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on the state of the insurance sector
in the Republic of Srpska

for year 2019

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Slaven Dujaković

Prepared by:

Tamara Pejić Petković

Dragana Koprena

Božidar Plavljanin

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Predrag Ilić

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INTRODUCTORY WORD

Report on the state of the insurance sector in the Republic of Srpska for 2019 contains information about the state of voluntary pension insurance field and is prepared based on financial statements, auditor's, actuarial and other reports which participants in the insurance market and voluntary pension insurance deliver to the Insurance Agency of the Republic of Srpska according to regulations.

As of 31 December 2019, there were 15 insurance companies whose headquarters (HQ) is in the Republic of Srpska and 10 branch offices of insurance companies whose headquarters is in the Federation of Bosnia and Herzegovina. Herfindahl-Hirschman Index and the fact that the individual participation of insurance companies in the written insurance premium is less than 10% indicate that there is fairly strong competition in the insurance market of the Republic of Srpska.

The total premium written in the insurance market of the Republic of Srpska was BAM 236.6 million, representing an increase of 4.7 % in comparison with the previous year. The non-life insurance premium increased by 2.6 %, and the life insurance premium increased by 14.9 %. Although the trend of growth of the life insurance premium in the market of the Republic of Srpska continued, this premium has not yet reached the level of the comparative insurance markets of the countries in the region. 27.2 % of the total premium written in the market of the Republic of Srpska was written through agents and brokers.

When it comes to business activities of insurance companies with HQ in the Republic of Srpska, it needs to be emphasized that the premium written by the insurance companies increased by 7.3 %, including the premium from the FBiH market. The premium of the compulsory motor third party liability insurance (MTPL insurance) totalled 63.5 % in the written insurance premium. Premium written in the insurance market of the Federation of Bosnia and Herzegovina increased by 15.8% and share in total written premium of insurance companies with HQ in the Republic of Srpska is 20.7%. Furthermore, the total balance sum increased by 7.2 %, and calculated technical reserves increased by 10.2 %. Net result in the accounting period represented a profit in the amount of BAM 26.1 million. Twelve insurance companies reported net income of BAM 30,9 million and three insurance companies reported net loss of BAM 4.8 million. Combined ratio was lower than 100, representing a positive result in insurance activities as well as the fact that the premium could cover the liabilities arising from the insurance contracts. In comparison to previous reporting periods, there were no major changes in efficiency rates referring to settlement and payment of insurance liabilities. Solvency ratio decreased a little, but it still indicates that solvency was not at risk. General liquidity ratio was significantly greater than 1 reflecting the ability to meet the liabilities before the maturity date.

Activities referring to voluntary pension insurance were conducted by a company for management of voluntary pension fund. As of 31 December 2018, the total number of active members of voluntary pension fund was 3.165. Average age of members of voluntary pension fund was 45.6 and the average payment was BAM 54.77. Net asset value of the voluntary pension fund was BAM 1.607.284. Presented indicators of business operations are in accordance with the level of business activities.

Director,
Slaven Dujaković

Banja Luka, May 2020

1. STRUCTURE OF THE SECTOR

In this report, the insurance sector includes the insurance business (hereinafter referred to as: insurance) and the activity of organisation and management of voluntary pension funds (hereinafter referred to as: voluntary pension insurance).

According to the Law on Insurance Companies (“Official Gazette of the Republic of Srpska”, 17/05, 01/06, 64/06, 74/10, 47/17 and 58/19), the insurance activity is the activity of concluding and carrying out insurance and reinsurance contracts, and the activity of insurance agents and brokers. In addition to that, this Law regulates establishment, business operations, supervision and termination of operation of insurance companies and branch offices of the insurance companies from FBiH, and the Insurance Agency of the Republic of Srpska (hereinafter referred to as: Agency) was founded. Insurance companies may pursue insurance as their sole activity. Apart from that, the insurance regulatory framework is comprised of:

- the Law on Insurance Agency and Insurance and Reinsurance Brokerage (“Official Gazette of the Republic of Srpska”, 47/17), regulating rules of representation and mediation in insurance and reinsurance, requirements for issuance and expiration of authorisations and licences in this area, and the supervision of insurance and reinsurance agency and brokerage, and
- Law on Compulsory Traffic Insurance (“Official Gazette of the Republic of Srpska”, 82/15), which prescribes the types and rules of compulsory traffic insurance.

Pursuant to the Law on Voluntary Pension Funds and Pension Schemes (“Official Gazette of the Republic of Srpska”, 13/09 and 107/19), companies managing voluntary pension funds organise and manage voluntary pension funds and other pension funds established pursuant to separate laws. Apart from that, this Law regulates organisation and management of voluntary pension funds, establishment, activities and operation of the company managing voluntary pension funds, activities and obligations of the custodian bank, the responsibility of the Agency for regulation and supervision of companies managing voluntary pension funds, organisation of pension schemes, and other matters of importance to the functioning of voluntary pension funds.

Pursuit of insurance and voluntary pension insurance is also regulated by the bylaws adopted by the Agency.

The laws and bylaws regulating the insurance sector are also available on the website of the Agency (www.azors.rs.ba).

2. INSURANCE

2.1. Insurance market

2.1.1. Participants in the insurance market

The participants in the insurance market supervised by the Agency are: insurance companies with HQ in the Republic of Srpska, branch offices of the insurance companies from FBiH, insurance agents and brokers, the Protection Fund of the Republic of Srpska and certified actuaries.

2.1.1.1. Insurance companies

In 2019 a total of 15 insurance companies with HQ in the Republic of Srpska operated in the insurance market of the Republic of Srpska, and they are presented in the table below by insurance activity, seat and ownership structure as of 31 December 2019.

Table 1: Insurance companies from RS

No	Name of the insurance company	HQ	Majority ownership
NON-LIFE INSURANCE			
1.	Atos osiguranje A.D.	Bijeljina	foreign
2.	D.D. Brčko gas osiguranje	Brčko	domestic
3.	Drina osiguranje A.D.	Milići	domestic
4.	Euros osiguranje A.D.	Banja Luka	domestic
5.	Krajina osiguranje A.D.	Banja Luka	foreign
6.	Mikrofin osiguranje A.D.	Banja Luka	domestic
7.	Nešković osiguranje A.D.	Bijeljina	domestic
8.	Osiguranje Aura A.D.	Banja Luka	domestic
9.	Osiguranje Garant D.D.	Brčko	domestic
10.	Premium osiguranje A.D.	Banja Luka	domestic
11.	SAS-SuperP OSIGURANJE A.D.	Bijeljina	domestic
12.	Triglav osiguranje A.D.	Banja Luka	foreign
LIFE AND NON-LIFE INSURANCE (COMPOSITE COMPANIES)			
13.	Grawe osiguranje A.D.	Banja Luka	foreign
14.	Dunav osiguranje A.D.	Banja Luka	foreign
15.	Wiener osiguranje A.D.	Banja Luka	foreign

Source: Central Securities Registry

Of the 15 insurance companies with HQ in the Republic of Srpska, 12 companies pursued the activity of non-life insurance, and 3 companies pursued the activity of non-life and life insurance. 9 insurance companies from the Republic of Srpska operated in the insurance market of Federation of BiH through their branch offices.¹

In 2019 there were 11 branch offices of insurance companies from Federation of BiH on the insurance market of the Republic of Srpska.²

¹ One insurance company from the Republic of Srpska was registered at the Agency for monitoring insurance in Federation of BiH and it was not included in the data referring to business operations of insurance companies from the Republic of Srpska in Federation of BiH when this report was being made.

² Within this reporting period, two branch offices of insurance companies from Federation of BiH were removed from the register of the Agency and one of them did not earn a premium at the insurance market of the Republic of Srpska. Therefore there were 10 branch offices of insurance companies from Federation of BiH on the register of the Agency as of 31 December 2019.

Ownership structure

By ownership structure, as of 31 December 2018, a total of 9 insurance companies had majority domestic ownership and 6 insurance companies had majority foreign ownership.

Table 2: Ownership structure in the insurance companies from RS

Ownership	Number of insurance companies	Share in equity	Share in the total assets	Share in the gross invoiced premium
Majority domestic ownership	9	57,5%	39,6%	53,5%
Majority foreign ownership	6	42,5%	60,4%	46,5%
TOTAL	15	100 %	100 %	100 %

Source: Reports of the insurance companies from RS and the Central Securities Registry

The share of the foreign capital in the equity of all insurance companies with HQ in the Republic of Srpska totalled 42.5%. A total of 60.4% of the total assets and 46.5 % of the gross invoiced premium refers to the insurance companies with the majority foreign capital.

According to the report of the Central Securities Registry JSC Banja Luka – the shareholder register, the state-owned capital was recorded in Osiguranje Aura a.d. Banja Luka with the share of 38% (preference shares) and in Krajina osiguranje a.d. Banja Luka, with the share of 34.9%.

Human resources

As of 31 December 2019, a total of 1.553 persons were employed in the insurance companies with HQ in the Republic of Srpska. The number and the qualification structure of the employees in the insurance companies are shown in the table below.

Table 3: Number and qualification structure of employees in the insurance companies from RS

QUALIFICATION	As at 31 December 2017		As at 31 December 2018		As at 31 December 2019		INDEX 2018/17
	number	%	number	%	number	%	
unskilled	8	0.6	9	0.6	8	0.5	112.5
semi-skilled	2	0.1	1	0.1	0	0.0	50.0
primary education	0	0.0	0	0.0	0	0.0	
skilled	67	4.6	65	4.2	60	3.9	97.0
secondary education	726	50.2	778	50.8	790	50.9	107.2
highly-skilled	8	0.6	7	0.5	5	0.3	87.5
two-year college degree	84	5.8	74	4.8	75	4.8	88.1
university degree	522	36.1	569	37.2	584	37.6	109.0
MA	27	1.9	26	1.7	28	1.8	96.3
PhD	2	0.1	2	0.1	3	0.2	100.0
TOTAL	1,446	100.0	1,531	100.0	1,553	100.0	105.9

Source: Reports of the insurance companies from RS

In addition to that, a total of 291 persons were employed in the branch offices of the insurance companies from FBiH, and 7 persons were employed in the Protection Fund of the Republic of Srpska, which gives a total of 1,851 employees, including the employees in the insurance companies with HQ in the Republic of Srpska. Apart from that, insurance agents and brokers

(natural persons) and certified actuaries work in the insurance market as well, which is presented later in this chapter.

2.1.1.2. Insurance agents and brokers³

As of 31 December 2018, the Register of insurance agents and brokers kept by the Agency lists a total of:

- 382 insurance agents – natural persons, of which a total of 33 persons registered businesses as entrepreneurs,
- 19 insurance agency companies with HQ in the Republic of Srpska (including Pošte Srpske, microcredit companies and banks) and 4 branch offices of the agency companies from FBiH,
- 24 insurance brokers – natural persons,
- 5 brokerage companies with HQ in the Republic of Srpska and 2 branch offices of the brokerage companies from FBiH.

The up-to-date register of insurance agents and brokers is available on the website of the Agency (www.azors.rs.ba).

In 2019, the Agency organised training and testing of the candidates in one accustomed and two unaccustomed exams for the professional knowledge verification required for obtaining the authorisation to pursue the activity of insurance agency and brokerage. A total of 68 candidates passed the professional exam.

2.1.1.3. Protection Fund of the Republic of Srpska

The Protection Fund of the Republic of Srpska (hereinafter referred to as: Protection Fund) was established pursuant to the Law on Compulsory Insurance for Motor Vehicles and other Types of Compulsory Liability Insurance – Consolidated text, (“Official Gazette of the Republic of Srpska”, 102/9) as a separate legal person. The responsibility of the Protection Fund is prescribed by the Law on Compulsory Traffic Insurance (“Official Gazette of the Republic of Srpska”, 82/15). The Protection Fund is obligated to pay compensation for the damage incurred in the territory of the Republic of Srpska to the third parties damaged, if it was caused by an unknown vehicle (damages to persons) or a vehicle whose owner did not conclude an MTPL insurance contract (damages to persons and objects). In addition to that, the Protection Fund is obligated to pay compensation to injured parties in the case when the contract on the compulsory accident insurance for passengers in public transport is not concluded and for any damage arising from MTPL insurance and insurance of passengers in public transport which could not be compensated from bankruptcy estate or liquidation value of an insurance company.

All insurance companies which pursue the activities of MTPL insurance and accident insurance of passengers in public transport, except for passengers in air transport, are obliged to be members of the Protection Fund and to pay contribution to the Protection Fund, in

³ Pursuant to the Law on Insurance and Reinsurance Brokerage (Official Gazette of the Republic of Srpska, 47/17), insurance brokerage is pursued by insurance brokers (natural persons and insurance brokerage companies).

proportion to the insurance premium of MTPL insurance and accident insurance of passengers in public transport in the Republic of Srpska.

The total income generated by the Protection Fund in 2019 was BAM 3,978,053 representing an increase of 5.4% in comparison with the previous year. Out of that, 86.3% referred to operating income. Increase of total income is a result of increase of income based on recourse, while changes in other items within total income were not materially significant. Total expenses were BAM 3,142,146 and they decreased by 14.5% in comparison to the previous year and 62% of it referred to operating expenses and 38% referred to correction of recourse with respect to the claim. Decrease of total expenses was affected by the decrease of provision expenses for claims in the current year and it is connected to the decreased number of reported claims in the current period. The Protection Fund had excess of income over expenses in the amount of BAM 835,907.

The table below gives an overview of the settlement and payment of claims referring to damage to persons or property incurred in traffic accidents within the competence of the Protection Fund.

Table 4: Claims towards the Protection Fund

Claims	2017	2018	2019	Index 2019/2018
1. Registered in the current period and reactivated	435	425	375	88,2
2. Transferred from the previous period	176	143	149	104,2
3. Total number of claims (1+2)	611	568	524	92,3
4. Claims rejected	106	87	84	96,6
5. Claims processed, less the rejected ones	362	332	304	91,6
6. Number of claims paid	362	332	303	91,3
7. Amount of claims paid (BAM)	1.104.258	1.604.015	1.250.284	77,9

Source: Report of the Protection Fund

In comparison with the previous year, the total number of claims decreased so the number of claims paid decreased in 2019. The average value of a claim paid in 2019 was BAM 4,126 representing an decrease of 14.6%.

2.1.1.4. Certified actuaries

In accordance with the international insurance standards, it is of utmost importance to provide an adequate number of qualified actuaries. As of 31 December 2019, a total of 38 persons were on the Register of certified actuaries kept by the Agency. The up-to-date Register of certified actuaries is available on the website of the Agency (www.azors.rs.ba).

2.1.2. Insurance market development indicators

The table below shows a comparative overview of the main relative indicators related to the premium, used for measuring the level of development of insurance markets.

Table 5: Premium and macroeconomic indicators

(in USD)⁴

Country		Premium/population			Premium/GDP (%)			Life insurance / total premium (%)		
		2016	2017	2018	2016	2017	2018	2016	2017	2018
BiH	RS	96,7	106,6	118,8	2,2	2,1	2,1	16,5	16,3	16,7
	FBiH	114,5	123,0	133,7	2,3	2,3	2,2	24,3	22,2	21,7
Austria		2.177,0	2.217,0	2.303,0	4,8	4,6	4,4	35,8	34,0	32,4
Bulgaria		160,0	175,0	212,0	2,2	2,2	2,3	18,4	17,1	14,0
Greece		398,0	411,0	448,0	2,2	2,2	2,2	45,8	44,9	46,1
Hungary		317,0	348,0	388,0	2,6	2,5	2,4	49,8	49,0	46,2
Romania		111,0	125,0	130,0	1,2	1,3	1,1	19,1	21,1	19,9
Slovenia		1.084,0	1.184,0	1.336,0	5,0	5,0	4,9	28,4	30,1	30,7
Serbia		115,0	123,0	140,0	2,1	2,1	1,9	24,7	23,0	23,5
Turkey		165,0	149,0	127,0	1,6	1,4	1,3	12,5	15,4	13,6
Croatia		307,0	333,0	383,0	2,6	2,5	2,6	33,3	32,4	31,8
Czech Republic		592,0	609,0	666,0	3,1	2,9	2,8	37,7	38,0	36,6

Source: BiH insurance market statistics, Statistics Institute of the Republic of Srpska, SwissRe

The share of the premium in the GDP was approximately at the same level as in other countries in the region with a similar level of insurance market development. Although there has been a trend of growth of the written life insurance premium in the market of the Republic of Srpska, and the growth rate of life insurance premium is high, the share of life insurance premium in the total premium is still low.

2.1.3. Premium written in the insurance market of the Republic of Srpska

The table below gives an overview of the total premium written in the insurance market of the Republic of Srpska⁵ for 2017, 2018 and 2019.

Table 6: Insurance premium written in the market of the Republic of Srpska

(in BAM)

No	Entities in the market of RS	Premium written in the market of the Republic of Srpska						Index 2019/2018
		2017		2018		2019		
		Amount	%	Amount	%	Amount	%	
1.	INSURANCE COMPANIES FROM RS	169.595.254	79,5	173.808.910	76,9	183.064.663	77,4	105,3
1.1.	Non-life insurance	149.588.494	70,1	153.902.365	68,1	159.762.974	67,5	103,8
1.2.	Life insurance	20.006.759	9,4	19.906.545	8,8	23.301.689	9,9	117,1
2.	BRANCH OFFICES OF THE COMPANIES FROM FBiH	43.694.839	20,5	52.290.663	23,1	53.572.212	22,6	102,5
2.1.	Non-life insurance	28.842.603	13,5	34.404.235	15,2	33.437.624	14,1	97,2
2.2.	Life insurance	14.852.236	7,0	17.886.428	7,9	20.134.588	8,5	112,6
TOTAL		213.290.093	100,0	226.099.573	100,0	236.636.875	100,0	104,7

Source: Reports of the insurance companies from RS and the branch offices of the companies from FBiH

The table below shows the structure of the premium written at the insurance market of the Republic of Srpska, by type of insurance for 2017, 2018 and 2019

⁴At the time of development of this report, the comparative statistics for 2019 were not available

⁵The total premium written in the insurance market of the Republic of Srpska was calculated in such a manner that the total premium generated by the insurance companies with HQ in the Republic of Srpska was decreased by the premium generated by those companies in FBiH, and increased by the premium which the branch offices of the insurance companies with HQ in FBiH generated in the Republic of Srpska.

Table 7: Premium written of the insurance market of the Republic of Srpska according to the type of insurance

Type of insurance	2017		2018		2019		Index 2019/18
	Amount	%	Amount	%	Amount	%	
Accident insurance	15.294.995	7,2	17.064.906	7,5	18.035.956	7,6	105,7
Land vehicle insurance (except for railway vehicles)	13.970.174	6,5	16.002.649	7,1	18.268.828	7,7	114,2
Insurance of property against fire and natural forces	8.829.626	4,1	7.956.702	3,5	8.638.276	3,7	108,6
Insurance against other types of property damage	8.881.216	4,2	9.287.776	4,1	9.561.528	4,0	102,9
Motor vehicle liability insurance	126.501.694	59,3	131.827.203	58,3	131.650.038	55,6	99,9
Other	4.953.393	2,3	6.167.364	2,7	7.045.972	3,0	114,2
Total non-life insurance	178.431.098	83,7	188.306.600	83,3	193.200.598	81,6	102,6
Life insurance	34.858.995	16,3	37.792.973	16,7	43.436.277	18,4	114,9
Total	213.290.093	100,0	226.099.573	100,0	236.636.875	100,0	104,7

Source: Reports of the insurance companies from RS and branch offices from FBiH

The total premium written in the insurance market of the Republic of Srpska in the period from 1 January to 31 December 2019 was BAM 236,636.875 which is BAM 10,537,302 or 4.7 % more in comparison with the same period of the previous year. Out of the total premium written in the insurance market of the Republic of Srpska in 2019, BAM 193,200,598 or 81.6% referred to the non-life insurance premium and BAM 43,436,277 or 18.4% referred to the total life insurance premium written. Written non-life insurance premium increased by 2.6 % and life insurance premium written increased by 14.9% in comparison to the previous year.

2.1.4. Market structure and concentration

The table below shows the share of the insurance companies with HQ in the Republic of Srpska and the branch offices of the insurance companies from FBiH in the total premium written in the market of the Republic of Srpska.

Table 8: Share of the insurance companies from RS and the branch offices of the companies from FBiH in the market of the Republic of Srpska

No	Share of the insurance companies from RS and the branch offices of the companies from FBiH in the total premium written in the market of the Republic of Srpska			
	Insurance company from RS / Branch offices of the companies from FBiH	2017	2018	2019
1.	Atos osiguranje A.D.	7,6%	7,4%	5,1%
2.	D.D. Brčko gas osiguranje	5,1%	4,7%	4,5%
3.	Grawe osiguranje A.D.	7,8%	7,7%	8,9%
4.	Drina osiguranje A.D.	9,7%	9,2%	8,7%
5.	Dunav osiguranje A.D.	8,4%	7,8%	7,5%
6.	Euros osiguranje A.D.	3,7%	3,9%	3,7%
7.	Wiener osiguranje A.D.	9,6%	8,0%	8,2%
8.	Krajina osiguranje A.D.	1,4%	1,2%	1,9%
9.	Mikrofin osiguranje A.D.	3,2%	3,4%	3,2%
10.	Nešković osiguranje A.D.	8,0%	7,2%	7,2%

No	Share of the insurance companies from RS and the branch offices of the companies from FBiH in the total premium written in the market of the Republic of Srpska			
	Insurance company from RS / Branch offices of the companies from FBiH	2017	2018	2019
11.	Osiguranje Aura A.D.	4,7%	5,4%	6,1%
12.	Osiguranje Garant A.D.	3,9%	4,1%	4,5%
13.	Premium osiguranje A.D.	-	0,3%	1,6%
14.	SAS-SuperP osiguranje A.D.	1,4%	1,7%	1,6%
15.	Triglav osiguranje A.D.	4,9%	4,8%	4,7%
16.	Asa osiguranje D.D.	1,9%	2,4%	2,6%
17.	Adriatic osiguranje D.D.	0,6%	2,8%	2,6%
18.	Camelija osiguranje D.D.	0,3%	0,3%	0,2%
19.	Central osiguranje D.D.	-	1,3%	1,3%
20.	Croatia osiguranje D.D.	0,8%	1,2%	1,0%
21.	Grawe osiguranje D.D.	-	0,0%	0,0% ⁶
22.	Euroherc osiguranje D.D.	3,0%	3,4%	3,2%
23.	SARAJEVO osiguranje	2,2%	1,5%	1,1%
24.	Vienna osiguranje D.D.	3,6%	3,7%	3,8%
25.	Osiguranje VGT D.D.	0,3%	0,0%	-
26.	UNIQA osiguranje D.D.	5,1%	5,9%	6,0%
27.	Zovko osiguranje D.D.	2,3%	-	-
28.	Triglav osiguranje D.D.	0,4%	0,5%	0,8%
	TOTAL	100.0 %	100.0 %	100.0 %

Source: Reports of the insurance companies from RS and the branch offices of the companies from FBiH

The overview below presents the level of concentration of the insurance market in the Republic of Srpska by peer groups, which shows that there were no significant changes when it comes to the number of insurance companies per peer groups and that there was no insurance company whose share in the total premium written was greater than 10%.

Table 9: Share of the insurance companies from RS and the branch offices of the companies from FBiH in the total premium written in the market of the Republic of Srpska, by peer group

Share	Share of the insurance companies from RS and the branch offices of the companies from FBiH in the total premium in the market of the Republic of Srpska, by peer group					
	2017		2018		2019	
	Total share	Number of insurance companies	Total share	Number of insurance companies	Total share	Number of insurance companies
up to 5 %	38,6%	17	41,3%	19	42,4%	18
5-10 %	61,4%	8	58,7%	8	57,6%	8
10-15 %	0,0%	0	0,0%	0	0,0%	0
over 15 %	0,0%	0	0,0%	0	0,0%	0

Source: Reports of the insurance companies from RS and the branch offices of the companies from FBiH

The Herfindahl-Hirschman Index also represents a measure of market concentration, and it is calculated by summing the squares of the individual share of each insurance company in relation to the generated premium. This index takes into account the relative size and distribution of the companies in the market. If the market is a monopoly, the concentration of

⁶ During this reporting period, branch office of insurance company Grawe osiguranje d.d. Sarajevo was removed from the register of the Agency, and in accordance with the time period during which they did insurance business in the Republic of Srpska, market share of Grawe osiguranje D.D. Sarajevo was 0.008% (BAM 19,184)

the market is higher and the competition is lower. The index increases if the number of companies in the market decreases, and, at the same time, the difference in their size becomes higher and higher. If there were only one insurance company, the index would be 10,000 (the market share 100 %, i.e. the index is $100 \times 100 = 10,000$). On the other hand, if there were many companies with proportionally low share, around 0 %, the index would be nearly 0, indicating perfect competition in the market. If the Herfindahl-Hirschman Index is between 1,000 and 1,800, it is considered that there is moderate concentration in the market. Taking into account that the Herfindahl-Hirschman Index in 2019 was 567 points, it may be concluded that there was fairly strong competition in the insurance market of the Republic of Srpska.

In that regard, it should be noted that there has been a downward trend in the value of the Herfindahl-Hirschman Index, which indicates a continuous increase in this market's competition.

2.1.5. Premium written by insurance company

2.1.5.1. Premium written by insurance companies with HQ in the Republic of Srpska

The total premium written in the period from 1 January to 31 December 2019 and generated by the insurance companies with HQ in the Republic of Srpska, including the premium generated by these insurance companies in the insurance market of FBiH, was BAM 230,759,286 (of which BAM 183,064,663 in the Republic of Srpska and BAM 47,694,623 in FBiH). In comparison with the same period of the previous year, the premium written by the insurance companies with HQ in the Republic of Srpska was higher by BAM 15.769.898 or 7.3 %.

The table below shows an overview of the premium written by insurance company with HQ in the Republic of Srpska for 2017, 2018 and 2019.

Table 10: Premium written by insurance companies with HQ in RS

(in BAM)

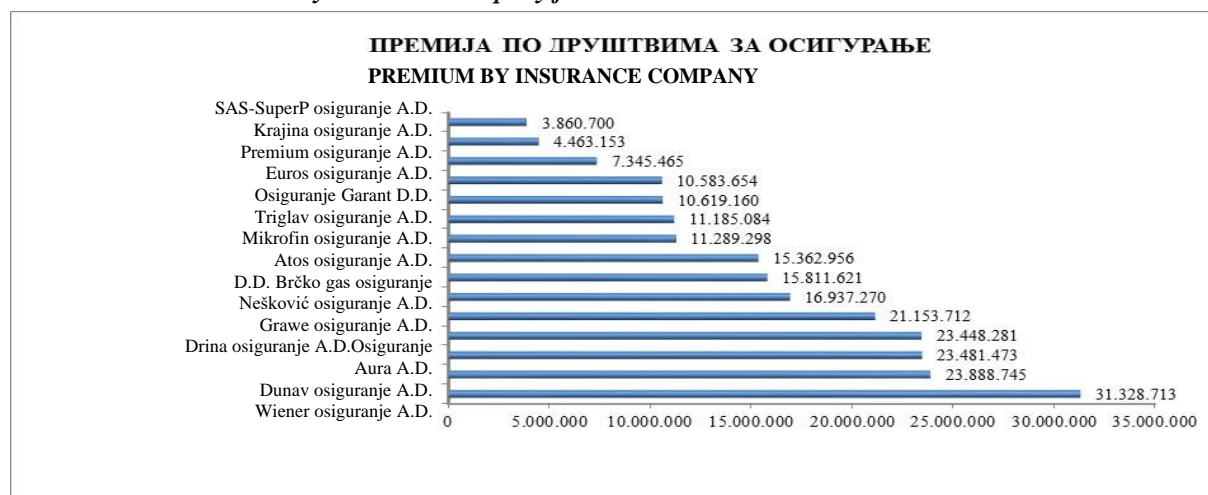
No	NAME OF THE COMPANY IN RS	Premium written						Index
		2017		2018		2019		2019/18
		Amount	%	Amount	%	Amount	%	
NON-LIFE INSURANCE								
1.	Atos osiguranje A.D.	19.227.270	9,2	21.750.916	10,1	15.362.956	6,7	70,6
2.	D.D. Brčko gas osiguranje	16.317.864	7,8	15.980.279	7,4	15.811.621	6,9	98,9
3.	Grawe osiguranje A.D.	14.894	0,0	16.463	0,0	20.014	0,0	121,6
4.	Drina osiguranje A.D.	24.225.262	11,7	23.758.289	11,1	23.448.281	10,2	98,7
5.	Dunav osiguranje A.D.	22.301.711	10,7	22.947.124	10,7	23.227.107	10,1	101,2
6.	Euros osiguranje A.D.	7.815.227	3,8	8.882.163	4,1	10.583.654	4,6	119,2
7.	Wiener osiguranje A.D.	29.345.957	14,1	27.063.163	12,6	28.444.301	12,3	105,1
8.	Krajina osiguranje A.D.	2.954.034	1,4	2.653.756	1,2	4.463.153	1,9	168,2
9.	Mikrofin osiguranje A.D.	9.103.123	4,4	10.605.891	4,9	11.289.298	4,9	106,4
10.	Nešković osiguranje A.D.	17.152.600	8,3	16.354.978	7,6	16.937.270	7,3	103,6
11.	Osiguranje Aura A.D.	14.492.718	7,0	18.427.466	8,6	23.481.473	10,2	127,4
12.	Osiguranje Garant D.D.	8.248.338	4,0	9.339.660	4,3	10.619.160	4,6	113,7
13.	Premium osiguranje A.D.			842.688	0,4	7.345.465	3,2	871,7
14.	SAS-SuperP osiguranje A.D.	3.034.941	1,5	3.764.886	1,8	3.860.700	1,7	102,5
15.	Triglav osiguranje A.D.	10.451.752	5,0	10.836.760	5,0	11.185.084	4,8	103,2
	TOTAL NON-LIFE INSURANCE	184.685.692	88,8	193.224.482	89,9	206.079.537	89,3	106,7

Report on the state of the insurance sector in the Republic of Srpska
for year 2019

No	NAME OF THE COMPANY IN RS	Premium written						Index
		2017		2018		2019		2019/18
		Amount	%	Amount	%	Amount	%	
LIFE INSURANCE								
1.	Grawe osiguranje A.D.	16.645.373	8,0	17.476.605	8,1	21.133.698	9,2	120,9
2.	Dunav osiguranje A.D.	712.044	0,3	711.606	0,3	661.638	0,3	93,0
3.	Wiener osiguranje A.D.	5.844.867	2,8	3.576.695	1,7	2.884.412	1,2	80,6
	TOTAL LIFE INSURANCE	23.202.285	11,2	21.764.906	10,1	24.679.749	10,7	113,4
	TOTAL PREMIUM	207.887.978	100,0	214.989.388	100,0	230.759.286	100,0	107,3

Source: Reports of the insurance companies from RS

Chart 1: Premium written by insurance company from RS



Source: Reports of the insurance companies from RS

In 2019, in comparison with the previous year, three insurance companies with HQ in the Republic of Srpska generated a lower non-life insurance premium. Two insurance companies generated a lower life insurance premium.

Changes of total generated non-life insurance premium per insurance companies were significantly affected by changes of generated premium of MTPL insurance per insurance companies and decrease of life insurance premium with two insurance companies occurred due to the circumstances related to the expiry of life insurance contracts and the decision of those insurance companies to stop concluding new life insurance contracts.

The table below shows an overview of the premium of the insurance companies from the Republic of Srpska written in FBiH for 2017, 2018 and 2019.

Table 11: Premium written of insurance companies with HQ from RS in FBiH

(in BAM)

No.	NAME OF THE COMPANY	Premium written						INDEX 2019/18
		2017		2018		2019		
		Amount	%	Amount	%	Amount	%	
NON-LIFE INSURANCE								
1.	Atos osiguranje A.D.	2.931.213	7,7	4.958.321	12,0	3.236.858	6,8	65,3
2.	D.D. Brčko-gas osiguranje	5.395.703	14,1	5.281.631	12,8	5.169.539	10,8	97,9
3.	Drina osiguranje A.D.	3.552.025	9,3	3.063.822	7,4	2.941.914	6,2	96,0
4.	Dunav osiguranje A.D.	5.013.847	13,1	6.022.325	14,6	6.178.151	13,0	102,6
5.	Wiener osiguranje A.D.	11.436.038	29,9	10.655.008	25,9	10.577.543	22,2	99,3

No.	NAME OF THE COMPANY	Premium written						INDEX 2019/18
		2017		2018		2019		
		Amount	%	Amount	%	Amount	%	
6.	Mikrofin osiguranje A.D.	2.353.844	6,1	2.997.047	7,3	3.714.252	7,8	123,9
7.	Osiguranje Aura A.D.	4.414.530	11,5	6.214.013	15,1	9.113.171	19,1	146,7
8.	Premium osiguranje A.D.			129.950	0,3	3.604.013	7,6	2.773,4
9.	Euros osiguranje A.D.					1.781.121	3,7	
	TOTAL NON-LIFE INSURANCE	35.097.198	91,7	39.322.117	95,5	46.316.563	97,1	117,8
LIFE INSURANCE								
1.	Dunav osiguranje A.D.	0,0		0,0		0,0		
2.	Wiener osiguranje A.D.	3.195.526	8,3	1.858.361	4,5	1.378.060	2,9	74,2
	TOTAL LIFE INSURANCE	3.195.526	8,3	1.858.361	4,5	1.378.060	2,9	74,2
	TOTAL:	38.292.724	100,0	41.180.478	100,0	47.694.623	100,0	115,8

Source: Reports of the insurance companies from RS

Insurance companies with HQ in the Republic of Srpska wrote premium in FBiH in the amount of 47,694,623 which was greater by 15,8% in comparison to the previous year and which constituted 20.7% of the total premium of insurance companies with HQ in the Republic of Srpska. Non-life insurance premium was dominant in this structure representing 97.1% of the structure.

Portfolio structure

The table below shows the structure of the premium written by the insurance companies with HQ in the Republic of Srpska, by type of insurance for the period of 2017, 2018 and 2019 whereby the *Other* category refers to 13 groups of non-life insurance, whose individual share in the total premium is below one per cent.

Table 7: Total premium written by the insurance companies with HQ in RS, by type of insurance

(in BAM)

Type of insurance	2017		2018		2019		Index 2019/18
	Amount	%	Amount	%	Amount	%	
Accident insurance	14.077.115	6,8	15.477.438	7,2	17.487.666	7,6	113,0
Land vehicle insurance (except for railway vehicles)	11.406.878	5,5	12.418.952	5,8	14.770.941	6,4	118,9
Insurance of property against fire and natural forces	8.075.645	3,9	6.823.476	3,2	7.840.855	3,4	114,9
Insurance against other types of property damage	10.880.502	5,2	11.484.398	5,3	11.650.158	5,0	101,4
Motor vehicle liability insurance	134.794.492	64,8	140.755.050	65,5	147.222.737	63,8	104,6
Other	5.451.061	2,6	6.265.168	2,9	7.107.180	3,1	113,4
Total non-life insurance	184.685.692	88,8	193.224.482	89,9	206.079.537	89,3	106,7
Life insurance	23.202.285	11,2	21.764.906	10,1	24.679.749	10,7	113,4
Total	207.887.978	100,0	214.989.388	100,0	230.759.286	100,0	107,3

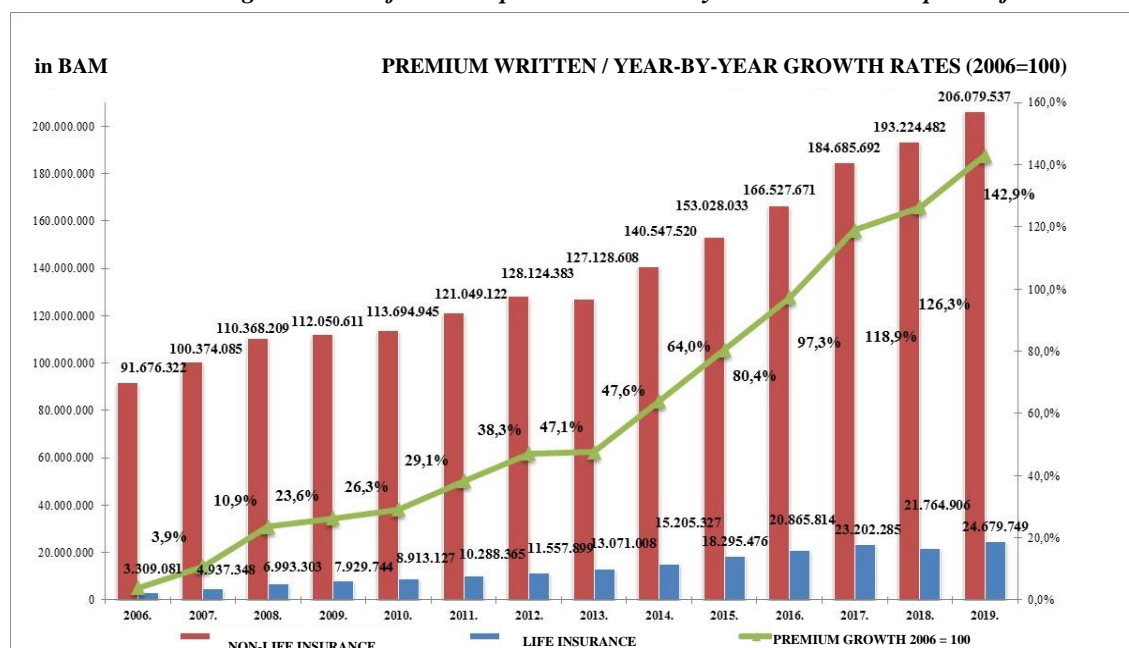
Source: Reports of the insurance companies from RS

Of the total premium written in 2019, a total of BAM 206.079.537 or 89.3 % referred to the non-life insurance premium, while the life insurance premium written totalled BAM 24,679,749 or 10,7%. In comparison with the previous year, the non-life insurance premium written increased by 6.7%, while the life insurance premium increased by 13.4%. The

premium of compulsory MTPL insurance has the most significant share in the total premium of motor vehicle liability insurance with 99.5 %. The share of the premium of compulsory MTPL insurance in the total insurance premium written by the insurance companies with HQ in the Republic of Srpska was 63.5%, while its share in the total non-life insurance premium written was 71.1 % and was not significantly changed in comparison to the previous year.

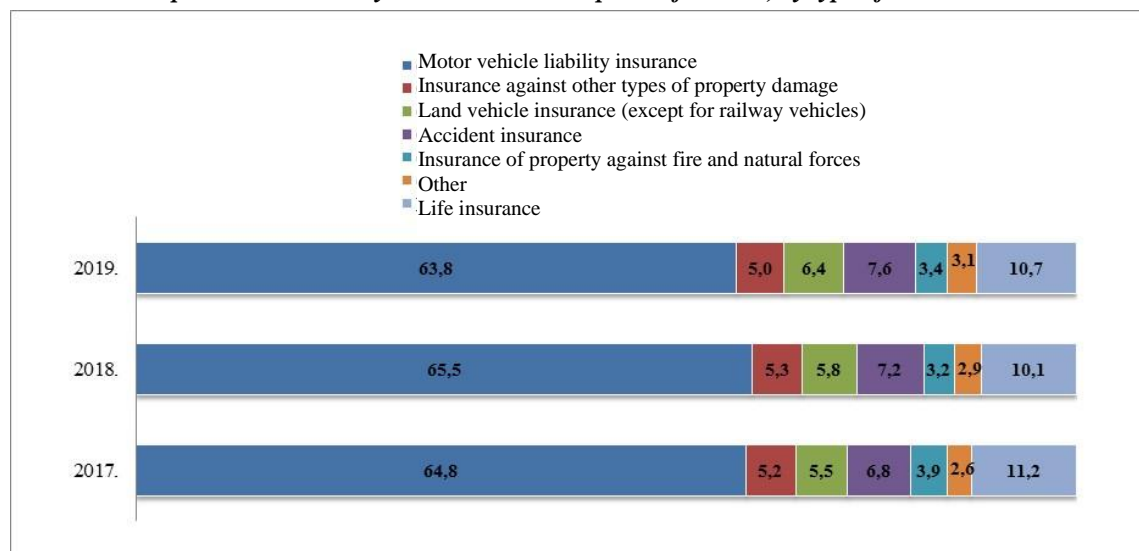
A series of charts illustrating the premiums written by the insurance companies with HQ in the Republic of Srpska are given below.

Chart 2: Cumulative growth rate of the total premium written by the insurance companies from RS

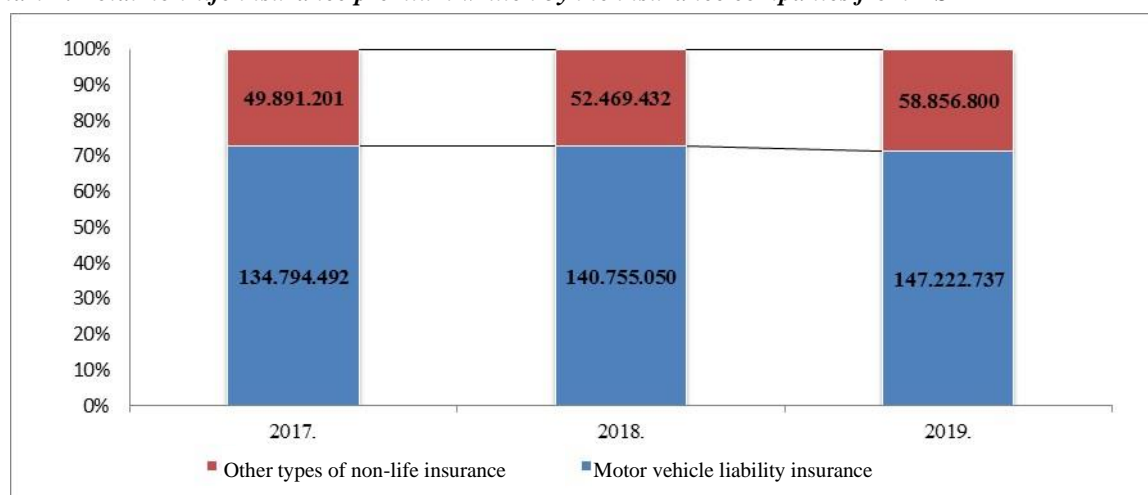


Source: Reports of the insurance companies from RS

Chart 3: Total premium written by the insurance companies from RS, by type of insurance



Source: Reports of the insurance companies from RS

Chart 4: Total non-life insurance premium written by the insurance companies from RS

Source: Reports of the insurance companies from RS

2.1.5.2 Premium written by insurance companies with HQ in the Federation of Bosnia and Herzegovina

Branch offices of insurance companies from FBiH had a share of total written premium in the insurance market of the Republic of Srpska in the amount of BAM 53,572.212 representing 22.6%.

The following table represents overview of premium written in the insurance market in the Republic of Srpska by branch offices from FBiH for the period from 2017, 2018 and 2019.

Table 13: Premium written by branch office of the insurance companies from FBiH

No	Branch offices of the insurance companies from FBiH operating in RS	Premium written						Index 2019/2018
		2017		2018		2019		
		Amount	%	Amount	%	Amount	%	
NON-LIFE INSURANCE								
1.	Asa osiguranje d.d.	4.093.834	9,4	5.506.477	10,5	6.218.154	11,6	112,9
2.	Adriatic osiguranje d.d.	1.223.561	2,8	6.344.290	12,1	6.088.985	11,4	96,0
3.	Camelija osiguranje d.d.	684.028	1,6	760.119	1,5	553.292	1,0	72,8
4.	Central osiguranje D.D.			2.901.528	5,5	3.139.867	5,9	108,2
5.	Croatia osiguranje d.d.	1.680.306	3,8	2.593.424	5,0	2.134.666	4,0	82,3
6.	Grawe osiguranje D.D.			68.992	0,1	19.184	0,0	27,8
7.	Euroherc osiguranje d.d.	6.434.968	14,7	7.601.818	14,5	7.541.535	14,1	99,2
8.	SARAJEVO osiguranje	4.627.264	10,6	3.357.765	6,4	2.669.421	5,0	79,5
9.	Vienna osiguranje D.D.	272.983	0,6	208.780	0,4	189.083	0,4	90,6
10.	Osiguranje VGT d.d.	562.607	1,3	69.420	0,1	-	-	-
11.	UNIQA osiguranje d.d.	4.426.584	10,1	4.991.623	9,5	4.883.437	9,1	97,8
12.	Zovko osiguranje d.d.	4.836.468	11,1	-	-	-	-	-
	TOTAL NON-LIFE INSURANCE	28.842.603	66,0	34.404.235	65,8	33.437.624	62,4	97,2
LIFE INSURANCE								
1.	Adriatic osiguranje d.d.	138.442	0,3	85.227	0,2	70.383	0,1	82,6
2.	Croatia osiguranje d.d.	125.904	0,3	139.633	0,3	156.268	0,3	111,9
3.	Vienna osiguranje D.D.	7.426.388	17,0	8.050.420	15,4	8.801.602	16,4	109,3
4.	UNIQA osiguranje d.d.	6.345.062	14,5	8.437.376	16,1	9.285.091	17,3	110,0
5.	Triglav osiguranje d.d.	816.439	1,9	1.173.771	2,2	1.821.244	3,4	155,2
	TOTAL LIFE INSURANCE	14.852.236	34,0	17.886.428	34,2	20.134.588	37,6	112,6
	TOTAL PREMIUM	43.694.839	100,0	52.290.663	100,0	53.572.212	100,0	102,5

Source: Reports of the branch offices of the companies from FBiH

Within the structure of premium of branch offices of insurance companies from FBiH which was generated in the insurance market of the Republic of Srpska in 2019, share of non-life insurance was 62.4% and life insurance 37.6%. Non-life insurance premium generated by the branch offices of insurance companies from FBiH decreased by 2.8% and the life insurance premium increased by 12.6% in comparison to 2018.

2.1.6. Premium written through insurance agents and brokers

2.1.6.1. Premium written through insurance agents and brokers in the insurance market in the Republic of Srpska

The table below gives an overview of the premium written through insurance agents and brokers in the insurance market of the Republic of Srpska.

Table 84: Premium written through insurance agents and brokers in the market of the Republic of Srpska

(in BAM)

No	Entities in the market	2018				2019			
		Premium written through insurance agents		Premium written through insurance brokers		Premium written through insurance agents		Premium written through insurance brokers	
		Amount	Share in the total premium written	Amount	Share in the total premium written	Amount	Share in the total premium written	Amount	Share in the total premium written
1.	INSURANCE COMPANIES FROM RS	28.183.607	16,2%	6.416.005	3,7%	37.333.507	20,4%	6.363.013	3,5%
1.1.	Non-life insurance	11.437.088	7,4%	6.366.860	4,1%	17.207.285	10,8%	6.269.461	3,9%
1.2.	Life insurance	16.746.519	84,1%	49.145	0,2%	20.126.222	86,4%	93.552	0,4%
2.	BRANCH OFFICES OF THE COMPANIES FROM FBiH	20.358.342	38,9%	893.268	1,7%	20.243.360	37,8%	572.991	1,1%
2.1.	Non-life insurance	7.171.950	20,8%	882.133	2,6%	6.022.085	18,0%	562.130	1,7%
2.2.	Life insurance	13.186.392	73,7%	11.135	0,1%	14.221.275	70,6%	10.861	0,1%
	TOTAL	48.541.949	21,5%	7.309.273	3,2%	57.576.867	24,3%	6.936.004	2,9%

Source: Reports of the insurance companies from RS and the branch offices of the companies from FBiH

In 2019, the premium in the insurance market of the Republic of Srpska written through insurance agents and brokers totalled BAM 64,512,871 or 27.2 % of the total premium written and is greater by 15.5% in comparison to the previous year.

Premium written through insurance agents in the market of the Republic of Srpska was BAM 57,576,867 or 24.3% of the total premium and premium written through insurance brokers was BAM 6.936.004 or 2.9% of the total premium.

In 2019, non-life insurance premium written through insurance agents and brokers totalled BAM 30.060.961 or 15.5% of the total non-life insurance premium written and has increased by 16.3% in comparison to the previous year. Through insurance agents and brokers, the life insurance premium totalled BAM 34.451.910 or 79.3 % of the total life insurance premium written representing an increase of life insurance premium written via these sales channels by 14.9%.

The table below gives an overview of the premium written through insurance agents and brokers in the market of the Republic of Srpska for 2018 and 2019 by type of insurance.

Table 9: Premium written through insurance agents and brokers in the market of the Republic of Srpska, by type of insurance

(in BAM)

Types of insurance	2018				2019			
	Premium written through insurance agents		Premium written through insurance brokers		Premium written through insurance agents		Premium written through insurance brokers	
	Amount	Share in the total premium written	Amount	Share in the total premium written	Amount	Share in the total premium written	Amount	Share in the total premium written
Accident insurance	5.398.130	31,6%	3.786.650	22,2%	5.565.533	30,9%	3.874.052	21,5%
Land vehicle insurance (except for railway vehicles)	1.412.970	8,8%	736.477	4,6%	1.912.827	10,5%	600.914	3,3%
Insurance of property against fire and natural forces	667.641	8,4%	1.112.924	14,0%	618.175	7,2%	864.139	10,0%
Insurance against other types of property damage	258.529	2,8%	769.820	8,3%	657.647	6,9%	374.903	3,9%
Motor vehicle liability insurance	10.025.983	7,6%	79.954	0,1%	13.351.180	10,1%	103.310	0,1%
Other	845.785	13,8%	763.168	12,6%	1.124.007	16,0%	1.014.273	14,4%
Total non-life insurance	18.609.038	9,9%	7.248.993	3,8%	23.229.370	12,0%	6.831.591	3,5%
Total life insurance	29.932.911	79,2%	60.280	0,2%	34.347.497	79,1%	104.413	0,2%
TOTAL	48.541.949	21,5%	7.309.273	3,2%	57.576.867	24,3%	6.936.004	2,9%

Source: Reports of the insurance companies from RS and branch offices from FBiH

The greatest share of the premium written through insurance agents (in the total premium written) was recorded in types of life insurance and the greatest share of the premium written through insurance brokers (in the total premium written) was recorded in types of insurance including accident insurance and insurance of property against fire and natural forces.

2.1.6.2. Premium of the insurance companies with HQ in the Republic of Srpska written through insurance agents and brokers⁷

The premium written by the insurance companies with HQ in the Republic of Srpska through insurance agents and brokers in the period from 1 January to 31 December 2019 totalled BAM 57,868,202 or 25.1 % of the total premium written. In comparison with the same period of the previous year, the premium written through these sales channels increased by BAM 11,692,915 or 25.3 %.

The table below shows the premium of the insurance companies with HQ in the Republic of Srpska written through insurance agents and brokers for 2018 and 2019, by type of insurance.

⁷ Premium of the insurance companies with HQ in the Republic of Srpska written through insurance agents and brokers includes insurance premium written in the insurance market of the Republic of Srpska and FBiH

Table 16: Premium of the insurance companies written through insurance agents and brokers, by type of insurance

(in BAM)

Type of insurance	2018				2019			
	Premium written through insurance agents		Premium written through insurance brokers		Premium written through insurance agents		Premium written through insurance brokers	
	Amount	Share in the total premium written	Amount	Share in the total premium written	Amount	Share in the total premium written	Amount	Share in the total premium written
Accident insurance	4.407.512	28,5%	3.843.305	24,8%	5.629.146	32,2%	3.883.909	22,2%
Land vehicle insurance (except for railway vehicles)	1.085.544	8,7%	578.582	4,7%	1.735.809	11,8%	618.554	4,2%
Insurance of property against fire and natural forces	431.094	6,3%	979.585	14,4%	781.685	10,0%	952.020	12,1%
Insurance against other types of property damage	228.046	2,0%	1.295.211	11,3%	496.477	4,3%	684.551	5,9%
Motor vehicle liability insurance	13.776.893	9,8%	192.117	0,1%	19.932.352	13,5%	141.144	0,1%
Other	865.726	16,9%	973.469	15,6%	1.146.468	16,1%	1.283.834	18,1%
Total non-life insurance	20.794.815	10,8%	7.862.269	4,1%	29.721.937	14,4%	7.564.012	3,7%
Total life insurance	17.469.058	80,3%	49.145	0,2%	20.488.701	83,0%	93.552	0,4%
TOTAL	38.263.873	17,8%	7.911.414	3,7%	50.210.638	21,8%	7.657.564	3,3%

Source: Reports of the insurance companies from RS

The premium written by the insurance companies with HQ in the Republic of Srpska through insurance agents totalled BAM 50.210.638 or 21.8% of the total premium and the premium written through insurance brokers totalled BAM 7.657.564, and its share in the total premium written was 3.3 %.

In 2019 the non-life insurance premium written by insurance companies from the Republic of Srpska through insurance agents and brokers totalled BAM 37.285.949 (18.1% of the total non-life insurance premium) and is increased by 30.1% in comparison to the previous year. There was BAM 20.582.253 or 83.4% of life insurance premium written through insurance agents and brokers representing an increase of life insurance premium written via these sales channels by 17.5% in comparison to the previous year.

The greatest share of the premium written through insurance agents (in the total premium written) was recorded in types of life insurance and the greatest share of the premium written through insurance brokers (in the total premium written) was recorded in types of insurance including accident insurance and insurance of property against fire and natural forces.

2.2. Balance structure

On the basis of the audited financial statements submitted by the insurance companies for 2019, this chapter gives a comparative overview and an analysis of the main balance items for 2018 and 2019.

2.2.1. Balance sheet

As of 31 December 2018, the value of operating assets and liabilities of insurance companies from the Republic of Srpska was BAM 506,967,688 and it was greater by 7.1 % in comparison to 31 December 2017.

The table below shows a shortened overview of assets of the collective balance sheet for all insurance companies with HQ in the Republic of Srpska for 2018 and 2019.

Table 10: Assets – total for all insurance companies from RS

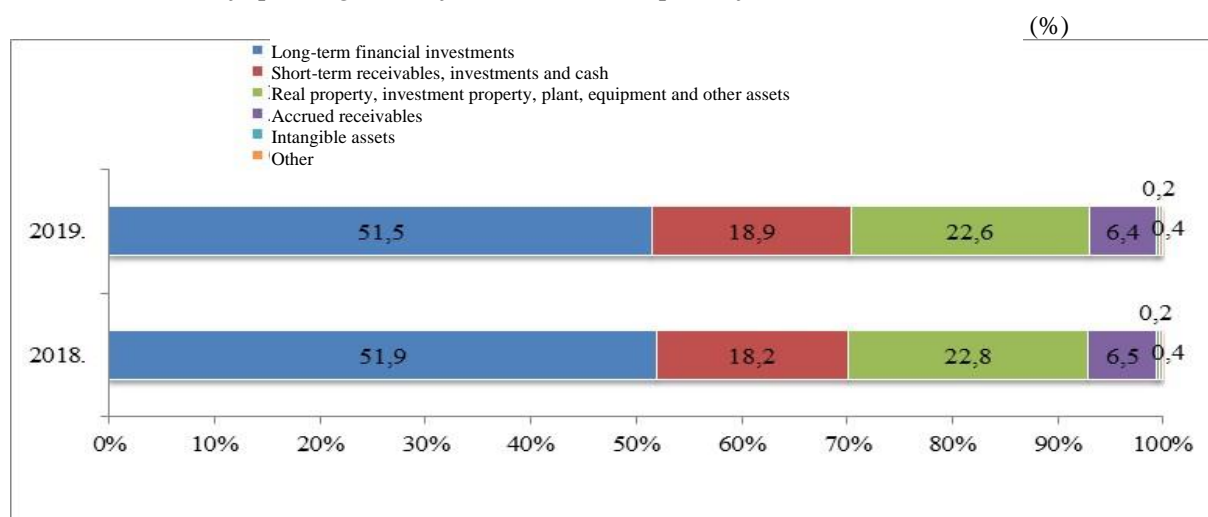
(in BAM)

ASSETS	31 December 2018		31 December 2019		Index 2019/18
	Amount	Share	Amount	Share	
A. FIXED ASSETS (I+II+III+IV)	354.843.466	74,9%	376.582.601	74,3%	106,1
I Intangible assets	1.089.558	0,2%	1.009.550	0,2%	92,7
II Real property, investment property, plant, equipment and other assets (1+2+3)	107.941.102	22,8%	114.385.260	22,6%	106,0
1. Land, buildings, plant and equipment	45.806.714	9,7%	42.909.396	8,5%	93,7
2. Investment property	58.104.373	12,3%	65.897.705	13,0%	113,4
3. Assets in preparation process and other assets	4.030.015	0,9%	5.578.159	1,1%	138,4
III Long-term financial investments (1+2)	245.812.806	51,9%	261.130.950	51,5%	106,2
1.Share in the capital of related, associated and other legal persons	3.724.396	0,8%	4.422.212	0,9%	118,7
2. Long-term financial investments to parent, related and other associated legal persons, domestic and foreign long-term financial investments, financial assets held to maturity, financial assets available for sale, and other long-term financial investments	242.088.410	51,1%	256.708.738	50,6%	106,0
IV Deferred tax funds			56.841	0,0%	
B. CURRENT ASSETS (I+II+III+IV)	118.696.093	25,1%	130.385.087	25,7%	109,8
I Inventories, fixed assets and assets of discontinued operations available for sale	1.323.029	0,3%	1.506.154	0,3%	113,8
II Short-term receivables, investments and cash	86.215.918	18,2%	96.043.492	18,9%	111,4
1. Receivables from premiums, participation in compensation and other purchasers	12.882.165	2,7%	13.333.526	2,6%	103,5
2. Receivables from specific business operations and other receivables	7.074.460	1,5%	8.569.603	1,7%	121,1
3. Short-term financial investments	41.699.207	8,8%	38.498.288	7,6%	92,3
4. Cash	24.560.087	5,2%	35.642.075	7,0%	145,1
III Accrued receivables	30.823.296	6,5%	32.580.365	6,4%	105,7
IV - Deferred tax funds	333.851	0,1%	255.076	0,1%	76,4
OPERATING ASSETS (A+B)	473.539.559	100,0%	506.967.688	100,0%	107,1
OFF-BALANCE-SHEET ASSETS	3.811.929		4.729.089		124,1
TOTAL ASSETS	477.351.488		511.696.777		107,2

Source: Balance sheets of the insurance companies from RS

The chart below shows the structure of operating assets for 2018 and 2019.

Chart 5: Structure of operating assets of the insurance companies from RS



Source: Balance sheets of the insurance companies from RS

In the structure of operating assets, as of 31 December 2019, the share of fixed assets was 74.3 %, and the share of current assets was 25.7%.

The amount of fixed assets increased by 6.1% in comparison to 31 December 2018, and within this item, the amount of real property, investment property, plants, equipment and other assets increased by 6.0%, and the amount of long-term financial investments increased by 6.2%. Growth of amount of real property, investment property, plants, equipment and other assets increased was affected by the increase of amount of investment property, fixed assets in preparation and other fixed assets with increase in the amount of investment property only being nominally more important. Within this category, there was a decrease of recorded amount in the item referring to land, building structures, plants and equipment (6.3%). Changes in the amounts referring to amounts categories of real property, investment property, plants, equipment and other fixed assets are partially coming from reclassification of building structures and real property that was used for performing activities into investment property, and updating of estimation of values of real properties. The other changes in long-term financial investments include share in the capital of subsidiaries, affiliates and other legal persons in the amount of 18.7% because of investment of two insurance companies into affiliate. Investment of three insurance companies into an affiliate legal person had important impact on the increase of long-term financial investment into parent companies, subsidiaries and other affiliate legal persons and the increase of investment into held-to-maturity financial assets and in available-for-sale financial assets results from the increase of the amount of invested assets for covering technical reserves and minimum guarantee fund into securities. Decrease of the category of intangible assets by 7.3% is not materially significant because the share of amount reported for this category is 0.2 within the fixed assets.

The amount of current assets increased by 9.8%, and within this item, there was an increase in inventories, fixed assets and assets of discontinued operations available for sale by 13.8%, short-term receivables, investments and cash by 11.4% and accrued receivables by 5.7%. Share of amount of items inventories, fixed assets and assets of discontinued operations available for sale in the amount of operating assets is only 0.3% so the increase of 13.8% was not materially significant. Within short-term receivables, investments and cash, there was an

increase of 3,5 % of receivables from premiums, participation in compensation and other purchasers, with receivables from specific business operations and other receivables increase was 21,1% and cash increased 45,1%. On the increase of receivables from premiums, participation in compensation and other purchasers, the biggest impact had an increase of receivables from non-life insurance premiums (6,6%).

Increase of the amount from the item receivables from specific products and other receivables results from the change of the amount represented in the item other receivables in individual insurance companies. Represented increase of amount of cash is related to the uncompleted processes of investment of assets until the end of accounting period. Decrease of amount of short-term receivables by 7.7% is connected with stated increase of long-term financial assets and investment property. Change of amount in items of accrued receivables of individual insurance companies resulted in the increase of total amount of accrued receivables by 5.7% and is related to the change of amount in items accrued expenses of provision and share of reinsurers in claims reserves. Decrease of amount of deferred tax funds by 23.6% is of no material importance because share of amount of this item in operating assets is only 0.1%.

The amount of off-balance-sheet assets and liabilities increased by 24.1% due to the decrease in contingent liabilities from guarantees endorsed to ensure that the liabilities of third persons would be met and amounts of real estate mortgages with one insurance company. A part of this item refers to state-owned property (the buildings used by the insurance company Wiener osiguranje a.d.) and to receivables written off by one insurance company.

The table below gives a short overview of the aggregate items of liabilities of all insurance companies for 2018 and 2019.

Table 11: Liabilities – total for all insurance companies from RS

(in BAM)

LIABILITIES	31 December 2018		31 December 2019		Index 2019/18
	Amount	Share	Amount	Share	
A. CAPITAL	152.741.155	32,3%	153.930.844	30,4%	100,8
1. Share capital	106.820.292	22,6%	103.655.891	20,4%	97,0
2. Share issuance premium	6.251.900	1,3%	5.838.218	1,2%	93,4
3. Share issuance loss	4.045.946	0,9%	4.045.946	0,8%	100,0
4. Reserves from profit	6.507.655	1,4%	5.884.248	1,2%	90,4
5. Revaluation reserves	3.089.358	0,7%	3.659.077	0,7%	118,4
6. Unrealised gains on financial assets available for sale	6.002.917	1,3%	6.333.344	1,2%	105,5
7. Unrealised losses on financial assets available for sale	2.310.034	0,5%	1.205.885	0,2%	52,2
8. Retained profit (9+10)	43.679.928	9,2%	45.436.087	9,0%	104,0
9. Retained profit from previous years	10.997.693	2,3%	15.043.847	3,0%	136,8
10. Retained profit from the current year	32.682.235	6,9%	30.392.240	6,0%	93,0
11. Loss up to the amount of capital (12+13)	13.254.915	2,8%	11.624.190	2,3%	87,7
12. Loss from previous years	9.432.585	2,0%	6.865.833	1,4%	72,8
13. Loss from the current year	3.822.330	0,8%	4.758.357	0,9%	124,5
B. LONG-TERM PROVISIONS	101.579.624	21,5%	115.652.655	22,8%	113,9
C. LIABILITIES (1+2)	219.218.780	46,2%	237.384.189	46,8%	108,3
1. Long-term liabilities	2.292.846	0,5%	4.091.192	0,8%	178,4
2. Short-term liabilities and accruals and deferred income	216.925.934	45,8%	233.292.997	46,0%	107,5
2.1. Unearned premium – life insurance	5.692.266	1,2%	6.523.662	1,3%	114,6

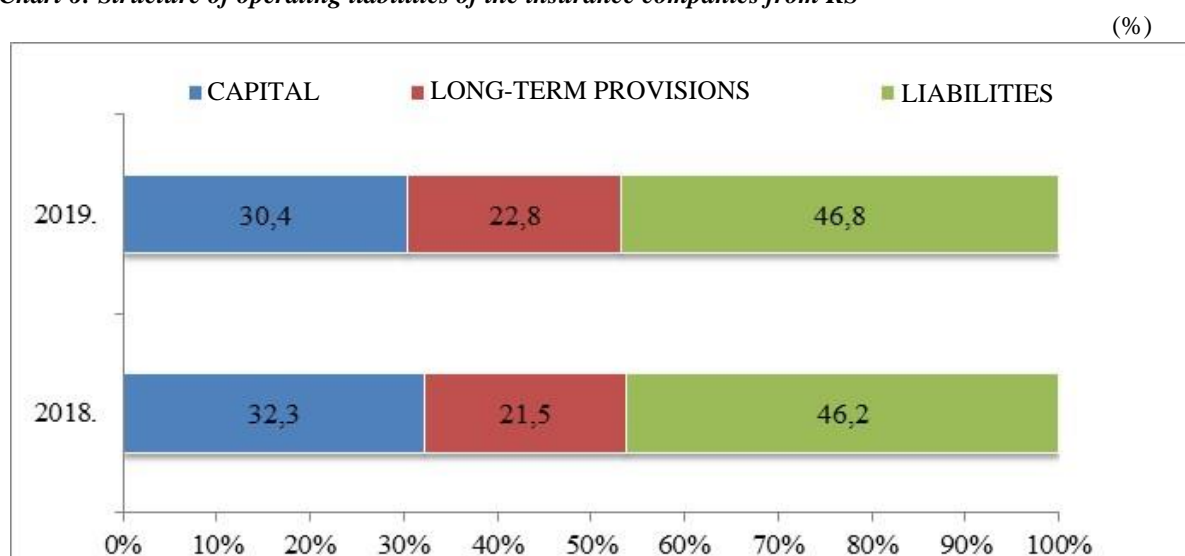
Report on the state of the insurance sector in the Republic of Srpska
for year 2019

LIABILITIES	31 December 2018		31 December 2019		Index 2019/18
	Amount	Share	Amount	Share	
2.2. Unearned premium – non-life insurance	108.647.422	22,9%	118.832.112	23,4%	109,4
2.3. Outstanding claims reserves – life insurance	912.316	0,2%	1.075.927	0,2%	117,9
2.4. Outstanding claims reserves – non-life insurance	72.900.962	15,4%	76.062.118	15,0%	104,3
2.5. Other accruals and deferred income	4.216.467	0,9%	4.714.813	0,9%	111,8
2.6. Other short-term liabilities	24.556.501	5,2%	26.084.365	5,1%	106,2
D. OPERATING LIABILITIES (A+B+C)	473.539.559	100,0%	506.967.688	100,0%	107,1
E. OFF-BALANCE-SHEET LIABILITIES	3.811.929		4.729.089		124,1
F. TOTAL LIABILITIES	477.351.488		511.696.777		107,2

Source: Balance sheets of the insurance companies from RS

The chart below shows the structure of operating liabilities for 2018 and 2019.

Chart 6: Structure of operating liabilities of the insurance companies from RS



Source: Balance sheets of the insurance companies from RS

In the structure of operating liabilities, as of 31 December 2019, the share of capital was 30.4%, the share of long-term provisions was 22.8 %, and the share of liabilities was 46.8%, whereby technical reserves (unearned premiums and outstanding claims reserves) comprised 85.3 % of the total liabilities.

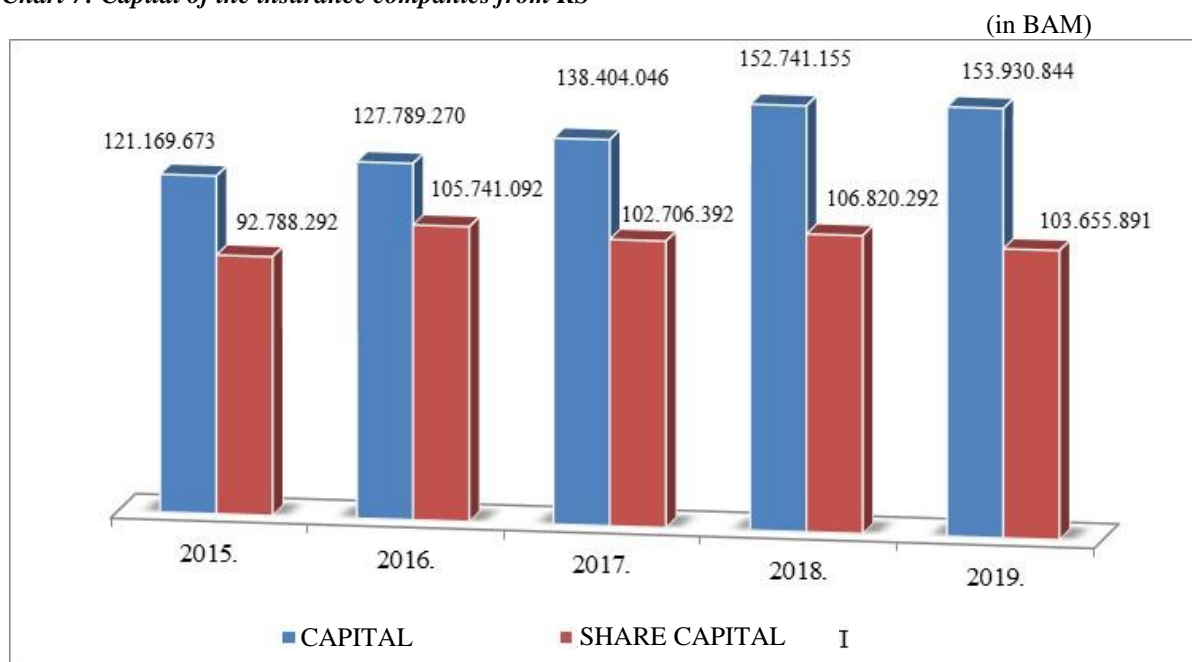
In the structure of operating liabilities, the share of unearned premiums and claims reserves of life and non-life insurance was 39.9%, the share of mathematical reserve and provisions for participation in life insurance profit was 22.5%, and the share of capital was 30.4%, i.e. the total share of these items in operating liabilities was 92.8%. The share of these items and their interrelationship were in accordance with their core activity and the portfolio structure of the insurance companies.

The item of capital had an increase of 0.8 % in comparison with 31 December 2018, i.e. the previous year, and within which there was an increase of revaluation reserves (18.4%), unrealised gains from the financial assets available for sale (5.5%), unallocated gain (4.0%). Within the category of capital, there were decreases in items share capital (3.0%), issuance premium (6.6%), gain reserves (9.6%), unrealised losses from the financial assets available

for sale (47.8) and loss up to the amount of capital (12.3%). Decrease of amount in items share capital and gain reserves is related to the decision of an insurance company referring to the coverage of loss from previous years and the decrease of issuance premium arises from decreased issuance premium on the basis of recapitalisation in 2018 with another insurance company. Changes of amounts on items unrealised gains from the financial assets available for sale and unrealised losses from the financial assets available for sale is related to the evaluation referred to in the International Accounting Standards 39 – Recognition and Measurement. There were no changes of every issuance loss.

The chart below gives an overview of movement of capital for the period 2015-2019:

Chart 7: Capital of the insurance companies from RS



Source: Balance sheets of the insurance companies from RS

The item of long-term provisions had an increase of 13.9%. Within this item, there was an increase in mathematical reserve by 14.6% and an increase in provisions for participation in life insurance profit (10.3%). The amounts of mathematical reserve and provisions for participation in life insurance profit comprised 98.5 % of long-term provisions. Increase of amount of mathematical reserve and provisions for participation in life insurance profit was a result of portfolio maturation and growth of life insurance written premium.

Total liabilities were increased by 8.3% and within that the amount of long-term liabilities increased by 78.4%, short-term liabilities and accrued expenses and deferred income increased by 7.5%. Share of long-term liabilities in the operating equity is only 0.8% so the said increase of long-term liabilities is of no material importance from the aspect of increase of debt in the insurance sector and is connected with the increase of long-term liabilities of two insurance companies on the basis of lease and long-term loans.

Share of unearned premium and reserved claims of life and non-life insurance was 86.8% and liabilities on the basis of damages and agreed amounts were only 0.3% of total amount of short-term liabilities and accrued expenses and deferred income. Other accrued expenses and deferred income increased by 11.8% and within them there was an increase of amount of

reserves for share in claims based on co-insurance, reinsurance and retrocession and is related to the realisation of concluded insurance agreements. Increase of other short-term liabilities was affected by the increase of liabilities referring to insurance premium abroad and liabilities based on dividends.

2.2.2. Income statement

The table below gives a short collective overview of the income statement items for all insurance companies with HQ in the Republic of Srpska, for 2018 and 2019.

Table 12: Income statement – total for all insurance companies from RS

ITEM	2018	Share	2019	Share	Index 2019/18
	Amount		Amount		
(in BAM)					
A. OPERATING INCOME AND EXPENSES					
I - Operating income (1+2+3+4+5+6)	230.414.464	92,9%	240.131.198	92,8%	104,2
1. Income from premiums and commissions for insurance, co-insurance, reinsurance and retrocession in terms of life insurance	22.250.455		24.830.919		111,6
2. Income from premiums and commissions for insurance, co-insurance, reinsurance and retrocession in terms of non-life insurance	187.154.224		196.480.292		105,0
3. Income from participation of co-insurance and reinsurance and retrocession in compensation for damage in terms of non-life insurance	6.860.268		4.215.794		61,5
4. Income from cancellation and reduction of provisions in terms of non-life insurance	2.647.752		3.022.843		114,2
5. Income from return of taxes and other levies, and income from premiums, subsidies, grants, donations, etc.	121.342		211.666		174,4
6. Other operating income	11.380.423		11.369.684		99,9
II - Operating expenses (1+2)	205.854.113	95,6%	217.468.824	95,3%	105,6
1. Functional expenses (1.1.+1.2.+1.3.)	123.336.778		121.855.105		98,8
1.1. Expenses for long-term provisions and functional contributions	16.299.130		17.576.981		107,8
1.2. Compensation for damage, contractual amounts and premiums in terms of co-insurance and reinsurance	8.702.749		9.173.464		105,4
1.3. Compensation for damage and other types of compensation in terms of non-life insurance	98.334.899		95.104.660		96,7
2. Expenses for execution of insurance	82.517.335		95.613.719		115,9
III - Operating profit/loss (I-II)	24.560.351		22.662.374		92,3
B. FINANCIAL INCOME AND EXPENSES					
I - Financial income	10.683.309	4,3%	11.036.142	4,3%	103,3
II - Financial expenses	596.160	0,3%	615.540	0,3%	103,3
III - Financial profit/loss (I-II)	10.087.149		10.420.602		103,3
AB - Profit/loss from regular operation (AIII+BIII)	34.647.500		33.082.976		95,5
C. OTHER INCOME AND EXPENSES					
I - Other income	5.924.250	2,4%	3.876.452	1,5%	65,4
II - Other expenses	6.071.787	2,8%	6.375.361	2,8%	105,0
III - Profit/loss from other income and expenses (I-II)	-147.537		-2.498.909		1693,8
D. INCOME AND EXPENSES FROM PROPERTY VALUE ADJUSTMENT					
I - Income from property value adjustment	572.105	0,2%	2.621.718	1,0%	458,3
II - Expenses from property value adjustment	2.300.711	1,1%	3.005.819	1,3%	130,6
III - Profit/loss from property value adjustment (I-II)	-1.728.606		-384.101		22,2
E. INCOME FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS YEARS					
E I - EXPENSES FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS YEARS	56.712	0,0%	112.506	0,0%	198,4
E II - INCOME FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS YEARS	202.536	0,1%	389.660	0,2%	192,4
F. PROFIT/LOSS BEFORE TAX (AB+CIII+ DIII+E-EI)	32.625.533		29.922.812		91,7

ITEM	2018	Share	2019	Share	Index 2019/18
	Amount		Amount		
G. CURRENT AND DEFERRED INCOME TAX - Tax expenses in the reporting period	3.786.300		3.767.460		99,5
H - DEFERRED TAX EXPENSES IN THE REPORTING PERIOD	9.361	0,0%	78.253	0,0%	835,9
H I - DEFERRED TAX INCOME IN THE REPORTING PERIOD	695		72.232	0,0%	10393,1
I. NET PROFIT / NET LOSS IN THE REPORTING PERIOD (F-G-H+HI)=(I 1-I 2)	28.830.567		26.149.331		90,7
1. Net profit in the current year	32.662.615		30.917.406		94,7
2. Net loss in the current year	3.832.048		4.768.075		124,4
J. OTHER GAINS AND LOSSES IN THE REPORTING PERIOD					
I - Gains determined directly in the capital	297.077	0,1%	981.130	0,4%	330,3
II - Losses determined directly in the capital	346.588	0,2%	167.533	0,1%	48,3
III - Income tax referring to other gains and losses	9.660	0,0%	66.232	0,0%	685,6
K. TOTAL NET RESULT IN THE ACCOUNTING PERIOD (I+JI-JII±JIII)	28.771.396		26.896.696		93,5
L. TOTAL INCOME AND GAINS (AI+BI+CI+DI+E+HI+JI)					
	247.948.612	100,0%	258.831.378	100,0%	104,4
M. TOTAL EXPENSES AND LOSSES (AII+BII+CII+DII+EI+JII±JIII+H)					
	215.390.916	100,0%	228.167.222	100,0%	105,9
N. TOTAL GROSS RESULT IN THE ACCOUNTING PERIOD (L-M)					
	32.557.696		30.664.156		94,2
O. CURRENT AND DEFERRED INCOME TAX (G)					
	3.786.300		3.767.460		99,5
P. TOTAL NET RESULT IN THE ACCOUNTING PERIOD (N-O)=K					
	28.771.396		26.896.696		93,5

Sources: Income statements of the insurance companies from RS

The total income in 2019, including gains determined directly in the capital, was BAM 258,831,378 representing an increase of 4.4 % in comparison with the previous year.

The amount of operating income was BAM 240.131.198, which was higher by 4,2% and they comprised 92,8% of the total income. As for operating income, the amount of income from premiums and commissions for insurance, co-insurance, reinsurance and retrocession of life insurance increased by 11.6%, and for non-life insurance increased by 5.0% and it was affected by the increase of written premium. Realisation of insured cases and consequential changes in amounts of reserves on that basis in some insurance companies resulted in increase of amount of income from cancellation and reduction of provisions in terms of non-life insurance by 14,2%. Income from return of taxes and other levies, and income from premiums, subsidies, grants, donations, etc. increased by 74.4% but their share in operating income is only 0.1 %. When it comes to operating income, there is a decrease in income based on share of co-insurance, reinsurance and retrocessions in compensation of damages referring to non-life insurance by 38.5% and is related to the realisation of concluded reinsurance contracts and other operating income decreased slightly (0.1%).

The amount of financial income comprised 4.3% of the total income, and it increased by 3.3%. The share of other income in the total income was 1.5% representing a decrease of 34.6%, and their decrease was affected by the decrease of amount of collection of written-off receivables in comparison to the previous year.

The share of income from property value adjustment in the total income increased 4.6 times and it mostly refers to income from revaluation of intangible assets, real-estates, plant, equipment and investment property in three insurance companies and it refers to income from

revaluation of long-term financial placements and financial assets available for sale in one insurance company.

Income from changes in accounting policies and correction of errors from previous years increased by 98.4% but their impact on the total result was not substantially significant because their share in total income was modest.

Gains determined directly in the capital come mostly from gains from changes in fair value of securities available for sale in three insurance companies.

Total expenses, including losses determined directly in capital, were BAM 228,167,222 and increased by 5.9%.

The amount of operating expenses comprised 95.3 % of the total expenses, and they totalled BAM 217,468,824. The amount of functional expenses comprised 56.0% of operating expenses and were decreased by 1.2% in comparison to the previous year. Within functional expenses, expenses referring to compensation for damage and other types of compensation in terms of non-life insurance decreased by 3.3%. On the other hand, the amount of expenses referring to long-term provisions and functional contributions increased by 7.8% and expenses for compensation of damages, fixed amounts and life co-insurance and reinsurance premiums increased by 5.4%. Share of expenses for execution of insurance was 44.0% in operating expenses and it was increased by 15.9% and they consist of depreciation and provisions expenses (4.3%), materials expenses, energy expenses, expenses referring to services and immaterial expenses (64.1%) and wages, salaries and other personal expenses (31.6%).

Finance expenses' share in total expenses was 0.3%, share of other expenses was 2.8%, share of losses from the revaluation of property value was 1.3%, share of losses from changes in accounting policies and corrections from previous years was 0.2% and share of losses determined directly in capital was 0.1%. Because of modest share in total expenses, changes in categories of above-mentioned expenses did not make a materially significant impact on the total net result, regardless of their relative change.

The amount of operating profit was BAM 22,662,374, and it decreased by 7.7%, while the amount of profit from regular operation (including financial income and expenses) totalled BAM 33,082,976 and it decreased by 4.5%.

Net result in the accounting period was a profit in the amount of BAM 26,149,331. Twelve insurance companies generated a net profit in the amount of BAM 30,917,406, while three insurance companies generated a net loss in the amount of BAM 4,768,075. The total net result in the accounting period referring to the sector was calculated as a difference between total income, gains determined directly in the capital on one hand and total expenses, losses determined directly in the capital and current and deferred income tax, on the other hand and it represents a profit in the amount of BAM 26,896,696.

2.2.3. Consolidated financial statements

Of the total of 15 insurance companies, seven insurance companies exercise direct or indirect control over one or several legal persons or exercise significant influence over other legal

persons. Therefore, pursuant to the Article 19 of the Law on Accounting and Auditing of the Republic of Srpska ("Official Gazette of the Republic of Srpska", No. 94/15), they are obliged to develop consolidated financial statements of the related legal persons which comprise one economic unit.

In accordance with the above-mentioned requirement, the insurance companies developed and submitted audited consolidated financial statements to the Agency. In their consolidated financial statements, six insurance companies reported a profit totalling BAM 17,988,112, while three insurance companies reported a loss totalling BAM 1,866,429. The total net result in the reporting period for these insurance companies, as reported in the non-audited consolidated financial statements, was positive and it totalled BAM 16,121,683.

Total net result reported in the individual audited financial statements of these insurance companies was a profit of totally BAM 16,150,147 and it was higher by BAM 28.464 in comparison with the profit reported in the non-audited consolidated financial statements.

2.3. Financial and technical indicators

2.3.1. Compliance with the capital adequacy requirements

The insurance companies with HQ in the Republic of Srpska are obliged to continuously maintain the amount of capital, which is adequate to the scope and types of the insurance activity that they pursue, i.e. to risks to which they are exposed in the pursuit of the insurance activity.

The capital adequacy of an insurance company is measured in terms of compliance with the prescribed requirements, i.e. the available capital of the insurance company must at least be equal to the adequacy threshold of the available capital⁸, while the share capital must at least be equal to the amount of the guarantee fund⁹. Composite insurance companies must report separately the compliance with the capital adequacy requirements for life and non-life insurance.

Table 20: Compliance with the capital adequacy requirements

No	Description	(in BAM)			
		2018		2019	
		Non-life insurance	Life insurance	Non-life insurance	Life insurance
1.	Share capital	96.176.536	15.585.352	97.424.170	15.857.171
2.	Guarantee fund	62.000.000	9.000.000	65.000.000	9.000.000
3.	More/less share capital (1-2)	34.176.536	6.585.352	32.424.170	6.857.171
4.	Available capital	88.868.006	11.973.692	84.667.654	12.262.122
5.	Adequacy threshold of the available capital	62.000.000	9.837.938	65.234.093	10.315.413
6.	More/less available capital (4-5)	26.868.006	2.135.754	19.433.561	1.946.709

Source: Reports of the insurance companies from RS

⁸ The adequacy threshold of the available capital represents the amount of the solvency margin or the minimum prescribed amount of the share capital for insurance companies, whichever is larger.

⁹ The guarantee fund corresponds to 1/3 of the solvency margin or the minimum prescribed amount of the share capital for insurance companies, whichever is larger.

The total share capital of all insurance companies with HQ in the Republic of Srpska, as at 31 December 2019, including the capital of both life and non-life insurance, was BAM 113,281,341, and it was higher than the guarantee fund by BAM 39,281,341 or 53.1%. The share capital for non-life insurance was greater than the guarantee fund by 49.9%, and the share capital for life insurance was greater than the guarantee fund by 76.2%.

The total available capital of all insurance companies with HQ in the Republic of Srpska¹⁰, as a total for life and non-life insurance, determined for the purpose of reporting the compliance with the capital adequacy requirements, was BAM 96.929.776. The surplus available capital in relation to the adequacy threshold of the available capital was reported in the amount of BAM 21.380.270 (28,3%), of which BAM 19.433.561 in non-life insurance (or 29,8%) and BAM 1.946.709 of surplus in life insurance (18,9%).

Although at the sector level overall compliance with the capital adequacy requirements was achieved, two insurance companies have not completely achieved this for non-life insurance. At the time this report was written, Agency has issued measures which should result in compliance with capital adequacy requirements in one company, while the second company was in the process of emission of shares, which should result in compliance with prescribed requirements.

Apart from complying with the prescribed capital adequacy requirements, insurance companies are obliged to keep the amount of at least 50 % of the minimum guarantee fund required in a special-purpose term deposit or in securities issued or guaranteed by Bosnia and Herzegovina, the Republic of Srpska or the Central Bank of BiH. These funds are used for the protection of interests of insurer and insured and cannot be used for other purposes. All insurance companies complied with this requirement, i.e. they possessed the required coverage in the above-mentioned fund.

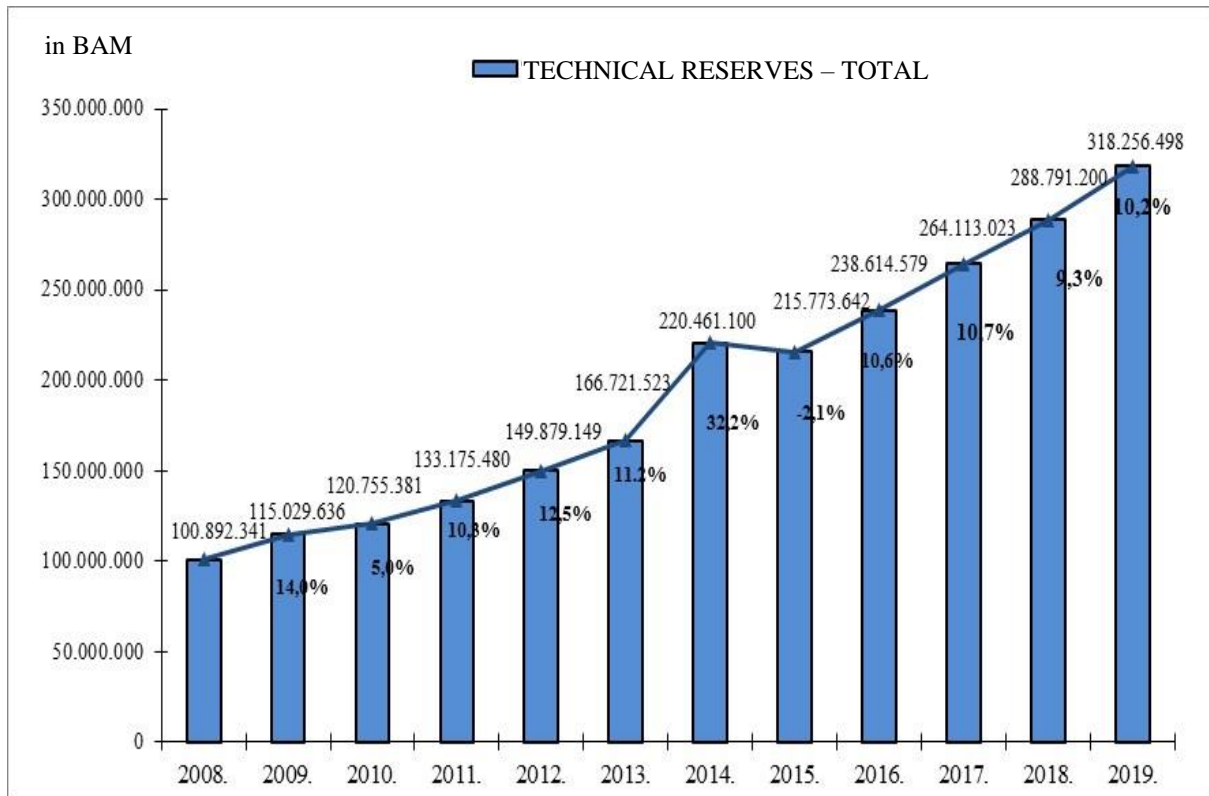
2.3.2. Calculation and coverage of technical reserves by the prescribed types of assets

2.3.2.1. Total calculated technical reserves

The calculation of technical reserves based on the actuarial cost method is an important prerequisite for maintenance of solvency of insurance companies, which contributes to better protection of interests of insured persons and beneficiaries, as well as to strengthening the trust in the insurance activity. The rules for calculation of technical reserves are prescribed by the bylaws of the Agency, and their adequate enforcement is subject to check conducted both by the certified actuaries and the Agency, through mandatory reports submitted by the insurance companies on a periodical basis and through direct and indirect monitoring.

The chart below illustrates an overview of the total calculated technical reserves of all insurance companies with HQ in the Republic of Srpska, in the period from 2008 to 2019.

¹⁰ It must be noted that the amount of capital, determined for the purpose of complying with the capital adequacy requirements, differs from the amount of capital reported in the balance sheet.

Chart 8: Total calculated technical reserves of all insurance companies from RS

Source: Reports of the insurance companies from RS

As at 31 December 2018, the total calculated technical reserves of all insurance companies with HQ in the Republic of Srpska were higher by 10.2% in comparison with the same day of the previous year.

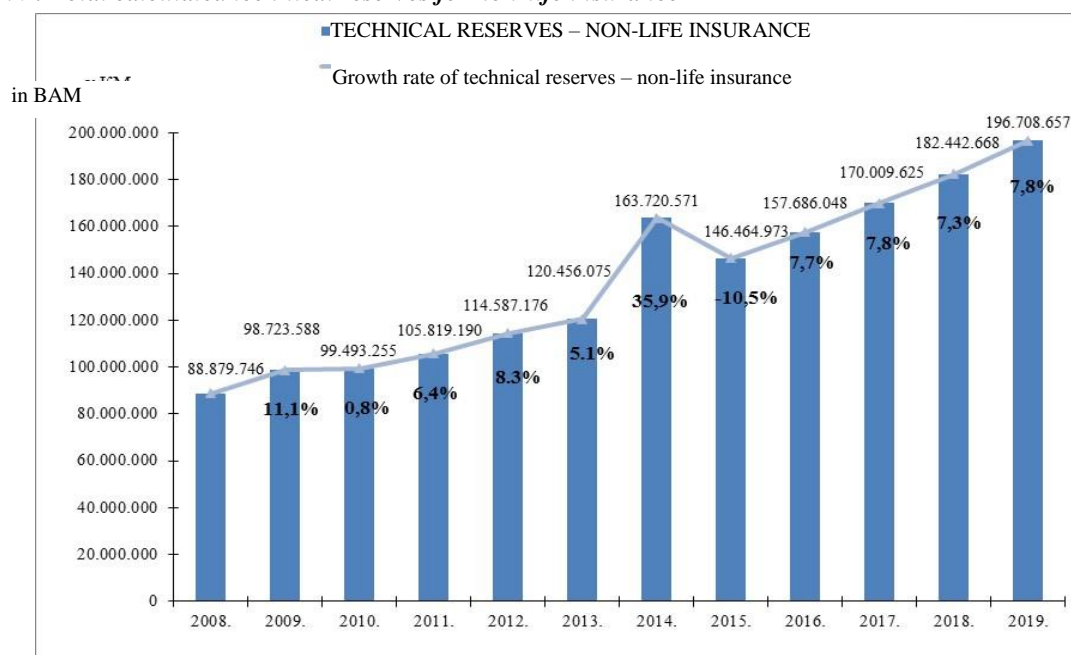
For the purpose of maintaining the financial capacities to fulfil the obligations to pay the compensation under insurance contracts, the insurance company is obliged to invest the funds for coverage of technical reserves in the prescribed types of assets, applying the principles of security and profitability, and taking into account investment dispersion.

Considering the different investment requirements and restrictions applied for life and non-life insurance, below is a separate analysis of the investment of funds for coverage of technical reserves.

2.3.2.2. Calculation and funds for coverage of technical reserves for non-life insurance

The total calculated technical reserves for non-life insurance, in the period from 2008 to 2019, are shown in the chart below.

Chart 9: Total calculated technical reserves for non-life insurance



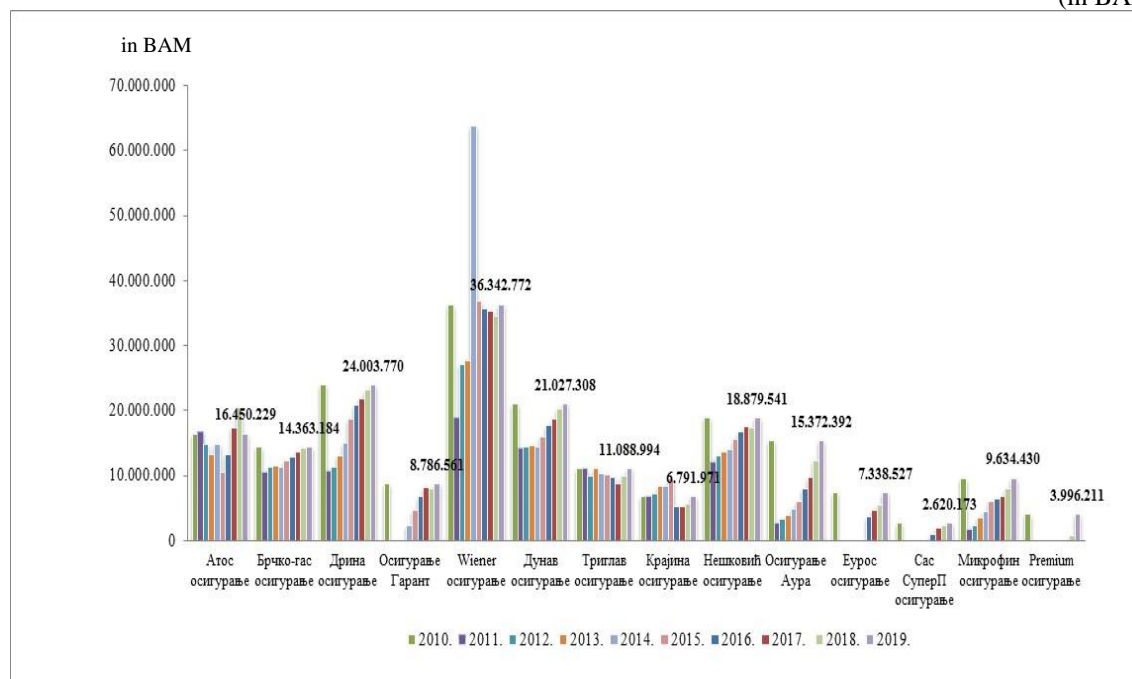
Source: Reports of the insurance companies from RS

The total calculated technical reserves for non-life insurance, as of 31 December 2019, were BAM 196.708.657, and they were 7.8% greater in comparison with the previous year. The increase of the amount of calculated technical reserves is related to the increase of the amount of premium written and realisation of risks taken with the execution of insurance contract.

The chart below shows the calculated technical reserves for non-life insurance individually, by insurance company with HQ in the Republic of Srpska.¹¹

Chart 10: Overview of the calculated technical reserves for non-life insurance by insurance company from RS

(in BAM)



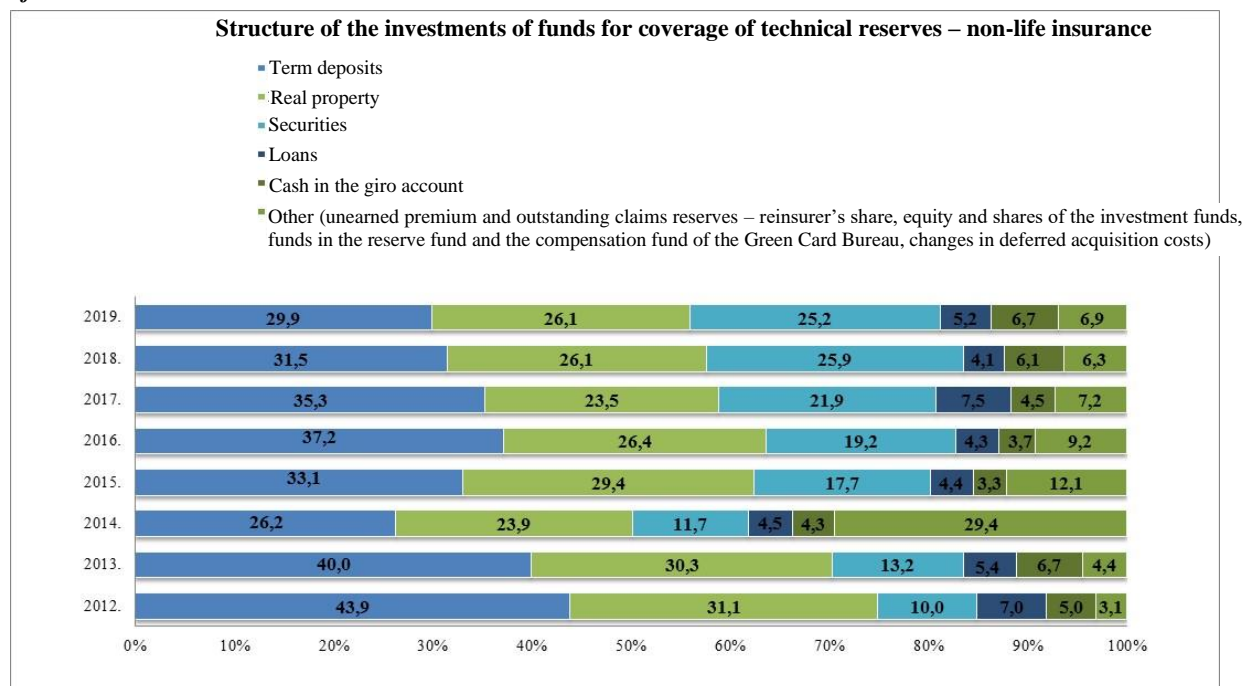
Source: Reports of the insurance companies from RS

¹¹ The chart does not give the information on the calculated technical reserves for non-life insurance for Grawe osiguranje a.d. Banja Luka, because they total only BAM 12.593 (0.006 %), which is in accordance with the non-life insurance premium written by this company. Therefore, such information would not be visible in the chart.

The chart shows that, at 31 December 2019, there was a decrease in the amount of calculated technical reserves of one insurance company in comparison with the same day of the previous year which was caused by the decrease of the amount of unearned premium due to the smaller amount of premium written.

The chart below shows the structure of the investments of funds for coverage of technical reserves for non-life insurance.

Chart 11: Structure of the investments of funds for coverage of the total calculated technical reserves for non-life insurance



Source: Reports of the insurance companies from RS

In the structure of the investments of funds for coverage of technical reserves for non-life insurance, term deposits, real property and securities had the highest share – a total of 81.2%.

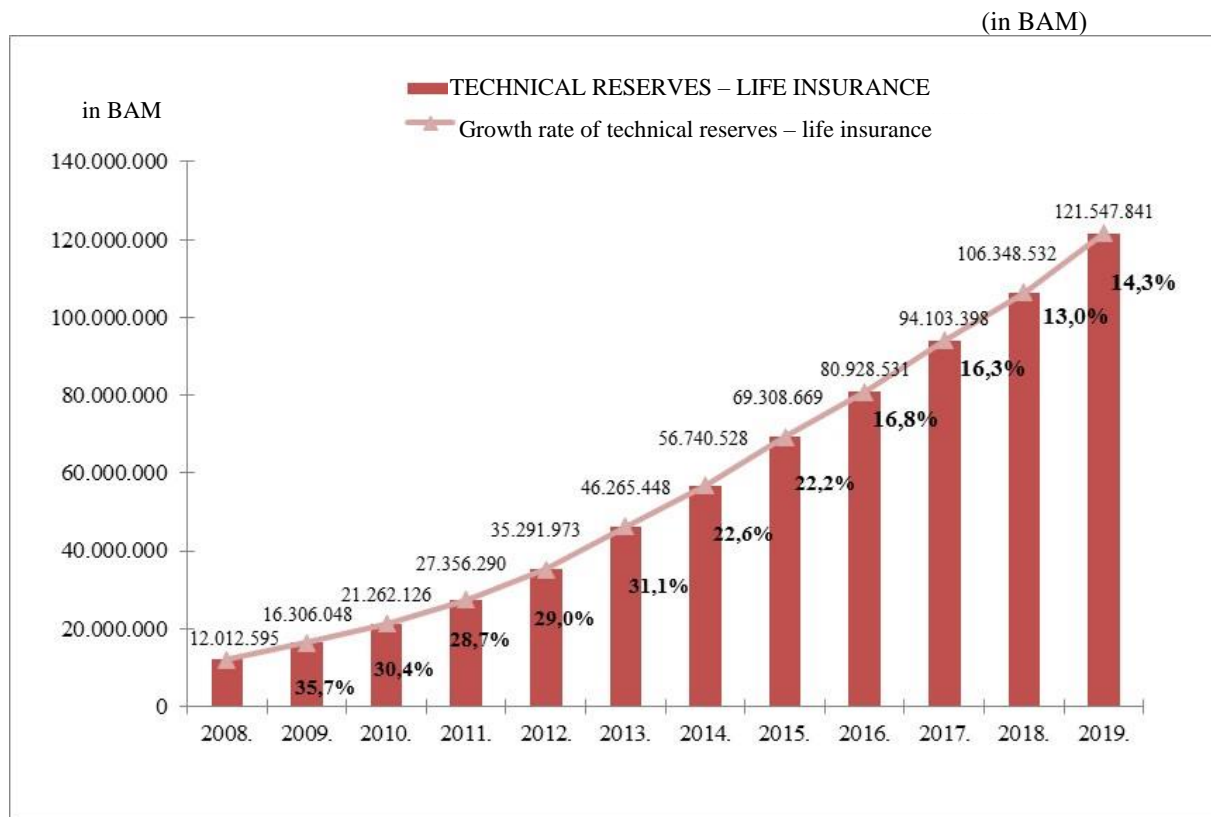
In the end of 2019, one non-life insurance company reported a shortage of funds for coverage of technical reserves and there is still a monitoring measure from 2020 referring to the prohibition of disposal of existing assets for covering generated technical reserves and assets for coverage of 50% of minimum guarantee fund and monitoring measure covering activity plan for provision of missing assets for coverage of technical reserves imposed on this insurance company.

The other companies which pursue non-life insurance ensured quantitative and qualitative compliance with the prescribed requirements related to coverage of technical reserves for non-life insurance.

2.3.2.3. Calculation and funds for coverage of technical reserves for life insurance

The technical reserves for life insurance are characterised by dynamic growth caused by the growth of the life insurance premium and the portfolio maturity.

Chart 12: Total calculated technical reserves for life insurance

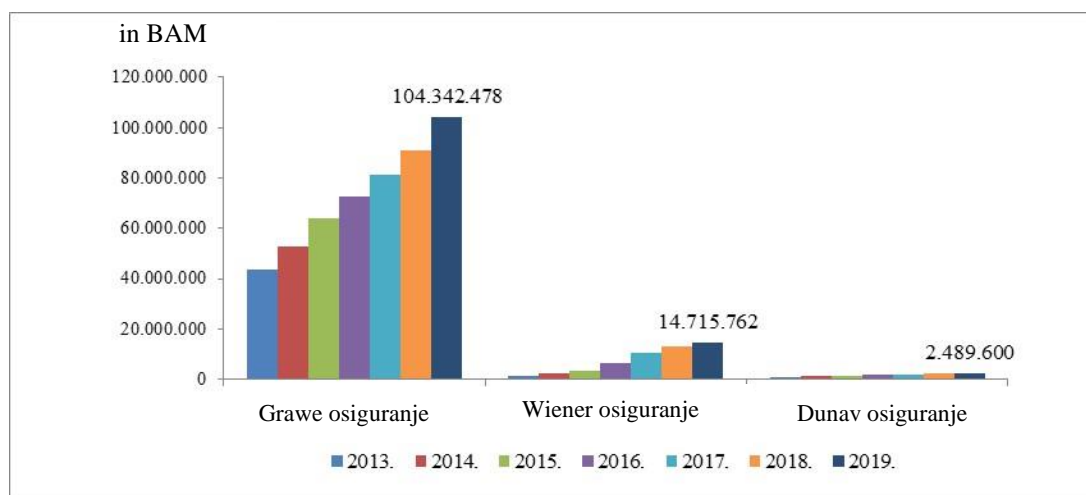


Source: Reports of the insurance companies from RS

As of 31 December 2019, total calculated technical reserves for life insurance were BAM 121.547.841 and were increased by 14.3% in comparison to the same day of the previous year.

The chart below shows the calculated technical reserves for life insurance, individually by insurance company.

Chart 13: Overview of the calculated technical reserves for life insurance by insurance company from RS



Source: Reports of the insurance companies from RS

The difference in the amount of the calculated technical reserves for life insurance between the individual insurance companies arises from the differences in the amounts of mathematical reserves and is proportional to the share of premium written of these companies

in the total life insurance premium and portfolio maturity and is related to the decision made by two insurance companies referring to the cancellation of concluding new life insurance contracts.

The chart below shows the structure of the investments of funds for coverage of technical reserves for life insurance.

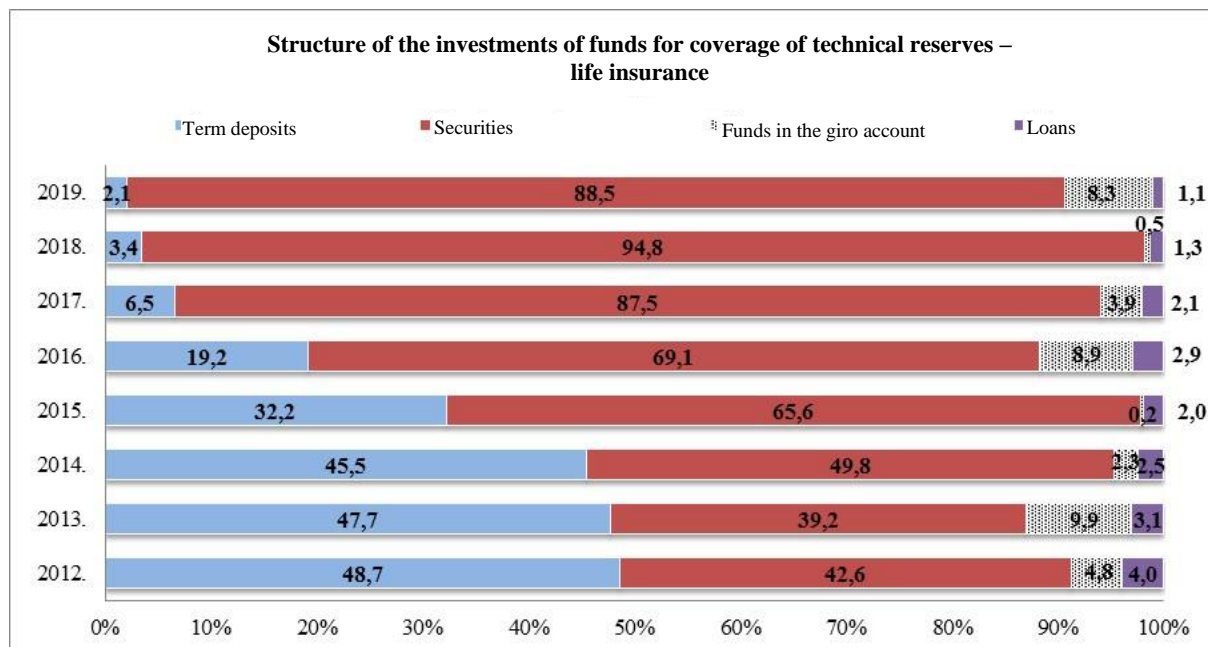


Chart 14: Structure of the investments of funds for coverage of the total calculated technical reserves for life insurance

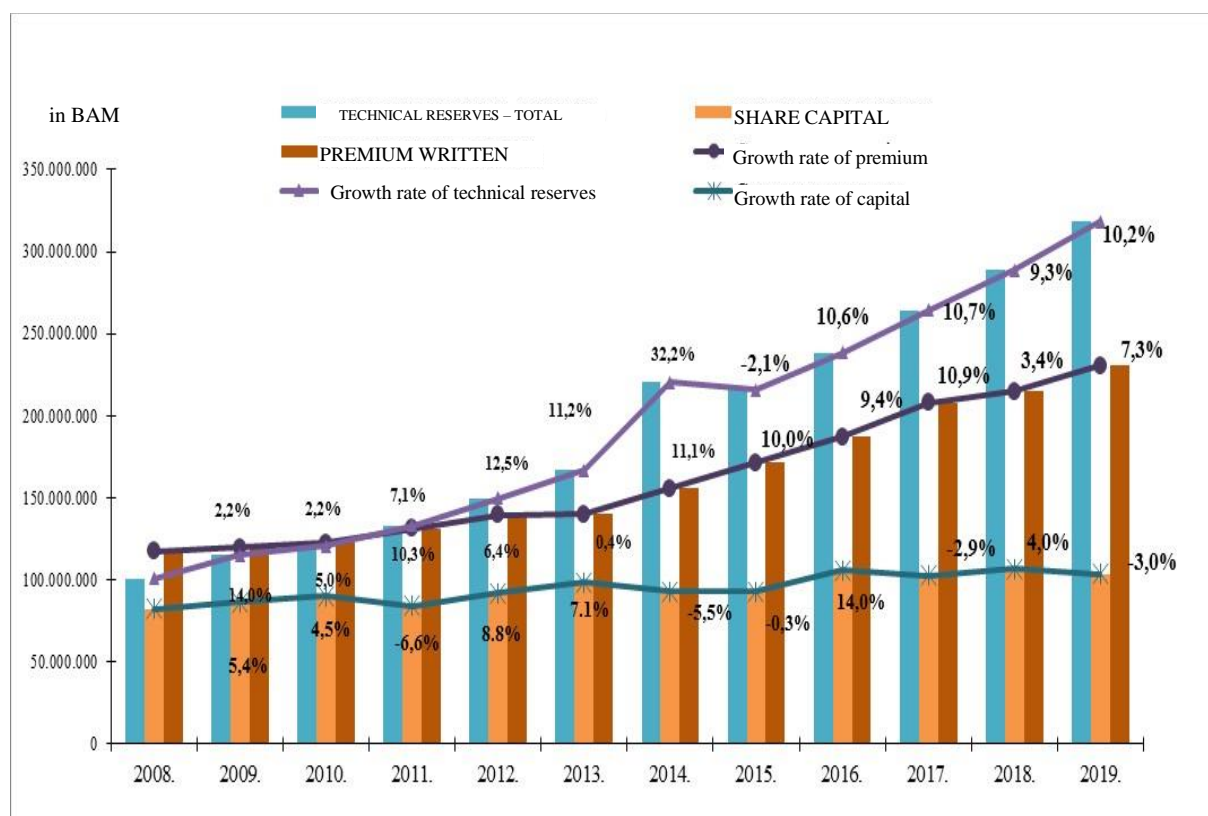
Source: Reports of the insurance companies from RS

In the structure of the investments of funds for coverage of technical reserves for life insurance, securities issued by domestic issuers and term deposits had the highest share. In the observed period, there was a decrease in the share of the investments in term deposits. All companies which pursue life insurance ensured continuous quantitative and qualitative compliance with the prescribed requirements related to coverage of technical reserves for life insurance.

2.3.3. Comparative overview of key indicators

The chart below shows a comparison of the total amounts of calculated technical reserves, premium written and share capital, in the period from 2008 to 2019.

Chart 15: Changes in the calculated technical reserves, share capital and premium written



Source: Reports of the insurance companies from RS

The data from the chart above indicate growth of the premium and the technical reserves. Slight decrease in the share capital as of 31 December 2019 in comparison to the share capital as of 31 December 2018 is connected to the decision of an insurance company to cover a part of losses from the previous years.

As at 31 December 2019, the total amount of the calculated technical reserves was higher than the total premium written by 37,9% which was affected by the growth and maturity of portfolio of life insurance and related increase of the amount of mathematical reserves.

2.3.4. Indicators of compensation and other insurance benefits paid

Basic information related to the settlement and payment of compensation and other insurance benefits under insurance contracts (hereinafter referred to as: insurance liabilities) may be found below.

In 2019, the insurance companies with HQ in the Republic of Srpska paid a total of BAM 73,224,979 to insured persons and beneficiaries, which represents an increase of BAM 358,521 or 0.5% in comparison to 2018, when the amount of insurance claims paid was BAM 72,866,458.

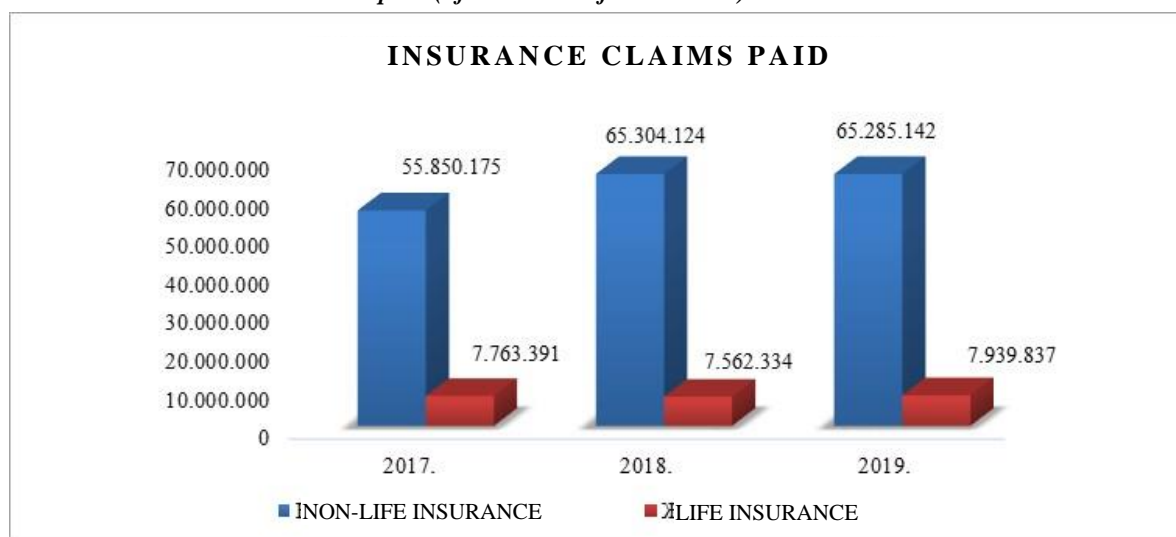
Table 13: Amount of total insurance claims paid by type of insurance

TYPES OF INSURANCE	(in BAM)		
	2017	2018	2019
Accident insurance	4.502.212	5.553.498	6.208.196
Health insurance	601.879	932.896	593.636
Land vehicle insurance (except for railway vehicles)	9.011.077	9.577.352	10.308.725
Aircraft insurance	17.267	73.182	41.470

TYPES OF INSURANCE	2017	2018	2019
Insurance of goods in transport	1.613.958	1.303.032	2.369.581
Insurance of property against fire and natural forces	3.980.139	2.384.176	2.305.838
Insurance against other types of property damage	35.831.183	45.186.329	42.896.615
Motor vehicle liability insurance	251.921	229.282	355.513
Civil liability insurance	1.451	7.936	49.710
Credit insurance			861
Insurance against various financial losses	35.559	52.163	150.880
Travel insurance	3.529	4.280	4.117
TOTAL NON-LIFE INSURANCE	55.850.175	65.304.124	65.285.142
Life insurance	7.026.008	6.523.875	6.665.206
Annuities	221	2.648	2.992
Additional insurance to life insurance	737.163	1.035.811	1.271.639
TOTAL LIFE INSURANCE	7.763.391	7.562.334	7.939.837
TOTAL:	63.613.566	72.866.458	73.224.979

Source: Reports of the insurance companies from RS

Chart 16: Total insurance claims paid (life and non-life insurance)



Source: Reports of the insurance companies from RS

The table below shows the indicators of efficiency in the settlement and payment of insurance claims for life and non-life insurance.

Table 14: Efficiency in the settlement and payment of insurance claims

Description	2017	2018	2019
Rate of efficiency in the settlement of insurance claims in non-life insurance (in %)	82,7	84,4	85,1
Rate of efficiency in the settlement of insurance claims in life insurance (in %)	85,8	89,7	87,3
Rate of efficiency in the payment of insurance claims in non-life insurance (in %)	98,1	99,3	99,0
Rate of efficiency in the payment of insurance claims in life insurance (in %)	100,0	100,0	100,0

Source: Reports of the insurance companies from RS

The rate of efficiency in the settlement of insurance claims represents the ratio of the total number of settled claims to the total number of recorded claims. The rate of the payment of insurance claims represents the ratio of the total number of paid claims to the total number of

settled claims. In the observed period, there were no significant changes in the rate of efficiency in the settlement and payment of insurance claims.

The rates of efficiency in the settlement and payment of insurance claims for motor vehicle liability insurance in 2019, by insurance company, are shown in the table below.

Table 15: Efficiency in the settlement and payment of insurance claims for motor vehicle liability insurance

No	Insurance company	The rate of efficiency in the settlement of insurance claims (%)	The rate of efficiency in the payment of insurance claims (%)
1.	Atos osiguranje A.D.	86,0	100,0
2.	D.D. Brčko gas osiguranje	78,9	100,0
3.	Euros osiguranje A.D.	76,4	99,6
4.	Drina osiguranje A.D.	76,1	100,0
5.	Dunav osiguranje A.D.	76,0	100,0
6.	Wiener osiguranje A.D.	74,0	95,2
7.	Krajina osiguranje A.D.	60,3	88,5
8.	Mikrofin osiguranje A.D.	93,2	100,0
9.	Nešković osiguranje A.D.	79,1	100,0
10.	Osiguranje Aura A.D.	94,2	100,0
11.	Osiguranje Garant D.D.	75,0	98,1
12.	Premium osiguranje A.D.	86,4	100,0
13.	Triglav osiguranje A.D.	83,7	96,3
14.	SAS-SuperP OSIGURANJE A.D.	95,1	100,0
	TOTAL:	81,2	99,2

Source: Reports of the insurance companies from RS

It must be noted that the rate of efficiency in the settlement of insurance claims also depends on the objective factors that cannot be affected by the insurance company (e.g. the age of the insurance company portfolio, the manner of recording insurance claims, the number of insurance claims in litigation and claims with incomplete documentation, etc.), and that, in order to be a relevant indicator, it must be considered together with the other indicators.

2.3.5. Technical result

The technical result, as shown in the table below, was determined as the difference between the applicable retained premiums and the applicable retained losses, taking into consideration the changes in the other technical reserves, and also, for life insurance, the result generated by investment of funds. The technical result was calculated by using the collective amounts of the items from the reports of all insurance companies with HQ in the Republic of Srpska listed above.

Table 16: Technical result

(in BAM)

No	Types of insurance	Technical result		
		2017	2018	2019
1.	Accident insurance	4.568.505	5.067.411	7.046.566
2.	Health insurance	849.542	1.073.238	1.516.229
3.	Land vehicle insurance (except for railway vehicles)	1.645.907	2.368.368	2.199.504

No	Types of insurance	Technical result		
		2017	2018	2019
4.	Railway vehicle insurance	0	0	0
5.	Aircraft insurance	20	68	0
6.	Vessel insurance	-5.172	4.471	-5.523
7.	Insurance of goods in transport	560.965	409.346	404.643
8.	Insurance of property against fire and natural forces	1.958.103	3.025.150	-932.551
9.	Insurance against other types of property damage	2.744.097	1.462.693	2.670.515
10.	Motor vehicle liability insurance	85.639.224	86.071.957	95.696.943
11.	Civil liability insurance for aircraft	5.390	10.853	28.971
12.	Civil liability insurance for vessels	1.161	1.858	3.962
13.	Civil liability insurance	604.267	833.269	-187.905
14.	Credit insurance	79.266	66.782	190.235
15.	Guarantee insurance	12.899	14.898	13.628
16.	Insurance against various financial losses	438.923	323.259	243.498
17.	Legal protection insurance	0	0	0
18.	Travel insurance	648	20.928	-12.530
	NON-LIFE INSURANCE	99.103.748	100.754.551	108.876.185
19.	LIFE INSURANCE	7.372.020	7.194.310	7.629.282
	TOTAL	106.475.768	107.948.861	116.505.467

Source: Reports of the insurance companies from RS

Total technical result was positive indicating that the total premium was sufficient to settle the liabilities towards the insured persons, insurance beneficiaries and third injured parties. When analysed individually per types of insurance, technical result in vessel insurance, insurance of property against fire and natural forces, civil liability insurance and travel insurance was negative. Negative technical result in vessel insurance and travel insurance is not materially significant and the negative technical result in insurance of property against fire and natural forces and civil liability insurance occurred because applicable retained losses are greater in comparison to the last year.

2.3.6. Loss ratio, expense ratio and combined ratio

The loss ratio is the ratio of the applicable losses and the applicable premium, while the expense ratio is the share of the expenses of execution of insurance in the premium written. The combined ratio shows the result of operation before including the investment results, and it is calculated as the sum of the expense ratio and the loss ratio.

The table below shows the loss ratio, the expense ratio and the combined ratio for non-life insurance, calculated on the basis of the sums of the above-mentioned items from the reports of the insurance companies with HQ in the Republic of Srpska.

Table 17: Loss ratio, expense ratio and combined ratio

DESCRIPTION	2017	2018	2019
Loss ratio (%)	33,4	38,0	36,1
Expense ratio (%)	39,9	37,2	41,6
Combined ratio (%)	73,4	75,2	77,7

Source: Reports of the insurance companies from RS

If the combined ratio is below 100, the difference between 100 and the combined ratio represents a positive result of the insurance activities, and if the combined ratio is above 100, the difference represents the negative result of the insurance activities.

As of 31 December 2019, the combined ratio was below 100, which means that the result of the insurance activities was positive.

2.3.7. Profitability indicators

The table below shows the profitability of property and the profitability of own assets, calculated on the basis of the sums of the items from the reports of the insurance companies with HQ in the Republic of Srpska.

Table 18: Profitability indicators

DESCRIPTION	2017	2018	2019
Return on assets (ROA %)	6,5	6,3	5,3
Return on equity (ROE %)	20,1	19,8	17,1

Source: Reports of the insurance companies from RS

Return on assets (ROA) is calculated as the ratio of the net result in the accounting period to the average assets, representing the measure of return on total assets. Return on equity (ROE) is the ratio of the net result in the accounting period to the average equity, which shows the amount of return on the equity investments of the shareholders. Decrease of abovementioned indicators comes from the decrease of amount of net result in the accounting period along with the increase of average amounts of assets and equity.

2.3.8. Other performance indicators

The table below shows the other performance indicators, calculated on the basis of the sums of the items from the reports of the insurance companies with HQ in the Republic of Srpska.

Table 19: Other performance indicators

DESCRIPTION	2017	2018	2019
Premium per employee (in BAM)	143.768	140.424	148.589
Total income per employee (in BAM)	166.964	161.758	166.034
Profit per employee (in BAM)	18.814	18.831	16.838
Profit / Total income (%)	11,3	11,6	10,1
Solvency ratio (%)	74,9	80,1	74,2
General liquidity (%)	4,7	4,8	5,0

Source: Reports of the insurance companies from RS

As of 31 December 2019, there was a growth of premium per employee and total income per employee in comparison to the values calculated on the same day of the previous year. Profit per employee and profit within total income decreased which was affected by the decrease of the net result in the accounting period in addition to the increase of the number of employees and increase of total income in comparison to the previous year. Solvency ratio, although slightly decreased in comparison to the same period of the previous year, still indicates that solvency was not endangered. General liquidity ratio was significantly greater than 1 indicating capability to settle the liabilities within the periods of maturity.

3. VOLUNTARY PENSION INSURANCE

3.1.1. Company for management of voluntary pension fund

In the reporting period, the activity of voluntary pension insurance was pursued by one company for management of voluntary pension fund, which is: Company for the Management of the European Voluntary Pension Fund a.d. Banja Luka.

According to the ownership structure, as of 31 December 2019, Company for the Management of the European Voluntary Pension Fund a.d. Banja Luka had the majority foreign ownership with the share of 67 % in the equity ("Skupna" d.d. Ljubljana – 34 %, "European Bank for Reconstruction and Development" – 16.5 %, and "Enterprise Expansion Fund" – 16.5 %) and domestic ownership of 33% (Pension Reserve Fund of the Republic of Srpska - PRFRS).

The table below shows a shortened overview of the balance sheet of the company for management of voluntary pension fund for 2018 and 2019.

Table 20: Balance sheet of the company for voluntary pension fund management

(in BAM)

ITEM	31 December 2018	%	31 December 2019	%	Index 2018/2017
ASSETS					
A. FIXED ASSETS	1.529.813	43,1	1.136.395	37,1	74,3
I - Intangible assets	26.027	0,7	25.317	0,8	97,3
II - Real property, plant, equipment and investment property	153.786	4,3	111.078	3,6	72,2
III - Biological assets and agricultural produce	0	0,0	0	0,0	0,0
IV - Long-term financial investments	1.350.000	38,0	1.000.000	32,7	74,1
V - Deferred tax funds	0	0,0	0	0,0	0,0
B. CURRENT ASSETS	2.021.022	56,9	1.922.723	62,9	95,1
I - Inventories, fixed assets and assets of discontinued operations held for sale	0	0,0	0	0,0	0,0
II - Short-term receivables, short-term investments and cash	2.021.022	56,9	1.922.723	62,9	95,1
III - Deferred tax funds	0	0,0	0	0,0	0,0
C. BUSINESS ASSETS	3.550.835	100,0	3.059.118	100,0	86,2
D. LOSS OVER THE CAPITAL	0	0,0	0	0,0	0,0
E. OPERATING ASSETS	3.550.835	100,0	3.059.118	100,0	86,2
F. OFF-BALANCE-SHEET ASSETS	0	0,0	0	0,0	0,0
G. TOTAL ASSETS	3.550.835	100,0	3.059.118	100,0	86,2
LIABILITIES					
A. CAPITAL	3.518.277	99,1	3.025.168	98,9	86,0
I - Share capital	4.400.000	123,9	4.400.000	143,8	100,0
II - Subscribed capital unpaid	0	0,0	0	0,0	0,0
III - Share issuance premium	0	0,0	0	0,0	0,0
IV - Share issuance loss	0	0,0	0	0,0	0,0
V - Reserves	0	0,0	0	0,0	0,0
VI - Revaluation reserves	0	0,0	0	0,0	0,0
VII - Unrealised gains on financial assets available for sale	0	0,0	0	0,0	0,0
VIII - Unrealised losses on financial assets available for sale	220	0,0	196	0,0	89,1
IX - Retained profit	0	0,0	0	0,0	0,0

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ITEM	31 December 2018	%	31 December 2019	%	Index 2018/2017
X - Loss up to the amount of capital	881.503	24,8	1.374.636	44,9	155,9
1. Loss of previous years	326.033	9,2	881.503	28,8	270,4
2. Loss of current year	555.470	15,6	493.133	16,1	88,8
B. PROVISIONS, DEFERRED TAX LIABILITIES AND ACCRUED INCOME	0	0,0	0	0,0	0,0
C. LIABILITIES	32.558	0,9	33.950	1,1	104,3
I - Long-term liabilities	0	0,0	0	0,0	0,0
II - Short-term liabilities	32.558	0,9	33.950	1,1	104,3
D. OPERATING LIABILITIES	3.550.835	100,0	3.059.118	100,0	86,2
E. OFF-BALANCE-SHEET LIABILITIES	0	0,0	0	0,0	0,0
F. TOTAL LIABILITIES	3.550.835	100,0	3.059.118	100,0	86,2

Source: Balance sheet of the company for voluntary pension fund management

The amount of operating assets and liabilities, as at 31 December 2019, was BAM 3,059,118 and is decreased by BAM 491,717 or 13.8% in comparison to 31 December 2018.

In the structure of operating assets, the share of fixed assets was 37.1%, and the share of current assets was 62.9%. The share of long-term financial investments within fixed assets was 88% and they referred to the investment in the financial assets available for sale - bonds of the Republic of Srpska (BAM 1,000,000). Real property, plants, equipment and investment property comprised 9.8% of fixed assets, while the share of intangible assets was 2.2%. When it comes to the structure of current assets, the share of financial assets marked by fair value in the income statement was 49.1% (BAM 943,356) and the share of term deposits was 18.2% (BAM 350,000), the share of cash was 29.9% (BAM 574,664) while the total share of the other items was 2.8% (BAM 54.703).

In the structure of operating liabilities, the share of capital was 98.9 % and the share of liabilities was 1.1%. The amount of capital was BAM 3,025,168, which was lower than the amount of share capital by the amount of loss up to the amount of capital (BAM 1,374,636) and unrealised loss on financial assets available for sale (BAM 196). Liabilities were only BAM 33,950.

The table below shows a shortened overview of the income statement of the company for management of voluntary pension fund for 2018 and 2019.

Table 21: Income statement of the company for voluntary pension fund management

(in BAM)

ITEM	2018	%	2019	%	Index 2019/18
A. OPERATING INCOME AND EXPENSES					
I - Operating income	6.564	9,6	36.859	22,9	561,5
II - Operating expenses	595.290	95,4	654.202	100,0	109,9
B. OPERATING PROFIT	0		0		
C. OPERATING LOSS	588.726		617.343		104,9
D. FINANCIAL INCOME AND EXPENSES					
I - Financial income	57.191	83,1	53.337	33,1	93,3
II - Financial expenses	230	0,0	186	0,0	80,9
E. PROFIT FROM REGULAR OPERATION	0		0		
F. LOSS FROM REGULAR OPERATION	531.765		564.192		106,1
G. OTHER INCOME AND EXPENSES					
I - Other income	5.034	7,3	5.686	3,5	113,0
II - Other expenses	0		0		

ITEM	2018	%	2019	%	Index 2019/18
H. PROFIT FROM OTHER INCOME AND EXPENSES	5.034		5.686		113,0
I. LOSS FROM OTHER INCOME AND EXPENSES	0		0		
J- INCOME AND EXPENSES FROM PROPERTY VALUE ADJUSTMENT					
I - Income from property value adjustment			65.373	40,5	
II - Expenses from property value adjustment	28.739	4,6	0	0,0	
K. PROFIT FROM PROPERTY VALUE ADJUSTMENT			65.373		
L. LOSS FROM PROPERTY VALUE ADJUSTMENT	28.739				
M. NET PROFIT AND NET LOSS IN THE REPORTING PERIOD					
II - Net profit in the reporting period	0		0		
II - Net loss in the reporting period	555.470		493.133		88,8
TOTAL INCOME	68.789	100,0	161.255	100,0	234,4
TOTAL EXPENSES	624.259	100,0	654.388	100,0	104,8

Source: Financial statements of the company for voluntary pension fund management

The total income in 2019 was BAM 161,255, within which the share of operating income (income from entrance fee and management fee) 22.9%, financial income (income from interest) was 33.1%, income from property value adjustment 40.5% (based on investment into open investment funds) and other income was 3.5%.

The total expenses in 2019 were BAM 654,388 and they consisted of operating expenses in the amount of BAM 654,202 and financial expenses which have no material significance. Operating expenses consisted of wages, employee reimbursements and other personal expenses (55.2% of operating expenses), intangible expenses (13%.1 of operating expenses), and materials expenses, depreciation, production services and taxes and contributions (31.7% of operating expenses). The net result within the reporting period was a loss in the amount of BAM 494,133.

3.1.2. Voluntary pension fund

Within the activities of voluntary pension insurance, the first voluntary pension fund was established, being the European Voluntary Pension Fund Banja Luka. This fund is managed by the Company for the Management of the European Voluntary Pension Fund a.d. Banja Luka.

This fund was organised as an open voluntary pension fund, for the purpose of collecting funds by way of voluntary payment of the pension contribution by the payers, and investing the funds with a view to increase the value of the assets.

As of 31 December 2019, there were 3,165 active members in total. Average age of members of voluntary pension fund was 45.6 years and the average payment was BAM 54.77. Of all active members of the fund 98.5% joined the voluntary pension fund via pension plans and 1.5% via individual membership agreements.

The table below shows a shortened overview of the balance sheet of the voluntary pension fund for 2018 and 2019.

Table 22: Balance sheet of the voluntary pension fund

(in BAM)

Item	31 December 2018	%	31 December 2019	%
A. TOTAL ASSETS	302.155	100,0	1.621.532	100,0
I Cash	34.631	11,5	92.251	5,7
II Investments of the fund	266.015	88,0	1.521.022	93,8
III Receivables	459	0,2	1.193	0,1
IV Deferred tax funds	0		0	
V Accrued receivables	1.051	0,3	7.066	0,4
B. LIABILITIES	2.438	100,0	14.247	100,0
I Liabilities referring to business operations of the fund			9.590	67,3
II Liabilities referring to expenses of business operations	50	2,1	230	1,6
III Liabilities referring to the company for voluntary pension fund management	1.647	67,6	4.428	31,1
IV Short-term financial liabilities				
V Long-term liabilities				
VI Other liabilities of the fund				
VII Deferred tax liabilities				
VIII Accruals and deferred income				
IX Liabilities referring to membership	741	30,4		
C. NET ASSETS OF THE FUND	299.717		1.607.284	
D. CAPITAL	299.717		1.607.284	
I Share capital	295.118		1.571.841	
II Capital reserves				
III Revaluation reserves	3.861		31.927	
IV Reserves from profit				
V Retained profit	781		3.517	
VI Loss without funds	43			
VII Unrealised profit/loss				
E. NUMBER OF ISSUED SHARES	29.864,1612602		153.513,6946396	
F. NET ASSETS PER SHARE	10,03600		10,46997	
G. OFF-BALANCE SHEET EVIDENCE				

Source: Data from the report of independent auditor for 2018

As of 31 December 2019, total assets of the voluntary pension fund were BAM 1,621,532 and it increased 5.4 times in comparison to the same day of the previous year. The share of investment into securities (bonds of the Republic of Srpska) and deposits (93.8%) was the most important in the structure of total income of voluntary pension fund and it increased 5.7 times.

On the other hand, total liabilities were only BAM 14,247 where the share of where liabilities based on the foundation of the fund made 67.3% of the fund and liabilities towards the managing company were 31.1% and liabilities based on operating expenses were 1.6%.

As of 31 December 2019, net value of the assets of the voluntary pension fund was BAM 1.607.284. Number of issued shares i.e. the number of subscribed units of account was 153,513.6946396 and net worth per share was BAM 10,469977%.¹² Rate of return to the net assets of voluntary pension fund was 4,34180%.

¹²The value of the unit of account of the fund at the day of valuation is determined by dividing the value of the net assets of the fund by the total number of units of account. The total number of units of account of the fund, at

The table below shows a shortened overview of the income statement of the voluntary pension fund for 2018 and 2019.

Table 23: Income statement of the voluntary pension fund

Item	(in BAM)	
	2018	2019
A. REALISED GAINS AND LOSSES		
I Operating gains	2.832	21.668
II Realised gain		
III Operating losses	2.051	18.889
IV Realised loss		
V Realised gain /loss	781	2.779
VI Financial gains		
VII Financial losses		
B. REALISED GAIN / LOSS PRIOR TO TAXATION	781	2.779
C. CURRENT AND DEFERRED INCOME TAX		
D. REALISED GAIN / LOSS AFTER TAXATION	781	2.779
E. UNREALISED GAINS AND LOSSES		
I Unrealised gains	3.861	28.066
II Unrealised losses		
F. TOTAL UNREALIZED GAINS (LOSSES) OF THE FUND	3.861	28.066
G. INCREASE (DECREASE) OF NET ASSETS DUE TO THE BUSINESS OPERATIONS OF THE FUND	4.642	30.845

Source: Data from the report of independent auditor for 2018

In 2019, operating expenses increased 7.6 times in comparison to the previous year. Increase of operating expenses is a result of increase of income from interest on bonds and deposits and income from dividends and discount amortization (bonds).

On the other hand, in the operating expenses structure, the most important share was the amount of fee for management company (89.2%).

The amount of realised income and expenses of voluntary pension fund in 2019 is in accordance with the level of business operations.

the day of valuation, is calculated by increasing the number of units of account from the last day for which the value of the unit of account of the fund was calculated by the number of units of account obtained by recording the units of account in the individual accounts of the members of the fund on the basis of received payments, and decreasing it by the number of units of account obtained by termination of membership at the day of valuation.