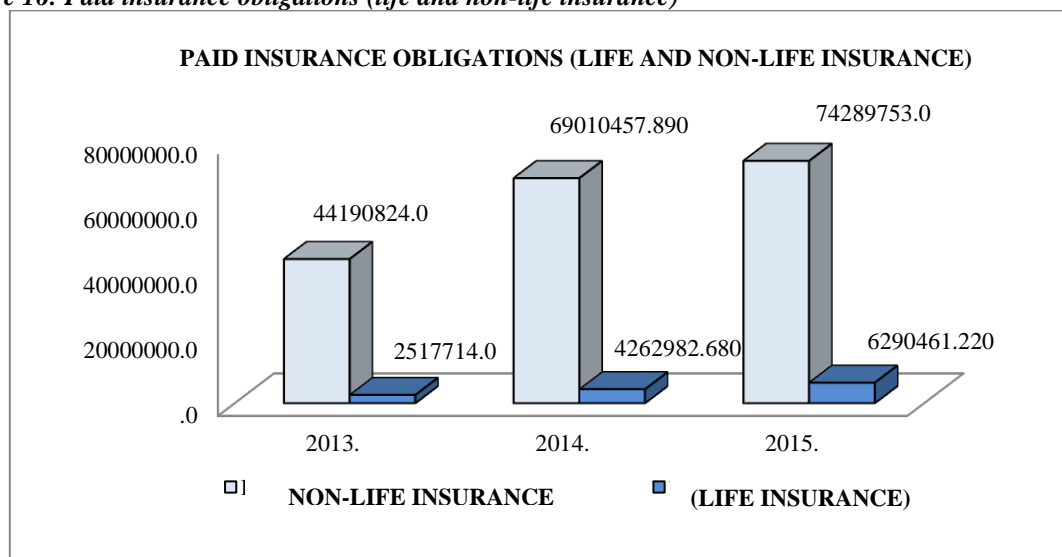
floods from May 2014, as shown in the following table in the row of Types of insurance, insurance of other damage to property.

**Table 17: Amount paid insurance obligations by genres insurance**

(BAM)			
TYPE OF INSURANCE	2013	2014	2015
Accident insurance	4,564,343	4,794,720	4,836,704
Health insurance	428,340	472,304	620,852
Insurance of land vehicles other than rail vehicles	7,116,013	7,955,121	7,517,179
Insurance of vessels	49,416		
Insurance of foods in transit	31,374	28,950	85,902
Insurance of property against fire and natural forces	1,145,765	3,531,593	3,838,790
Insurance of other damage to property	1,771,120	24,922,503	28,610,307
Motor vehicles liability insurance	29,031,145	27,228,604	28,410,905
general civil liability insurance	52,880	74,882	95,351
Credit insurance			645
Insurance of assistance	428	1,780	3,220
Insurance of various financial losses			269,899
<b>TOTAL NON-LIFE INSURANCE</b>	<b>44,190,824</b>	<b>69,010,458</b>	<b>74,289,753</b>
Life insurance	2,044,657	3,639,197	5,577,216
Rents			
Additional insurance with life insurance	473,057	623,786	713,246
Other types of life insurance			
<b>TOTAL LIFE INSURANCE</b>	<b>2,517,714</b>	<b>4,262,983</b>	<b>6,290,461</b>
<b>TOTAL</b>	<b>46,708,538</b>	<b>73,273,441</b>	<b>80,580,214</b>

Source: Reports of insurance companies

**Figure 16: Paid insurance obligations (life and non-life insurance)**



Source: Reports of insurance companies

The following table shows the indicators of efficiency of solving and payment of insurance obligations for life and non-life insurance.

**Table 18: Efficiency in solving and payment of insurance obligations**

Description	2013	2014	2015
Rate of efficiency in solving insurance obligations in the non-life insurance (in %)	79.1	80.5	81.4
Rate of efficiency in solving insurance obligations in life insurance (in %)	90.9	91.6	90.0
Rate of efficiency in the payment of insurance obligations in the non-life insurance (in %)	98.1	98.7	98.1
Rate of efficiency in the payment of insurance obligations in life insurance (in %)	100	99.8	99.9

Source: Reports of Insurance Companies

The rate of efficiency in solving of insurance obligations represents the ratio of the number of solved and total registered claims. The rate of payment of insurance obligations presents a ratio of total paid and total solved claims. In the reporting period there were no significant fluctuations in the value of these indicators.

Rates of efficiency of solving and payment of insurance obligations for motor vehicles liability insurance by the insurance companies are given in the following table.

**Table 19: Efficiency in solving and payment of insurance obligations for motor vehicles liability insurance**

No.	Insurance company	Rate of efficiency in solving of insurance obligations (%)	Rate of efficiency in the payment of insurance obligations (%)
1.	Bobar osiguranje A.D.	76.6%	96.4%
2.	D.D. Brčko-gas osiguranje	74.3%	100.0%
3.	Drina osiguranje A.D.	81.1%	100.0%
4.	Wiener osiguranje A.D.	73.3%	94.8%
5.	Dunav osiguranje A.D.	68.3%	100.0%
6.	Krajina osiguranje A.D.	69.1%	98.5%
7.	Mikrofin osiguranje A.D.	94.4%	100.0%
8.	Nešković osiguranje A.D.	78.7%	100.0%
9.	Osiguranje Aura A.D.	86.5%	100.0%
10.	Triglav osiguranje A.D.	79.8%	97.8%
11.	Osiguranje Garant D.D.	82.1%	98.6%
	TOTAL	76.9%	98.7%

Source: Reports of Insurance Companies

It should be noted that the rate of efficiency in dealing with insurance obligations depends on the objective factors on which the insurance company is not able to influence (e.g. age of the portfolio of insurance and ways of recording claims, the number of claims in litigation and claims with incomplete documentation, etc.), as and a relevant indicator it should be taken into account in conjunction with other indicators.

#### 4.5. Technical result

Technical result, shown in Table 20 was determined as the difference between the relevant premium and relevant damage in self-retention, taking into account changes in other technical reserves, while in life insurance and the result was achieved by investing the funds.

**Table 20: Technical result of insurance companies**

No.	Types of insurance	Technical result		
		2013	2014	2015
1.	Accident insurance	2,393,955	3.122.839	4.017.418
2.	Health insurance	295,731	588.158	325.558
3.	Insurance of land vehicles other than rail vehicles	2,338,000	1.383.615	2.356.806
4.	Insurance of rail vehicles	-1,293	0	0
5.	Insurance of aircrafts	4,614	2,871	-45,651
6.	Insurance of vessels	31,142	22,909	4,462
7.	Insurance of goods in transit	474,536	486,656	481,253
8.	Insurance of property against fire and natural forces	2,648,326	976,994	4,315,999
9.	Insurance of other damage to property	2,161,615	1,304,718	3,574,427
10.	Liability insurance for motor vehicles	58,119,801	66,073,653	63,874,752
11.	Civil liability insurance for aircrafts	12,881	6,353	5,748
12.	General liability insurance for ships	5,214	5,068	2,509
13.	General civil liability insurance	561,201	670,548	494,838
14.	Credit insurance	3,351	5,530	21,344
15.	Insurance guarantee	0	41	1,674
16.	Insurance of various financial losses	32,286	63,072	241,909
17.	Insurance of legal expenses	0	0	0
18.	Insurance of assistance	738	1,661	377,444
	<b>NON-LIFE INSURANCE</b>	<b>69,082,099</b>	<b>74,714,688</b>	<b>80,050,493</b>
19.	<b>LIFE INSURANCE</b>	<b>4,068,307</b>	<b>4,978,082</b>	<b>5,927,538</b>
	<b>TOTAL</b>	<b>73,150,407</b>	<b>79,692,770</b>	<b>85,978,031</b>

Source: Reports of Insurance Companies

A positive technical result was recorded at the level of the insurance sector of the Republic of Srpska in the observed period. In 2015, at the individual level, a positive technical result in all lines of insurance was recorded, with the exception of the insurance of aircrafts, where a negative technical result was recorded. The above-mentioned data indicate that the total premium was sufficient to settle the obligations to policyholders, insurance beneficiaries and third injured persons, with the note that the negative technical result in the insurance of aircrafts has no material significance.

#### 4.6. Ratio of damage, ratio of costs and combined ratio

This ratio represents the ratio of the relevant damage and relevant premium, while the ratio of costs represents the share of costs of insurance in calculated premium. The combined ratio shows the operating result before inclusion of the results of investments, and is calculated as the sum of ratio of costs and ratio of damage.

In the following tabular overview given ratio of damage, ratio of costs and combined ratio for non-life insurance sector as a whole in 2013, 2014 and 2015:

**Table 21: Ratio of damage, ratio of costs and combined ratio**

DESCRIPTION	2013	2014	2015
Ratio of damage (%)	38.2	78.4	34.3
Ratio of costs (%)	42.1	42.1	41.8
Combined ratio (%)	80.3	120.5	76.1

Source: Reports of insurance companies

If the combined ratio is less than 100, the difference between 100 and the combined ratio is a positive result of insurance business operations, and if the combined ratio is higher than 100, the difference is a negative result from the insurance business operations.

The ratio of damage is substantially lower compared to the previous year because of flood damage burdened expenses for damage in 2014, while the ratio of costs remained at the same level.

As of 32 December 2015, the combined ratio is below 100, which represents a positive result of insurance business operations.

#### 4.7. Indicators of profitability

The following tabular overview shows the profitability of assets and profitability of own assets at the level of the insurance sector of the Republic of Srpska in the period from 2013 to 2015:

**Table 22: Indicators of profitability**

DESCRIPTION	2013	2014 <sup>13</sup>	2015
Return on assets (ROA%)	4.2	-1.6	4.3
Return based on the total equity (ROE%)	10.6	-5.0	14.3

Source: Reports of Insurance Companies

The indicator of profitability of assets (ROA) is calculated as the ratio of the net results of the accounting period and average assets, and it represents a measure of return on total assets. A return on assets of 4.3% was achieved at the level of the insurance sector.

The indicator of profitability of equity (ROE) is the ratio between the net results of the accounting period and the average equity, and it shows the return on equity, the overall profitability of the equity was 14.3% at the sector level in 2015.

#### 4.8. Other business indicators

In the following tabular overview there are other indicators of the insurance business of the RS for the period from 2013 to 2015.

**Table 23: Other business indicators**

DESCRIPTION	2013	2014 <sup>14</sup>	2015
Premium per employee (in BAM)	119,624	126,218	119,807
Total revenue per employee (in BAM)	150,391	198,578	162,382
Profit per employee (in BAM)	11,074	-4,570	11,097

<sup>13</sup> Data for 2014 are different from the data presented in the Report on the situation in the sector for the period 1 January to 31 December 2014, due to the completed correction of the financial statements, as further detailed in Chapter 3 Balance structure

<sup>14</sup> Data for 2014 are different from the data presented in the Report on the situation in the sector for the period 1 January to 31 December 2014, due to the completed correction of the financial statements, as further detailed in Chapter 3 Balance structure

Profit / Total Revenue (%)	7.4	-2.3	6.8
Solvency ratio (%)	102.7	72.8	81.5
General liquidity (%) 5	5.0	5.0	5.9

*Source: Reports of Insurance Companies*

The premium per employee at the level of the insurance sector in 2015 was lower compared to the previous period because the number of employees grew faster than premiums.

Total revenue per employee is less because the total income in 2015 decreased compared to the previous year. The decrease in revenue is explained in more details in section 3.2. Income statement of this Report.

Given that a positive net result was recorded at the sectoral level, so is the profit per employee higher compared to the previous year, when a negative net result was recorded at the sectoral level.