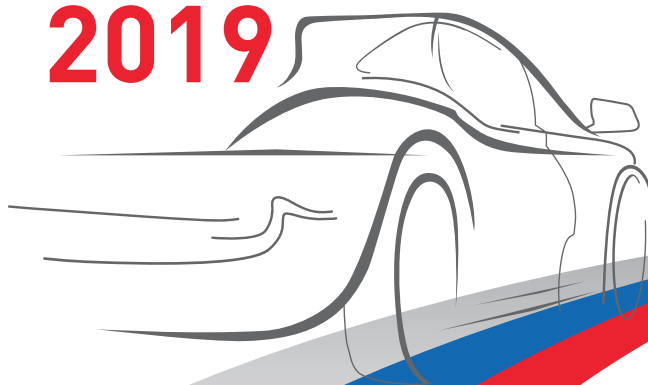




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## ABBREVIATIONS USED IN THE TEXT

**RAMI** – The Russian Association of Motor Insurers;

**CMTPL insurance** - Compulsory motor third party insurance;

**Electronic policy** – a CMTPL insurance policy issued through the use of electronic documents;

**The CMTPL insurance law** – The Federal law of 25 April 2002, which introduced the regulations under which CMTPL insurance would operate in Russia;

**The law relating to the Crimea** – The Federal law of 2 April 2014, which introduced regulations, covering the financial sector in the Crimea;

**The basic insurance law** – The Federal law of 27 November 1992, that introduced the regulations, that govern the insurance sector in Russia;

**The law on technical inspection of motor vehicles** – The Federal law of 1 July 2011, that introduced the regulations governing the technical inspection of motor vehicles;

**The Bonus-Malus coefficient** – the mathematical figure derived by the examination of a driver's accident record and using it to calculate the CMTPL insurance premium;

**E-Garant module** – the IT subsystem, that permits drivers to buy electronic CMTPL insurance policies through the RAMI website;

**The European Protocol (Europrotocol)** – a document for reporting the details of a road accident based on a form commonly used in Western Europe. The form allows both drivers to complete the form together, including details of the drivers and the accident and then each driver keeps a copy and submits it to the relevant insurance company, so that any resulting insurance claim can be settled. Russian insurance law allows the use of this form to settle most simple accidents;

**Technical inspection of motor vehicles** – the regular examination of motor vehicles to ensure that their condition is such, that they comply with mandatory safety requirements set out in the law.



**THE RUSSIAN  
ASSOCIATION  
OF MOTOR INSURERS**

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# 1

## THE RUSSIAN ASSOCIATION OF MOTOR INSURERS

The Russian Association of Motor Insurers (RAMI), a non-commercial organisation, is a professional association covering the whole of Russia, to which all insurers licensed to carry out Compulsory Motor Third Party Insurance (CMTPL) are obliged to belong. The objectives of the Association are to enable its membership to take collective action and to draw up regulations, that govern their professional activities as CMTPL insurers and which also govern the annual technical inspection of motor vehicles according to the law of the Russian Federation.

RAMI was founded on 8 August 2002 by 48 insurance companies and operates in conformity with the Russian CMTPL insurance law as a professional association of insurers. RAMI is entered into the official register of insurance organisations (number 68) as required by law.

RAMI members may be Russian insurance organisations, who qualify for membership according to the requirements of the CMTPL insurance law and of the RAMI charter. There are two classes of membership: full members and observer members.

As at 31 December 2019, RAMI had 45 insurance organisations in membership of which 44 were full members. During 2019, 6 insurance organisations resigned their membership.

### In order to achieve the objectives set for it, RAMI carries out the following functions:

- bringing together its members, so that they can act collectively as insurers carrying on CMTPL insurance and operating within the international system of insurance. In addition, the Association develops, introduces and enforces rules for RAMI and its members that govern the conduct of their professional insurance activities;
- representing its members and protecting their interests in discussions with national and regional governments and with other organisations, relating to their activities as CMTPL insurers and within the framework of the international insurance systems;
- implementing the requirements of the CMTPL insurance law by making compensation payments and by determining the amount, that insurers should contribute to the guarantee fund and to the current compensation fund and by ensuring, that these contributions are made;
- developing and operating IT systems and databases, containing information provided by RAMI members on CMTPL insurance, on insurance in the framework of international insurance systems. These databases include information on CMTPL insurance contracts and claims, personal data on policyholders and accident victims. All data is held in conformity with the legal requirements for the protection of restricted access information and other insurance information provided by insurance organisations;
- providing legal support in the courts for RAMI members in relation to their operations in CMTPL insurance and in the international insurance system;
- carrying out the functions assigned to the Association by the legislation of the Russian Federation relating to IT, organisational and technical support of CMTPL insurance, and also functions related to the activities of RAMI members in the framework of international insurance systems;
- providing advisory, information and other services to RAMI members in the field of CMTPL insurance and while RAMI members perform insurance operations within the framework of international insurance systems;
- coordinating the activities of its members in their fight against insurance fraud and other illegal activities insofar as they affect CMTPL insurance and the Green Card system and in addition combating unfair competition;
- financing measures to improve road safety, reduce the accident rate of vehicles and minimise damage in road accidents;
- developing and financing systems of certification and accreditation of professionals who support the market of CMTPL insurance and who operate in the international systems of insurance;

- cooperating with participants in the international insurance system and performing the functions that are required by the system;
- developing international contacts to support the interests of RAMI members;
- supervising publicity campaigns including campaigns in the mass media providing information about the activities of RAMI and about developments in CMTPL insurance;
- collecting data on CMTPL insurance and other areas of interest to RAMI members and developing methods of organising and analysing the data;
- organising seminars and conferences covering issues relating to the work of RAMI relating to CMTPL insurance, technical inspection of motor vehicles and other areas;
- setting up press conferences about the work of RAMI;
- providing RAMI members with blank policy forms for CMTPL insurance and blank policy forms for use in the international insurance system (Green card certificates) and supervising the use of these blank policy forms. The Association places on its official website data received from its members on the number of blank policy forms sent to insurance company branches throughout all regions of the Russian Federation;
- in accordance with legislation relating to the annual technical inspection of motor vehicles, licensing technical inspection centres and maintaining a register of licensed technical inspection centres and supervising their operation, ensuring that they comply with the obligations of their license;
- providing information to drivers about the means of legally providing details of road accidents to insurance companies without the intervention of road traffic police;
- following a request from a victim of a road accident, confirming the existence of a valid CMTPL insurance policy covering the driver, who caused the accident, and providing all relevant details of the policy, including its policy number and the company that issued the policy;
- maintaining a register of all insurers licensed to carry on business within the international insurance system and publishing this register on the RAMI official website.

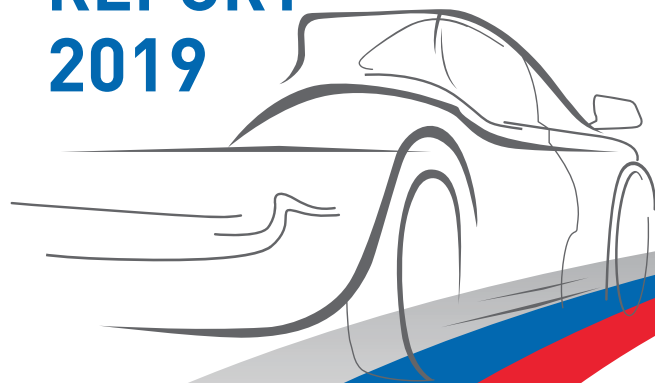


2



## THE MANAGEMENT AND ORGANISATIONAL STRUCTURE OF RAMI

ANNUAL  
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2019





# 2

## THE MANAGEMENT AND ORGANISATIONAL STRUCTURE OF RAMI

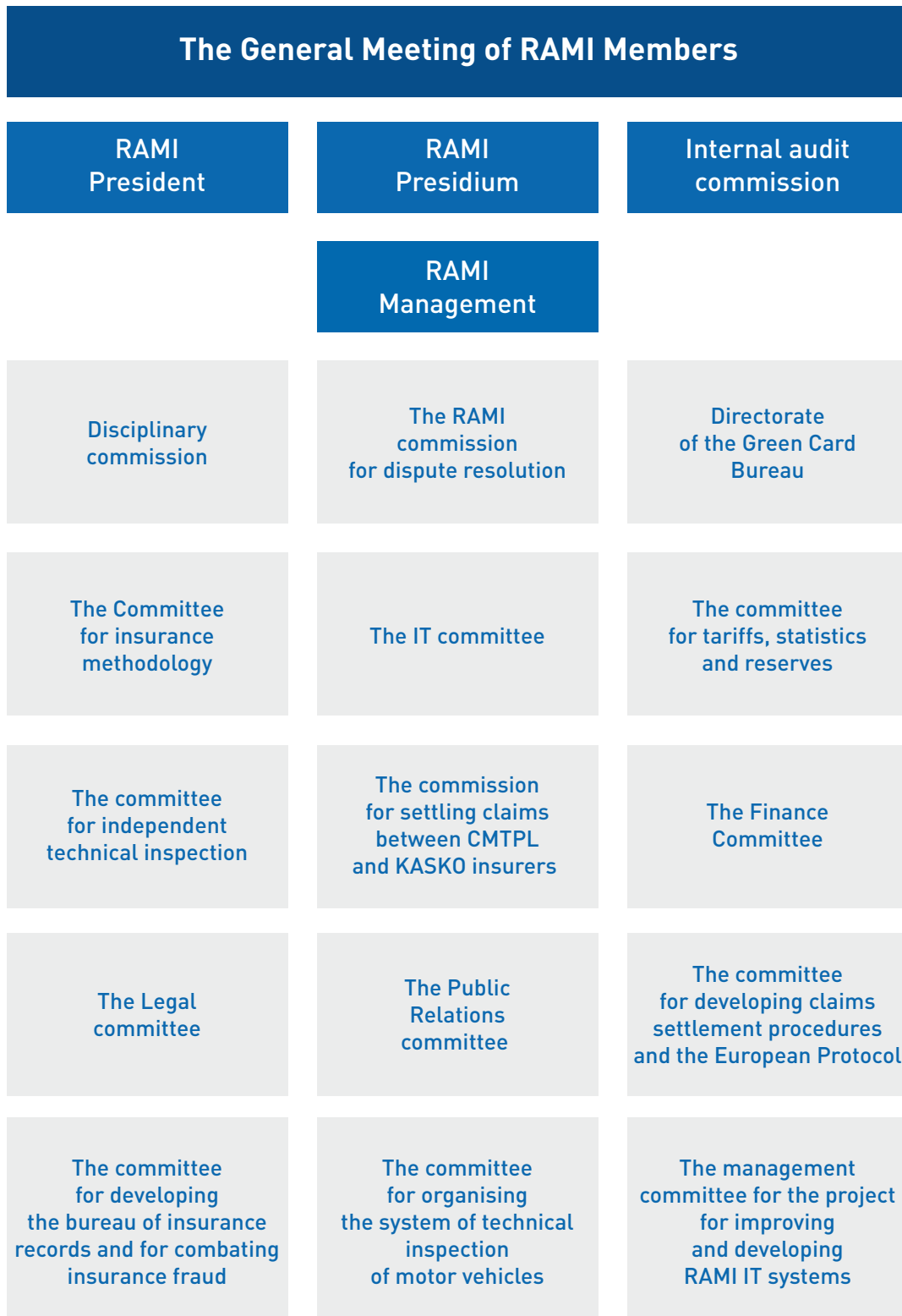


Fig. 1. RAMI organisational structure



**The General Meeting of Members of the Association** is the supreme governing body of the Association, whose main function is to ensure, that the objectives for which the Association was founded are achieved. The General Meeting decides issues allocated to it by the legislation of the Russian Federation and by the Association's charter.

**Presidium of the Association** is the body that exercises collective control of the Association throughout the year. The Presidium coordinates, directs and exercises general supervision over all the activities of the Association in between General Meetings of

Members and is accountable for its actions to the General Meeting of Members.

Presidium is empowered to review and decide issues relating to CMTPL insurance in Russia and on all issues facing the Association, that are not reserved for the General Meeting of Members, or for the RAMI President according to Russian legislation and the RAMI charter.

On 31 May 2018, the General Meeting of Members appointed the RAMI Presidium.

**As of 31 December 2019, the membership of the RAMI Presidium was as follows:**

Table 1

**EVGENIY V UFIMTSEV** **Chairman of the RAMI Presidium**  
Managing Director RAMI

Presidium members		
1	IGOR YU YURGENS	RAMI, President
2	ELENA R ALEKSANDROVA	Managing Director, SOGAZ
3	NADEZHDA V ARSHINOVA	General Director, 21st Century Insurance Company
4	MARIA A BARSOVA	Deputy General Director, ERGO Insurance Company
5	VASILY A BUSAROV	Vice President, VSK insurance company
6	NIKOLAI F GALAGUSA	Advisor on relations with state bodies, Rosgosstrakh
7	ALEXANDER E GORIN	Deputy General Director, Alpha Insurance
8	BORIS A JORDAN	President, Renaissance Insurance Group
9	ALEXANDER M KUDRYAKOV	General Director, PARI Insurance Company

Table 1 (continued)

Presidium members		
10	VLADIMIR V KUZIN	Deputy Head of the Department of Road Safety, Ministry of the Interior of the Russian Federation
11	ANTON A LEGCHILIN	Deputy General Director, Energogarant Insurance Company
12	ARKADY M LYUBAVIN	General Director, ASKO Insurance
13	NADEZHDA V MARTYANOVA	General Director, MAKS
14	IVAN A MIRONENKO	General Director, Tinkoff Insurance
15	DMITRI G RAKOVSHCHIK	General Director, RESO-Garantiya
16	ALEKSEY K SEMENOV	Deputy Minister of Transport of the Russian Federation
17	SERGEI F TIKHONOV	First Deputy General Director, Liberty Insurance Company
18	MAIA A TIKHONOVA	General Director, Soglasie Insurance Company
19	IGOR S FATYANOV	General Director, Zetta Insurance Company
20	MARGARITA V FILIPPOVA	General Director, Nadezhda Insurance Company
21	GALINA A SHUKINA	General Director, VERNA Insurance Company
22	IGOR S YAMOV	Advisor to the General Director, Ingosstrakh Insurance Company

**The President of RAMI** is the executive head of the Association. He was elected by the General Meeting of the PCA members for a period of office of three years and acts in accordance with the RAMI Charter, the decisions of the General Meeting of RAMI and the RAMI Presidium. The President of the RAMI reports to the RAMI Presidium to the General Meeting of RAMI Members.

On 12 December 2017, the General Meeting of RAMI Members elected Igor Yu Yurgens to the position of President for a term

of three years: the appointment commenced on 15 January 2018.

As at 31 December 2019, Igor Yurgens remains the President of RAMI.

The body that implements financial and operational control over the work of the Association is the **Internal Audit Commission**.

**On the 28 May 2019, the General Meeting of Members appointed the members of the Internal Audit Commission as follows:**

Table 2

Members of the RAMI Internal Audit Commission		
1	NATALYA G CHASOVIKOVA	General Director, Borovitskoye Insurance Society
2	DMITRY F RUDENKO	General Director, Absolute Insurance
3	ANDREI S GLUKHOV	General Director, Gelios Insurance Company
4	IGOR V ZAGRADKA	Advisor to the General Director, Megarus-D Insurance Company
5	VLADIMIR O BYCHKOV	General Director, PSA

**The Board of the RAMI is a permanent collegial body of the RAMI, formed by the Presidium of the RAMI and is not a governing body of the RAMI. The RAMI Management Board** is a committee that carries on its activities at all times. It is set up by the Presidium and is not part of the governmental structure of the Association.

The Management Board reviews issues referred to it by the Presidium, and prepares proposals covering these issues. The Board decides issues within its formal competence and also based on powers delegated to it in accordance with decisions of the General Meeting and the Presidium and based on its constitution and the Charter of RAMI.

As at 31 December 2019, the following were members of the Management Board:

Table 3

Members of the RAMI Management Board		
1	<b>IGOR YU YURGENS</b>	Chairman of the Management Board, RAMI President
2	<b>ELENA R ALEXANDROVA</b>	Managing Director, SOGAZ
3	<b>ALEXANDER E GORIN</b>	Deputy General Director, Alpha Insurance
4	<b>NIKOLAI F GALAGUSA</b>	Advisor on relations with state bodies, Rosgosstrakh
5	<b>NADEZHDA V MARTYANOVA</b>	General Director, MAKS
6	<b>VASIL A BUSAROV</b>	Vice President, VSK insurance company
7	<b>DMITRI G RAKOVSHCHIK</b>	General Director, RESO-Garantiya
8	<b>IGOR S FATYANOV</b>	General Director, Zetta Insurance Company
9	<b>IGOR S YAMOV</b>	Advisor to the General Director, Ingosstrakh Insurance Company

As part of the Association's overall objective of protecting the interests of its members when developing RAMI policy, representatives of member companies and other individuals may be invited to join additional committees, commissions and technical working groups dealing with specific issues that have arisen and are of interest to the Association.

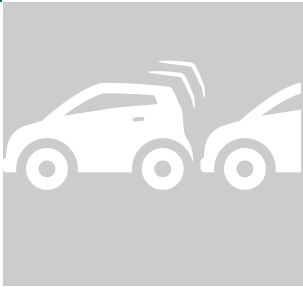
Table 4

## RAMI committees and commissions

The IT committee	The committee for independent technical inspection	The Committee for insurance methodology
The committee for developing claims settlement procedures and the European Protocol	The committee for tariffs, statistics and reserves	The Finance Committee
The committee for developing the bureau of insurance records and for combating insurance fraud	The committee for legal issues	The management committee for the project for improving and developing RAMI IT systems
The Public Relations committee	The committee for organising the system of technical inspection of motor vehicles	The commission for settling claims between CMTPL and KASKO insurers
The disciplinary committee	Disputes Resolution Commission	Directorate of the Green Card Bureau

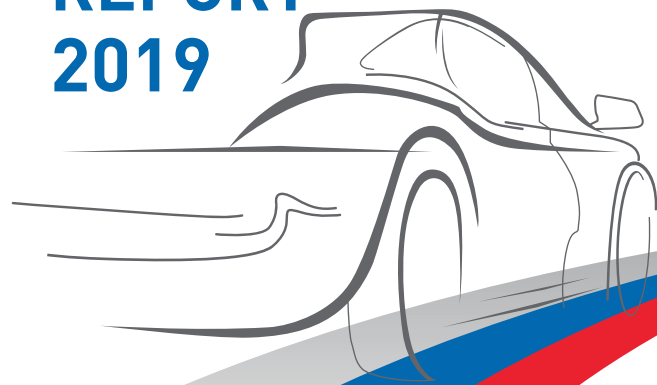


**3**



**CMTPL  
INSURANCE  
IN 2019**

**ANNUAL  
REPORT  
2019**





# 3

## CMTPL INSURANCE IN 2019

### 3.1.

### CMTPL INSURANCE – 2019 IN FIGURES

#### Vehicle numbers and accident frequency

The CMTPL insurance market is strongly affected by several variables that include changes in the number of vehicles on the road and accident frequency.

The number of vehicles on the road continues to grow every year. During 2019 the growth rate was 2 %. However, despite the growth in vehicle numbers, there was a decrease in the number of accidents and as a result a fall in the number of deaths and injuries.

Table 5 and Fig. 2 set out statistics covering the growth in the number of motor vehicles between 2004 and 2019<sup>1</sup>.

Table 5

	Number of motor vehicles (mln)	Increase (mln)	Growth (%)
2019	61.7	1.2	2.0
2018	60.5	0.7	1.3
2017	59.8	2.7	4.7
2016	57.1	0.5	0.9
2015	56.6	0.9	1.6
2014	55.7	2.4	4.5
2013	53.3	2.8	5.6
2012	50.5	2.6	5.3
2011	48.0	2.2	4.9
2010	45.7	1.3	3.0
2009	44.4	0.9	2.1
2008	43.5	2.7	6.6
2007	40.8	2.8	7.4
2006	38.0	1.1	3.0
2005	36.9	1.1	3.1
2004	35.8	-	-

<sup>1</sup> Source: Department of Road Safety, Ministry of the Interior.

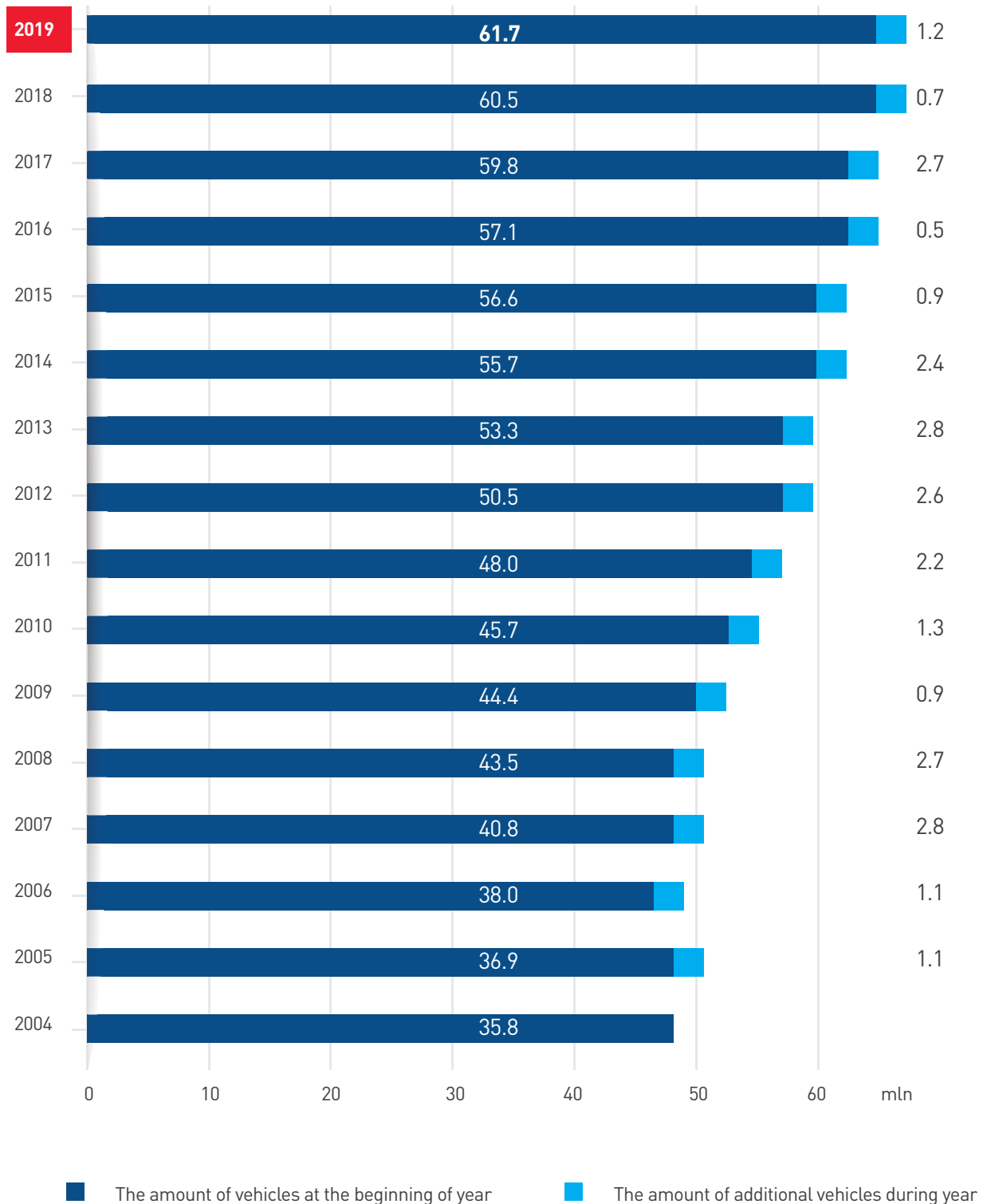


Fig. 2. Number of motor vehicles in the Russian Federation 2004–2019 (in millions)



Figure 3 sets out the breakdown of vehicles by different type of vehicle in 2019<sup>2</sup>. There is little change in the statistics since 2018.

### Breakdown of total vehicles by vehicle type 2019 (Excl. trailers and semi-trailers)

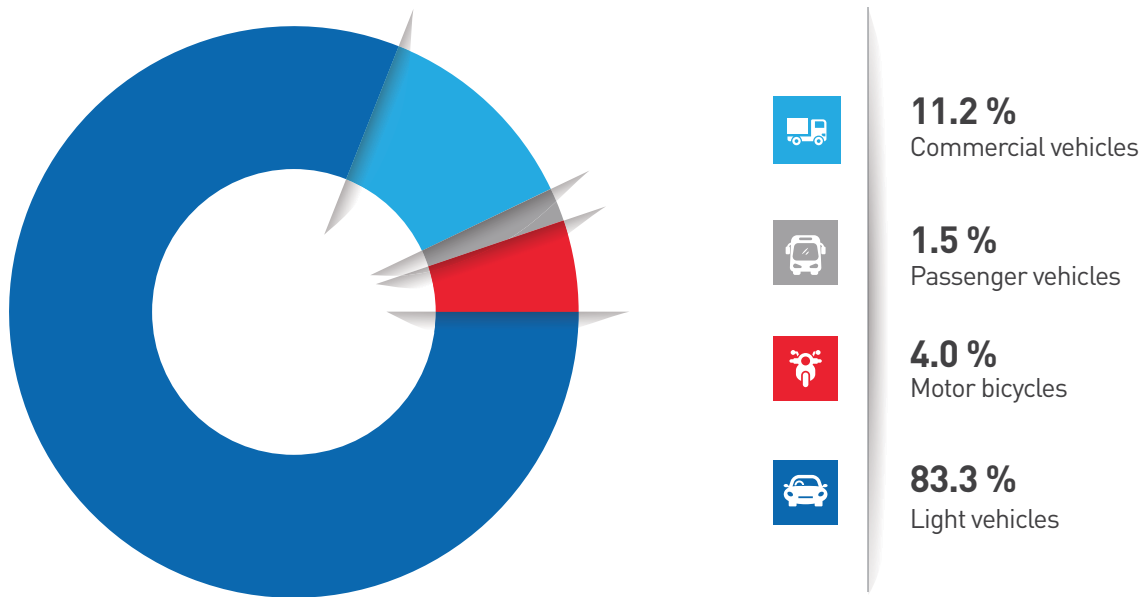


Fig. 3. Breakdown of motor vehicles by type of vehicle in 2019

In 2019 there was an increase in number of completed CMTPL insurance contracts. The total number was 40.6 million, an increase of 1.6 % over 2018.

Figs. 4 and 5 show the growth and ratio between the number of vehicles and CMTPL insurance contracts from 2004 to 2019.

<sup>2</sup> Source: Department of Road Safety, Ministry of the Interior.

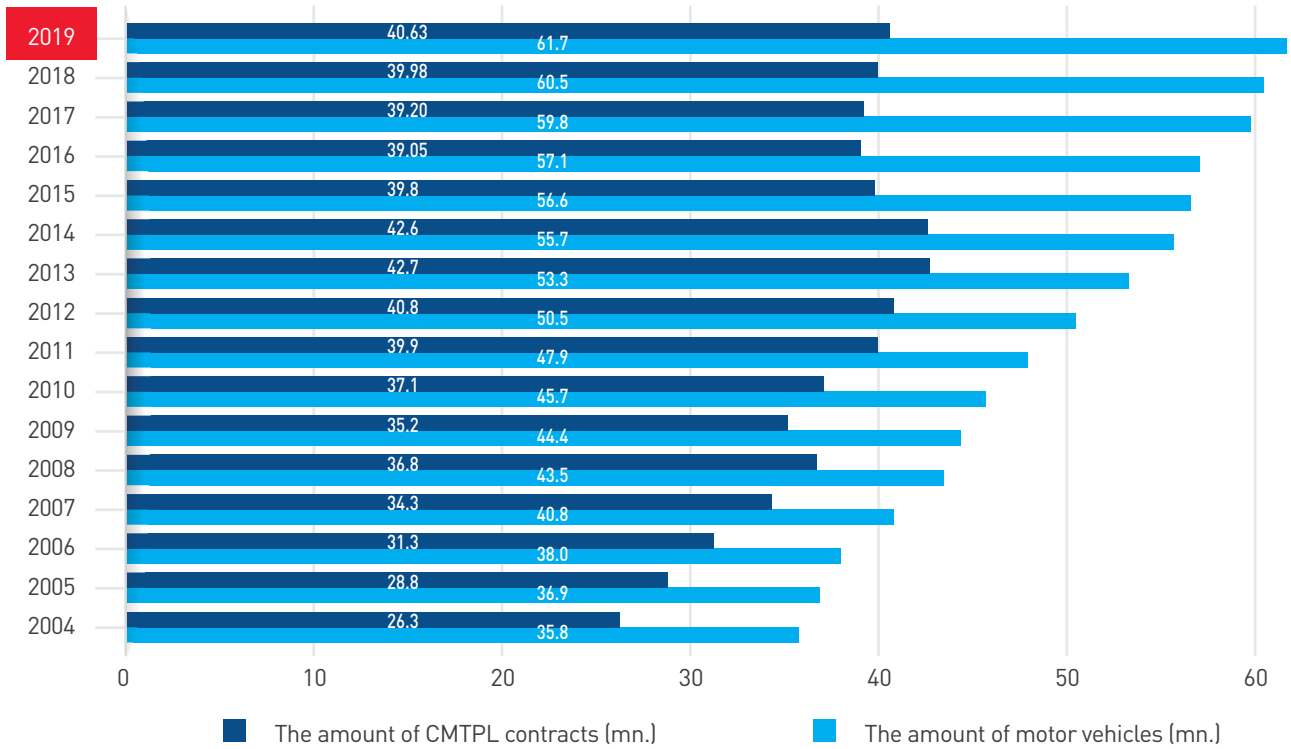


Fig. 4. Comparison between the growth in vehicle numbers and CMTPL insurance contracts

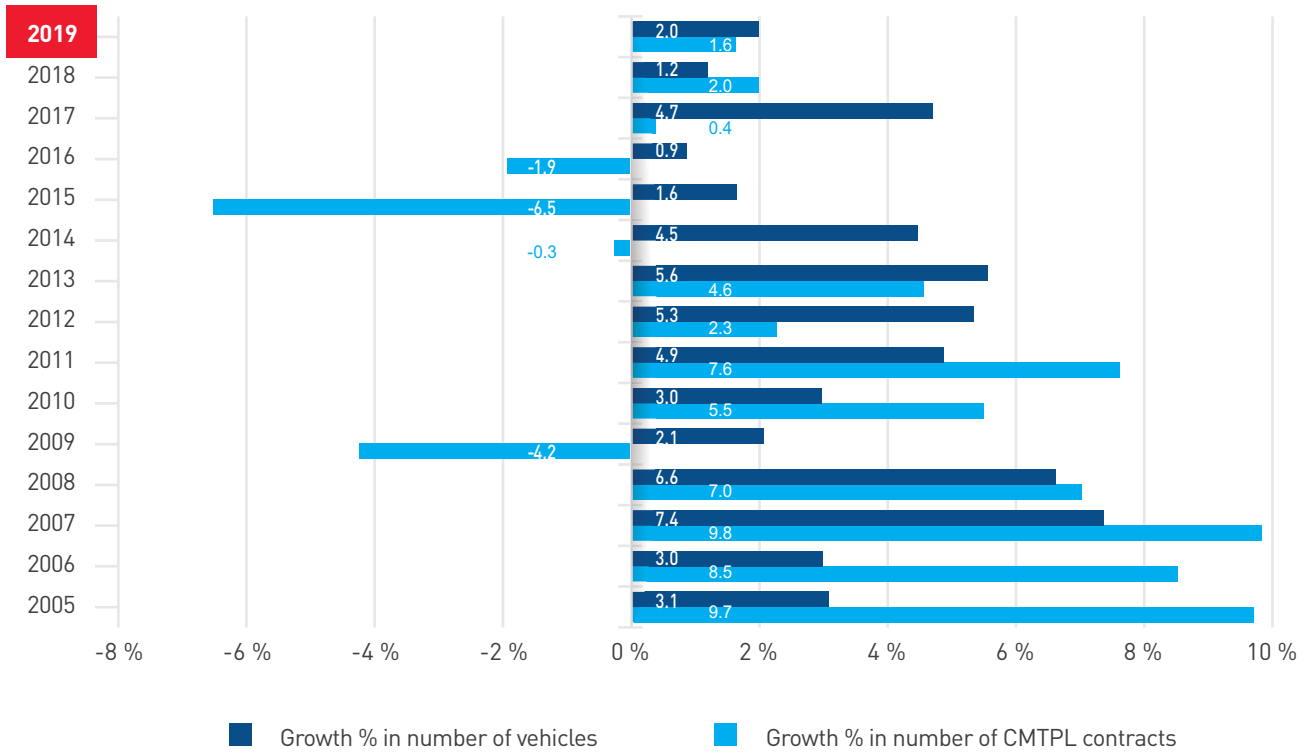


Fig. 5. Comparison between the growth in the number of CMTPL insurance contracts and the number of vehicles

Since 2014, there has been a decrease in the number of road accidents, in which victims suffered bodily injury. In 2019, the total number of road accidents decreased by 2.3 % compared with 2018: from 168,100 to 164,300 (Figure 6).

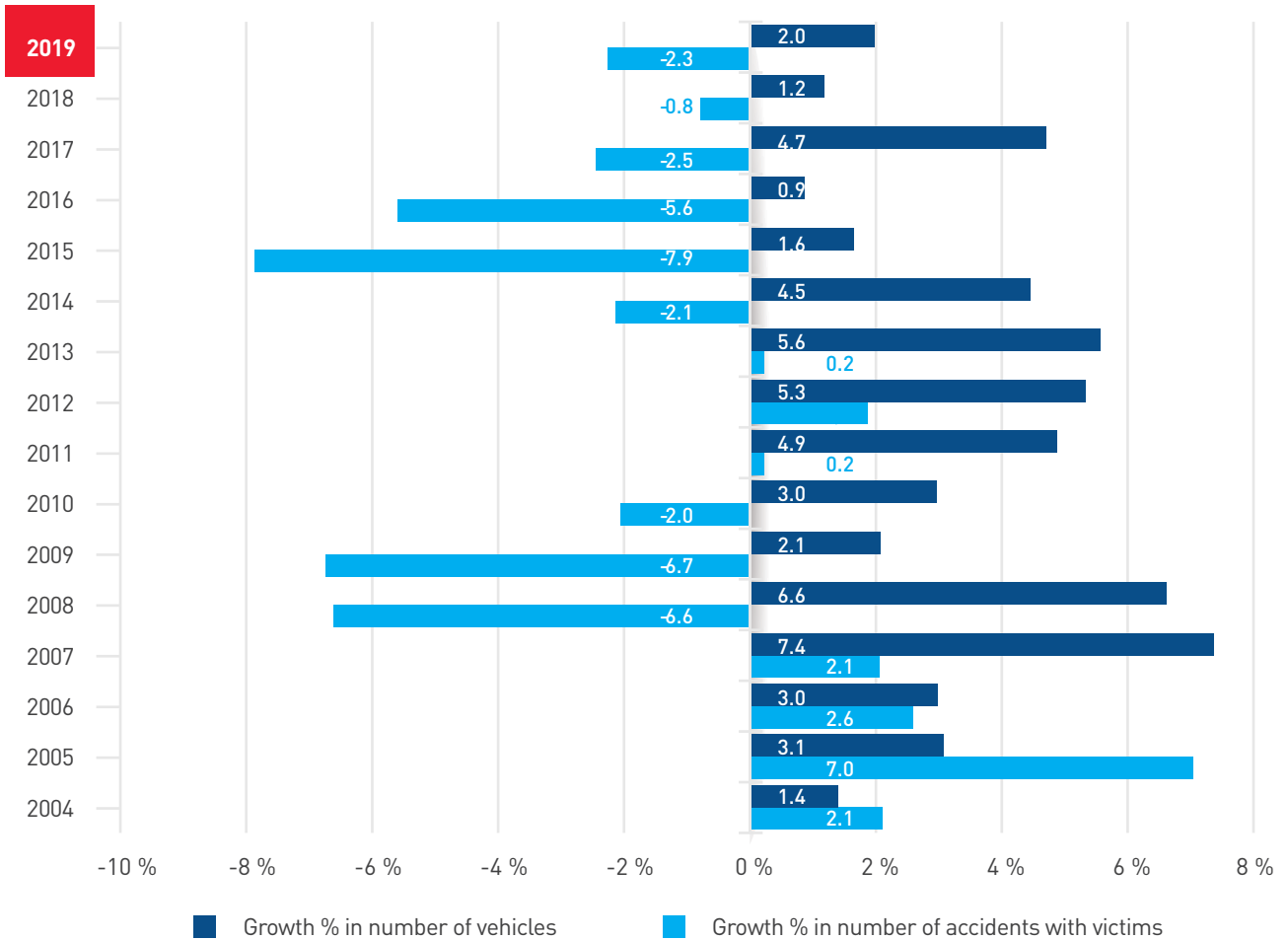


Fig. 6. The growth in road accidents compared with the number of vehicles

The number of accident victims suffering bodily injury decreased from 232,900 in 2018 to 227,700 in 2019 – a reduction of 2.2 %. During the same period, the number of non-fatal injuries reduced by 1.9 %, whilst the number of fatalities reduced by 6.6 %. Figure 7 shows the ratio of the number of victims dead and injured in road accidents between 2004 and 2019<sup>3</sup>.

<sup>3</sup> Source: Department of Road Safety, Ministry of the Interior.

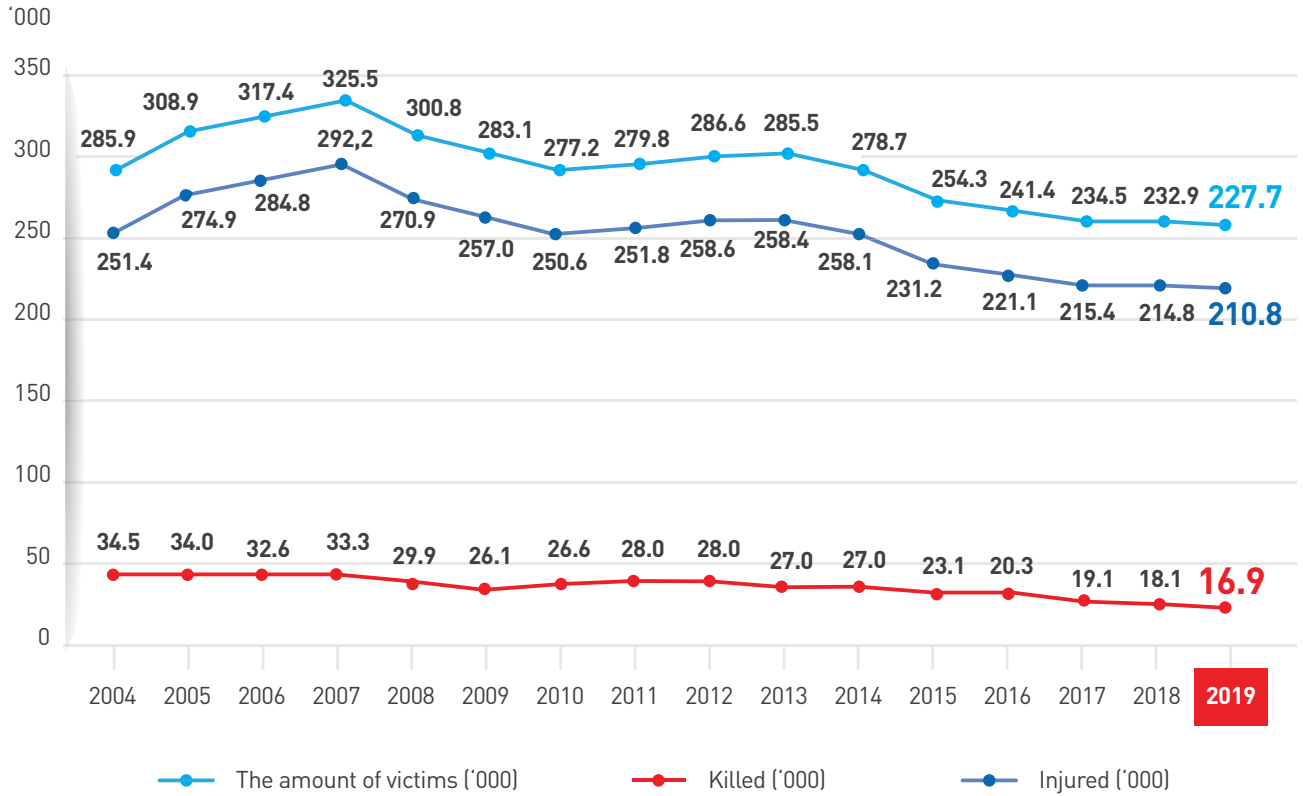


Fig. 7. The amount of accident victims, fatal and non-fatal

Figure 8 sets out the ratio between the growth in road accident numbers and the number of incurred claims.

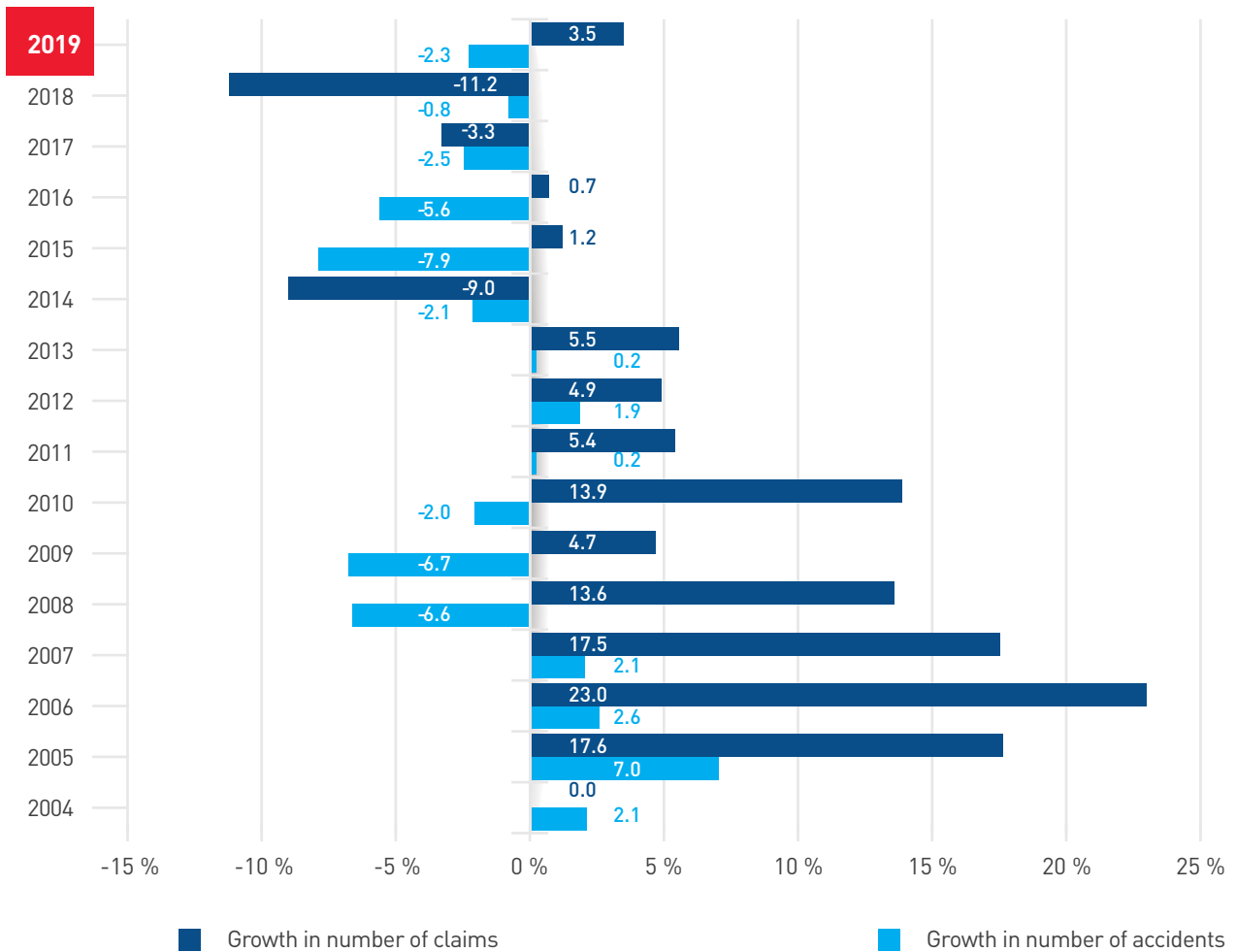


Fig. 8. The relationship between the growth in road accident numbers and the number of incurred claims

## The CMTPL insurance market

Between 1 July 2003 and 31 December 2019, about 607 million CMTPL insurance contracts have been issued. During the same period, just under 2,179 billion Rubles in premium has been collected and about 33 million accident victims have received compensation followed by road accidents and have received just under 1,314 billion Rubles in insurance payments from insurance companies.

In 2019:

- 40.6 million contracts were concluded;
- 220 billion Rubles in premiums were collected;
- 2.3 million claims for compensation were made;
- 2.2 million claims were paid;
- 150 billion Rubles were paid by insurance companies to accident victims.

Figure 9 shows data on insurance premiums collected and claims paid.

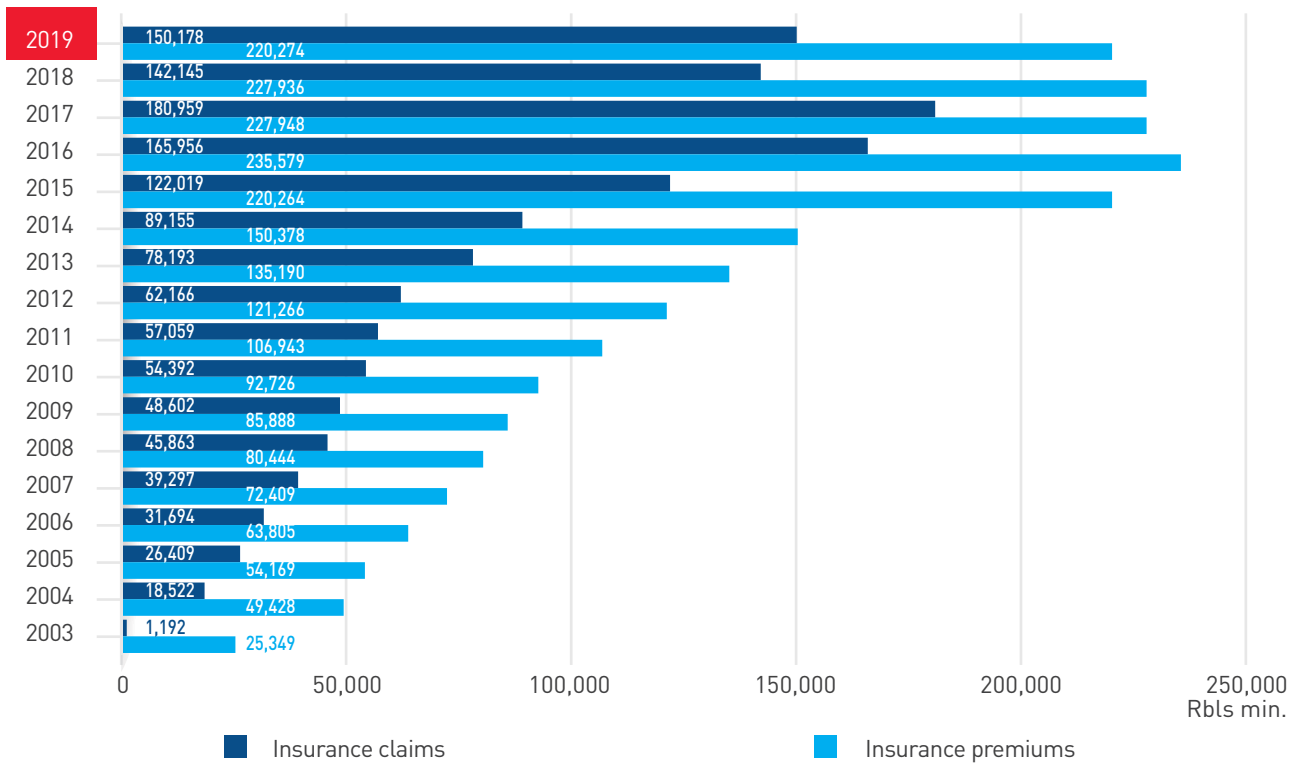


Fig. 9. CMTPL insurance premiums and claims 2003–2019

Table 6

In 2019 the ratio between premiums collected and claims paid was 68.2 %.

Data relating to the growth in premiums and claims is indicated by in Table 6.

Table 6 shows total insurance premiums in 2019 reduced by 3.4 % compared to the previous year. Total premiums amounted 222 billion Rubles. Total claims paid increased by 5.7 % in comparison with the previous year.

The changes in the average CMTPL insurance premium are set out in Figure 10.

	Premium growth, %	Claims growth, %
2019	-3.4	5.7
2018	-00.1	-21.4
2017	-3.2	9.0
2016	7.0	36.0
2015	46.5	36.9
2014	11.2	14.0
2013	11.5	25.8
2012	13.4	8.9
2011	15.3	4.9
2010	8.0	11.9
2009	6.8	6.0
2008	11.1	16.7
2007	13.5	24.0
2006	17.8	20.0
2005	9.6	42.6

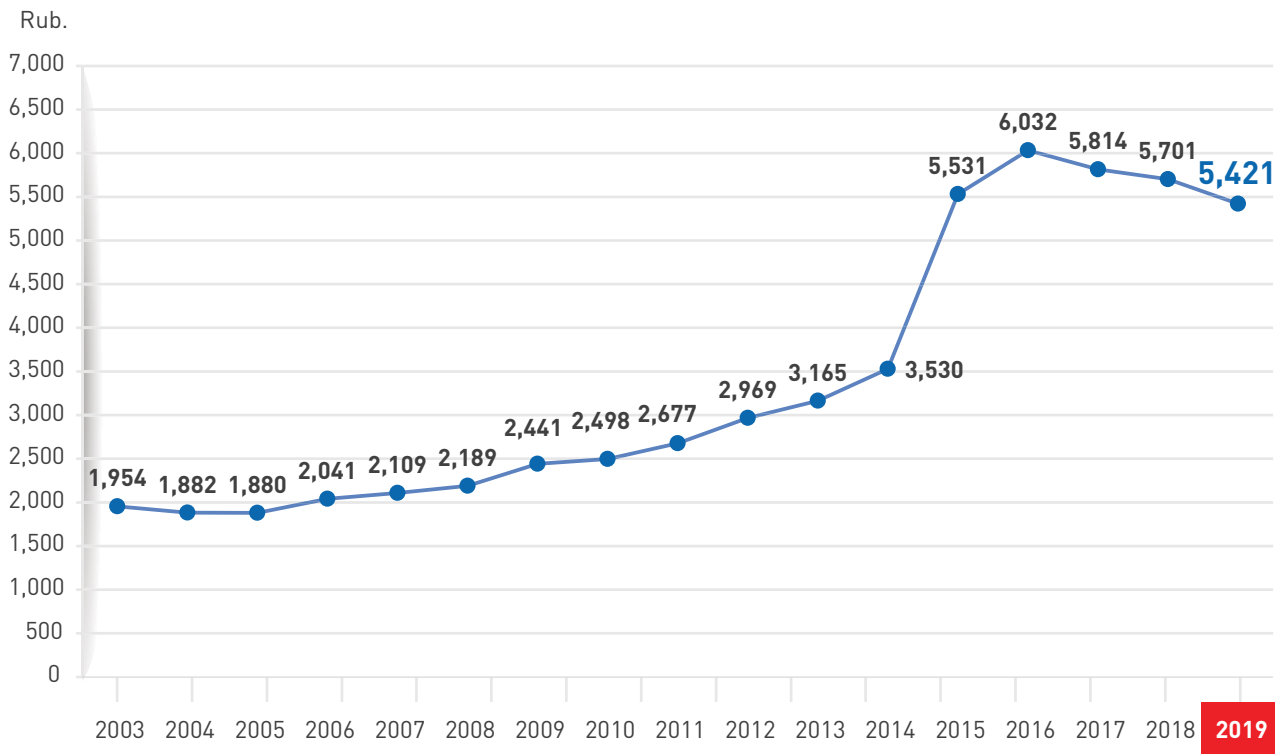


Fig. 10. Average CMTPL insurance premiums

The main cause of both the reduction in the average CMTPL insurance premium and the drop-in premiums is that the Bank of Russia introduced amendments to the methods of calculating CMTPL insurance premiums which permitted an expansion on the tariff corridor by 20 % upwards and downwards. In addition, the way in which the age and driving experience of the driver was used was changed: instead of four, 58 coefficients were introduced. Furthermore, changes were made to the way in which accident experience was taken into account the Bonus-Malus

coefficient. In cases where the car owner had several different Bonus-Malus values, the basis for establishing a new Bonus-Malus value would be the lowest value. Finally, the new Bonus-Malus permits the values to continue even if there is a break in insurance coverage.

In 2019, the average CMTPL insurance claims payment was 68,566 Rubles, an increase of 2.3 % over 2018. Figure 11 sets out the changes in average premium.

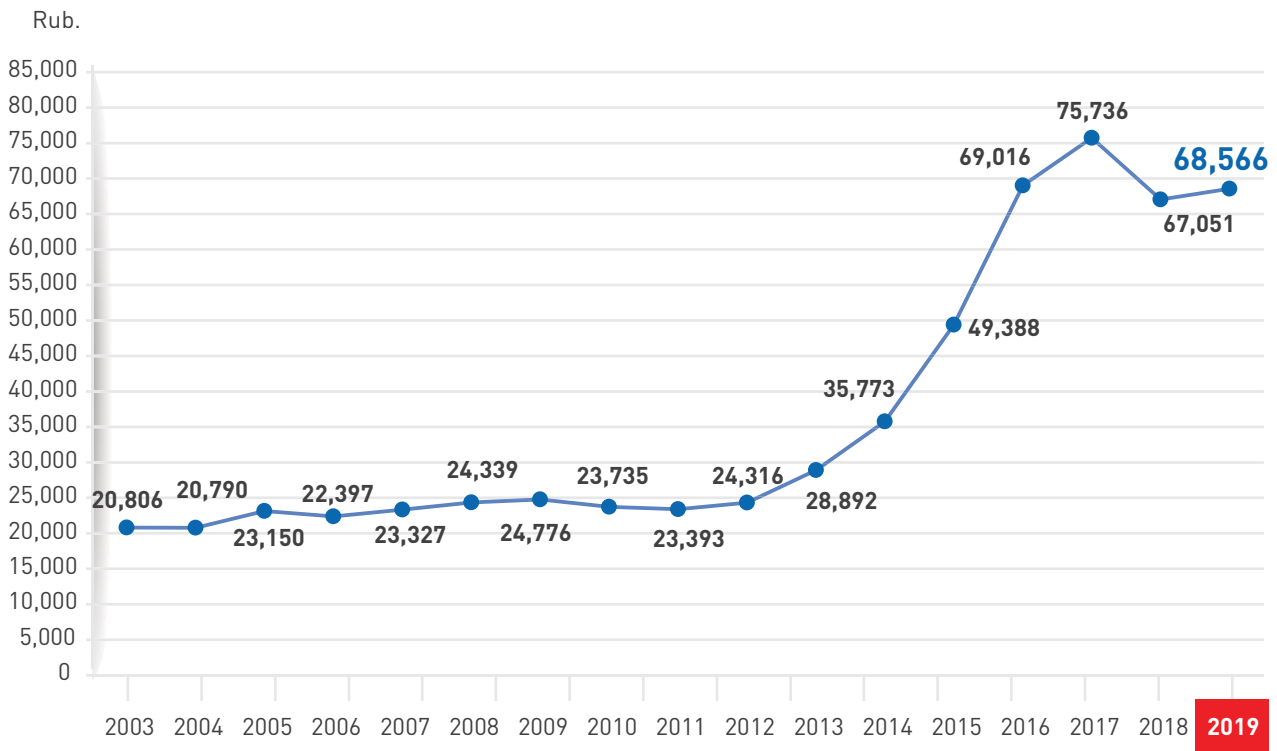


Fig. 11. Average CMTPL insurance claim payment

It should be noted that in 2019 the amount of settled claims increased by 3.3 %, from 2,120,000 in 2018 to 2,190,000 in 2019 (Figure 12).

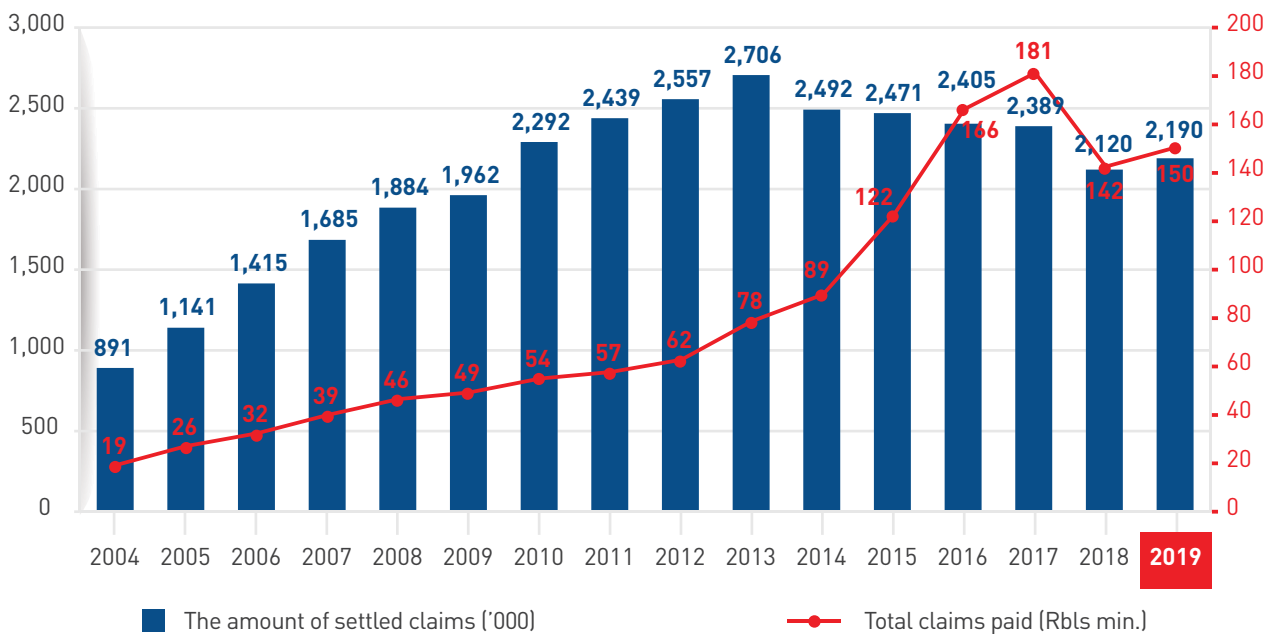


Fig. 12. The amount of settled CMTPL insurance claims and total claims payments



The current situation in respect to the number of CMTPL claims payments made the following court decisions and the impact of this on the size of the claims deserves special attention.

Following a change in consumer protection legislation, between 2011 and 2014, there was a steady increase in the number of CMTPL insurance claims settled in the courts. By 2014, 25 % of all CMTPL insurance claims were settled following a decision of a court. In 2014, it became mandatory to follow an out of court settlement procedure and only if this resulted in no agreement could court action be taken by an accident victim against an insurer. This change resulted during 2015 and 2016 in the number of claims being settled in court. By the end of 2016, 14 % of claims were settled following a court decision. However, since 2017, the proportion of claims settled in the courts began to increase again and by the end of 2018 the figure reached 21 %. At the end of 2019, the ratio had decreased to 16 %. The primary cause of this reduction was the introduction of a financial ombudsman: from 1 June 2019, insurance companies engaged in CMTPL insurance must enable claimants to correspond with the financial ombudsman before making a claim not exceeding 500,000 Rubles. A claimant disputing a CMTPL insurance claim with an insurance company in any amount must also communicate with the financial ombudsman before presenting the claim.

However, it is too early to determine the full impact of the introduction of the work of the ombudsman on the claims settlement system for CMTPL insurance, since at the current time there are many claims that

have been placed before the ombudsman and are awaiting a decision. Official data are not available, while insurance organisations are developing procedures which will allow them to assess the effectiveness of the new institution and will be used as the basis for proposals to improve the CMTPL insurance system.

At the end of 2015, the total amount of court payments, including costs, amounted to 18.4 billion Rubles. By the end of 2016 it was already 26.3 billion Rubles, and in 2017 amounted to 36 billion Rubles. In 2018, this figure decreased for the first time and made up to 33.8 billion Rubles. In 2019, in absolute terms, the total amount of legal penalties continued to decrease and amounted to 25.9 billion Rubles, which is 23 % less than in 2018.

It should be emphasised here that judicial awards include a “non-insurance component”, which, as a rule, is not reflected by insurance organisations in statistical reporting. Such awards include the legal expenses of insurance organisations incurred in the course of the trial, consisting of fines, penalties, compensation for non-pecuniary damage, payment for the services of experts and lawyers, state fees, etc. As a result, considering these “non-core expenses”, the total amount of all payments made is significantly higher than in publicly available official statistics. The data relating to the proportion of payments following court decisions in the total amount of payments and the total amount of all payments made under CMTPL insurance are shown in Table 7 and Figure 13.

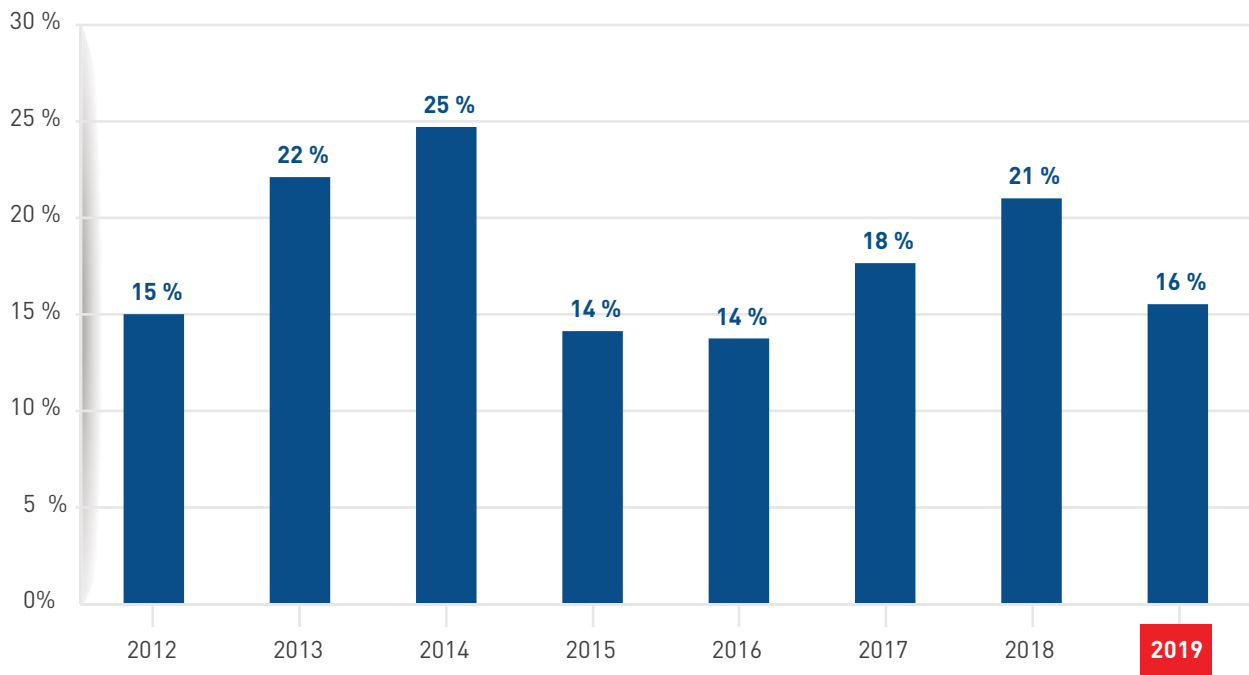


Fig. 13. CMTPL claims payments following a court decision as a proportion of total claims payments

Table 7

	Total claims payments (mln Rubles)	Total payments ordered by courts including claims settlement costs	Growth in payments ordered by courts (%)
2019	166,622	25,881	-23
2018	160,814	33,788	-6
2017	203,984	36,023	37
2016	191,284	26,302	43
2015	130,233	18,401	-25
2014	98,959	24,448	34
2013	82,520	18,249	88
2012	64,760	9,720	68

Separately, it should be noted that the share of costs in total court payments is increasing from year to year. The diagram in Figure 14 shows that at the end of 2012 the share of litigation expenses amounted to only 19 % of all court payments. In 2019 the share of such payments amounted to more than half (58 %) of all court payments made.

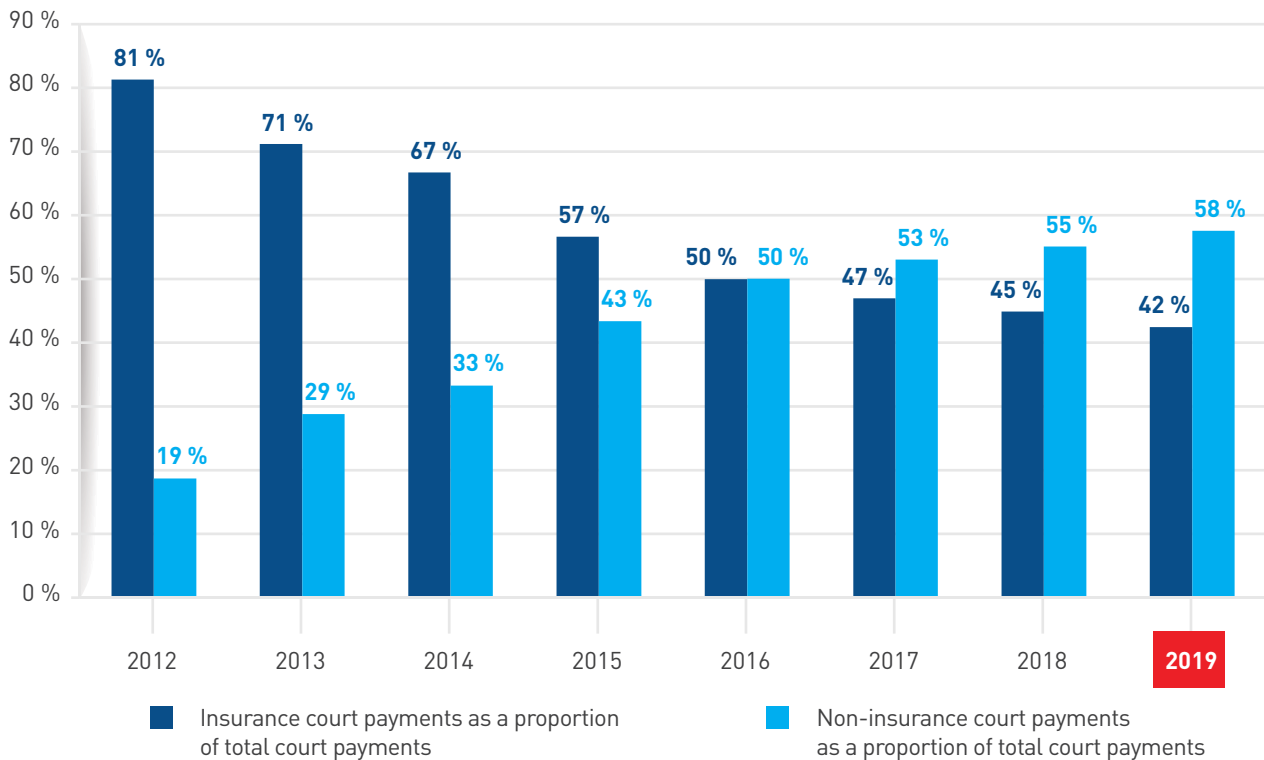


Fig. 14. Court costs for CMTPL insurance

It is important to state, that the current situation is not an objective reflection of the poor settlement of insurance claims by insurance organisations, but can be explained by the actions of “unscrupulous car intermediaries”, who negotiate powers of attorney or assignment agreements with accident victims. These intermediaries then apply directly to the courts for insurance compensation payment, often bypassing the relevant insurance organisation.

Table 8 shows the breakdown of legal costs and total costs. These consist of the amount of the actual claim (insurance payment) and the amount of costs. These are divided into two components: payments under the CMTPL Law, including fines, penalties, forfeits and moral damages (these are the main object of collection from insurance organisations by unscrupulous legal intermediaries) and other expenses (payment for the services of lawyers, state duty, etc.).

As Table 8 shows, in 2019 the number of cases decided by courts declined by 37.7 % compared with 2018. Total claims settled by the courts amounted to 176,371 cases. Costs determined by the CMTPL insurance law have reduced by 19 % from 12,834 million Rubles to 10,395 Rubles. Other legal expenses decreased by 22.2 % (4,501 million Rubles in 2019 compared with 5,784 million Rubles in 2018).

Turning to the average amount of payment per court decision, it can be shown that there was a significant increase in this amount compared to 2018. The average amount of penalties per court decision relating to costs, determined by the CMTPL insurance law, increased by 30.1 % in 2019 (from 45,315 Rubles to 58,940 Rubles) in comparison with 2018; the increase in the average amount of payment related to the payment of other expenses amounted to 25 % (from 20 422 Rubles in 2018 to 25 523 Rubles in 2019).

Table 8

**Growth in court costs**

Breakdown in judicial awards	Total payments (mln Rub)		Growth (%)	Average amount of payment per court case (Rub)		Growth (%)
	2018	2019		2018	2019	
Amount of the main claim (insurance payments)	15,171	10,984	- 27.6	53 568	62 277	16.3
Costs (non-insurance payments)	18,617	14,897	-20	65 737	84 463	28.5
<b>Costs made up by:</b>						
Payments according to the law (fines, penalties, moral damages)	12,834	10,395	-19	45 315	58 940	30.1
Other expenses (legal costs, police etc.)	5,784	4,501	-22.2	20 422	25 523	25.0
Total number of cases.	283,208	176,371	-37.7	-	-	-

Table 9 presents statistics on the size of the average insurance judicial payment by region. The regions that are considered to be in the "red zone", defined as high cost regions, where the average insurance judicial payment amounted to more than 100 thousand Rubles include: Ingushetia (177,064 Rubles), North Ossetia – Alania (168,742 Rubles), Chechen Republic (154,783 Rubles), Adygea Republic (129,743 Rubles), Republic of Karachay-Cherkessia (125,084 Rubles), Krasnodar Krai (120,726 Rubles), Kabardino-Balkarskaya Republic (115,197 Rubles), Dagestan (109,085 Rubles), Rostov region (102,117 Rubles).

The average insurance judicial payment for all regions of Russia amounted to 62,277 Rubles.

Table 9

		Average insurance claim payment (court)	Average insurance claim payment (not court)	Average total court payment including legal expenses
	<b>Average of Russia</b>	<b>62,277</b>	<b>62,970</b>	<b>146,740</b>
1	Ingushetia	177,064	146,094	440,600
2	North Ossetia-Alania	168,742	132,864	441,436
3	Chechen Republic	154,783	93,488	407,442
4	Adygea Republic	129,743	66,598	287,226
5	Republic of Karachay-Cherkessia	125,084	99,713	308,425
6	Krasnodar Krai	120,726	77,346	265,655
7	Kabardino-Balkarskaya Republic	115,197	81,687	292,218
8	Dagestan	109,085	73,714	231,239
9	Rostov Region	102,117	75,372	251,211
10	Zabaikalsky Krai	93,031	71,919	205,758
11	Tyva Republic	92,443	66,366	241,933
12	Buryatia Republic	90,299	63,110	165,139
13	Stavropol Krai	89,032	72,183	190,100
14	Moscow	85,854	63,846	194,584
15	Ivanovo Region	77,178	72,180	133,366
16	Smolensk Region	76,558	59,791	193,267
17	Altai Republic	76,547	61,298	153,368
18	Ulyanovsk Region	73,744	73,527	131,503
19	Ryazan Region	73,244	56,589	148,155
20	Vladimir Region	70,959	59,835	195,891
21	Sakhalin Region	69,416	66,486	154,657
22	Tula Region	67,613	59,360	139,482
23	Tomsk Region	67,494	58,058	216,090
24	Bryansk Region	67,066	58,118	171,413
25	Kurgan Region	66,915	59,482	154,056
26	Novosibirsk Region	66,112	71,515	156,547
27	Khakassia Republic	65,552	66,771	168,478

Table 9 (continued)

		Average insurance claim payment (court)	Average insurance claim payment (not court)	Average total court payment including legal expenses
28	Orenburg Region	64,176	59,707	182,154
29	Tversky Region	64,034	57,322	174,675
30	Samara Region	62,046	56,156	127,728
31	Kirov Region	61,800	58,237	120,395
32	Crimean Republic	60,268	64,989	143,244
33	Tambov Region	59,498	62,752	160,045
34	Karelian Republic	59,093	48,928	112,567
35	Moscow Region	58,681	61,087	131,018
36	Pskov Region	57,893	56,044	137,036
37	Kemerovo Region	55,155	67,331	173,107
38	Nizhegorodsky Region	53,169	68,295	104,595
39	Altai Krai	52,692	63,194	125,080
40	Mordovian Republic	50,932	58,665	101,989
41	Udmurtian Republic	48,894	53,672	98,910
42	Astrakhan Region	48,674	53,559	119,876
43	Primorsky Krai	48,443	70,675	149,330
44	Sakha Republic (Yakutia)	47,924	46,835	106,041
45	Perm Krai	47,663	63,893	120,244
46	Irkutsk Region	47,491	70,508	113,078
47	Kaluga Region	47,370	59,260	114,447
48	Khabarovsk Krai	47,123	65,819	129,617
49	Kaliningradsky Region	46,002	57,665	99,742
50	Tyumen Region <sup>4</sup>	45,697	58,346	129,743
51	St Petersburg	45,519	61,199	114,258
52	Chelyabinsk Region	45,106	61,551	118,494
53	Chuvash Region	44,983	48,104	97,858
54	Amur Region	44,970	72,238	71,533

<sup>4</sup> The Tyumen region includes the Khanty-Mansiysk Autonomous Okrug and the Yamalo-Nenets Autonomous Okrug.

Table 9 (continued)

		Average insurance claim payment (court)	Average insurance claim payment (not court)	Average total court payment including legal expenses
55	Kursk Region	44,704	56,091	132,969
56	Sevastopol	44,590	55,132	119,758
57	Volgograd Region	44,495	49,450	97,758
58	Omsk Region	43,955	52,840	124,745
59	Orel Region	43,108	54,363	80,685
60	Novgorod Region	42,595	54,123	95,573
61	Komi Republic	42,171	46,360	107,374
62	Krasnoyarsk Krai	41,816	57,458	95,798
63	Kostroma Region	41,564	51,246	94,145
64	Jewish Autonomous Region	39,978	60,977	101,468
65	Sverdlov Region	39,871	57,401	105,268
66	Saratov Region	38,521	53,512	98,437
67	Republic of Tatarstan	36,720	63,209	74,733
68	Leningrad Region	35,736	60,981	94,349
69	Murmansk Region	34,627	66,764	83,716
70	Kamchatka Krai	34,225	63,643	103,672
71	Lipetsk Region	34,098	63,587	102,445
72	Bashkortostan	33,326	58,901	90,458
73	Voronezh Region	32,247	67,966	76,393
74	Yaroslavl Region	30,469	56,347	67,334
75	Penza Region	30,240	54,845	88,752
76	Belgorod Region	29,656	57,627	74,103
77	Magadan Region	29,341	59,744	77,473
78	Chukotsky Autonomous Region	28,693	45,568	77,658
79	Kalmykia Republic	27,852	58,525	75,750
80	Arkhangelsk Region <sup>5</sup>	27,810	54,159	80,204
81	Volgograd Region	22,783	59,603	64,961
82	Mari El Republic	5,348	52,490	15,306

<sup>5</sup> The Arkhangelsk region includes the Nenets Autonomous Okrug.

Figure 15 sets out the top ten regions of the Russian Federation in terms of the size of CMTPL insurance payments made by insurance organisations.

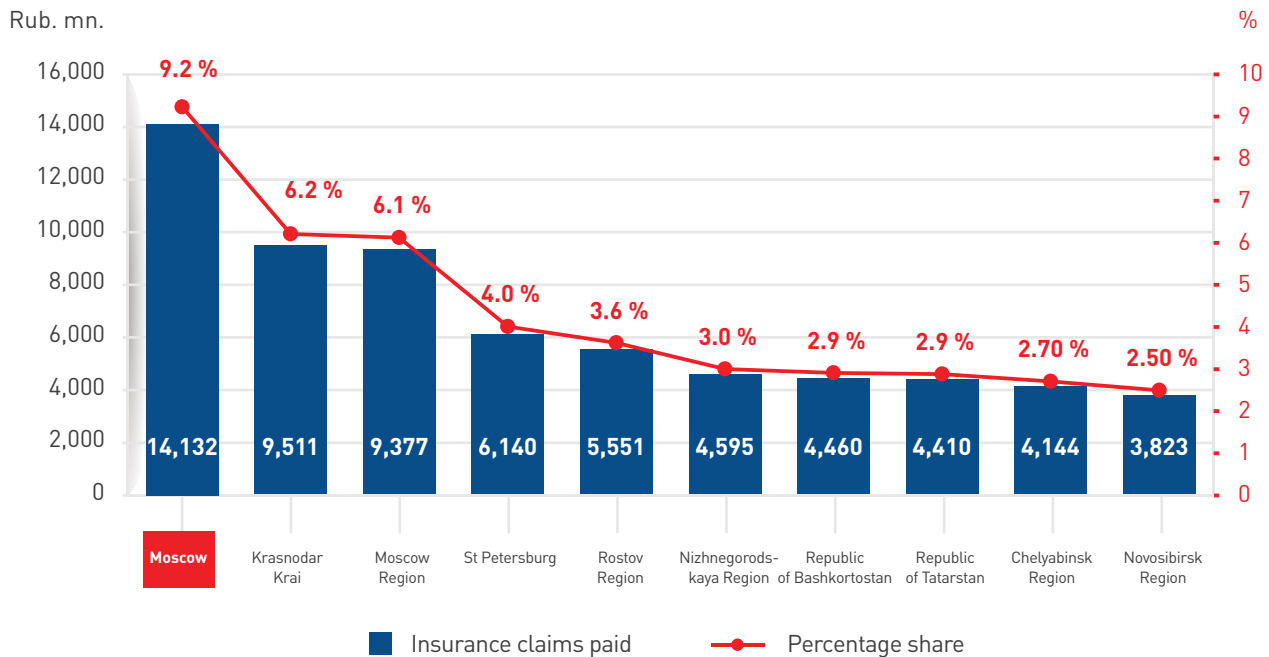


Fig. 15. Leading regions of the Russian Federation in terms of the size of CMTPL insurance claims payments (2019)

Turning to the Federal Administrative Districts (FAD), the Central Federal District leads in the amount of premiums collected and insurance payments made – 72,845 million Rubles of premiums (33.4 %) and 42,198 million Rubles of payments (27.5 %), respectively (table 10, figures 16 and 17).

Table 10

	Total (mil Rub)		Share	
	Premiums	Claims	Premiums	Claims
Russian Federation – total	<b>218,379</b>	<b>153,209</b>	<b>100 %</b>	<b>100 %</b>
Central FAD	72,845	42,198	33.36 %	27.54 %
Volga FAD	40,868	29,067	18.71 %	18.97 %
Siberian FAD	22,602	16,228	10.35 %	10.59 %
North Western FAD	23,741	13,930	10.87 %	9.09 %
Southern FAD	20,873	21,039	9.56 %	13.73 %
North Caucasus FAD	6,521	10,134	2.99 %	6.61 %
Urals FAD	20,687	12,374	9.47 %	8.08 %
Far Eastern FAD	10,241	8,238	4.69 %	5.38 %



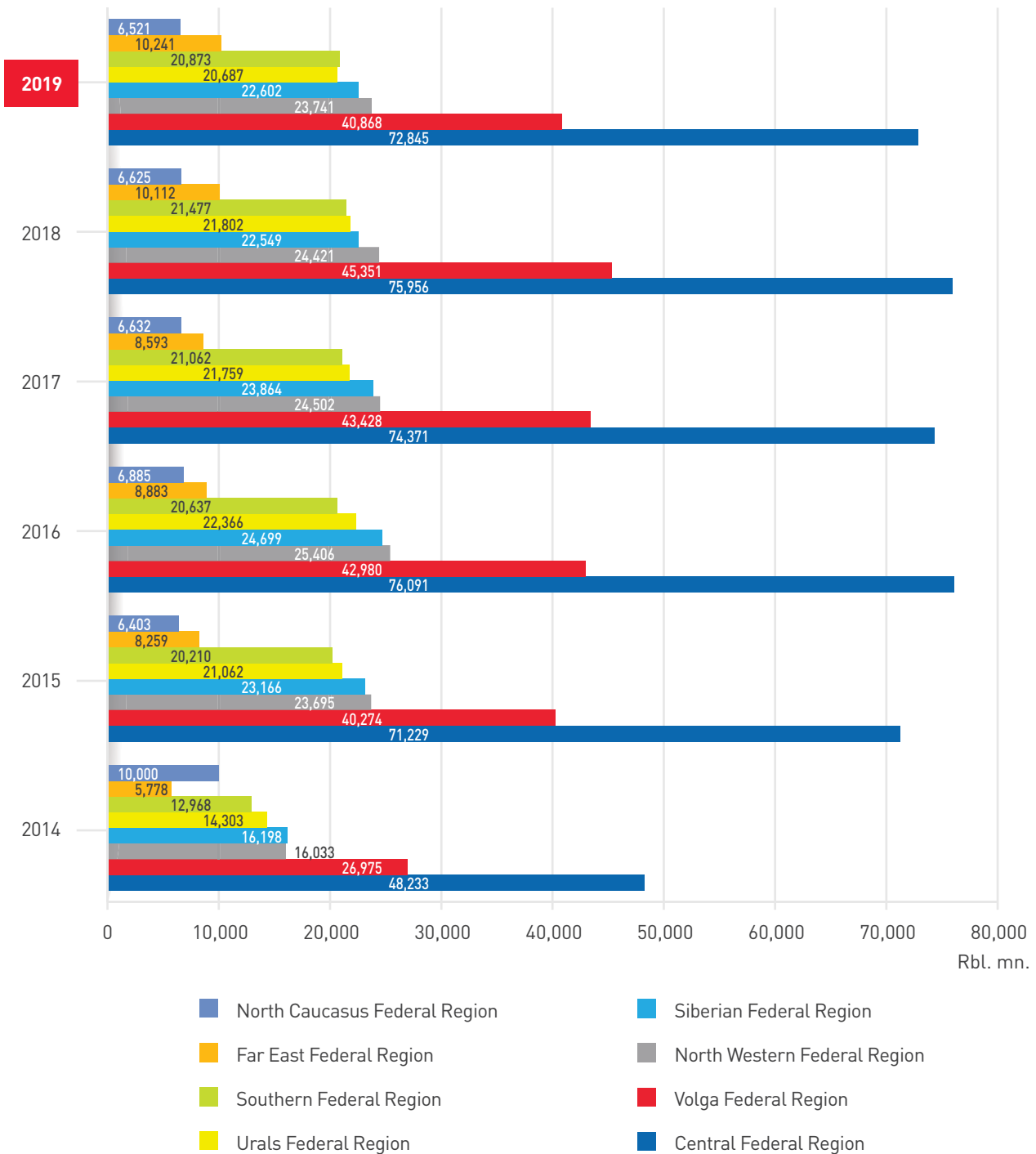


Fig. 16. CMTPL insurance premiums

In 2019, 18.71 % of total premiums was collected in the Volga FAR (40,868 million Rubles) – 10.87 % in the North Western FAR (23,741 million Rubles), 10.35 % in the Siberian FAR (22,602 million Rubles), 9.56 % – in the Southern FAR (20,873 million Rubles), 9.47 % – in the Urals FAR (20,687 million Rubles), 4.69 % – in the Far Eastern FAR (10,241 million Rubles), 2.99 % – in the North Caucasus FAR (6,521 million Rubles).

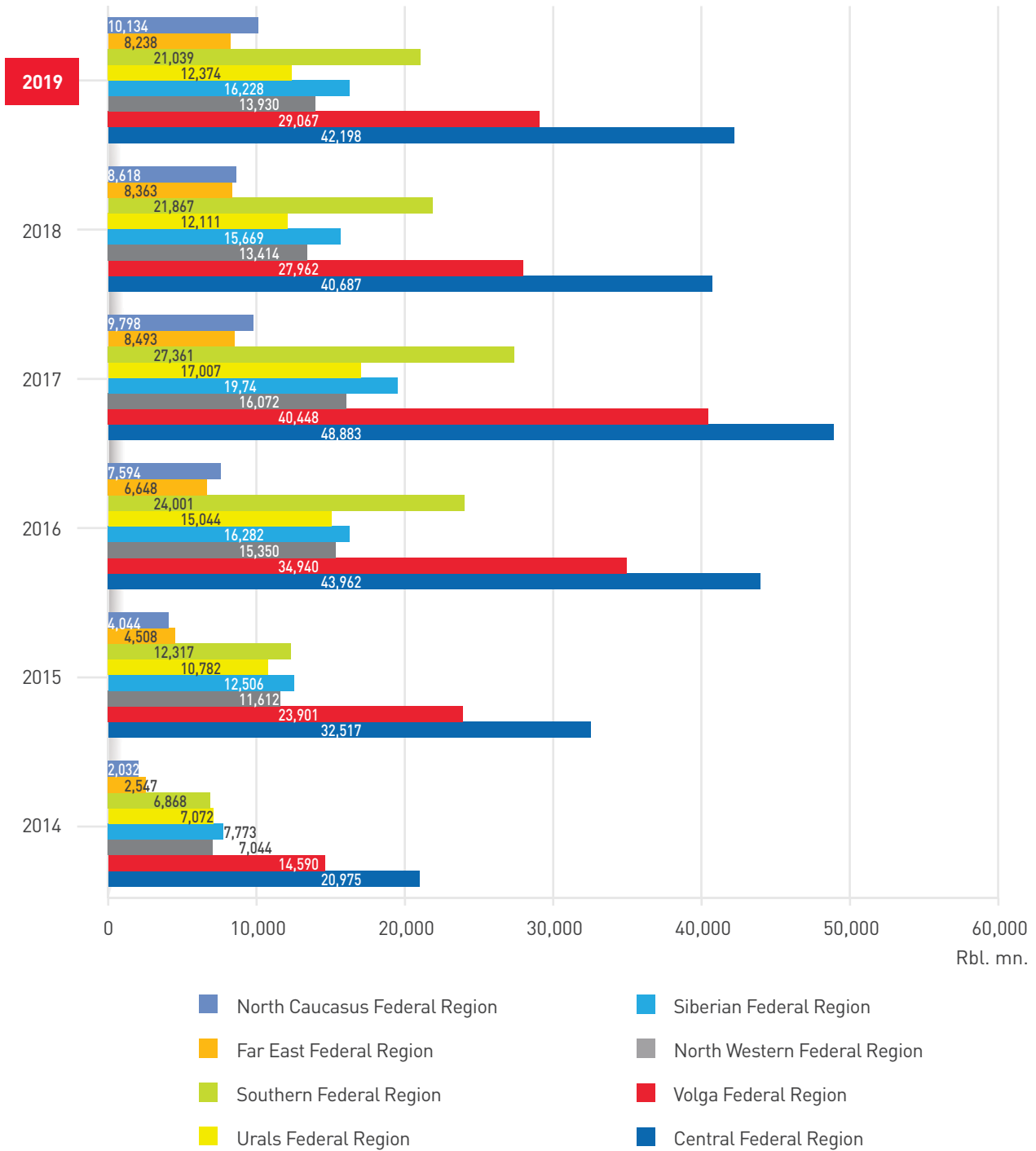


Fig. 17. CMTPL insurance claims payments

The breakdown of claims payments in 2019 by Federal Administrative District: 18.97 % – in the Volga FAD (29,067 million Rubles), 13.73 % – in the Southern FAD (21,039 million Rubles), 10.59 % – in the Siberian FAD (16,228 million Rubles), 9.09 % – in the North Western FAD (13,930 million Rubles), 8.08 % – In the Urals FAR (12,374 million Rubles), 6.61 % – in the North Caucasus FAR (10,134 million Rubles), 5.38 % – in the Far Eastern Federal District (8,238 million Rubles).

## The share of CMTPL insurance in the Russian insurance market

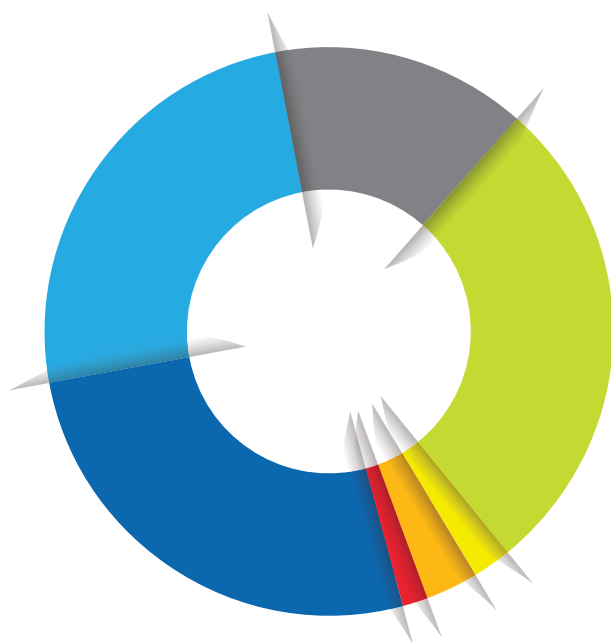
As of 31 December 2019, there were 248 organisations in the state register<sup>6</sup> including 44 (18 % of the total number of organisations), which possessed a license to carry on CMTPL insurance.

Data for 2019 related to the premiums and claims under all insurance contracts<sup>7</sup> including a data on CMTPL insurance contracts are set in table 11.

Data on CMTPL insurance premiums and claims in comparison with the shares of different classes of insurance<sup>8</sup> is set out in Figures 18 and 19.

Table 11

	2019
Total market premiums (Rubles Bn.)	1 481.2
Total CMTPL premiums (Rubles Bn.)	214.9
CMTPL share in total market premiums (%)	14.5
Total market claims paid (Rubles Bn.)	610.9
Total CMTPL claims payments (Rubles Bn.)	142.4
CMTPL share in total market claims paid (%)	23.3



**26.3 %**  
Property insurance



**24.9 %**  
Personal insurance  
other than life insurance



**14.5 %**  
CMTPL insurance



**27.7 %**  
Life insurance



**2.2 %**  
Liability insurance



**3.0 %**  
Financial and commercial  
risks



**1.4 %**  
Compulsory insurance  
(excluding CMTPL insurance)

Fig. 18. Breakdown of insurance premiums by class of business – 2019

<sup>6</sup> Source: The Central Bank of the Russian Federation.

<sup>7</sup> Source: The Central Bank of the Russian Federation.

<sup>8</sup> Source: The Central Bank of the Russian Federation.

The diagram in Figure 18 demonstrates that Life Insurance is the class that collected the most premiums in 2019. Life insurance accounted for 27.7 % of total market premiums. Property comes in second position with a 26.3 % market share; personal insurance (excluding life insurance) is third with a share of 24.9 % and CMTPL insurance is the fourth. CMTPL insurance premiums account for 14.5 % of total market premiums. The fifth and the sixth position are taken by the insurance of Financial Risks and Liability Insurance with Compulsory insurance (excluding CMTPL insurance) with a market share of 1.4 % completes this list.

In terms of claims paid in 2019, property insurance is leading: 26 % of all claims were from this class. The following is Personal insurance (excluding life insurance), which accounted for 23.5 % of claims paid. CMTPL insurance is in the third place: 23 % of all

claims paid were CMTPL claims. The fourth, fifth and sixth positions were taken by Life insurance (21.8 % of claims paid), compulsory insurance other than CMTPL insurance (2.7 % of claims paid) and liability insurance (1.5 % of claims paid). The last position was taken by the insurance of Financial Risks which accounted for 1.2 % of total market claims paid.

It is important to note that CMTPL insurance's position dropped from second place in 2018 (with a market share of 26.4%) to the third position with a market share of 23.3 %. CMTPL insurance's share of market premiums also decreased from 15.3 % in 2018 to 14.5 % in 2019.

In comparison with 2018, premiums from CMTPL insurance and other compulsory classes fell by 6 %. Premiums from all voluntary classes grew by 1.3 %. The total

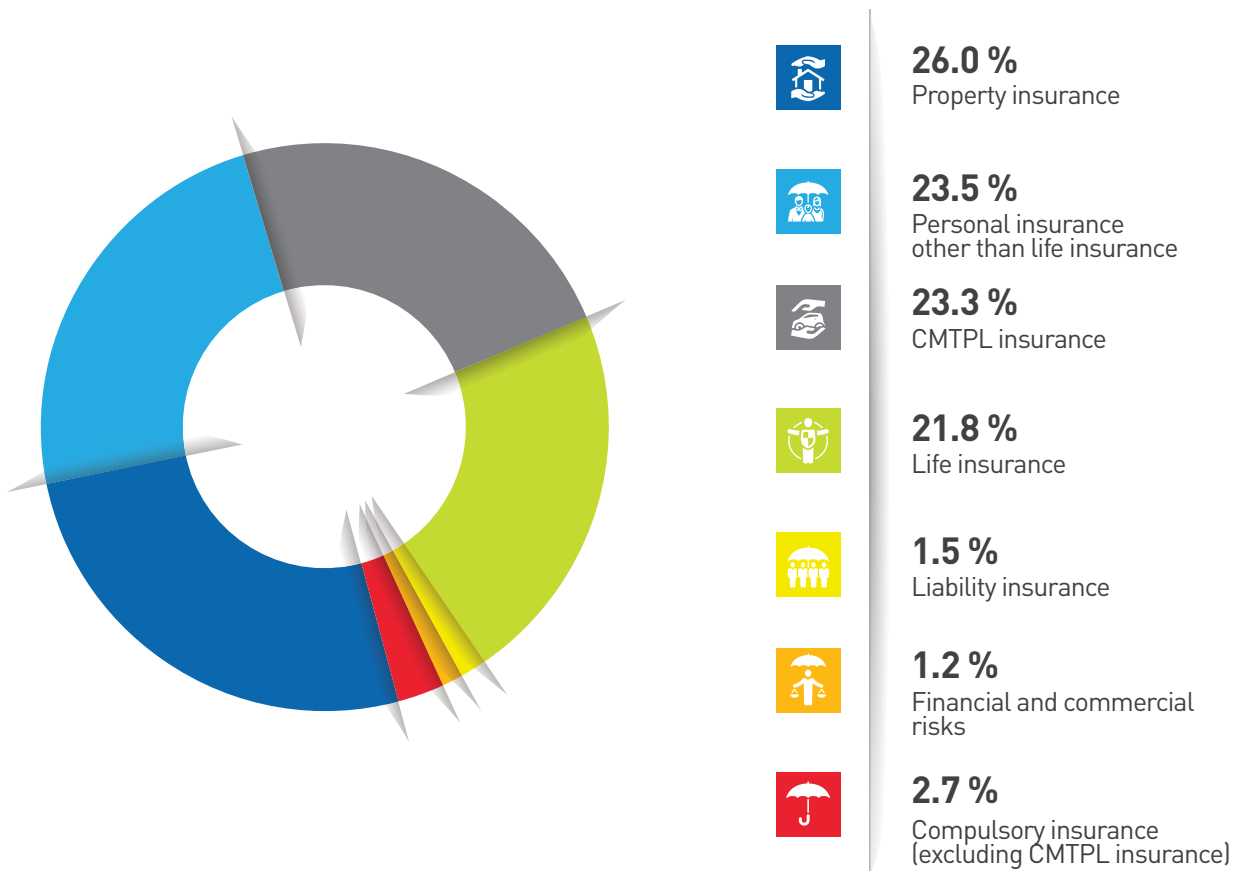


Fig. 19. Breakdown of insurance claims paid by class of business – 2019

of claims paid by all compulsory classes grew by 4.4 % in comparison with 2018, whilst claims paid by all voluntary classes grew by 21 %.

Total premiums collected by all compulsory classes amounted to 236.2 billion Rubles as against 250.9 billion Rubles in 2018, whilst claims paid amounted to 158.5 billion Rubles in 2019 compared with 151.8 billion Rubles claims paid in 2018. Total premiums collected by the voluntary classes of insurance in 2019 amounted to 1,243.5 billion Rubles compared with 1,227 billion Rubles in 2018. Total claims paid by voluntary classes of insurance amounted to 452.2 billion, whilst the equivalent figure in 2018 was 371.4 billion Rubles.

In 2019 total premiums collected by both compulsory and voluntary classes combined amounted to 1,481.2, billion whilst combined claims paid amounted to 610.9 billion Rubles.

## CMTPL insurance tariffs

RAMI conducts actuarial studies every year of CMTPL insurance tariffs, which include monitoring of estimates received of actual tariffs. In 2019, the RAMI Committee on Tariffs, Statistics and Reserves organised the following research studies:

- scientific research to support the monitoring of CMTPL insurance tariffs based on the data contained in the CMTPL insurance contracts database and the database of drivers' records used to calculate underwriting tariffs (the Bonus-Malus system database). Data used in the research were based on the results of the fourth quarter of 2018 and the first three quarters of 2019;
- scientific research of current CMTPL tariffs to identify those that were loss making and to assess the impact of future legislation tying insurance tariffs to individual driver characteristics. The research used data from the CMTPL insurance contracts database the Bonus-Malus system database for the period from 1 January 2015 to 30 June 2019.

## 3.2. LEGAL AND REGULATORY FRAMEWORK OF CMTPL INSURANCE IN 2019

### Improving the legal and regulatory framework for CMTPL insurance

1. In 2019, RAMI reviewed the following federal draft laws.

- 1) 10 April 2019 a Draft Federal Law No. 695368-7 was submitted to the State Duma of the Russian Federation amending the basic law covering insurance and articles 15 and 26 of the CMTPL insurance law particularly regarding the activities of insurance intermediaries. The amendments permit insurance intermediaries to arrange insurance cover (including CMTPL insurance) for clients through the conclusion of electronic contracts and to pay the premium directly to the insurance company.

18 June 2019, the law introducing the Draft Law No. 695368-7 was adopted on first reading.

On 26 June 2019, RAMI submitted proposals to the Ministry of Finance of Russia, to remove the stipulation in the draft amendment that the insured pays the premium directly to the insurance company. RAMI requested the Ministry to consider RAMI's proposal and, if in agreement, to send it to the State Duma for consideration on the second reading.

- 2) On 16 July 2019, a draft law was introduced into the State Duma which set out further amendments to the CMTPL insurance law.

The amendments proposed in the draft law were as follows:

- to increase the CMTPL insurance policy limit for bodily injury following a road accident to 2 million Rubles from contrast to the current limit of 500,000 Rubles;
- to allow insurers to use as underwriting factors to determine the level of insurance premiums personal characteristics of the driver such as driving skill and experience and a history of substantial driving legal penalties;
- to allow the use of telematic devices which track-record to provide data on driving style which can be used by underwriters to determine the cost of a CMTPL insurance policy;
- to phase out the use by underwriters as underwriting factors the region of use of the vehicle and the type of vehicle and its engine size. The tariff changes will be phased in as follows: use of the territory of preferential use of the vehicle – from 1 January 2020; use of the technical characteristics of the vehicle (car engine power) – from 1 October 2020;
- the possibility of insurers from 1 January to 30 September 2020 to expand the tariff limits established by the Bank of Russia for the basic rates of insurance by 40 %, and from 1 October 2020 by a further 30 %.

On 20 November 2019, the State Duma introduced a new bill similar to the above document bill, but not providing for the following:

- the ability to use driving characteristics as an underwriting factor for calculating premiums;
- the possibility of using telematic devices to provide driving data for use as an underwriting factor;
- the increase of the CMTPL insurance policy limit for bodily injury following a road accident to 2 million Rubles from contrast to the current limit of 500,000 Rubles;
- the phasing out of the use by underwriters as underwriting factors the region of use of the vehicle and the type of vehicle and its engine size;
- the possibility of insurers from 1 January to 30 September 2020 to expand the tariff limits established

by the Bank of Russia for the basic rates of insurance by 40 % and 30 %.

RAMI has consistently supported any legislation, which will allow the following steps to be taken by insurers to establish competitive tariffs based on individual characteristics.

- 3) On 1 April 2019, RAMI sent to the State Duma, the Ministry of Finance of Russia and the Bank of Russia proposals to include in a draft federal Law No. 501904-7 amending a number of regulations on its second reading. RAMI proposed, that the CMTPL insurance database should be used to ensure the equal basis of paper CMTPL insurance contract and electronic contracts. These proposals were accepted and included in the law.

2. On 3 April 2019, RAMI sent to the Ministry of Finance and to the Bank of Russia proposals to amend the CMTPL insurance law to authorise the use of the serial number of the certificate of compulsory pension insurance to identify policyholders, vehicle owners, persons authorised to drive the vehicle, the unique number unchanged throughout the whole life.

3. Also, in 2019, RAMI sent proposals to the Bank of Russia as follows:

- that when introduced, the draft instruction of the Bank of Russia for the minimum requirements for the conditions and procedures for the implementation of voluntary insurance of land transport vehicles (other than railway transport vehicles) should be displayed on the back of the CMTPL insurance policy;
- to amend regulations of The Bank of Russia to add additional fields on the reverse side of the CMTPL insurance policy in connection with the minimum requirements set out there;
- to amend regulations of The Bank of Russia regarding the extension of the time limit of the conditions that give an insurer the opportunity to offer a vehicle owner to provide underwriting information electronically when using the official RAMI website for the conclusion of an electronic CMTPL insurance agreement with another insurer;
- to amend the draft regulations of The Bank of Russia covering the use of the internet to underwrite and issue documentation for

CMTPL policies as follows: exclusion of the requirement to issue to the policyholder the CMTPL insurance contract printed out on the standard form; introducing a procedure to identify inaccuracies provided by the owner of the vehicle, when concluding an electronic CMTPL insurance policy; clarification of the procedure to use when checking the information submitted for the conclusion of an electronic CMTPL insurance contract in the federal executive database; the procedure for issuing a road traffic accident notice in the form of an electronic document;

- to amend draft instructions of the Bank of Russia covering CMTPL insurance providing for: compulsory motor third-party liability insurance policy forms, registration of a traffic accident notice in electronic form; exclusion of the obligation to issue to the insured a printed electronic CMTPL insurance contract for mandatory insurance printed on the standard form; the possibility of submitting an CMTPL electronic insurance contract in the form of an electronic document, when registering a vehicle; checking the accuracy of information provided by the insured, when concluding a CMTPL insurance contract, by comparing it to the information in the federal executive database and other organisations (other than RAMI) specified in Government regulations; the possibility of providing electronic copies of documents, if these statements have not been verified by the RAMI CMTPL database, but have not been deemed unreliable.

On 10 November 2019, the relevant amendments of the Bank of Russia regulations and instructions came into force.

4. Amendments to the CMTPL insurance law came into force, the objective of which were to improve the procedure for processing road accident documentation produced without participation of police officers (the European Protocol). These changes introduced the possibility for road accident participants to issue a road accident notice in the form of an electronic document. Changes to facilitate the change in the law were introduced into the relevant rules and regulations of the Bank of Russia.

The Government Commission on Digital Development on 18 July 2019 considered of the

use of an electronic document by insurance consumers to report a road accident insofar as it involves the use of information technology to improve the quality of life and the conditions for doing business. As a result of these considerations, decisions were made on the stages of development of the procedure for registering the Euro Protocol online. These decisions played a significant role to RAMI in the development of this online service. On 15 November 2019, the Government authorised the Federal Register of State and Municipal Services (Functions) introduced a service to ensure the registration of a traffic accident notice in the form of an electronic document, to be administered by RAMI.

5. In 2019, RAMI continued to protect the legal status of the use of technical means of control to record data on accidents. Since 2018, national standards have been in force prepared by the RAMI and GLONASS JSC, which establish the technical requirements for the GLONASS Integrated on-Board Equipment System to monitor the damage to a vehicle caused by the road accident. As a result, RAMI sent proposals to the Ministry of Transport to amend a draft decree of the Government that approved the rules for the provision of information about accidents to the insurer in order to provide uncorrected information about accidents and the requirements for technical means of control and the composition of information about accidents. On 28 August 2019, Government decree came into force to adopt RAMI's proposals.

6. In accordance with the provisions of the CMTPL insurance law, RAMI, in agreement with the Bank of Russia, has established requirements for mobile phone applications. The requirements for mobile phone applications were approved by the RAMI Presidium on 17 July 2018 and agreed by the Bank of Russia on 1 August 2018. During 2019, RAMI prepared a number of alterations to the requirements for mobile phone applications.

By a decision of the Presidium of the RAMI dated 25 April 2019, the requirements for mobile phone applications were amended to permit foreign citizens – owners of vehicles registered in foreign states and temporarily used in the territory of the Russian Federation – to take photos at the scene of an accident. This decision is aimed at removing possible complications in the fulfilment by the Russian Federation of the obligations undertaken



upon entry into the Green Card international insurance system.

A new version of the requirements for mobile phone applications, that the possibility provides of using software for photographing the circumstances of accident and for issuing an accident report in the form of an electronic document in various pilot regions of Russia, was approved by the Presidium of the RAMI on 24 October 2019 and agreed by the Bank of Russia on 31 October 2019.

7. During 2019, preparations were made and coordination of proposals of the RAMI on improving the Standard Methodology for assessing damage and determining the costs of vehicle repair. RAMI proposals for the Standard Methodology project included procedures for inspecting and photographing a damaged vehicle, the methodology for assigning repairs or replacing expensive components and assemblies, as well as lights, estimating the value of undamaged parts and the procedure for generating reference books on the average cost of spare parts, materials and hours of work. The most significant changes relate to the procedures for the formation of the "base" average cost of spare parts and the determination of regional coefficients used in calculating the average cost of spare parts contained in the relevant directory.

## Improving RAMI's charter and internal rules

In 2019, RAMI continued to develop and update its internal documents and rules.

On 29 October 2019, amendments to the CMTPL insurance law came into force, according to which the conclusion of the CMTPL insurance agreement is confirmed by the insurer providing the insured with a CMTPL insurance policy with a unique number, drawn up either on paper or in electronic format according to the wishes of the policyholder.

On 27 June 2019, the Presidium of the RAMI approved the principles under which a unique number of a CMTPL insurance policy should be assigned. These principles provide that insurers should be provided with a range of unique numbers and for the assignment

of a unique number to a draft policy by RAMI. On 5 September 2019, the RAMI Presidium determined that the principles should be implemented by the beginning of the quarter following the quarter in which the CMTPL software package for the CMTPL database is commissioned but not earlier than 1 April 2020. This software is being developed as part of the overall project to improve RAMI IT systems. On 27 February 2020, the Presidium of the RAMI decided that the principles should be implemented on 1 July 2020.

During 2019 were introduced amendments to the following documents as part of RAMI's ongoing policy of updating the rules of professional conduct:

- The rules governing professional activities of insurers in organising the conclusion of CMTPL insurance contracts for vehicle owners using electronic documents;
- The rules governing professional activity of insurers in respect of the application of sanctions and other measures against members of RAMI, their officials and employees;
- The rules governing professional activities of RAMI insurers in respect of their relations with insurance agents and insurance brokers, who draw up insurance policies for CMTPL insurance on behalf of RAMI member companies;
- The rules governing professional activity in respect of the procedure for providing members of the Russian Union of Motor Insurers with blank policy forms of CMTPL insurance, how these forms should be used and establishing the total number of CMTPL insurance contracts concluded in the form of electronic documents;
- The rules governing professional activity in respect of the agreement covering the direct settlement of insurance claims;
- The rules governing professional activity in respect of RAMI making compensation payments, the priority of satisfying claims for compensation payments in the event that RAMI has insufficient funds, and the procedure for allocating financial responsibility amongst RAMI members for the RAMI's obligations for making compensation payments;
- The rules governing professional activities of RAMI insurers in respect of their mutual activity in order to ensure the availability of CMTPL insurance;



- The rules governing the professional activity of insurers in respect of the settlement of losses by RAMI members under CMTPL insurance contracts;
  - The rules governing professional activity in respect of auditing the activities of RAMI members;
  - The rules governing professional activities in respect of the financing of RAMI activities, other than the financing of compensation payments;
  - The rules governing professional activity of RAMI members in respect of their accounting and reporting practices of CMTPL insurance operations;
  - The rules governing professional activity in respect of dispute resolution between RAMI members in the event, that one RAMI member settles a CMTPL insurance claim on behalf of another RAMI member and also in respect of other professional CMTPL insurance issues;
  - The rules of the RAMI arbitration court;
  - The procedure for establishing a list of arbitrators to act in the RAMI arbitration court;
  - The requirements for software that provides integration with municipal and state IT systems in order to provide, *inter alia*, photographic evidence of damaged motor vehicles at the scene of a road accident;
  - The rules governing professional activity in respect of procedures to be followed by representatives of an insurer, that issued the CMTPL insurance policy of an accident victim, when settling a claim of the victim under the direct settlement scheme;
  - The rules governing professional activities in respect of the mutual interaction of RAMI members and their representatives, when settling CMTPL insurance claims and paying compensation to accident victims;
  - The form of the Contract for the provision of services by insurance companies, when representing RAMI in the courts following disputes over compensation payments and when making compensation payments;
  - The list of requirements with which RAMI members must comply in order to be authorised by RAMI to make compensation payments and to represent the interests of the RAMI in the courts over disputes related to compensation payments;
  - Recommendations on paperwork in respect to a road accident that should be completed, when no police officer is present at the scene.
- New versions of the following rules governing professional activity and other internal documents were also approved:
- The rules governing professional activity in respect of protecting the rights of policyholders, accident victims and other persons related to CMTPL insurance;
  - The rules governing professional activity in respect of procedures to be followed when recording, storing and destroying CMTPL insurance policy forms;
  - The principles established for the formation of tools to improve, develop and operate RAMI IT systems;
  - The principles established for the implementation of the amendments to the CMTPL insurance law passed on 1 May 2019 that set up a procedure assigning a unique number to CMTPL insurance policies;
  - The rules governing professional activity in respect of the development and use of RAMI IT systems. (These rules did not come into as a result of the failure to agree on it with the Central Bank of Russia);
  - The rules governing professional activity in respect of the resolution of disputes between RAMI members and between RAMI members and RAMI;
  - the form of a supplementary agreement to the contract for the provision of services by insurance companies for making compensation payments and for representing the interests of RAMI in insurance courts over disputes related to compensation payments;
  - Instructions completing the inventory certificate and the consolidated accounting statements relating to CMTPL insurance policy forms as part of the general provisions for recording, storing and destroying CMTPL insurance policy forms;
  - The rules governing professional activity in respect of procedures to be followed, when assigning unique numbers to CMTPL insurance policies and when assigning these unique numbers to RAMI members on the basis of the financial strength and solvency of the RAMI member and on its compliance with RAMI rules (these rules

did not come into force as a result of the failure to agree on it with the Bank of Russia);

- The procedure to be followed, when conducting desk audits to analyse complaints against RAMI members in respect of winning procurement contests in respect of the provision of services for the conclusion of CMTPL insurance contracts;
- The procedure for providing access to information on the number of base units and to the information that was used to determine the base units;
- The rules governing professional activity in respect of new members joining RAMI and of the procedures for withdrawal or expulsion of members.

The following internal documents ceased to be in force (these include documents where a new version was adopted):

- The rules governing professional activity in respect of the protection of the rights of policyholders, victims and other persons connected with CMTPL insurance

and including the procedures to be followed when considering complaints and applications for actions against RAMI members;

- The rules governing professional activity in respect of the procedures to be followed for accounting, storage and destruction of CMTPL insurance policy forms;
- The standard RAMI application form to be used in respect of lost, stolen or damaged CMTPL insurance forms;
- The rules governing professional activity in respect of dispute resolution between RAMI members in the event, that one RAMI member settles a CMTPL insurance claim on behalf of another RAMI member and also in respect of other professional CMTPL insurance issues.

On 27 June 2019, the Presidium of the RAMI decided to terminate the activities of the RAMI Arbitration Court and to repeal the documents regulating its activities from 19 July 2019, since disputes previously considered by the RAMI Arbitration Court at the RAMI are now referred to the Dispute Resolution Commission.

### 3.3. ELECTRONIC POLICIES FOR CMTPL INSURANCE

In 2019, more than 17 million electronic CMTPL insurance contracts were concluded 12.6 % – less than in 2018: 19.5 million electronic contracts.

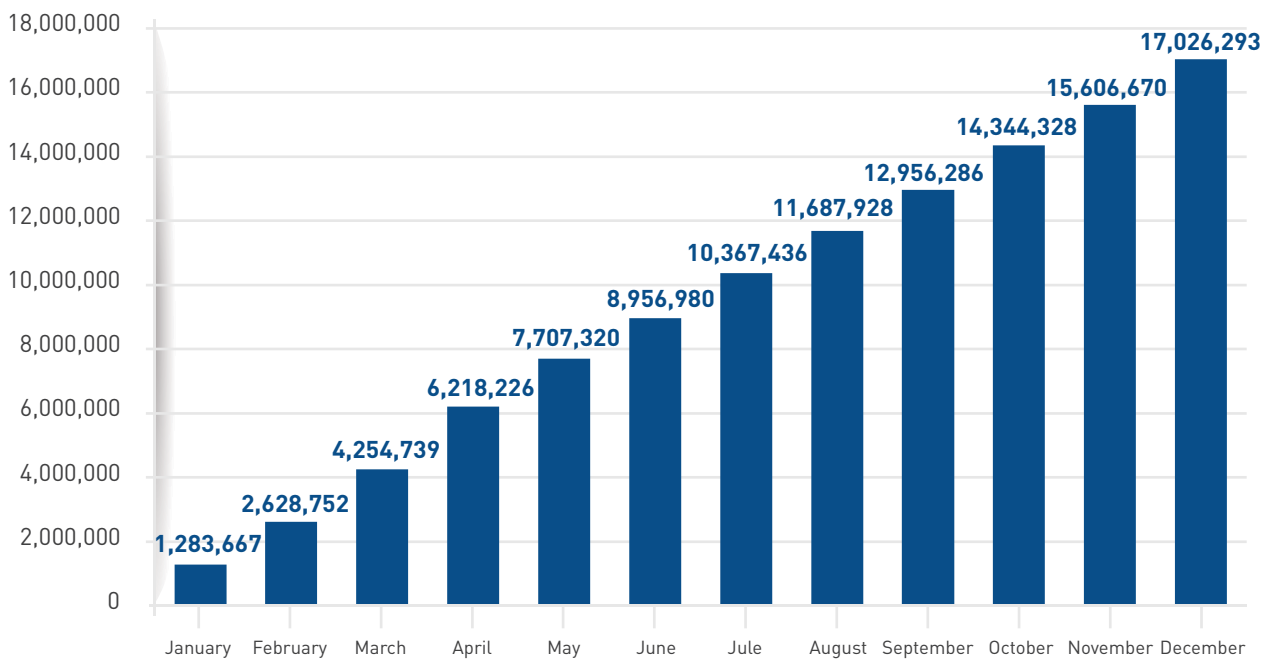


Fig. 20. The amount of concluded CMTPL electronic policies (cumulative figures January to December 2019)

The regions of the Russian Federation, where the largest number of CMTPL electronic insurance contracts were concluded in 2019, as shown in Figure 21.

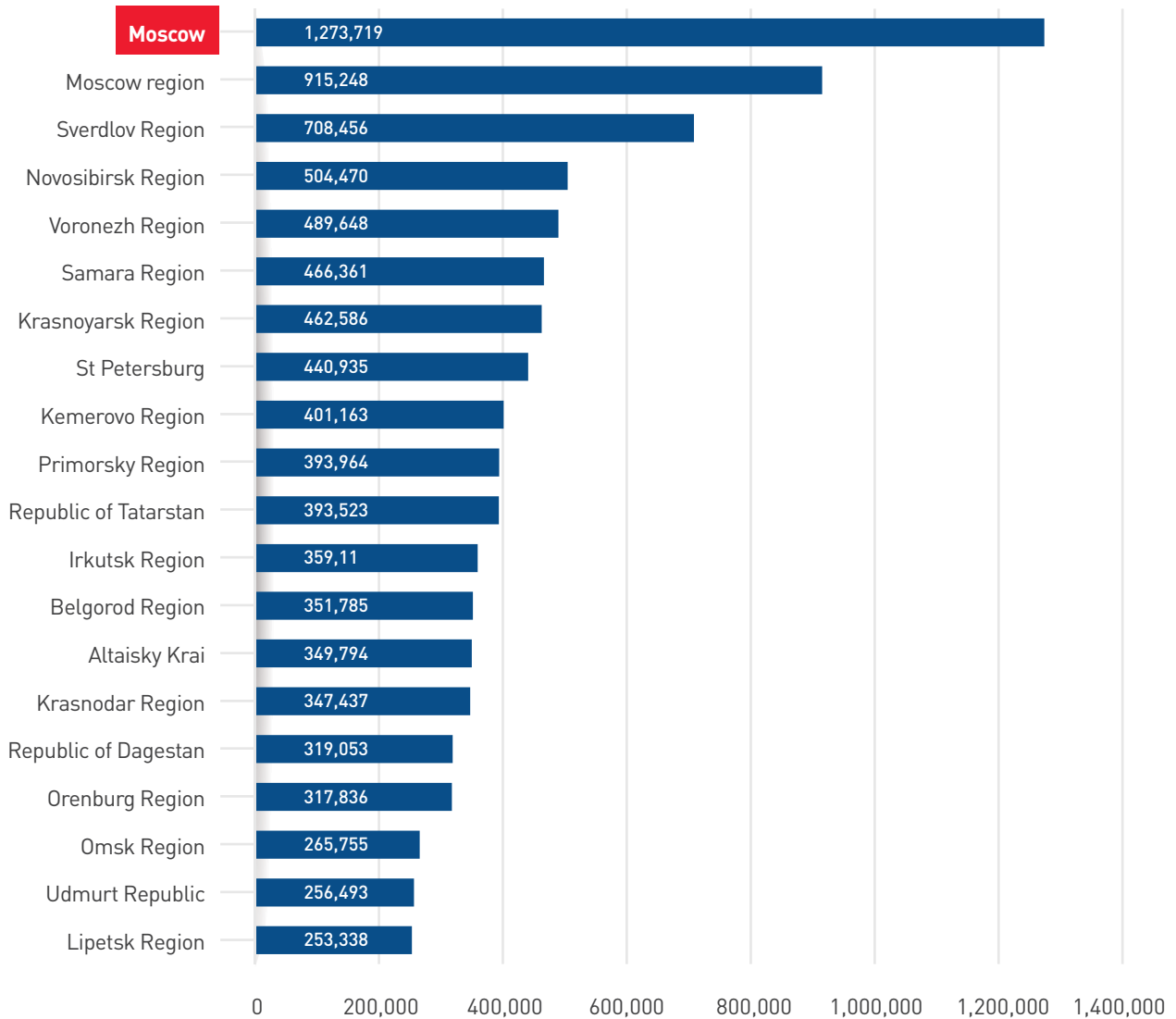


Fig. 21. Regions of the Russian Federation with the largest number of electronic CMTPL insurance contracts concluded in 2019

In 2019, the proportion of CMTPL electronic contracts in total sales of CMTPL insurance contracts (41.8 %) decreased as compared with the year of 2018 (48 %).

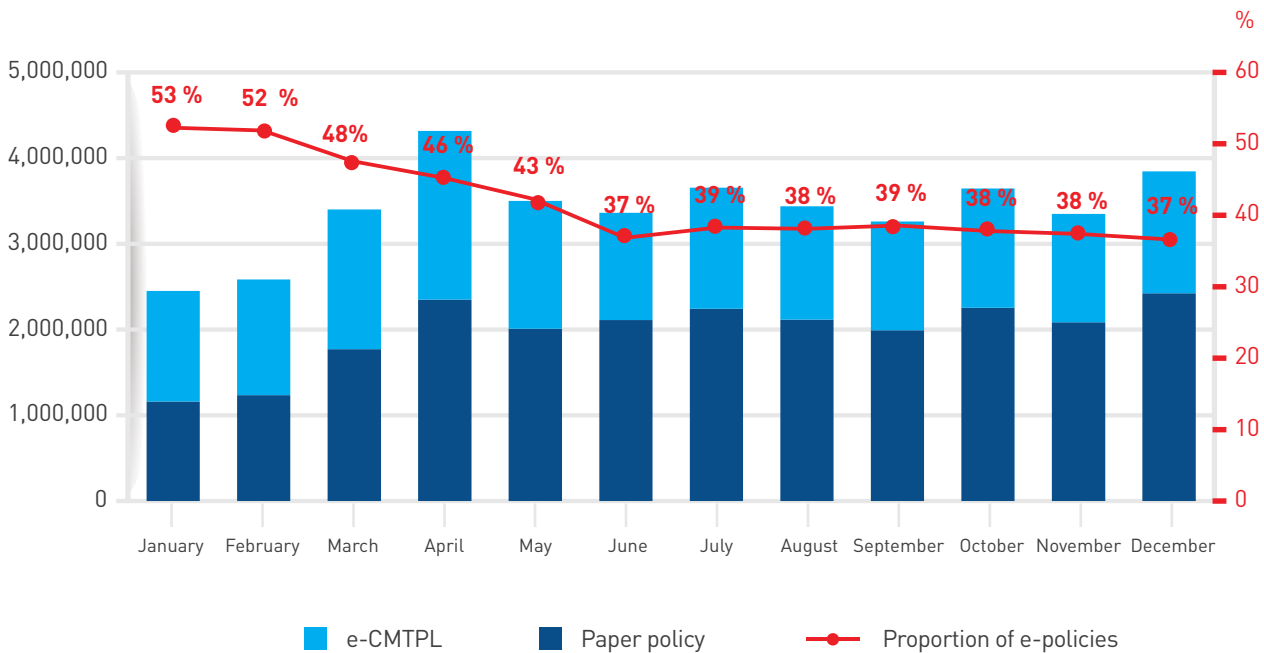


Fig. 22. The proportion of CMTPL insurance contracts concluded in electronic format

### 3.4. PRIORITY TRENDS IN THE E-GARANT SYSTEM

On 2 April 2019, amendments to the priority trends relating to the development of the E-Garant system came into force, following an extraordinary General Meeting of RAMI members on 6 December 2018, as follows:

- Changes in the mechanism for determining the number of CMTPL insurance electronic contracts that a providing insurer can enter into under the E-Garant system;
- Providing the policyholder with the possibility of choosing an insurer with whom an e-policy will be concluded within the framework of the E-Garant system instead of RAMI determining the insurer based on the vehicle number. At the same time, an insurer cannot act as the insurer, that issues the CMTPL policy, from the official website, from which the policyholder was redirected to the official RAMI internet website.

As can be seen from Figure 23, the ratio of CMTPL electronic contracts concluded throughout 2019 reduced compared to 2018, while the ratio of CMTPL electronic contracts concluded under the E-Garant system in the middle and end of 2019 increased, compared to those concluded at the end 2018 and the beginning of 2019.

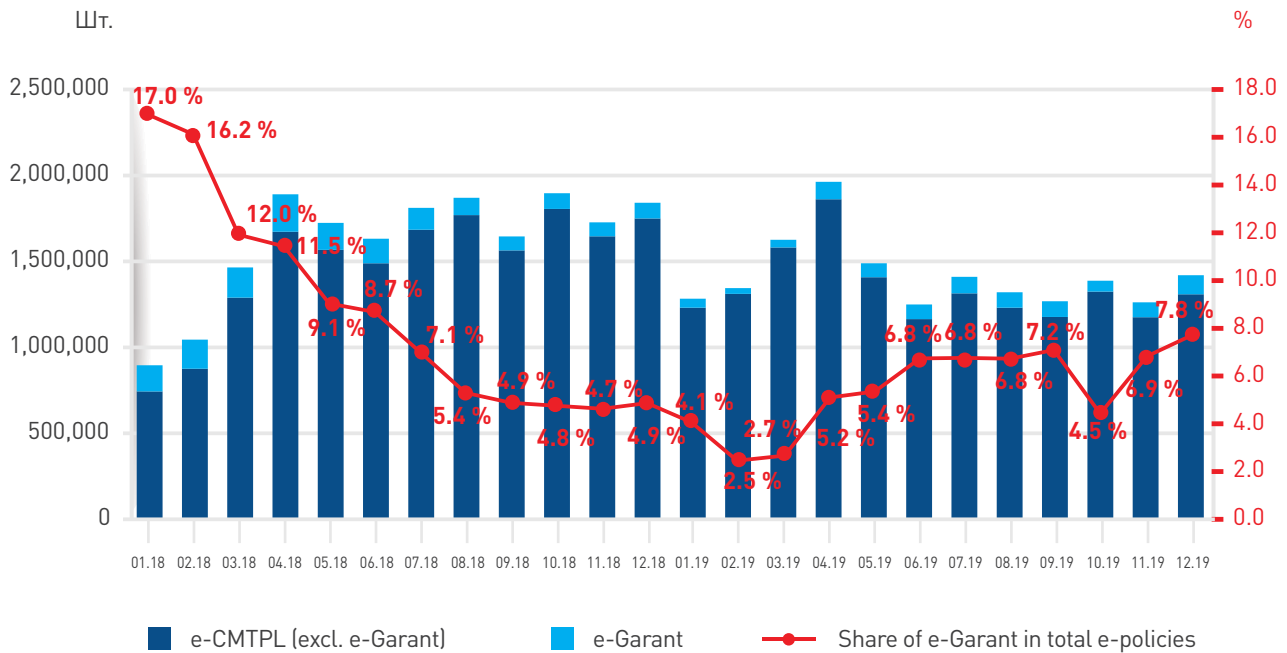


Fig. 23. The proportion of electronic CMTPL insurance policies concluded using the E-Garant system (monthly totals 2018 and 2019)

According to Figure 24, the share of CMTPL electronic contracts concluded using the E-Garant system continues to decline from year to year.

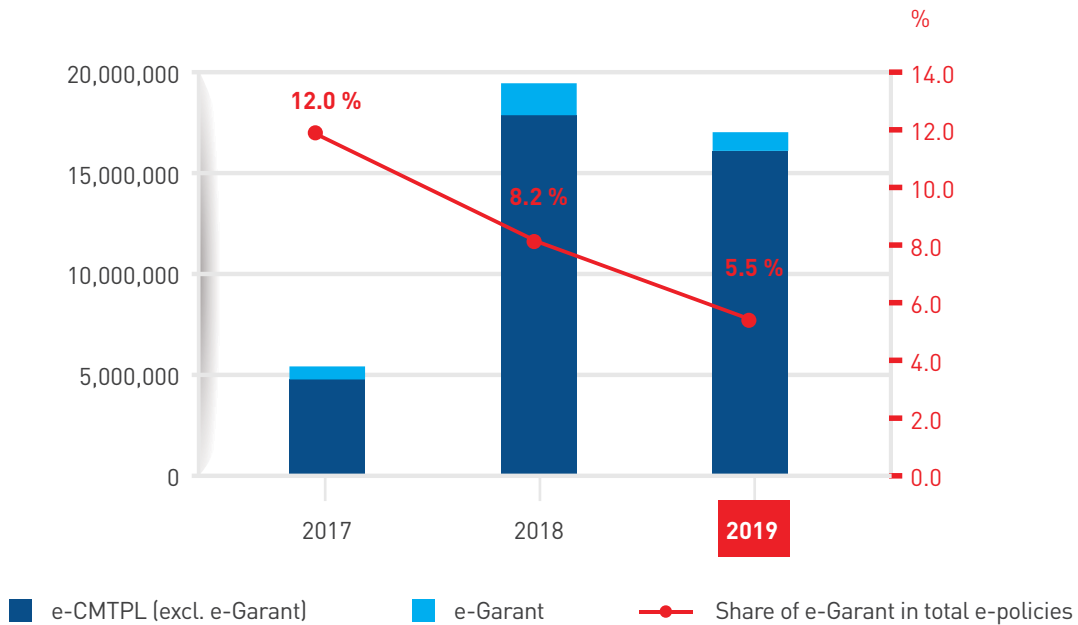


Fig. 24. The proportion of electronic CMTPL policies concluded through the E-Garant system (2017–2019)

## 3.5.

## INSURANCE PAYMENTS AS PART OF THE SYSTEM OF DIRECT SETTLEMENT OF CLAIMS AND DAMAGES FOLLOWING SUBROGATION

### Direct settlement of claims: statistics

In 2019, the number of claims settled under the direct settlement system was similar to the number of claims settled in 2018: there was an extremely small reduction (1 %) in the number of applications sent by insurers under the system. This demonstrates, that the number of losses claimed under the direct settlement system is comparable to the statistics in the year of 2018. This may be due, *inter alia*, to the fact, that there were no major changes to the system in 2018 and 2019.

In 2019, within the framework of direct compensation for losses, insurance organisations made payments to road accident victims in the amount of 84.5 billion Rubles, which is not substantially different to the comparable figure of 84.3 billion Rubles for 2018. In total, payments of 482.5 billion Rubles were made to accident victims since the direct settlement system began on 1 March 2009.

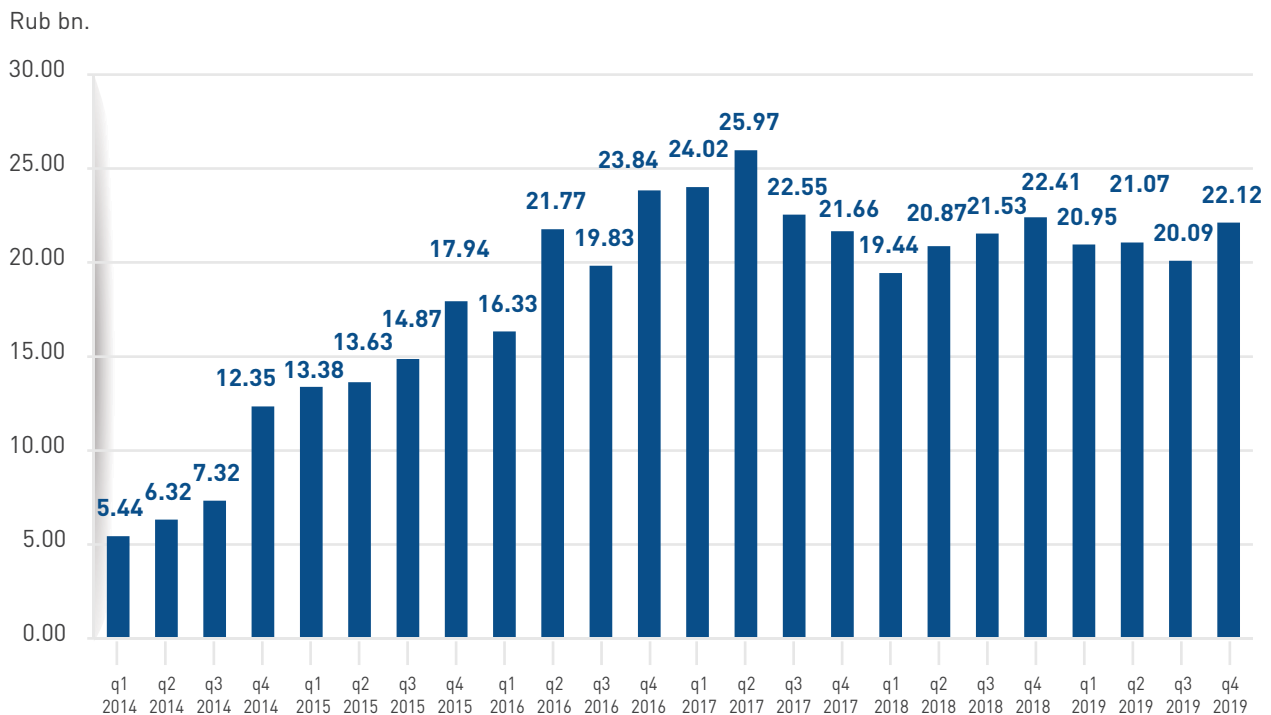


Fig. 25. Payments made under the direct settlement of claims system – 2014 to 2019

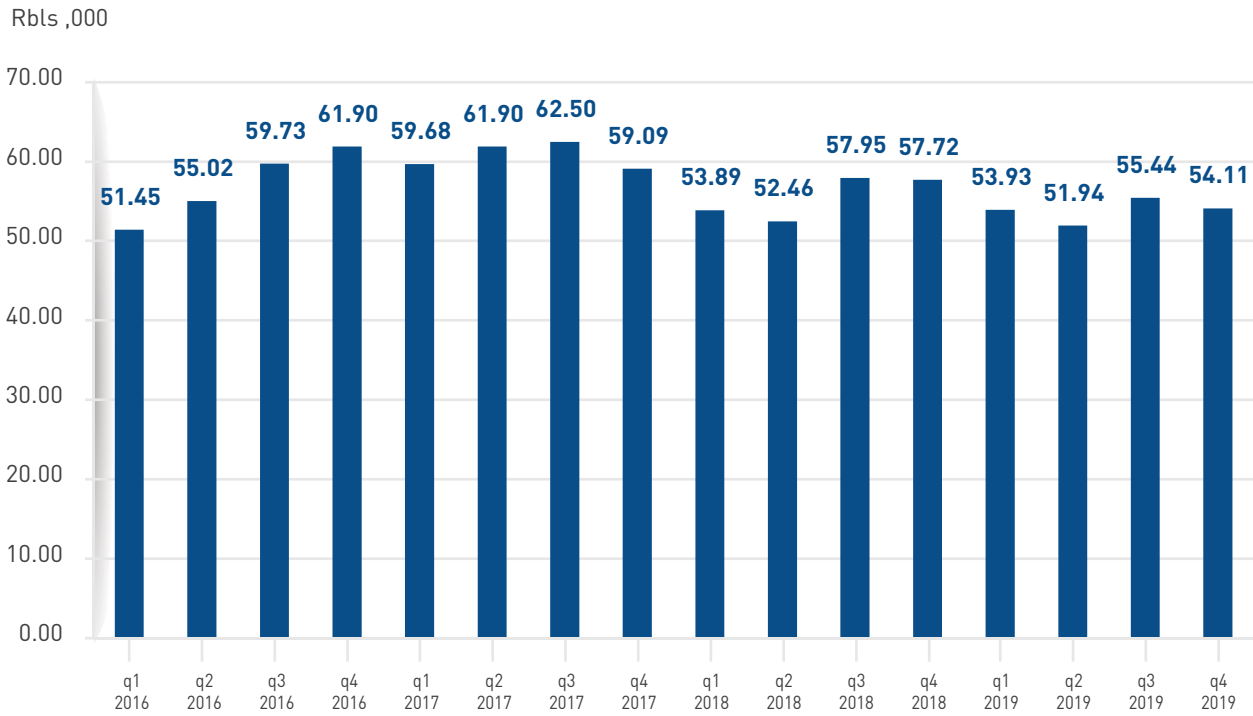


Fig. 26. Average payment under the direct settlement system – 2016 to 2019

The average claim payment under the direct settlement of claims system was 53,900 Rubles: this was a 3 % reduction over the equivalent figure for 2018 of 55,500 Rubles.

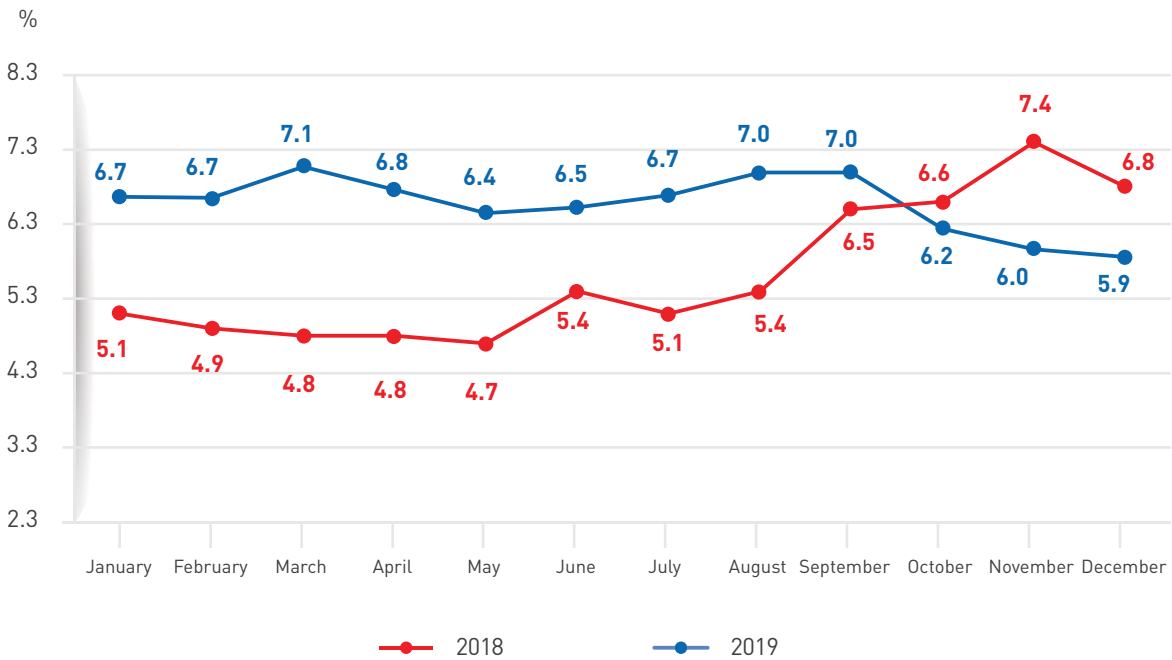


Fig. 27. The proportion of total applications for payment which were rejected

The proportion of rejected applications in relation to total applications made under the direct settlement system was 6.57 %. Moreover, as it can be seen from the above graph, in the fourth quarter there was a slight decrease in the number of failed applications. It should be noted that the majority of rejections (more than 75 %), as in previous periods, were due to the inability to confirm the validity of the CMTPL insurance contract covering damage caused in the accident.

As for the proportion of total CMTPL insurance losses that were settled by RAMI members under the direct settlement system, in 2019 it was 74.43 % as compared with 74.65 % in 2018. The highest proportion of claims settled under the direct settlement system – 86.54 % – was recorded in December 2019, and the situation was similar in December 2018.

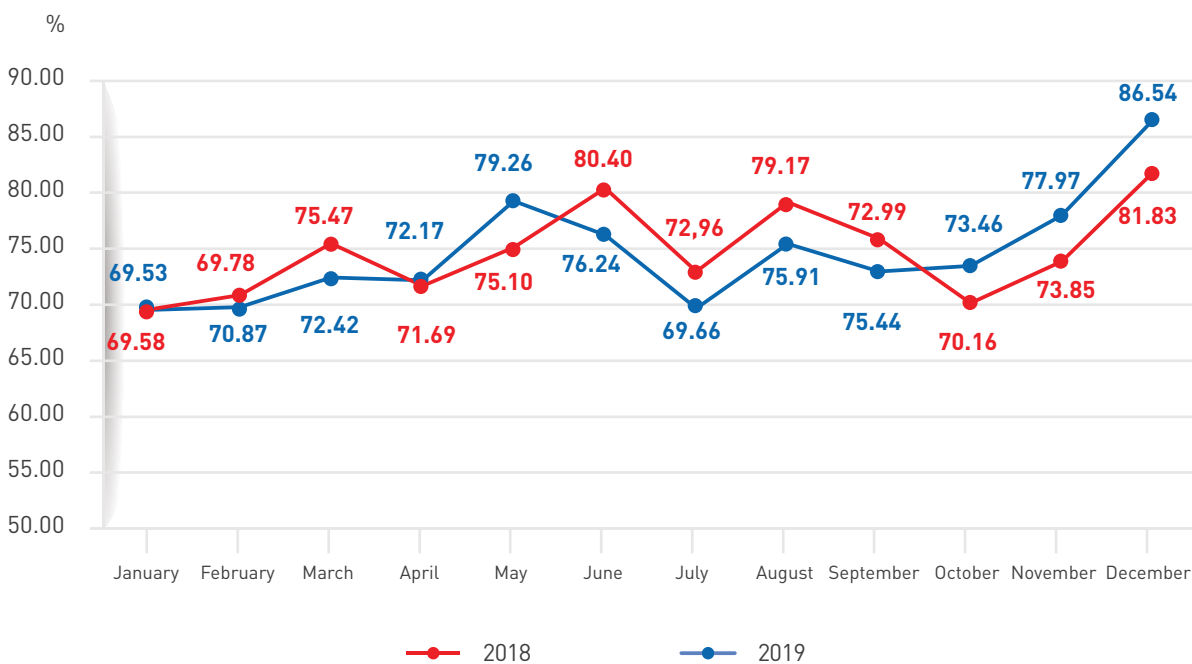


Fig. 28. The percentage proportion of claims settled through the direct settlement system related to the total number of CMTPL claims settled in 2018–2019

### Making insurance indemnity payments following subrogation

Since July 2017, the settlement of subrogation claims by RAMI members has been carried out through the Insurance Payment System. During 2019, there was a 10 % increase in such claims over 2018.

During 2019, there was no change in the way subrogation claims were settled, likewise the principles of the exchange of information and inter-company settlement processes.

The average size of subrogation claims also increased: in 2019 it was 12 % higher than in 2018.



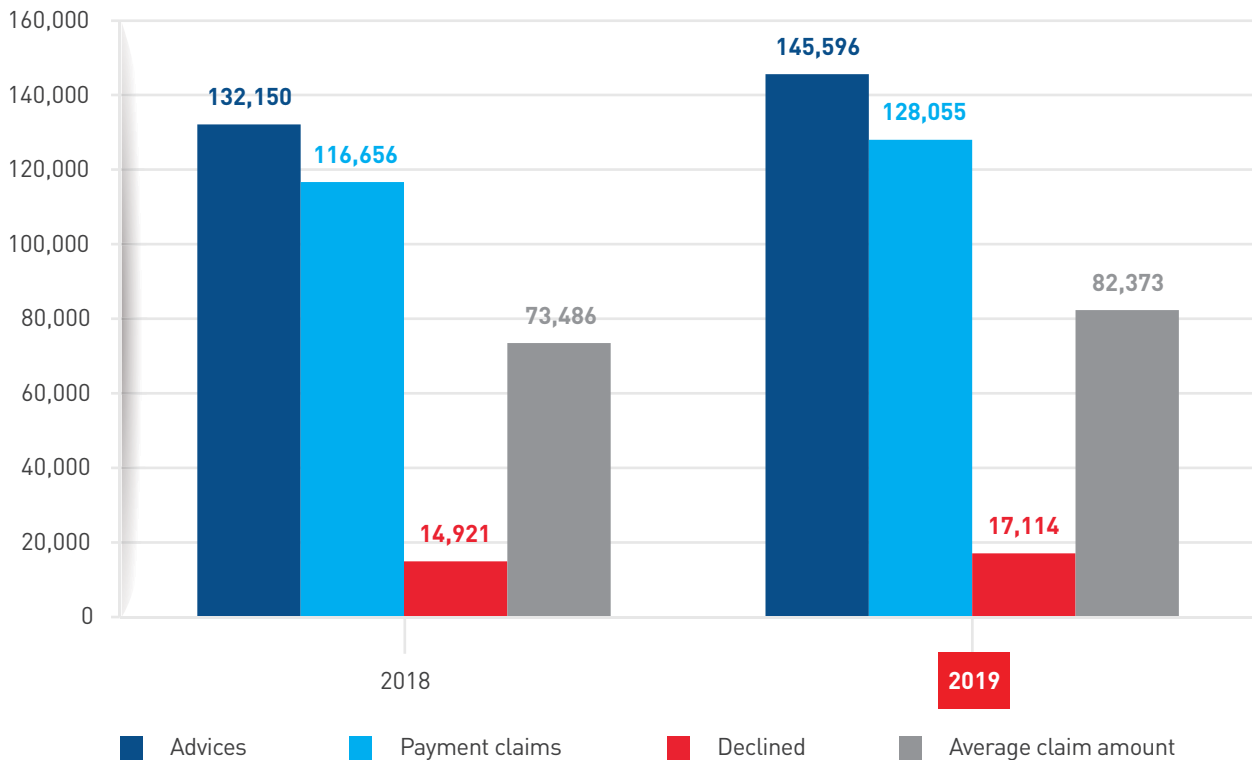


Fig. 29. Data related to subrogation claims through the direct settlement system 2018–2019

### 3.6. COMPLETING ACCIDENT CLAIMS FORMS WITHOUT INTERVENTION OF ROAD TRAFFIC POLICE (THE EUROPEAN PROTOCOL)

In 2019, the number of applications sent through direct settlement system with supporting documentation completed without intervention of traffic police (the European Protocol) increased by 20.7 % over 2018. The number of settled losses (claims paid to accident victims) increased by 25.6 %.

Compared to 2018, the proportion of claims from the victims who used the European Protocol under the direct settlement system,

increased in 2019 from 45.3 % to 52.2 %. From the data presented in Figure 29, it can be seen that, in general, there is a tendency towards an increase in the number of accidents registered under the European Protocol.

At the same time, the percentage of applications using the European Protocol that were rejected, decreased slightly, from 5.6 % in 2018 to 5.2 % in 2019.

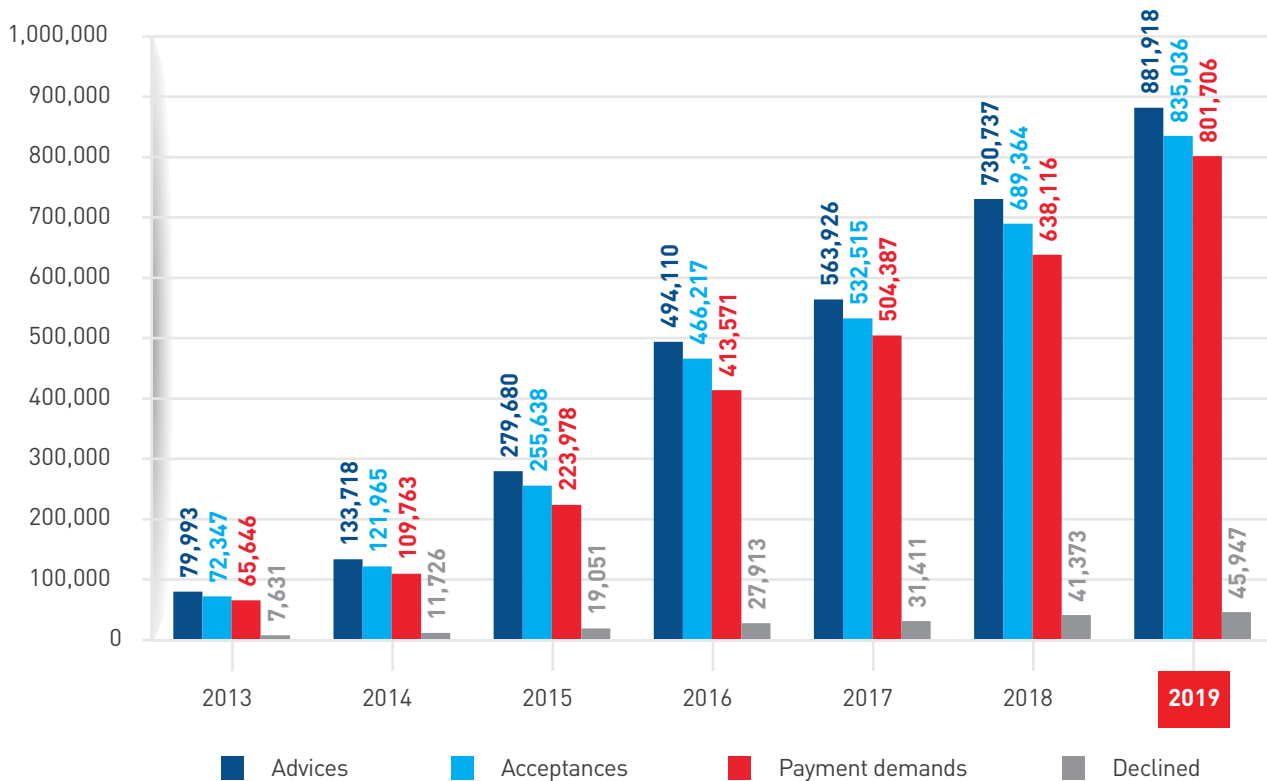


Fig. 30. Comparative data on claims dealt with the European Protocol and direct settlement system in 2013–2019

## The 'Europrotocol road accident' mobile phone app

Following the decision of the RAMI Presidium to develop mobile phone apps, The Association created 'the Europrotocol road accident mobile phone app', which performs the following functions:

- User authentication using USIA, the official state authentication website;
- Verification that the CMTPL insurance policies are authentic by connecting with the RAMI CMTPL insurance database. If there is a data mismatch, there is a warning displayed that one or both of the policies could be fraudulent;
- Fixation and transmission of the car track before the accident (optional);
- Guidelines to the user to indicate the damage to both vehicles and to take photographs;
- Ensuring that the photographs of the accident cannot be altered, or that other images cannot be added to the data;

- Transferring the data to the RAMI CMTPL insurance database via the internet.

The Europrotocol road accident mobile phone app includes the above functions, and also has a modern and attractive screen design. During 2019, 3,383 photographic reports were sent; of which 2,935 were sent in the IV quarter of 2019 (this is an average of about 1,000 reports per month). The increase in consumer interest in recording data on accidents using the Europrotocol phone app was caused by amendments to the CMTPL insurance law that came into force on 1 October 2019. These amendments increased the size of accidents to 400,000 Rubles that could be settled using the simplified procedure (the European protocol): if the accident complies with the rules of the European Protocol, and if both drivers agreed on the circumstances of the accident, then with the use of the mobile app, the details of vehicle damage and other data relating to the accident could be sent to the RAMI CMTPL database.

## The 'CMTPL insurance assistant' mobile phone app

During 2018, representatives of the Bank of Russia, RAMI and the Ministry of Communications discussed the nature of the IT resources necessary to provide drivers with an opportunity to prepare a traffic accident notice in the form of an electronic document. Based on the results of the discussions, the Bank of Russia developed the CMTPL Assistant mobile phone application, which can issue a traffic accident notice in the form of an electronic document. The initial version of this mobile application used emulators to communicate with EPGU (the state portal for services) and with the RAMI CMTPL insurance database and the objective was set to provide drivers with the ability to issue an electronic notification of a road accident that can be used to make a claim under CMTPL insurance. Based on this experience and following a decision of the RAMI Presidium on 14 February 2019, the Association set up a project to make further

tests of the system to allow the exchange of information about a traffic accident in electronic form.

This project was successfully completed and it was possible to publish the completed CMTPL insurance assistant mobile phone app with secure communication on the state service portal (EPGU) and the RAMI database in App Store and Google Play.

The "OSAGO Assistant" mobile phone app is currently the only software product for drivers, which can be used to issue an electronic traffic accident notice, which also allows the photographic recording of damaged vehicles at the scene of an accident. Information about the new service in the form of questions and answers has been published on the RAMI official website in the Europrotocol sector. During 2019, 329 notifications of road accidents were sent in the form of electronic documents and in 469 cases photographic information about the circumstances of the accident using the CMTPL insurance mobile app were provided.

### 3.7. INDEPENDENT TECHNICAL INSPECTION OF MOTOR VEHICLES

The CMTPL insurance law introduced a special institute to support the independent technical examination of motor vehicles following a road accident. An examination of the motor vehicles damaged in a road accident, is carried out by an inspector independent of all parties in order to establish the causes of damage to a vehicle, to determine the extent of damage to a vehicle and to estimate the cost of repairs based on knowledge of repair technology. The results of such an independent technical examination are used in calculating the amount of insurance compensation under CMTPL insurance contracts.

RAMI has developed a standard methodology for determining the cost of repairs following an accident (the standard methodology). The standard methodology provides for the use of directories of repair costs (parts and labour), which take the form of electronic

databases (or handbooks) with data from 13 regions of Russia.

RAMI develops and updates the handbooks and also supports the system by developing the software and IT system, that is used to permit unlimited access to the data by individuals via the RAMI official website in order to calculate the cost of repairing vehicles. Specially designed interfaces provide on-line information on the average cost of spare parts, materials and labour costs depending on the date, on which information is requested (usually the date of an accident), considering the economic region in which the accident occurred.

During 2019, RAMI updated the handbooks twice: new editions came into force on 1 June 2019 and on 1 December 2019.

To make sure that the updated handbooks are used, RAMI has concluded license agreements with a number of organisations. As usual the Association distributed to these organisations updated versions of the handbook, so that they could use them immediately from the date they came into force. The list of organisations and relevant software products is available on the official RAMI website.

The CMTPL insurance law requires, that an independent technical examination is carried out following an accident by an expert technician, or by an expert organisation with at least one technical expert. On 22 September 2016 The Ministry of Transport established the qualifications that technical experts must have and the grounds for their cancellation. The Ministry of Transport has also set up an interdepartmental commission (the ICC) with the participation also of the Ministry of Justice and the Ministry of the Interior, whose task is to certify the professional qualifications of technical experts who carry out the independent examinations of vehicles. Currently, changes are taking

place in the work of the ICC that will include adding representatives from the Financial Services Consumer Rights Commissioner (the Financial Ombudsman). Representatives of RAMI take an active part in the work of the ICC.

During 2019, 1,569 applications for professional qualification as technical experts were processed. Following an examination of these applications and based on the legal requirements as set out by the Ministry of Transport RAMI drew up a draft decision on each candidate and passed these draft decisions to the ICC for consideration.

During 2019, the ICC had 14 conferences with the following results:

- 1,569 applications submitted for professional certification were considered;
- 288 applications were accepted;
- 1,281 applications were rejected;
- 206 technical experts had their certification withdrawn.

## 3.8. REGIONAL STATISTICS

Table 12 presents statistics that rank the regions of the Russian Federation, based on the following factors:

- Claim frequency;
- Average claim size;
- The proportion of claims settled in the courts;
- The ratio of legal costs to non-judicial costs as part of total claims cost;
- The relationship between total claims expenses and total claims costs.

All regions of Russia were ranked based on the worst to the best statistics in terms of the above factors. The table also shows the difference in ranking between 2018 and 2019.

Table 12

Position	Change in ranking 2018 to 2019	Region	Claim frequency, %	Average claim	Proportion of claims settled in courts, %	The ratio of legal costs to the amount of the main insurance claim, %	Proportion of administrative expenses, %
		<b>Russian Federation</b>	<b>5.2</b>	<b>72,945</b>	<b>7.9</b>	<b>136</b>	<b>91</b>
1	-1	Primorsky	6.3	84,476	10.7	208	138
2	1	North Ossetia -Alania	6.7	187,639	15.9	162	345
3	-16	Adygea	5.4	158,350	23.5	121	188
4	-3	Volgograd region	5.5	72,446	32.3	185	122
5	0	Karachay-Cherkessia	7.4	143,991	10.3	147	269
6	-33	Chechen Republic	4.7	111,778	7.4	163	206
7	-39	Arkhangelsk Region	6.3	65,288	17.6	188	97
8	-13	Kabardino-Balkarskaya	5.0	99,174	5.8	154	153
8	5	Lipetsk Region	5.4	78,011	14.8	200	113
10	-26	Nizhegorodsky Region	6.4	79,197	13.2	97	115
11	5	Rostov Region	5.1	96,086	13.0	146	130
12	-3	Ingushetia	6.9	170,101	6.9	149	466
13	3	Khabarovsk Region	5.5	74,208	6.6	175	91
14	10	Novosibirsk Region	6.5	77,485	3.4	137	111
15	-32	Bashkortostan	5.6	69,757	15.4	171	99
16	-14	Ivanovo Region	5.7	82,009	7.1	73	116
17	-3	Dagestan	8.3	91,137	8.8	112	264
17	-35	Ulyanovsk Region	5.9	81,322	6.7	78	121
19	-3	Krasnodar Region	4.8	124,535	27.9	120	137
20	-7	Chelyabinsk Region	6.3	65,543	6.0	163	95
21	10	Vladimir Region	4.5	72,636	6.6	176	90
22	14	Kamchatka Region	5.1	86,882	32.4	203	86
23	-15	Stavropol Region	4.9	87,796	10.5	114	137
24	-1	Mari El	5.5	60,030	47.7	186	97
24	-2	Voronezh Region	4.9	78,245	14.9	137	108
26	-9	Yaroslavl Region	5.6	66,576	8.9	121	99
27	11	Sevastopol	4.4	70,761	15.3	169	119
28	11	Astrakhan Region	5.9	62,375	6.1	146	104
29	17	Khakassia	4.2	81,014	5.4	157	127
30	6	Crimea	3.4	87,492	14.2	138	117
31	-25	Tyva	3.9	81,835	6.9	162	139

Table 12 (continuation)

Position	Change in ranking 2018 to 2019	Region	Claim frequency, %	Average claim	Proportion of claims settled in courts, %	The ratio of legal costs to the amount of the main insurance claim, %	Proportion of administrative expenses, %
31	-19	Kalmykia	4.7	68,501	7.6	172	105
33	5	Irkutsky	4.6	76,586	6.0	138	96
33	24	Belgorod Region	4.8	66,067	16.4	150	108
35	4	Penza Region	5.4	58,361	3.7	193	105
36	7	Kemerovsky Region	4.7	68,878	6.3	214	74
37	-25	Smolensk Region	4.8	65,385	5.9	152	99
38	1	Murmansk Region	5.6	75,965	12.5	142	79
39	16	Amur Region	4.6	81,193	21.5	59	89
39	-15	Kaluga Region	5.1	65,597	6.8	142	92
41	-2	Tyumen Region	5.3	66,756	3.6	184	74
42	-31	Mordovia	5.3	64,421	7.3	100	93
43	30	Krasnoyarsk Region	5.3	70,374	5.2	129	95
44	30	Leningrad Region	4.7	71,419	2.8	164	79
44	26	St Petersburg	6.1	67,504	4.2	151	69
46	12	Tver Region	4.7	63,979	3.4	173	87
47	-23	Tatarstan	5.7	62,953	6.6	104	79
47	3	Khanti-Manssisk Yugra autonomous region	5.4	59,465	0.0	0	62
49	-12	Kursk Region	5.4	55,395	3.3	197	99
50	-4	Tomsk Region	5.8	55,229	1.5	220	84
51	-7	Tambov Region	4.3	68,404	3.8	169	100
52	-7	Jewish Region	3.3	69,502	8.1	154	116
53	13	Moscow Region	5.3	71,056	4.0	123	70
54	-14	Saratov Region	4.8	61,291	6.7	156	93
55	10	Orenburg Region	4.3	69,589	5.7	184	87
56	-6	Perm Region	4.1	68,093	4.6	152	70
57	25	Sverdlov Region	4.7	62,642	5.7	164	70
58	17	Moscow	5.5	70,279	4.8	127	60
59	10	Komi	4.9	52,947	5.5	155	71
60	12	Altai Region	4.5	67,673	2.8	137	97
61	20	Samara Region	5.7	62,045	2.5	106	87
62	29	Buryatia	4.9	70,273	4.0	83	114

Table 12 (continuation)

Position	Change in ranking 2018 to 2019	Region	Claim frequency, %	Average claim	Proportion of claims settled in courts, %	The ratio of legal costs to the amount of the main insurance claim, %	Proportion of administrative expenses, %
62	-9	Bryansk Region	4.3	66,324	3.4	156	93
64	13	Omsk Region	5.4	57,033	1.6	184	77
65	13	Kurgan Region	5.1	64,698	2.3	130	119
66	-13	Kirov Region	4.5	64,546	6.1	95	92
67	-12	Ryazan Region	4.8	61,936	3.0	102	87
68	-7	Baikonur	1.4	69,198	0.0	0	94
69	-12	Sakhalin	4.6	69,343	1.2	123	75
70	-6	Kostroma Region	4.5	55,643	4.3	127	88
71	4	Vologda Region	5.3	54,686	5.9	120	79
72	8	Yamalo-Nenetsky Region	4.3	58,892	0.0	0	55
73	9	Magadan Region	2.1	70,184	4.4	164	86
74	-9	Kaliningrad Region	4.8	59,491	1.3	117	88
74	-11	Pskov Region	3.7	63,705	2.8	137	84
76	10	Zabaikalsky Region	2.5	77,947	2.8	121	94
77	5	Udmurtia	5.0	58,426	5.0	102	88
78	-6	Karelia	5.2	54,193	3.7	90	90
79	19	Tula Region	4.6	65,042	2.5	106	85
80	6	Chuvash Region	6.1	53,068	2.2	118	86
81	5	Nenetsky Region	3.8	58,051	0.0	0	69
82	0	Oryol Region	4.3	60,287	3.8	87	88
83	26	Sakha (Yakutia)	3.5	65,116	2.8	121	80
84	6	Novgorod Region	4.4	57,463	2.4	124	78
85	-1	Chukotka	2.2	56,295	1.5	171	48
86	17	Altai	3.5	63,949	2.2	100	79

Figures 31 and 32 show the regions of the Russian Federation with the largest change in ranking position.

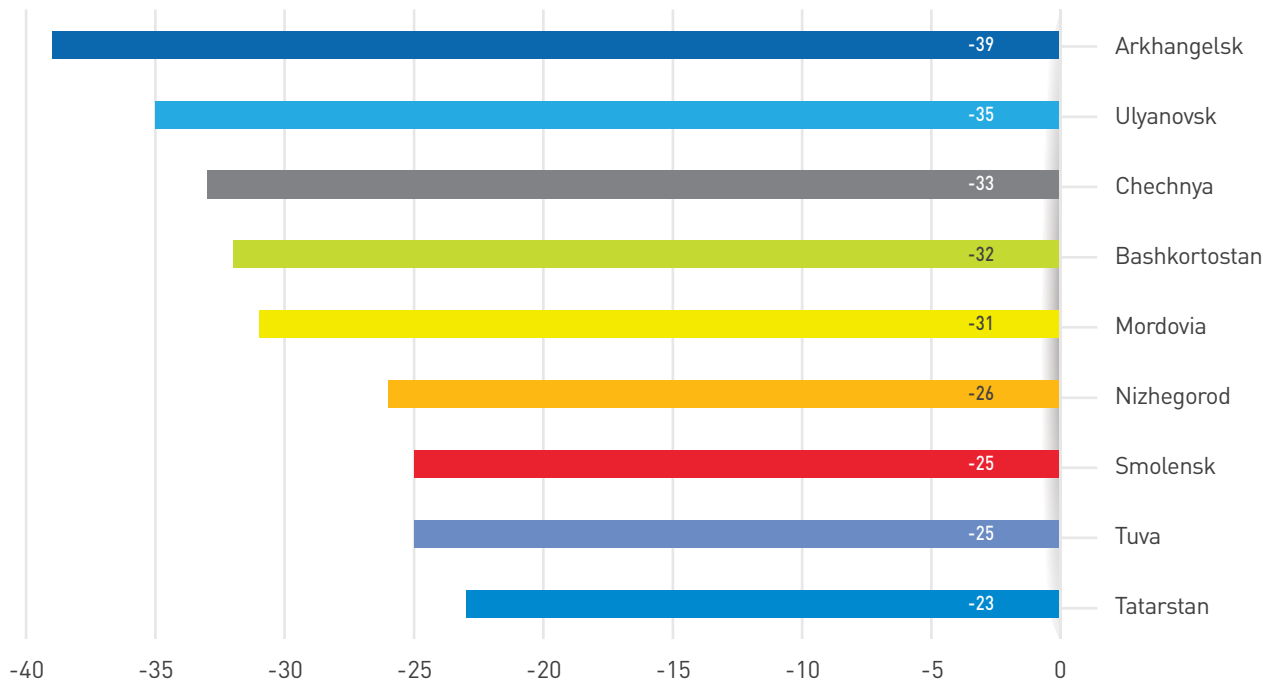


Fig. 31. The regions of the Russian Federation whose position in the ranking deteriorated the most as compared with 2018

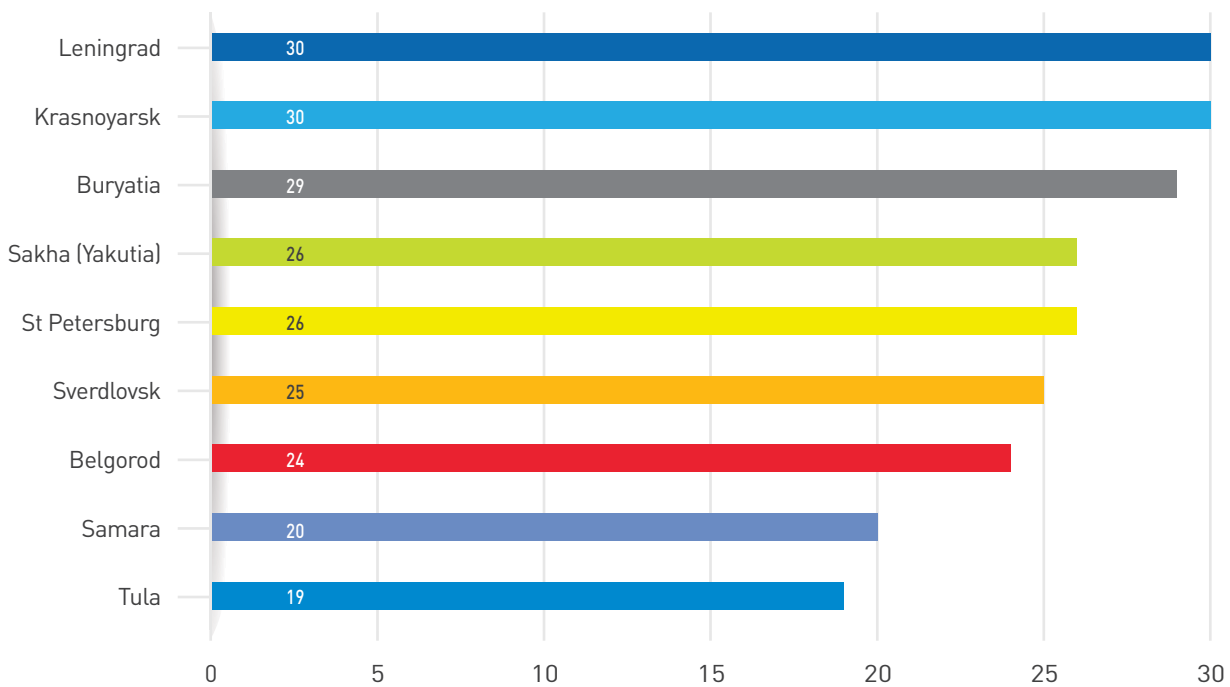


Fig. 32. The regions of the Russian Federation whose position in the ranking improved the most as compared with 2018



### 3.9. CONTROL MEASURES OF INSURANCE FRAUD

As part of the activity insurance fraud, more than 50 attempts to illegally receive compensation payments were detected. The total amount of the illegal claims was more than 16,000,000 Rubles.

48 lawsuits for a total amount of more than 83,797,653 Rubles were filed to law enforcement agencies against, fraudulent attempts made to obtain money from RAMI. During 2019, 8 criminal cases were initiated. The investigation was completed in 1 criminal case, 7 more are at the preliminary investigation stage.

The courts in Moscow issued 2 convictions in previously initiated criminal cases against groups of individuals, who fraudulently received large-scale compensation payments from the compensation fund. The total amount stolen from the compensation fund was more than 16,000,000 Rubles.

In 2019, a criminal investigation was completed in Krasnodar following an allegation of fraudulent actions against RAMI. A criminal gang was charged with stealing 71 million Rubles from the compensation fund. The case was brought to court.

Also, in 2019, on the basis of actions taken by RAMI, more than 1 million Rubles were voluntarily returned to the RAMI Compensation Fund.

RAMI, as representative of the insurance community, has repeatedly appeared in the media with explanations about the problems of insurance fraud, both in the Russian Federation as a whole, and at the regional level. The Association outlined methods of controlling insurance fraud.

In 2019, RAMI organised two annual conferences on fighting insurance fraud (the Barrier and the Border conferences), which were attended by representatives of the Russian insurance community and also that of the CIS countries. Also attending the conferences were representatives of law enforcement agencies, prosecutors, and a number of organisations offering anti-fraud services.

RAMI held seminars in Kazan and Yekaterinburg for lawyers from insurance companies and for heads of regional working groups of insurers on combating fraud. These seminars highlighted practical issues for the lawyers from insurance organisations in courts and their interaction with financial officers in the insurance industry.

In order to control a cross-border fraud, joint efforts was taken with the national insurance associations of the Russian Federation, the Republic of Kazakhstan and the Republic of Belarus.

In 2019, more measures were taken to prevent illegal access to networks that exchange information with the RAMI CMTPL insurance database in order to issue CMTPL e-policies. Other measures are aimed at preventing the distribution fake CMTPL policy forms and of fake motor vehicle diagnostic cards.

During 2019, access to more than 4,700 internet resources and websites was prevented, namely, the websites, information that broke the CMTPL insurance law or the law on the technical inspection of motor vehicles. Access was prevented to 89 % of such websites identified.

Table 13

Resources	Blocked (banned) internet resources that sold fake CMTPL insurance forms or fake CMTPL electronic insurance contracts		Blocked (banned) internet resources that sold fake vehicle diagnostic cards
	Total	Of which sold fake CMTPL insurance contracts	
Sites	82	52	461
Groups and social media accounts	201	153	360
Publications on forums and bulletin boards	3,590	3,177	7
<b>TOTAL</b>	<b>3,873</b>	<b>3,382</b>	<b>828</b>

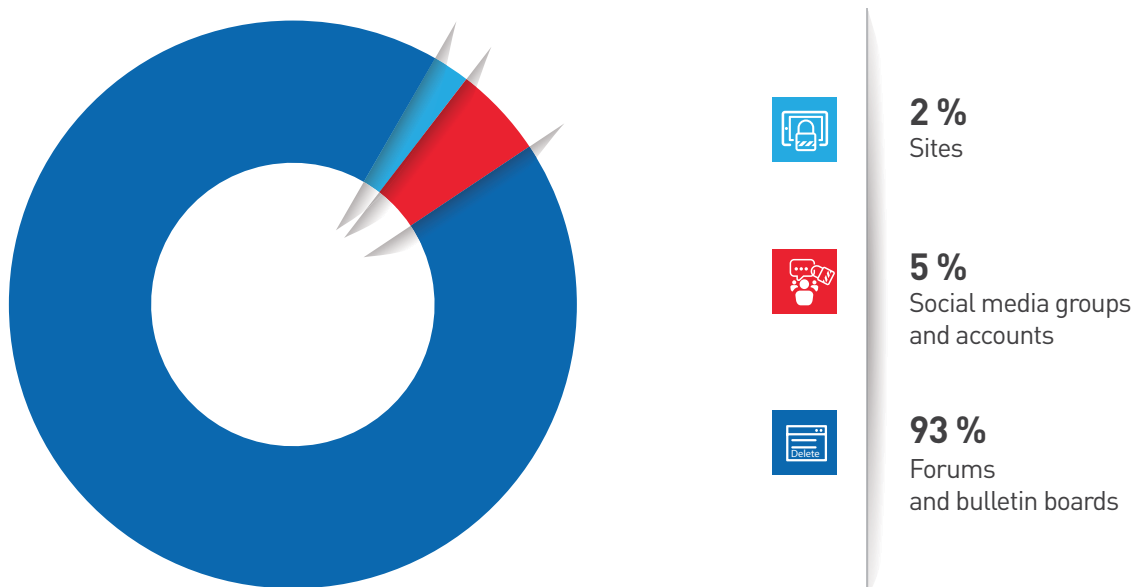


Fig. 33. The percentage breakdown of internet resources blocked in 2019 with information that breaks CMTPL insurance law

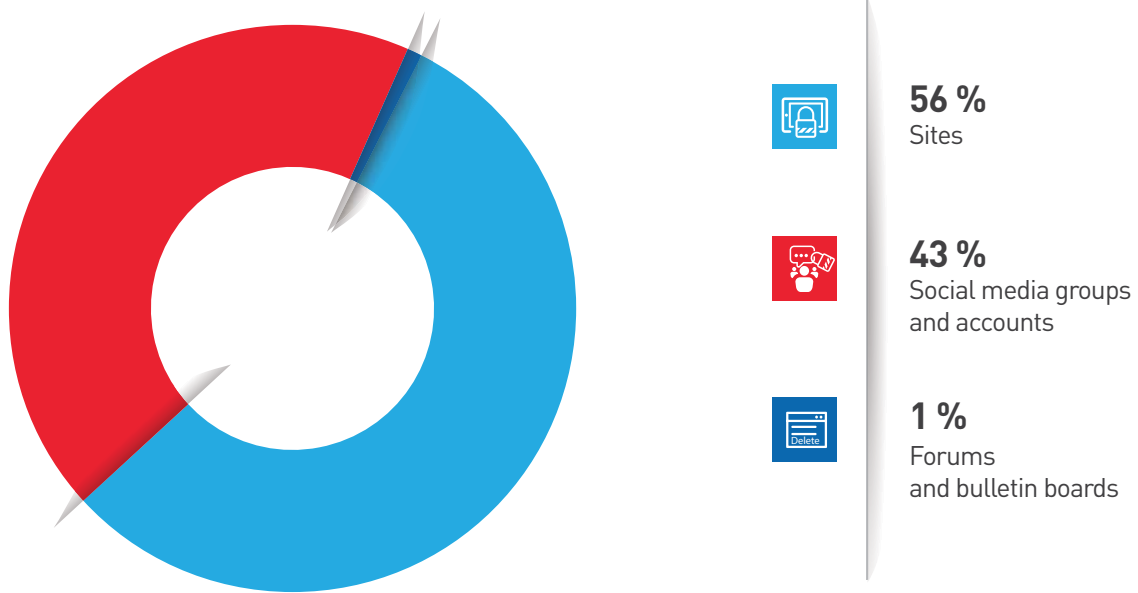


Fig. 34. The percentage of internet resources blocked in 2019 which contained information that breaks the law on the technical inspection of vehicles

### 3.10. MAKING COMPENSATION PAYMENTS

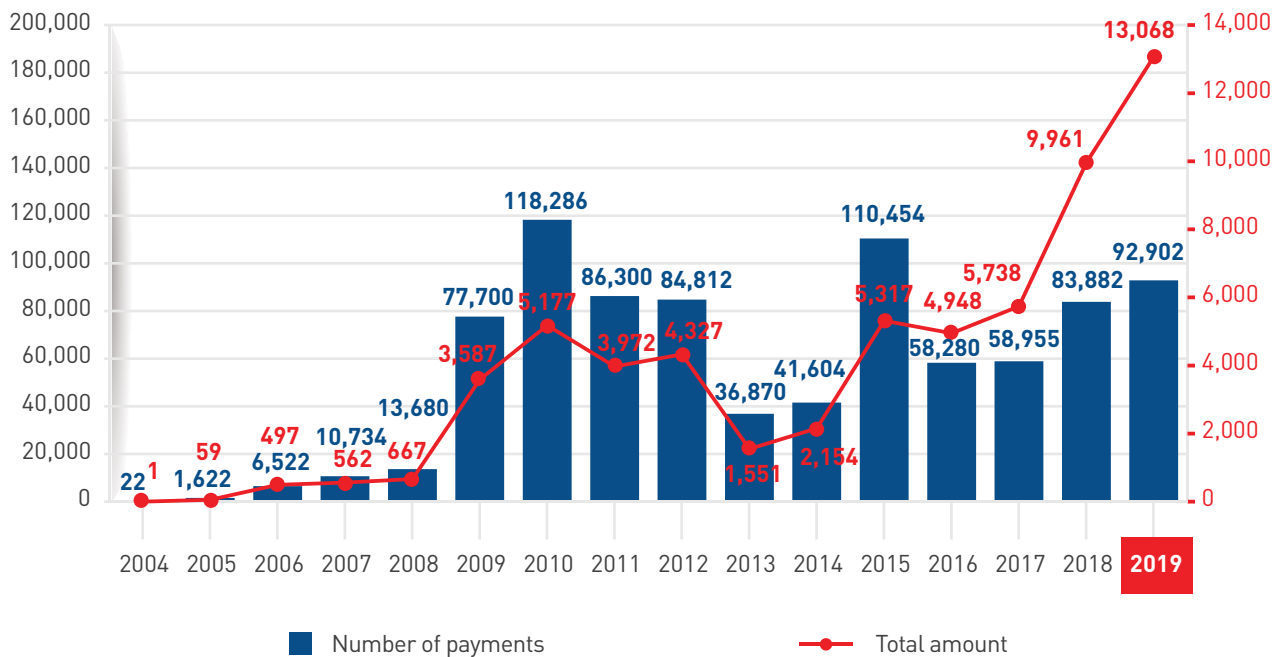


Fig. 35. Statistics on compensation payments made by RAMI

Since the CMTPL insurance law came into force in 2004, RAMI has paid compensations to more than 882,600 accident victims. The total payments was 61,586 million Rubles.

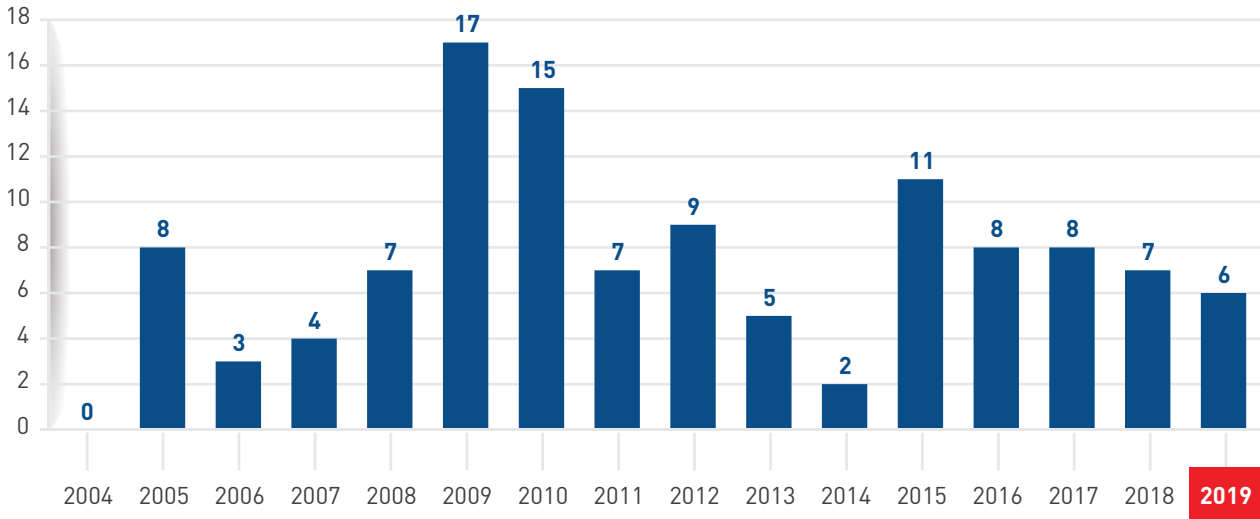


Fig. 36. The number of insurance companies for which the RAMI is making compensation payments

RAMI is paying compensation to accident victims on behalf of 117 insurance organisations that have ceased operations. In 2019, 6 companies ceased business (Sibirskiy Spas Insurance Company, Angara Insurance Company, NASKO, Insurance Service Insurance Company, Volga Insurance Alliance and Sterkh Insurance Company).

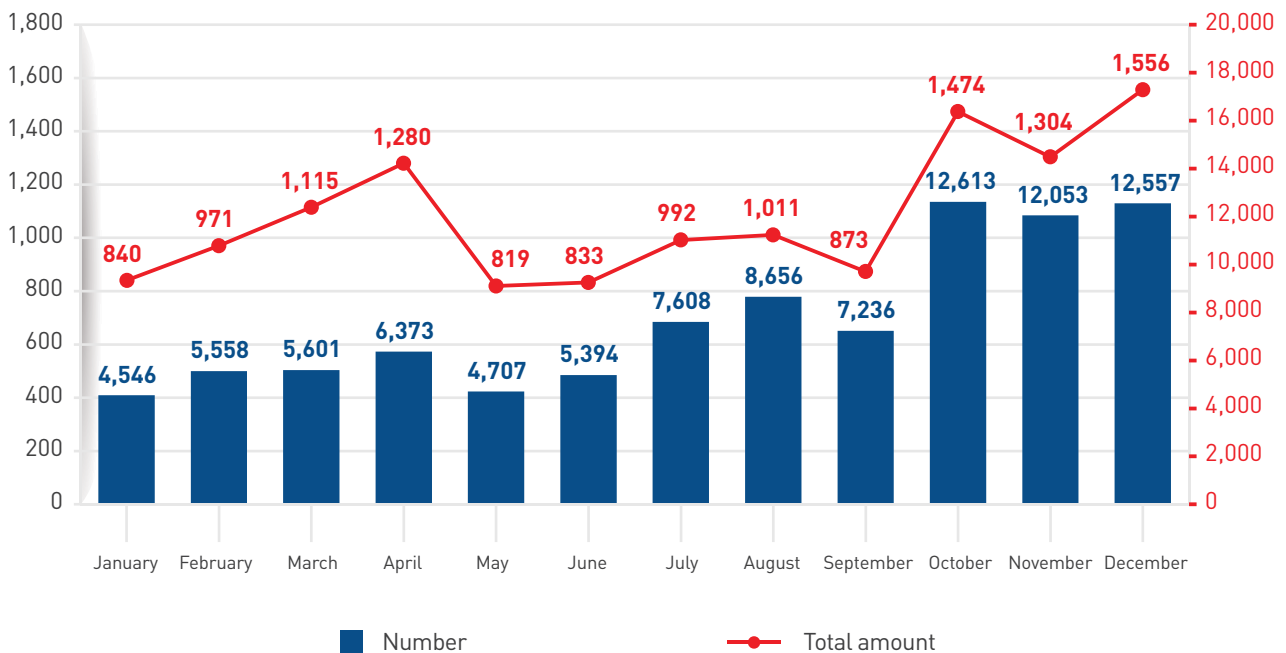
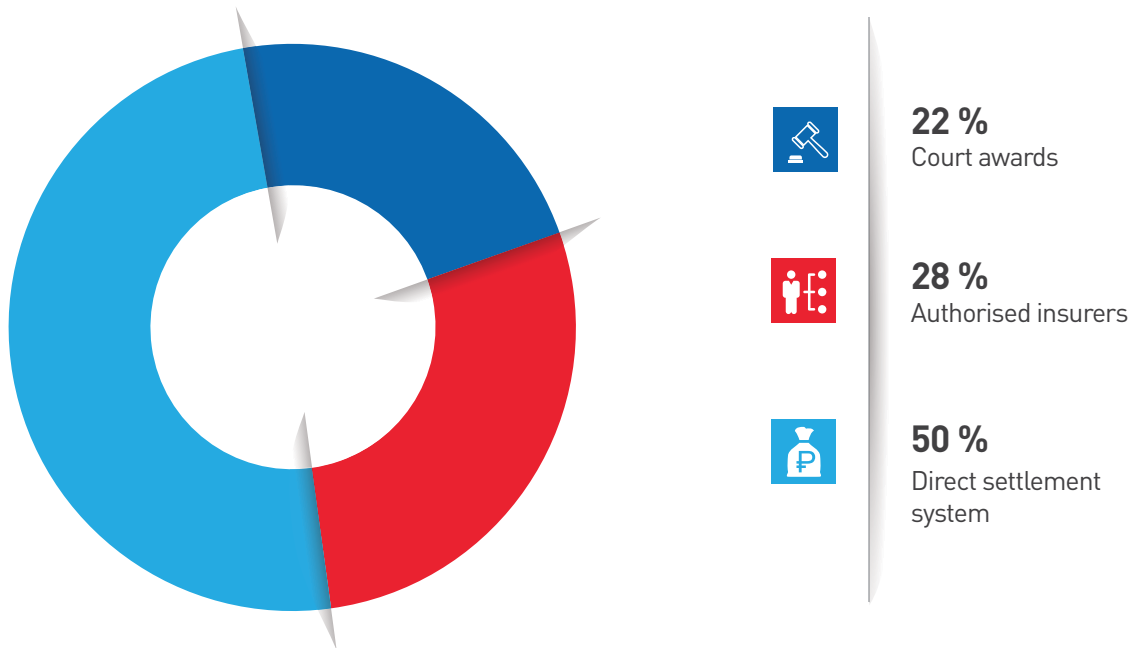


Fig. 37. Compensation payments made by RAMI in 2019

Overall, in 2019, about 92,900 payments totalling 13.07 billion Rubles were made to accident victims as compensation for damage incurred. The average amount of the compensation payment in 2019 amounted to about 141,000 Rubles.

### Number of payments



### Total amount of payments

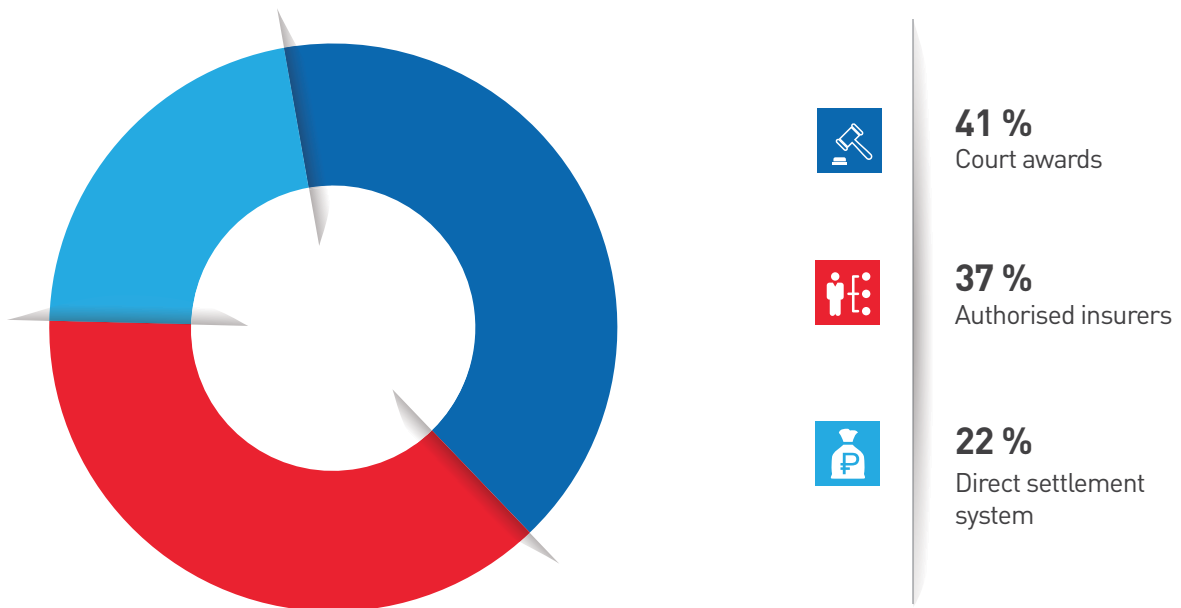


Fig. 38. Compensation payments depending on the claim settlement method

In 2019, about 50 % of all compensation payments were paid by RAMI to insurers under the Agreement on Direct Settlement of Claims. However, these payments make up only 22 % of the total amount of payments.

It should be noted that the number of claims made for compensation within the direct settlement system decreased in 2019 compared with 2018, during which year 60 % of all compensation payments fell within

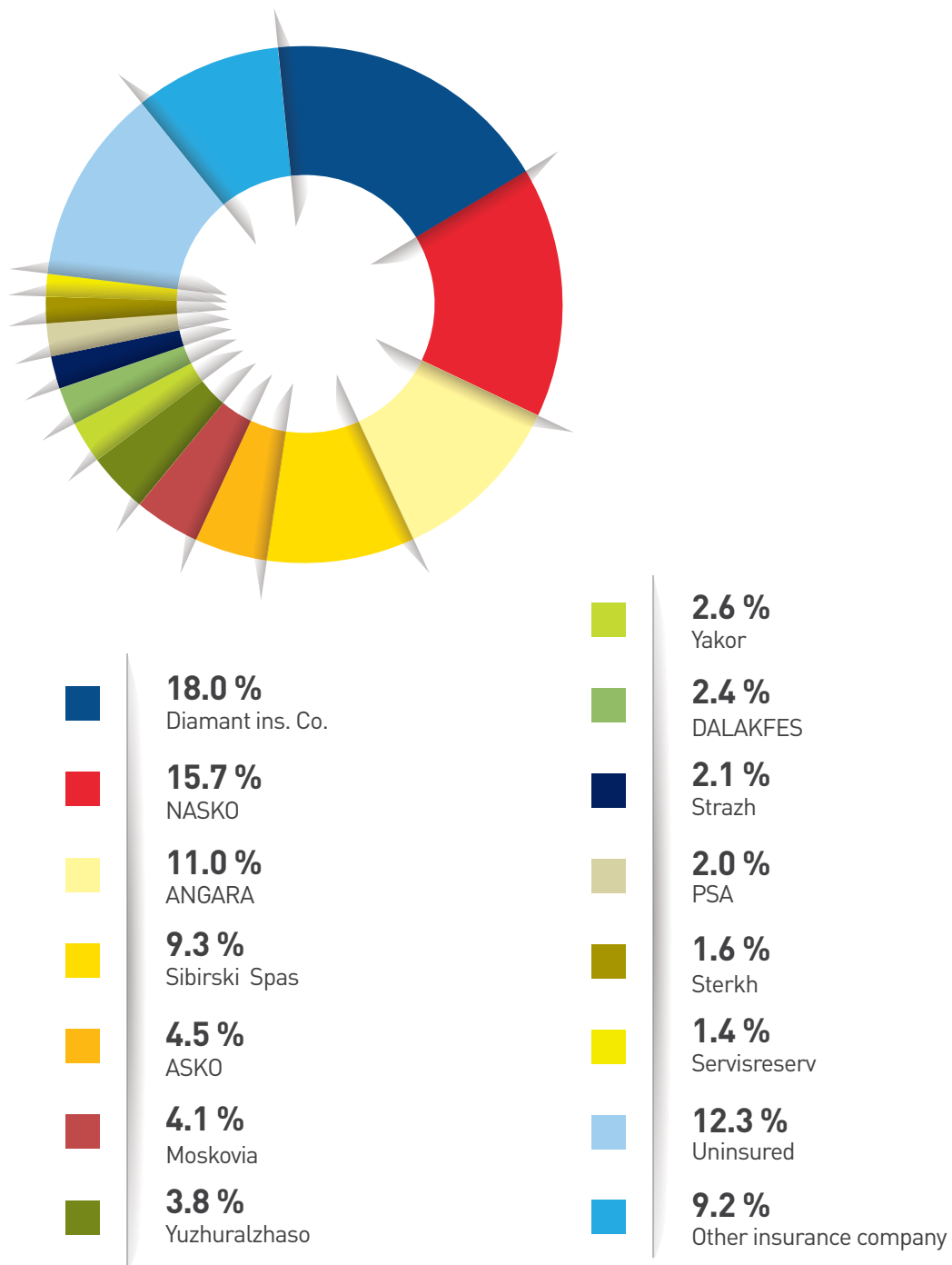


Fig. 39. Breakdown of the total amount of compensation payments by insurer in 2019

the direct settlement system. This indicates an increase in the number of claims relating to severe accidents causing bodily injury and the direct settlement system cannot be used for this type of claim.

The compensation payments that were not made via the direct settlement system were paid directly to the injured parties: either by RAMI in pre-trial out of court settlement or by court order (about 22 % in terms of number and 41 % in terms of amount), or through USK – 28 % and 37 %, respectively.

The analysis of impact of the cessation of CMTPL insurance business of major insurance companies on RAMI's work in making compensation payments shows, that almost 20 % of all payments were made in 2019 under CMTPL insurance contracts

issued by Diamond Insurance Company that left the market in 2018. The second is NASCO Insurance Company followed by Angara Insurance Company and Siberian Spas Insurance Company. All three these companies left the market in 2019 and together they account for about 36 % of all compensation payments made in that year.

In addition, in 2019, the trend continued in terms of increase in the share of compensations payments made by RAMI in respect of compensation for bodily injury to road accident victims. In 2017, 7 % of the amount of compensation payments to accident victims was for bodily injury. In 2018 the proportion increased to more than 13 % and there was a further increase in 2019 to more than 19 %.

### 3.11. SUPERVISING ACTIVITIES OF RAMI MEMBERS

The CMTPL insurance law and the rules governing professional conduct make RAMI responsible for monitoring and supervising the activities of its members as they carry on CMTPL insurance.

RAMI is required to ensure that its members comply with the CMTPL insurance law, with the RAMI charter, with the rules governing professional duty.

The objectives of RAMI's monitoring are to evaluate various performance indicators provided by RAMI members in order to identify in good time problems relating to the operation of insurance organisations, so that urgent remedial action can be taken. RAMI's monitoring also is intended to prevent members from violating established rules.

RAMI also supervises the activities of its members by carrying out audits. The Association uses two types of audit: on-site inspections of insurance company offices and desk audits based on regular review of insurance company documentation.

Based on the decisions of the RAMI Management Board in 2019, 17 on-site audits were carried out. These were carried out in most cases, following evidence of a significant deviation by the companies from the standard performance indicators or from average market indicators.

The main breaches of the regulations identified as a result of on-site audits carried out 2019 were as follows:

- Breaches of the rules covering the provision of information required to allow RAMI to maintain its membership register;
- Breaches of the accounting and reporting regulations;
- Breaches of the rules governing the terms of payment of insurance claims and sending to accident victims an incomplete or incorrectly completed set of documents relating to insurance claims payments.

Other rule violations by RAMI members were discovered as follows:

- refusal to conclude CMTPL electronic insurance contracts without good reason;
- failing to comply with the rules governing relations with intermediaries when concluding CMTPL insurance contracts;
- failure to upload premium and claims data on transport insurance contracts (CASCO, voluntary motor liability) onto the RAMI database.

Regular desk audits using documentary evidence of the activities of the RAMI members were carried out in 2019 on all RAMI members. The Association monitored the activity of the members using data uploaded to the RAMI CMTPL insurance database and other information.

In 2019 a procedure for conducting desk audits based on the analysis of complaints against RAMI member companies that have won competitive tenders to provide CMTPL insurance contracts was introduced, on the basis of which 51 desk checks were conducted in 2019.

During the year, RAMI applied sanctions for breaches of the rules to a number of members of the Association as follows:

- 745 fines were imposed;
- 126 disciplinary proceedings resulted in warnings;
- 123 proceedings resulted in an acquittal, including 102 cases where the breach of the rules was considered to be insignificant;
- 41 cases resulted in instructions being given to cease the breach of the rules.

Common violations identified during audits in 2019 are violations related to:

- Failure to provide RAMI with data on CMTPL insurance in time;
- Failure to conclude an electronic CMTPL insurance policy;
- Failure to comply with the requirements of the agreement for the direct settlement of claims.

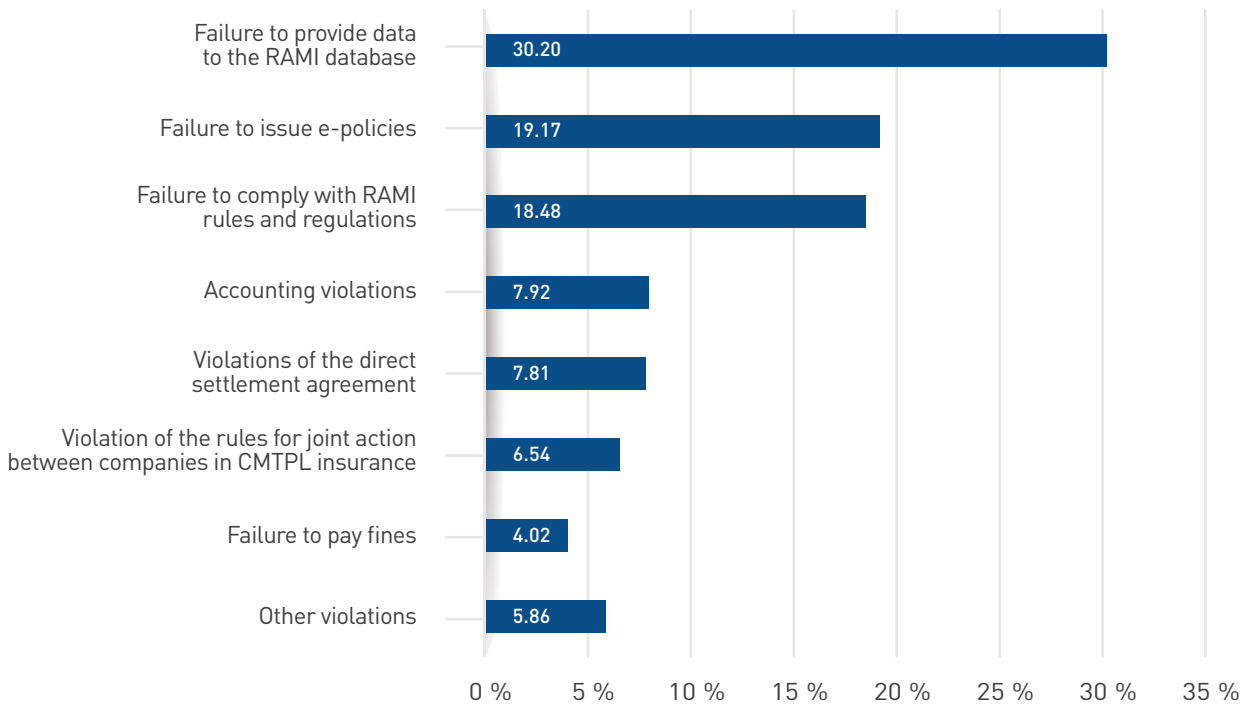


Fig. 40. The main violations committed by RAMI members in 2019



In 2019, 7 meetings of the RAMI Disciplinary Commission were held, at which 146 issues were considered.

Based on the results of inspections conducted in 2019, 4 insurance organisations faced a disciplinary procedure aimed at the recovery of funds.

An interim administration, including RAMI employees, was appointed for 6 insurance organisations.

During 2019, following a decision of the Presidium, 6 insurance organisations were expelled from the Association for failing to comply with the CMTPL insurance law and the rules governing professional conduct;

In 2019, 6 meetings of the RAMI Commission on the financial settlement between CASCO

and OSAGO insurers were held at which issues relating to amendments to the rules governing professional activity were considered.

In addition, in 2019, 11 meetings of the RAMI Dispute Resolution Commission (the Disputes Commission) were held during which 44 issues were considered.

The rules of the Disputes Commission require that all disputes between RAMI members should undergo a pre-trial dispute resolution prior to placing the dispute before the Disputes Commission. In 2019 2,489 disputes were settled using this pre-trial procedure.

On 19 July 2019, the RAMI Presidium decided to abolish the RAMI Arbitration Court and to transfer disputes previously considered by the Arbitration Court to the Disputes Commission.

### 3.12.

## JUDICIAL WORK AND ADMINISTERING THE BANKRUPTCY OF INSURANCE COMPANIES

In 2019, the courts examined 5,869 cases connected with the recovery of compensation payments from RAMI, in the course of which 51,852 court documents and 7,558 executive documents were received by RAMI and by its representative offices in the federal districts, of which:

- 28,118 – court requests law, suits, subpoenas and court rulings;
- 23,734 – court and appeal court decisions, decisions of supervisory authorities;
- 1,921 – decisions to institute enforcement proceedings;
- 1,432 – writs;
- 4,205 – collection orders.

The CMTPL insurance law gives to RAMI the right to claim compensation payments. In this regard, RAMI supervises a fund that is used to finance payments and in order to protect and rationally spend this fund, the Association has taken the following actions:

- Providing legal support in bankruptcy cases of insurance organisations;

- Recovering compensation payments made to accident victims, when the insurer, who should have paid the claim, has had its insurance license revoked;
- Recovering compensation payments made through the direct settlement of claims system for insurance companies, whose insurance license has been revoked, or which have been excluded from the direct settlement agreement;
- recovering from drivers responsible for accidents of funds paid as compensation to accident victims according the CMTPL insurance law;
- recovering compensation payments from insurers, or drivers responsible for accidents in the event, that non-banking financial institutions operating in the territory of the Republic of Crimea and the city of Sevastopol fail to carry out their obligations, arising from insurance contracts concluded in accordance with the legislation of Ukraine.

## Legal intervention in bankruptcy cases of insurance companies, whose license for insurance activities have been revoked and/or have been excluded from the agreement on direct settlement of claims

In 2019, RAMI intervened to provide legal support in 34 bankruptcy cases of insurance organisations.

In total through its legal work in bankruptcy cases, RAMI has recovered over 131 million Rubles of which 1.8 million Rubles was recovered in 2019.

In 2019, applications were submitted to include RAMI's requirements in the register of claims of creditors of insurance companies totalling 4.3 billion Rubles. Claims in the amount of 1.5 billion Rubles were included in the register of creditors' claims, including from applications filed in 2017 and 2018.

In 2019, RAMI applied for 45.9 million Rubles to be supplied to meet the current requirements of the Association. However, this application was not recognised by the arbitrators of current requirements.

## Debt collection

1. Recovery from a driver without a CMTPL insurance policy who was responsible for an accident of the amount of compensation paid to the victim of the accident for bodily injury. Also, recovery of compensation paid in the event, that the driver that caused the accident was untraced.

In 2019, 615 claims were made for a total of 225.2 million Rubles; in the PCA lawsuits to recover this debt, the courts made positive decisions in the amount of 13.9 million Rubles from claims that amounted to 28.8 million Rubles. As a result of RAMI's debt collection activities in 2019, cash assets in the amount of 7.1 million Rubles were recovered by RAMI, including 5.2 million Rubles in out of court settlements and 1.9 million Rubles following enforcement proceedings.

2. Recovery of claims paid in the event that double compensation is paid for one insured accident.

In 2019, RAMI made 116 claims totalling 26.7 million Rubles and filed 32 claims for the recovery of double compensation payments for a total amount of 9.9 million Rubles. In 2019, RAMI recovered 5.9 million Rubles, including 2.4 million Rubles in out of court settlements and 3.5 million Rubles following enforcement proceedings.

3. Recovery from drivers responsible for accidents and from insurance organisations of compensation payments in accordance with the CMTPL insurance law.

In 2019, in out of court settlements, 39 thousand Rubles was recovered by AMI. In addition, in 2019, 4 claims were filed for a total of 238,000 Rubles. In 2019, the courts made awards in the amount of 298,900 Rubles. These included awards following applications filed in 2018. In pursuance of the decisions of the courts, in 2019 RAMI recovered 1.5 million Rubles.

4. Recovery from drivers who caused accidents of compensation payments made through the direct settlement of claims.

In 2019, under this heading, RAMI filed 924 claims in the amount of 58.6 million Rubles, of which 16 claims resulted in the recovery of 308,300 Rubles. Also, in 2019, a further 375 claims were filed for a total of 24.8 million Rubles. In 2019, 212 awards were made in the amount of 11.3 million Rubles. These included those filed in 2018, from which 1.2 million Rubles were recovered by RAMI. 14 claims amounting to 319.8 thousand Rubles were rejected. All other applications are currently pending.

5. Recovery of funds following RAMI payment when a court has required the insurance company of the accident victim to make a "compensation payment".

In 2019, 998 claims in the amount of 66 million Rubles were filed with CMTPL insurers. As a result of debt collection activities in 2019, cash assets in the amount of 28.5 million Rubles were recovered through out of court settlements.

## Preventing illegal payments

The main areas of work in preventing illegal payments were as follows:

1. Intervention by RAMI in cases relating to the recovery of compensation payments in the Sovetsky District Court of the city of Makhachkala.

One individual persuaded a court to make 14 awards against RAMI (who was not represented in the court) totalling 11.4 million Rubles, awards that included legal penalties. The individual acted on the basis of assignment of the rights of victims. The awards were made in contravention of the law.

The RAMI received 9 writs of execution to recover RAMI funds which were sent for execution to the bailiff service. In 5 cases repeated requests needed to be sent due to the fact, that the original writ had not been received.

2. Intervention in cases relating to the recovery of compensation payments made by RAMI in the courts of the city of Yekaterinburg.

Yekaterinburg courts are in the process of recovering compensation payments made on the basis of assignment agreements that contain inaccurate information that contradicts the data collected by the traffic police.

In the courts of general jurisdiction, 76 civil cases were identified, where awards were made to recover compensation payments made by RAMI and recoveries were made for a total amount of 3.7 million Rubles.

RAMI filed 76 applications due to newly discovered circumstances, of which the decisions on 74 cases were reversed and 2 applications are pending.

In 55 cases, RAMI recovered 2.7 million Rubles. In 14 cases, writ of execution was obtained to recover funds on behalf of RAMI, which were sent for execution to the bailiff service. In 5 cases, applications were sent to receive the original executive data.

In the proceedings of the Arbitration Court of the Sverdlovsk Region, 30 cases were identified, in which decisions had been made to order RAMI to make compensation

payments and collection write-offs totalling 900,000 Rubles were made.

RAMI filed 20 applications for newly discovered cases or where new circumstances had arisen in relation of the enforcement of a court decision. In 8 cases RAMI's application is being considered by the court.

In 10 cases, work is underway to collect evidence for the review of judicial acts.

3. Supporting cases to recover compensation payments made by RAMI in the Arbitration Court of Novosibirsk.

Insurance Assistance LLC filed lawsuits in court on the basis of assignment agreements to recover compensation payments, penalties and legal expenses from RAMI amounting to 1.3 million Rubles in total.

Of the 125 lawsuits filed, 65 cases were lost by RAMI and are now being appealed.

The other cases are pending.

4. Supporting cases to recover compensation payments which had been made following inspections by RANE LLC. RAMI had made the payments following out of court settlements.

Pre-trial inspections conducted by RANE LLC for court hearings in three cities (Moscow, Orenburg and Rostov-on-Don) are attended by RAMI lawyers with the participation of an expert from RANE LLC.

In 2019, 620 cases were accepted for work, 439 cases were not successful for RAMI, 95 cases were successful and 10 cases were pending.

5. Legal support in cases to recover compensation payments in four cities: Moscow, Nizhny Novgorod, Orenburg and Rostov-on-Don: RAMI representatives attended the court hearings.

Since September 2018, in order to reduce the spending of compensation funds and RVD funds, RAMI lawyers have attended court hearings in four cities of Moscow, Nizhny Novgorod, Orenburg and Rostov-on Don at which claims were made against the Association in order to recover compensation payments. In 2019, 2,915 court sessions were attended to consider claims and complaints in cases where claims

to recover compensation payments from RAMI were being made. As a result of participation in court hearings in 661 cases, decisions were made either to deny these claims or to terminate proceedings; in 1,201 cases, the claims for compensation were fully or partially satisfied. By attending court hearings, funds allocated for compensation payments in the amount of 63.8 million Rubles were saved and also funds intended for ensuring the RAMI's activities were saved in the amount of 250.5 million Rubles.

6. Support of cases relating to the implementation of compensation payments and representing RAMI's interests in the courts in cases about compensation payments, under contracts with authorised insurance companies.

Since March 2019, in order to reduce the expenditure of compensation funds and the RVD and RAMI, agreements have been concluded with insurance companies authorised by RAMI (authorised insurance companies) to consider applications for the implementation of compensation payments, as well as to represent the interests of RAMI in the courts in these cases.

As part of their judicial work, the authorised insurance companies provided services in 1,861 cases. Court decisions were issued in 703 cases, 465 cases were unsuccessful whilst 99 resulted in a successful result. 139 cases were left without consideration and the remaining cases remain pending.

### **Providing legal support in cases where the handbooks that set out the average cost of spare parts are contested**

In 2019, as part of administrative legal proceedings, individuals filed 19 complaints against RAMI claiming, that the handbooks of spare part costs had not been compiled in compliance with the requirements of the regulations of the Bank of Russia and that they contained errors. In 8 cases RAMI's defence was not successful, in 4 cases the proceedings were terminated and in 6 cases the lawsuits were pending before the courts. As part of civil proceedings, individuals

filed 10 cases against RAMI claiming that the handbooks setting out the average cost of spare parts were developed not in accordance with the requirements of Bank of Russia and contained errors. Of these cases, 15 cases are pending (including cases based on statements of claim filed in previous years), in 8 cases, the RAMI defense was not upheld, in 4 cases the proceedings regarding the RAMI requirements were discontinued, in 1 case the lawsuit was left without consideration and in 2 cases the claims were not considered.

In addition, in 2019, in 20 civil cases were commenced in order to obtain compensation payments. RAMI was involved in these cases since the plaintiffs were contesting the legal basis of using the handbooks of spare part costs.

### **Legal support in cases that challenge the actions of RAMI in respect of the technical inspection of motor vehicles**

In 2019, 3 lawsuits were filed to overturn actions taken by RAMI in the field of technical inspection of motor vehicles. In these cases, RAMI's position was not upheld by the courts.

### **Legal support in cases that challenge the actions of bailiffs**

In 2019, the RAMI appealed against 9 decisions of bailiffs, arguing that the territory of the action was not in compliance of the court order.

In 4 cases, RAMI's position was upheld, in 1 case the court failed to support RAMI whilst 4 cases are pending.

RAMI also successfully appealed against 1 ruling of a bailiff relating to the collection of a performance fee from the RAMI. The performance fee was returned to RAMI in the four cases, where the courts cancelled the bailiff's actions. RAMI is continuing to try to recover the performance fee in the rest of the cases.

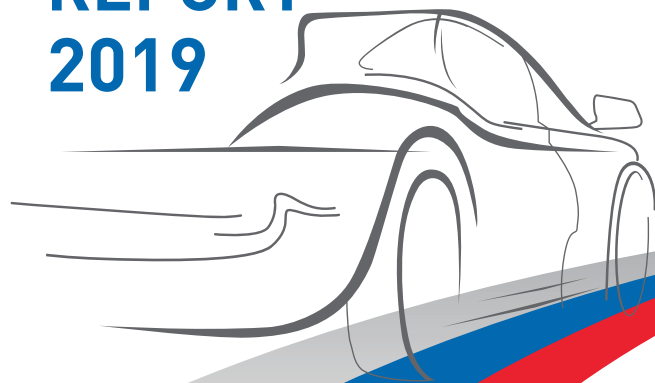


4



## THE INTERNATIONAL GREEN CARD SYSTEM

ANNUAL  
REPORT  
2019





# 4

## THE INTERNATIONAL GREEN CARD SYSTEM

The Green Card Bureau is part of RAMI’s formal structure. Its members are authorised to carry out business in the framework of the International Green Card insurance system. As of 31 December 2019, the Green Card Bureau had nine members. Last year, Zetta insurance company was admitted to the bureau.

The chairperson of the Board of the Green Card Bureau is Nadezhda Arshinova, General Director of Twenty-First Century Insurance Company. This appointment was approved by a resolution of the RAMI Board on 26 June 2008.

### The main statistics relating to the work of the Green Card Bureau in 2019

In 2019, the number of Green Card insurance contracts concluded by the Green Card Bureau members amounted to over 1.3 million.

Since 2009, the total number of Green Card certificates reached about 16.5 million.

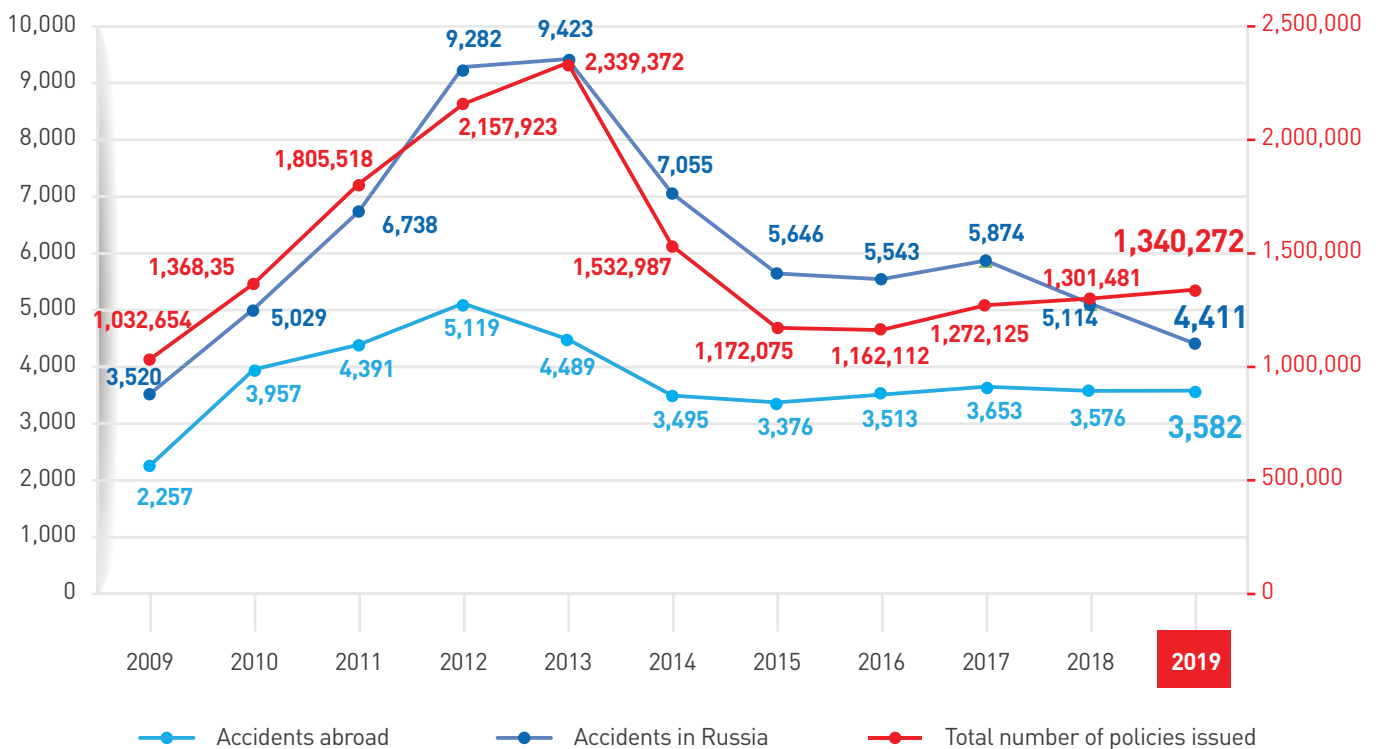


Fig. 41. Insurance contracts and accidents 2009–2019  
[Accident data for 2019 are incomplete due to the late reporting of claims within the Green Card system]

## Claims on Russian Green cards abroad

In 2019, 3,582 accidents were registered abroad caused by drivers with Russian Green Card certificates. Altogether, since 2009, a total of 41,408 such accidents have occurred. The geographic distribution of the accidents reflects the Russian major traffic destination

areas. Belarus still accounts for the largest number of accidents: almost a third of all such accidents occurred in that country. After Belarus, the leading countries are Poland (14 %), Germany and Lithuania (12 % and 10 %). The share of claims in Finland is stable at 5 %, but the figure is still half of the pre-crisis level. The number of trips and claims in the Ukraine continues to be very low due to the political situation in this country.

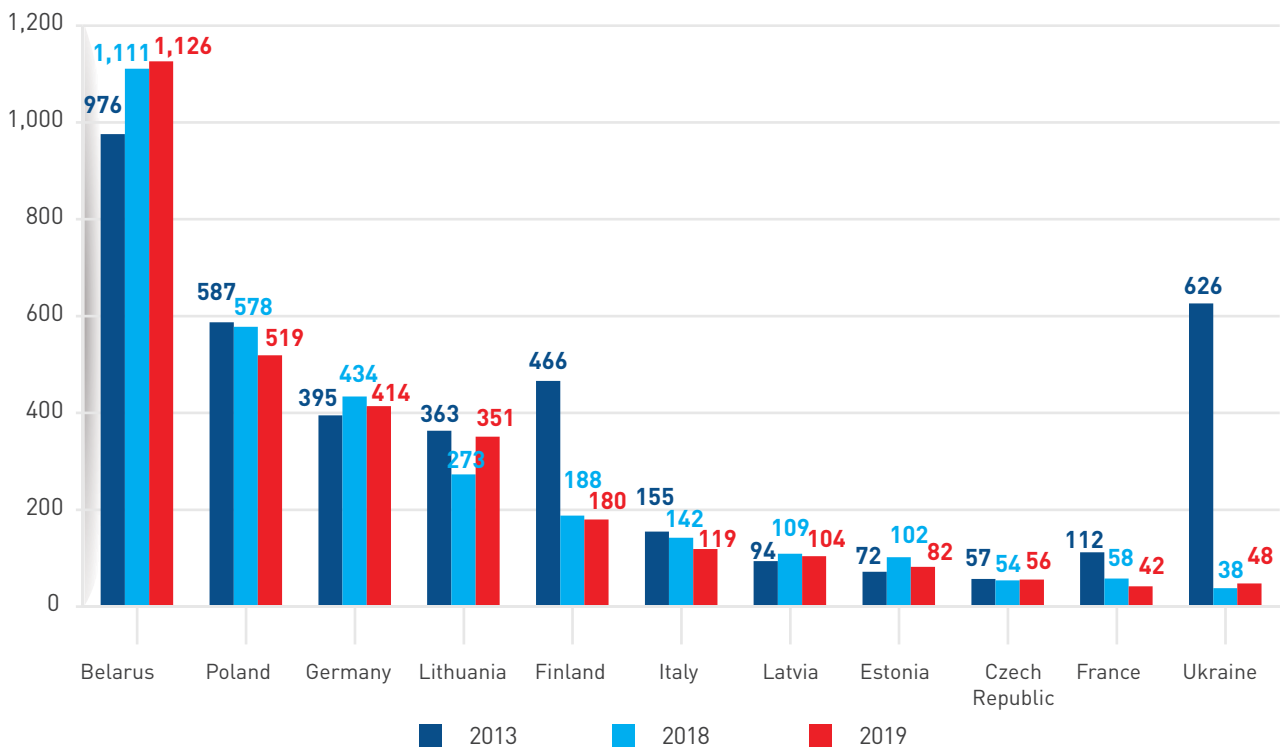


Fig. 42. Road accident numbers profile by country (2019 compared with 2013 and 2018)

In total, since 2009, there have been 70 claims from abroad with outstandings of more than 200,000 euros, of which 18 exceeded €500,000, i.e. an amount triggering excess of loss reinsurance program placed in the international market.

The largest number of such claims occurred in Germany, including the largest loss to date. The accident that occurred in 2010 resulted in severe bodily injuries amounting in payments and outstanding reserves to €4.2 million. Payments on this claim

are made by on the account of RAMI specialised Green card guarantee fund since the member of the bureau that issued the Green Card has gone bankrupt. Finland and Italy take second place in the number of serious accidents with losses from €1 million to €2.7 million.

In addition, it is worth mentioning also one major accident occurred in Poland in 2012 and another in France in 2016, with total outstandings amounting to €1.55 million and €947,000, respectively.

## Claims on the territory of the Russian Federation

In 2019, 4,411 claims were registered in Russia involving foreign Green Card holders. In total, 64,015 such accidents have occurred since 2009. The geographical profile of damaging parties, unlike the geography of accidents abroad, is stable.

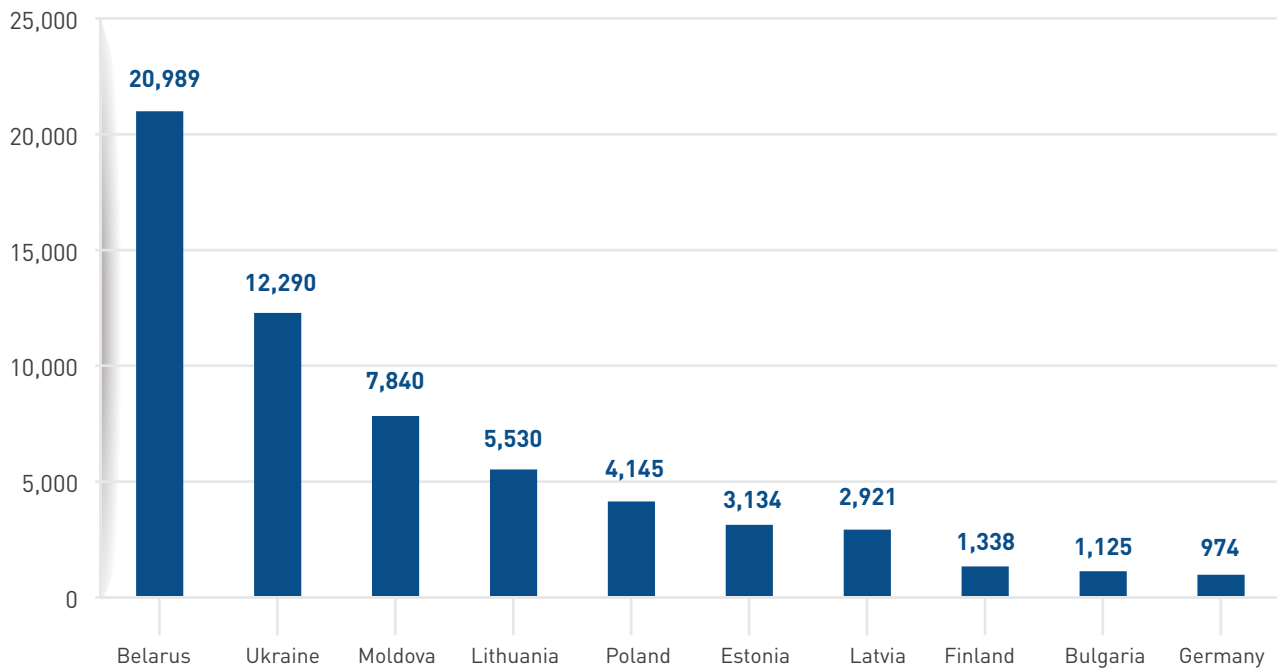


Fig. 43. Distribution of claims by the country of the liable driver (2009–2019)

## Improving the management and control system of companies operating within the Green Card system

Further improvements are being introduced to the automated processes for issuing Green Card insurance contracts, accounting and control of Green Card insurance certificate forms and claims management within the system (both in Russia and abroad). In 2019, RAMI continued to improve the system of updating the data input into the Green Card subsystem of the RAMI CMTPL insurance database – on average, information on 98 % of contracts is received by the RAMI system within one day that is the established

timeframe. During the year, work was carried out to implement the decision of the General Assembly of the Council of Bureaux providing for possibility to issue the certificates from 1 July 2020 in black-and-white format as part of a transition strategy to the electronic Green Card.

The result of the current effective management system is an impeccable level of financial discipline and compliance with the rules and requirements of the Green Card system by members of the Russian bureau. Since 2009, there have been only isolated cases, where the Russian Bureau has had to intervene as a result of a member company delaying payment of claims to be settled abroad. These isolated cases were solely caused by communication problems.



From 1 July 2015, the Russian Green Card Bureau has had the status of a full member of the Green Card system. The Bureau was awarded this status ahead of the initial schedule because of its efficient performance. When the Russian Bureau joined the Green Card system in 2008, it was initially intended that Russia's transitional membership should last until the end of 2018.

In addition, on 26 September 2018, the Management Committee of the Council of Bureaux decided to withdraw the requirement on the Russian Green Card Bureau to provide a bank guarantee of €9 million to cover its international financial liabilities.

Also, members of the Russian Green Card Bureau received authorisation to issue Green Card certificates for vehicles registered in Kazakhstan and Georgia. After monitoring how this extension operated during 2019, this authorisation was extended into 2020.

Since 2015, RAMI has been authorised by the Council of Bureaux to handle Green Card claims in the Crimea and in the city of Sevastopol.

## Participation in international events

Representatives of the Green Card Bureau took part in the following events in 2019:

- Meeting of the General Assembly of the Council of Bureaux that was held in Marrakesh in June 2019;
- Meeting of representatives of the Green Card Bureaux of countries outside the European Economic Area in Marrakesh in June 2019;
- Meetings of the Harmonisation Working group on the reorganisation of the Council of Bureaux, held in Brussels in January, March, April, September and October 2019;
- Baltic RIM and regional Northern Group meetings held in Oslo, in March 2019, and in Moscow, in October 2019;
- Bilateral working consultations with representatives of the national Green Card Bureaux of the Netherlands, Poland and Belarus.

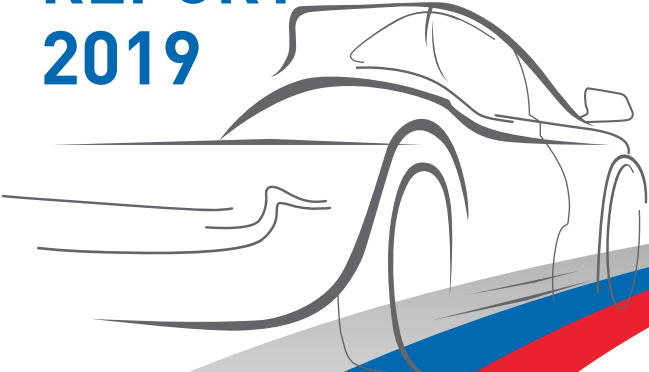


**5**



**THE NATIONAL  
DATABASE  
OF INSURANCE  
CONTRACTS**

**ANNUAL  
REPORT  
2019**





# 5

## THE NATIONAL DATABASE OF INSURANCE CONTRACTS

### The national database of insurance contracts

RAMI has developed a combined automated database containing information on insurance contracts of different types of insurance, claims information and other information.

As of 31 December 2018, data about 15 million motor physical damage insurance (CASCO) contracts and motor voluntary TPL insurance (DSAGO) insurance contracts were uploaded to the national insurance database. By 31 December 2019, in total for the whole period that the database had been operational about 22.4 million contracts had been uploaded. Statistics on the number of contracts whose data had been transferred between 2015 and 2019 is shown in Fig. 44.

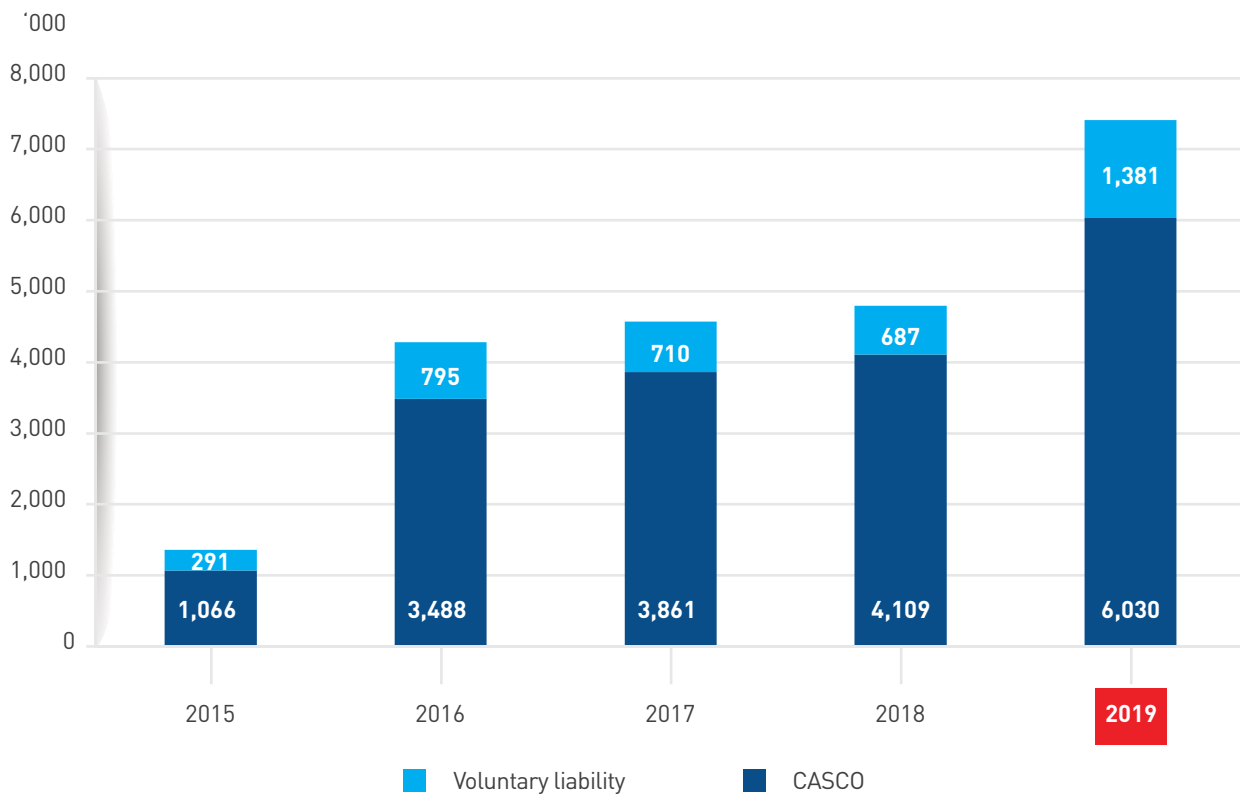


Fig. 44. The number of CASCO and DSAGO contracts uploaded to the national insurance database between 2015 and 2019. (by date of upload)

As of 31 December 2018, information on 2,265,000 had been uploaded to the national insurance database. At the end of 2019, the total number of claims, data of which had been uploaded since 2015, this figure had risen to 3,444,000 claims.

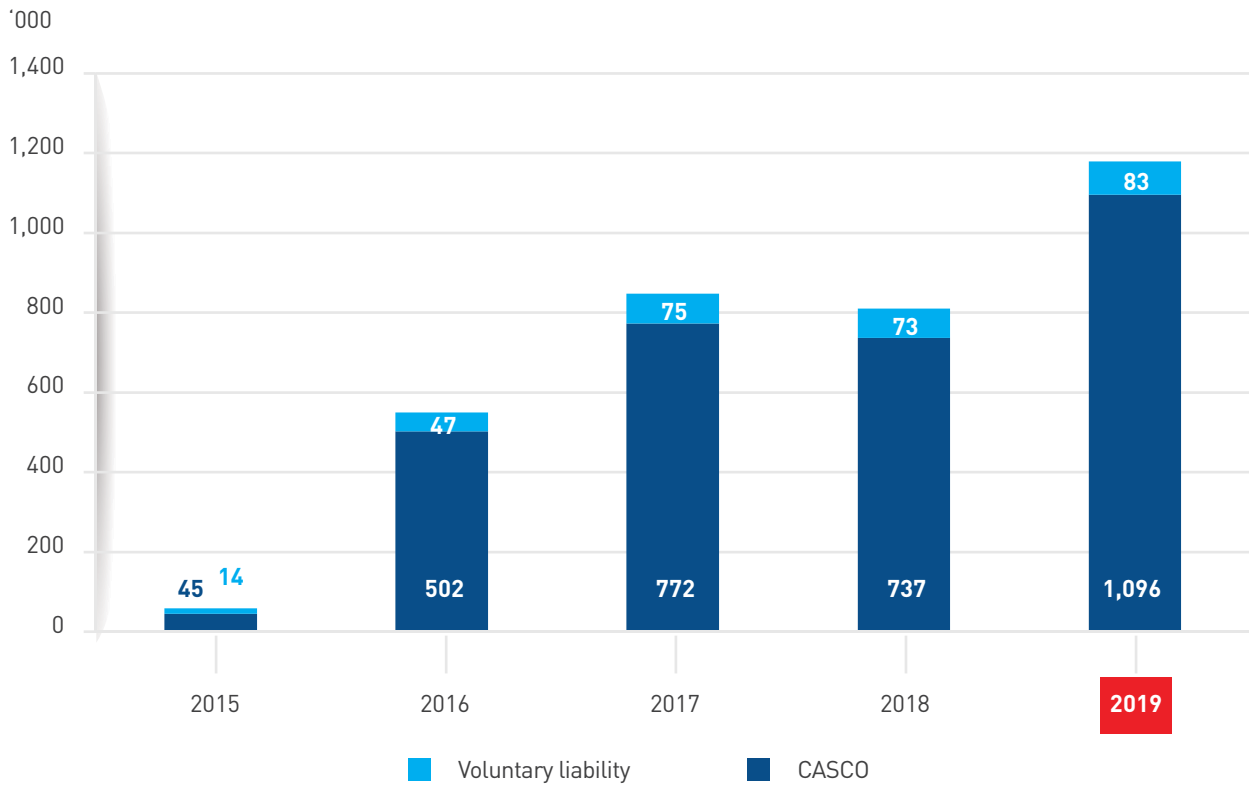


Fig. 45. Number of CASCO and DSAGO claims uploaded to the national database 2015–2019 (by date of upload)

As can be seen from fig. 45, as in previous years, by far the largest number of claims that were uploaded to the national database came from CASCO contracts: over 90 % of the claims uploaded in 2019 were CASCO claims.

## Output of data from the national database of insurance contracts

In 2019, more than 2.5 thousand responses providing data following requests from governmental bodies, that included the Ministry of the Interior of Russia, the Prosecutor's Office of Russia, the Federal Security Service of Russia, the Federal Customs Service of Russia, and also from other executive and state authorities who are legally entitled to receive data from the insurance database.

In 2019, insurance companies paid for about 5,500 reports containing information about vehicles, a five-fold increase over 2018. This significant increase in the number of reports paid for by insurance companies is due to the reduction in the cost of the report from 500 Rubles to 30 Rubles, as well as the expansion of underwriting factors permitted to be used by companies, before issuing a policy to include details of a vehicle's insurance history.

The provision of information to insurers about policyholders is still constrained by the restrictions imposed by the requirements of the Personal Data Act.

## Technical work

In 2019, in order to ensure that the information transmitted by insurers to the national insurance database complies with the requirements of the Bank of Russia that the data is complete, reliable and up to date, research was carried out to identify the reasons why insurers transfer incorrect or incomplete information to the national database by monitoring and checking the data that was being uploaded by insurance companies.

As a result of activities undertaken by insurers, an improvement in key indicators has been observed.

In 2019, RAMI commissioned the Financial University to carry out research and the results of this research included proposals to amend the current legislation that governs the development and operation of the national insurance database. These proposals were sent to the Bank of Russia together with the RAMI strategy for the development of the national database of insurance contracts.

In addition, in 2019, measures were taken to prepare amendments to the legislation aimed at solving the problem of processing personal data. Amendments were also prepared to introduce the possibility of exchanging data held on the national insurance database in electronic format with the RAMI CMTPL insurance database and with state and other bodies, including using the unified inter-agency information exchange system. These draft amendments were sent to the Bank of Russia in July 2019 as part of RAMI's proposed amendments to CMTPL insurance law.

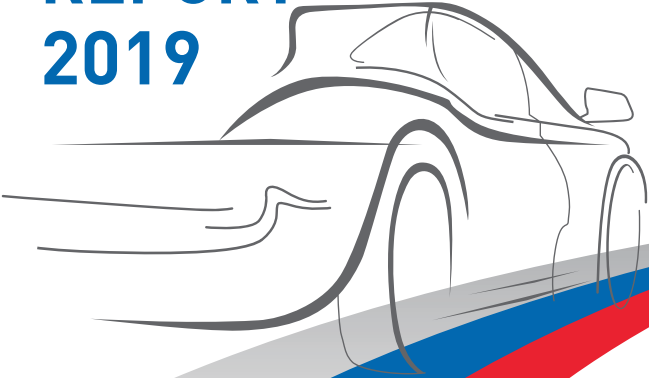


6



**THE TECHNICAL  
INSPECTION  
OF MOTOR VEHICLES**

**ANNUAL  
REPORT  
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## THE TECHNICAL INSPECTION OF MOTOR VEHICLES

A Federal Law passed in July 2011 changed the system of periodic technical inspection of motor vehicles. It came into force on 1 January 2012 and the new legislation allocated to RAMI the following functions in the field of technical inspection of vehicles:

- The licencing of organisations carrying out the technical inspection of vehicles;
- Monitoring the work of these organisations to ensure compliance with licensing requirements;
- Monitoring the activities of these organisations to ensure they comply with the regulations for conducting technical inspections;
- Maintaining a register of organisations carrying out the technical inspection of vehicles;
- the development of open public information resource containing information from the register of organisations carrying out the technical inspection of motor vehicles.

### Licensing the organisations carrying out technical inspections of motor vehicles

As of 31 December 2019, information on 4,504 licensed organisations carrying out technical inspection through 5,104 technical inspection points had been entered into the register of organisations carrying out technical inspections.

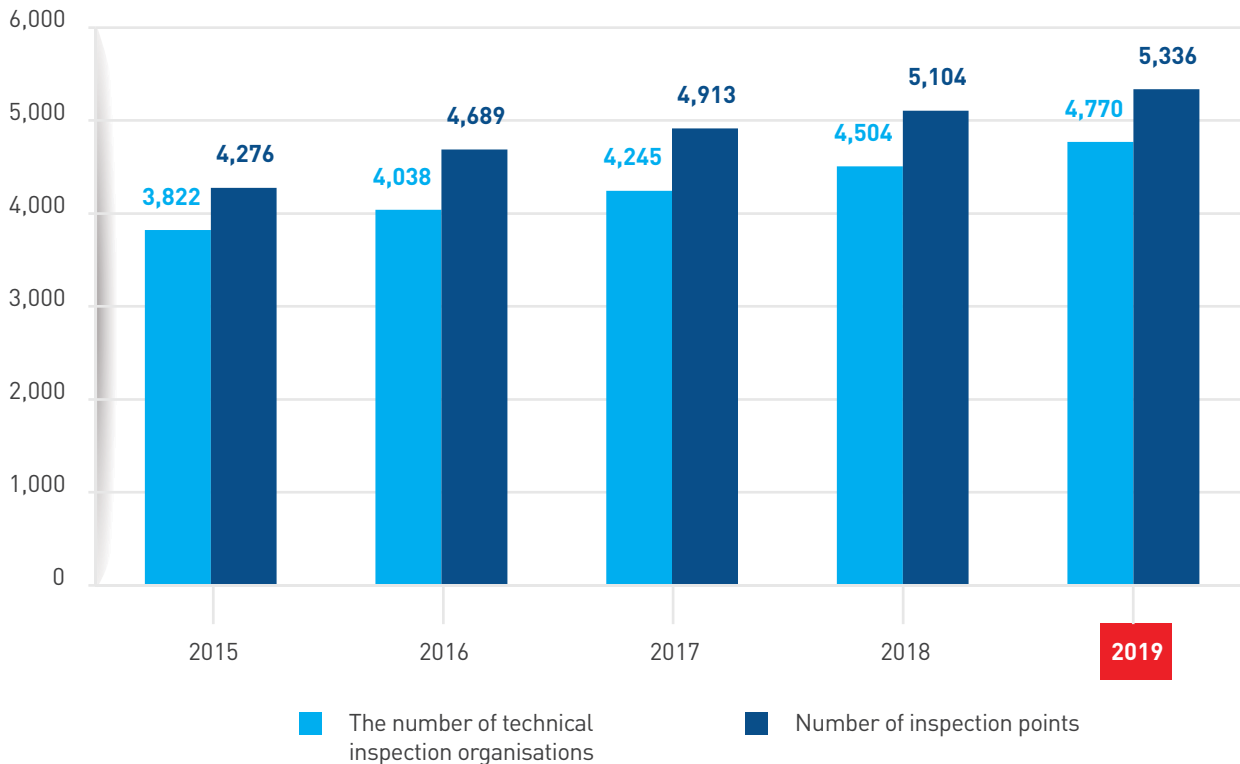


Fig. 46. The number of organisations carrying out technical inspection and of inspection points 2017–2019

Between 1 January and 31 December 2019, RAMI received:

- 1,907 applications from organisations for a licence to carry on technical inspections of motor vehicles;
- 615 applications from organisations for re-issuing licenses to carry on technical inspections;
- 315 requests from organisations to terminate operations of technical inspection;
- 598 applications from organisations to amend the register of organisations carrying on technical inspections;
- 1,222 notification of changes to information about technical experts.

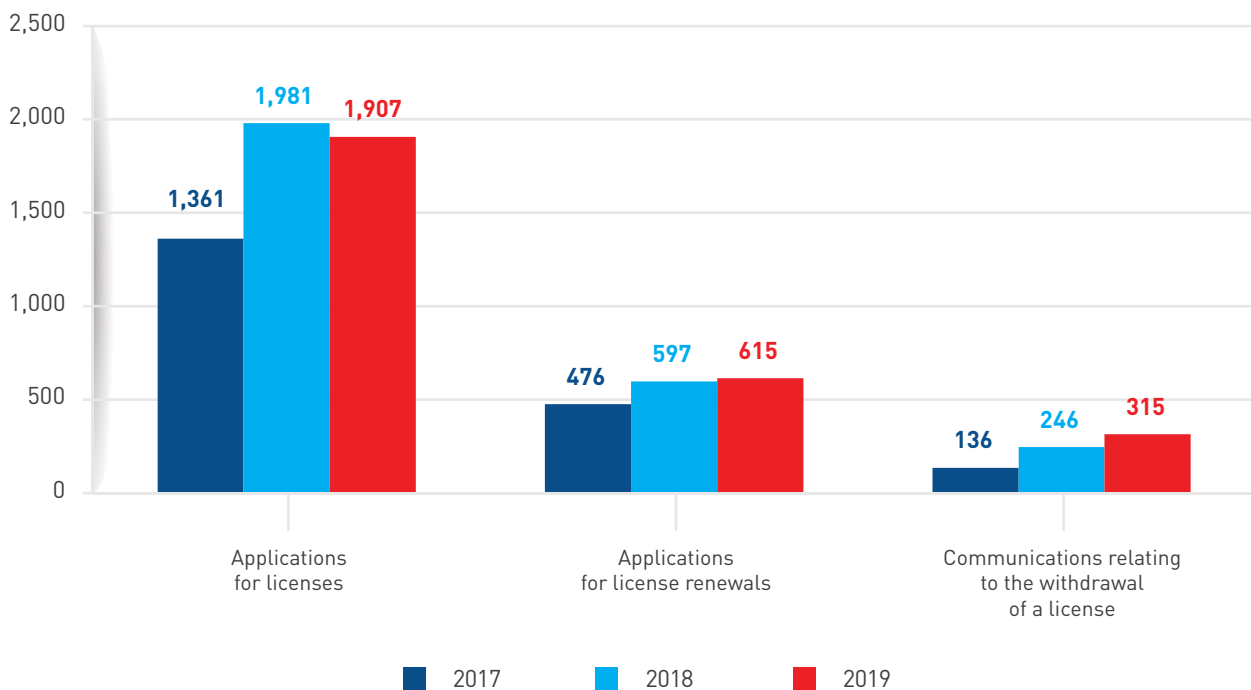


Fig. 47. The number of applications relating to the issue of licenses for technical inspection 2017-2019

Based on the results of consideration of applications for granting, cancelling, re-issuing of licenses, for amending the register of organisations carrying out technical and for notifications of changes in information about technical experts in 2019:

- 683 licenses were issued to applicants compared with 574 licenses issued in 2018, an increase of 19 % during 2019;
- 303 licenses were reissued compared with 315 in 2018, a decrease of 4 % during 2019;
- 415 licenses were withdrawn compared with 314 in 2018, an increase of 32 % during 2019;
- 1,364 notifications of the need to eliminate operational deficiencies were sent to organisations compared with 1,672 in 2018, a decrease of 18 % during 2019;
- 846 cases were returned in connection with a refusal to issue or reissue a license compared with 1,029 in 2018, a decrease of 18 % during 2019;
- 1,206 amendments were made to the register of organisations carrying on technical inspection compared with 1,545 in 2018, a decrease of 22 % during 2019; this figure includes 654 changes to information on technical experts.



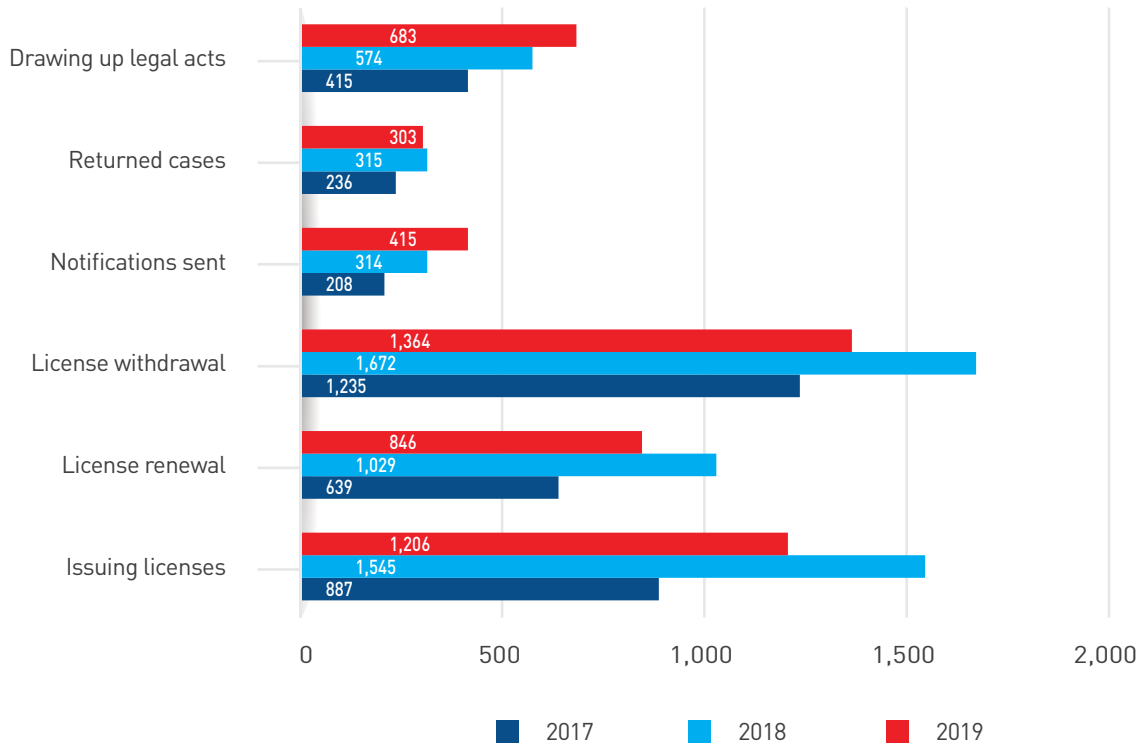


Fig. 48. Data on licensing in the area of technical inspection 2017–2019

### Supervising the technical inspection of motor vehicles

The law governing technical supervision of motor vehicles requires RAMI to supervise the activities of organisations carrying on technical inspection operators and to verify, that applicants for licenses have complied with licensing requirements.

During 2019, 296 field inspections were conducted on organisations that had applied to RAMI for a license, or for a license renewal for technical inspection.

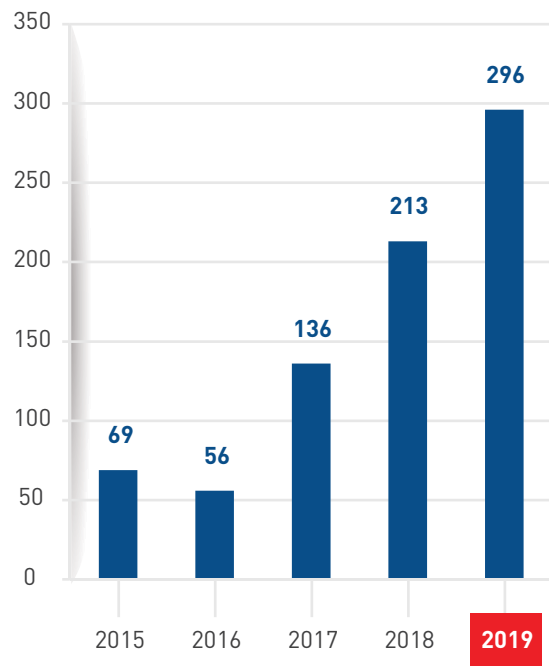


Fig. 49. The number of inspections carried out on license applicants 2015–2019

During 2019, the RAMI received 1,017 complaints about the actions of organisations carrying out technical inspection compared with 380 complaints in 2018, an increase of 167 % during 2019. There were 763 complaints from state bodies (188 in 2018, an increase of 305 %), 47 complaints from legal entities and 206 from individuals.

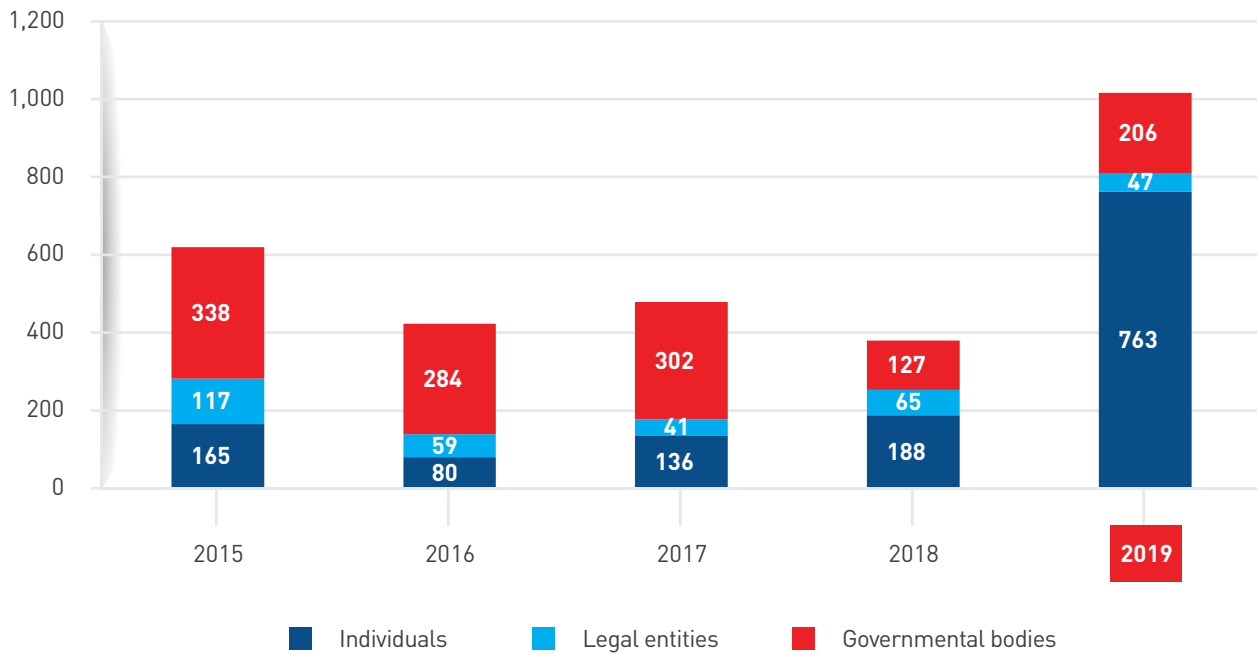


Fig. 50. Number of complaints received by RAMI against organisations carrying out technical inspection 2015–2019

During 2019, 2,201 documentary desk audits were carried out on organisations carrying on technical inspection (943 in 2018, an increase of 133 %). Also 507 on-site inspections were performed on technical inspection organisations (218 in 2018, an increase of 133 %).

The result of RAMI's supervision activities was as follows:

- 583 decisions were made to suspend the license (402 in 2018, an increase of 45 %), 3 decisions were made to withdraw the license;
- 481 notifications that technical inspection organisations had eliminated deficiencies in their work that had led to the suspension of their license (398 in 2018, an increase of 21 %);
- 257 decisions were made to refuse renewal of the license (234 in 2018, an increase of 10 %) and 243 decisions were made to renew the license (160 in 2018, an increase of 52 %).

## Improving the system of technical inspection

Following amendments to legislation on technical inspection introduced on 6 June 2019, together with interested federal government bodies, scientific organisations and professional associations of technical inspection organisations, RAMI began working developing new regulations governing the system of technical inspection of vehicles in the Russian Federation.

As part of this work, RAMI held three meetings in Moscow with professional associations of technical inspection organisations of the Russian Federation. The Association also organised an extended meeting in Vladivostok with technical inspection organisations from the Far Eastern Federal District.

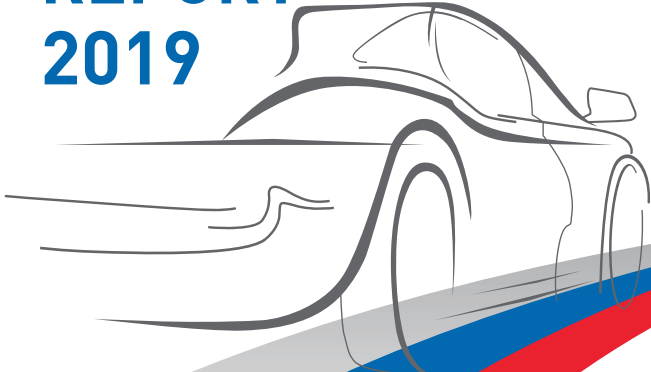


**7**



**INFORMATION  
TECHNOLOGY**

**ANNUAL  
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2019**





# 7

## INFORMATION TECHNOLOGY

### The development of 'Europrotocol online'

In order to launch the super service "Europrotocol Online Registration" within the objectives set by the Government Commission on Digital Development to use information technology to improve the quality of life and the conditions for doing business, the mobile phone app "CMTPL insurance assistant" was developed by the Bank of Russia. How this mobile phone app was used by insurance consumers is described in section 3.6 above. In addition, improvements were introduced to intensify data interaction with the RAMI CMTPL database and with the GLONASS (Global Navigation Satellite System), improvements, that were necessary for the operation of the 'Euro Protocol online service. In addition, the technical documentation to interact with various Governmental IT systems necessary to support the service was prepared by RAMI and agreed with the Ministry of Communications of Russia. RAMI member companies have implemented the necessary updates to their own IT systems.

By the end of 2019, the GLONASS support system for the RAMI CMTPL IT system made it possible for RAMI members to receive electronic notification of road accident through the 'CMTPL assistant' mobile phone app.

### Improving the mobile phone app 'Road accident Europrotocol'

In order to ensure the successful operation of the "Road accident Europrotocol" mobile phone application, the functions of which are described in section 3.6, in 2019 it was carried out the following:

- Information exchange between the EISA governmental portal and the RAMI CMTPL insurance IT system was successfully introduced which enabled a user of the mobile phone app to be authorised through the governmental portal;

- the software interface has been improved for verifying information about the CMTPL insurance policies of road accident participants by using mobile internet to access the RAMI CMTPL insurance database;
- the possibility of using insurance companies' mobile phone apps to take photographs of the accident was provided;
- The GLONASS system used by the CMTPL insurance IT system was introduced to a new infrastructure. The estimated capacity of the new infrastructure allows for the collection and subsequent storage of 20,000 entries of data on accidents, with the possibility of further scaling to permit an increase in the amount of data.

### Organising data exchange with federal governmental bodies

By the end of 2019, 38 RAMI members were connected to the IT subsystem of the CMTPL insurance IT system that facilitated data exchange. During the year 27,384,716 requests were sent to the IT subsystem as follows:

- Requests for data on driving licenses – 13,732,093;
- Requests for information about motor vehicles – 10,455,680;
- Requests for information about individuals – 3,188,677;
- Requests for information about legal entities – 8,266.

In 2019, the procedure was changed regarding the provision of the limited number of requests by users for information on individuals and legal entities. It became possible for RAMI members to obtain information from outstanding requests of all types. A service has been developed to receive requests from the federal information system (the unified portal of state and municipal services), so that documents related to accidents in electronic format can be processed without participation of road traffic police officers.

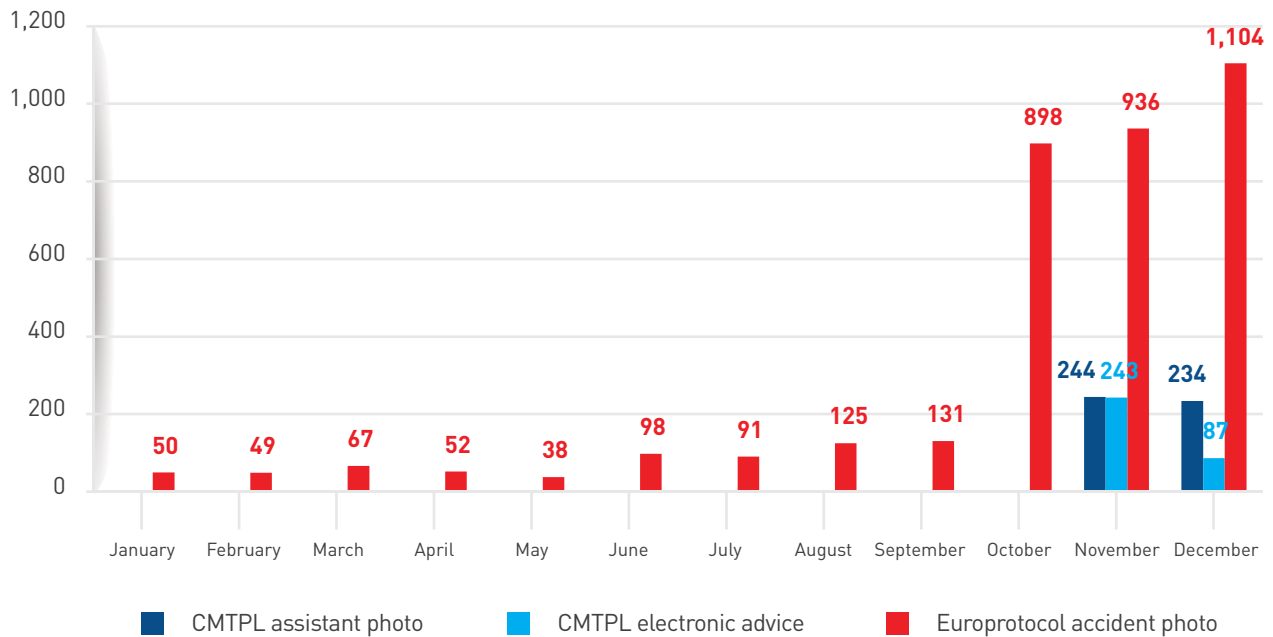


Fig. 51. The number of photographs and accident notifications provided using mobile phone apps

### Improving the subsystem of the RAMI CMTPL IT system supporting the bonus-malus system

During 2019, the following improvements were made to the IT system that supported the bonus-malus system:

- It has been made possible to transfer information about insurers, claimants and other persons to RAMI members without the use of hash functions on personal data by RAMI members. This has significantly improved the correctness and completeness of data on individuals applying for CMTPL insurance contracts, as well as ensuring a clear and transparent method of applying the “bonus-malus” coefficient, that fixes the premium tariff based on the driving record of the applicant;
- An algorithm has been implemented for calculating the bonus-malus coefficient for the period from 1 April 2019 to 31 March 2020 in accordance with The Bank of Russia regulations;

- A subsystem was developed for accounting and billing for requests sent by insurance companies to the RAMI CMTPL IT system and database.

### The Subsystem of the RAMI IT system supporting the introduction of electronic policies

During 2019, the following improvements were made to the software of the subsystem that supports the introduction of electronic CMTPL insurance policies:

- a revision in the terms and conditions under which insurance organisations participate in the E-Garant system;
- Changes in the methodology for calculating premiums and using the bonus malus coefficient;
- Improvement in the methodology adding new data, development of a service for downloading data on base tariff rates and entering data on the registration of documents of legal entities.

## **The subsystem for controlling the issue and use of blank CMTPL insurance policy forms**

In 2019, improvements were made to the subsystem to implement changes to the exchange of data by the automation of accounting for the cost of reporting services to the insurer. In addition, a report on a vehicle's insurance history was developed.

## **The project to improve RAMI's IT systems**

During 2019, work was carried out on the design and development of an improved RAMI CMTPL insurance IT system on the basis of the overall project plan. RAMI members began the process of testing the software that was developed as part of the project.

An organisation was also selected to develop the technical infrastructure that will ensure that the improved information systems operated by the RAMI will work effectively. An organisation has also been identified for testing software developed to improve information systems operated by RAMI. Work was done on the development of scenarios and methods of testing, as well as software testing.

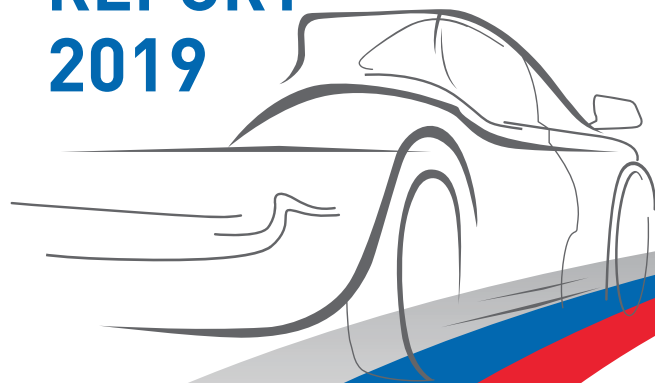


8



**INTERNATIONAL  
ACTIVITIES  
OF RAMI IN 2019**

**ANNUAL  
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## 8

# INTERNATIONAL ACTIVITIES OF RAMI IN 2019

In 2019, RAMI used its international relations to keep studying international experience in organising CMTPL insurance with a view to its possible adaptation and application in Russian insurance practice. An important aspect of this work during 2019 was that events took place dedicated not only to the exchange of experience, but also increasingly to concrete issues. In particular, the main concrete issues were related to the harmonisation of national approach to CMTPL insurance by countries in the 'Post Soviet' territory and especially those countries that are members of the Eurasian Economic Union (EAEU). Discussions were held on a common regulatory framework, similar methodological solutions and practices in the development of the CMTPL insurance market.

In this context, consultations were held in Moscow on 23-24 July, 2019 at the initiative of the National Bank of the Republic of Kazakhstan and the Association of Insurers of Kazakhstan, which was particularly important. They were aimed to develop electronic settlement of claims in car insurance and preparation of a regulatory framework to enable citizens to receive insurance services in electronic format. Discussions also covered future developments in the introduction of online insurance in other areas.

These discussions were attended by representatives of the national banks that regulate the financial markets of the Republic of Kazakhstan and the Russian Federation, the insurance associations of both countries, as well as by representatives of specialised companies (Audatex Russia, Silver DAT Russia, Kazakhstan State Credit Bureau JSC). Russian insurance companies organised business meetings dedicated to specific topics for consultants. These companies included Rosgosstrakh, Ingosstrakh and Tinkoff Insurance Company. At these meetings, participants were given the opportunity to familiarise themselves with developments in online insurance in practical conditions.

In addition to information on the organisation and implementation of online CMTPL insurance, RAMI representatives also presented to the participants information on development of the 'Road accident Europrotocol' mobile phone application and on the Standard Methodology for calculating the cost of accident repairs.

During discussion, representatives of the national regulatory banks supported the collaboration between members of the Interstate Coordinating Council of the Heads of Insurance Supervisory Authorities of the CIS Member States in preparing regulations governing the electronic settlement of auto insurance claims.

On 28-29 November, 2019, representatives of RAMI and the Bank of Russia took part in the 17th International Scientific and Practical Conference "Determining the cost of repair of vehicles and the size of damage caused as a result of a Road Traffic Accident", which was held in Minsk.

At the debates participants discussed CMTPL insurance to provide compensation to accident victims in the Republic of Belarus and in the Russian Federation. In particular, the methods of organising repairs within the framework of CMTPL insurance were considered, including the use of modern technical and technological support and taking into consideration the latest innovations that have been introduced into the CMTPL insurance market.

Along the conference program, business seminars and meetings were held involving the Belarusian Bureau of Transport Insurance and the Belgosstrakh Company. These seminars made it possible to exchange practical experience and to gain new knowledge that can be applied when improving approaches to settling CMTPL insurance claims in Russia.

On 23 September, 2019 in Baku at the initiative of the Compulsory Insurance Bureau of Azerbaijan (ISB), a consultative meeting was held between representatives of ISB and RAMI to discuss current issues relating to the implementation of CMTPL insurance.

During the meeting, Azerbaijani colleagues were provided with extensive information about the current state of the CMTPL insurance market in Russia and about plans for the near future, including plans for the digitalisation of the CMTPL insurance market and its liberalisation. A detailed exchange of views took place on practical issues of the Bonus-Malus system.

It was agreed that the professional associations of both countries should develop the exchange of information.



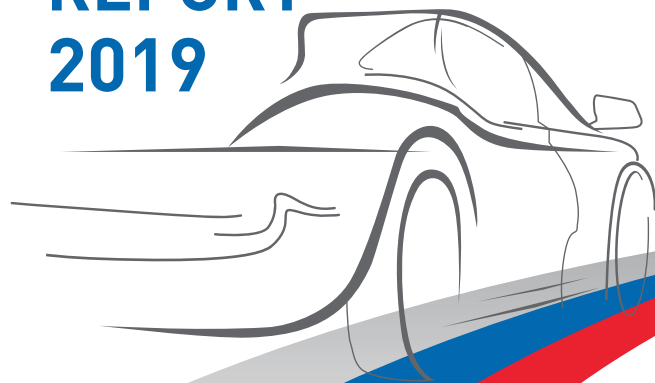


9



**DEALING WITH  
ISSUES RAISED  
BY THE PUBLIC  
OR BY ORGANISATIONS  
IN VERBAL  
OR WRITTEN FORM**

**ANNUAL  
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# 9

## DEALING WITH ISSUES RAISED BY THE PUBLIC OR BY ORGANISATIONS IN VERBAL OR WRITTEN FORM

RAMI is constantly working to review issues raised by the public or by organisations. These communications reach RAMI either in written form or through verbal messages. Dealing with public concerns in this way is carried out in accordance with the legislation of the Russian Federation, and takes into account the fact that RAMI performs functions that are important to the general public.

The procedure for recording and considering communications is set out in the rules governing the professional activity of RAMI that have been approved by the RAMI Presidium in relation to the protection of the rights of policyholders, accident victims and other persons associated with CMTPL insurance.

In 2019, the RAMI and its representative offices in the federal administrative districts received 60,659 written communications from citizens and organisations, of which:

- 2,242 communications relating to the performance by insurers of their obligations under CMTPL insurance contracts;
- 10,253 communications relating to the implementation of the bonus malus system;
- 1,335 communications relating to the inability to conclude a CMTPL insurance policy in electronic format;
- 41,274 communications from courts, state bodies and individuals requesting information to be uploaded from the RAMI CMTPL insurance database;
- 5,555 communications on other issues (the imposition of additional services at the conclusion of the CMTPL contract, other types of insurance, etc.).

In addition, 41,365 electronic communications were reviewed on-line by sending the applicant an electronic response on the day of the appeal, without registering the communication.

From 1 December 2015, the RAMI introduced a simplified procedure for verifying the correctness of the application of the bonus-malus coefficient when calculating CMTPL insurance premiums. Under this procedure, insurance organisations, following the RAMI rules governing professional activity, are obliged to review complaints from the public about the application of the bonus-malus system in a simplified manner. So, upon receipt of the relevant communication from the person who entered into the CMTPL insurance contract, the insurance company is obliged to send a request to RAMI to check what the bonus-malus coefficient should be. The response to this request should be sent by RAMI to the insurance company within 5 business days. If the value of the bonus-malus coefficient provided by RAMI differs from that applied by the insurance company, the insurance company should apply the new value and take this into account both in the current contract and in renewal contracts concluded later so long as there are no claims reported.

1,437,444 requests were received to verify the bonus-malus coefficient.

Communications from the public and from organisations are a source of up to date information and they are useful for solving problems that arise in the CMTPL insurance system. These communications contain important information about how insurance companies are carrying on their business and they are also an effective tool for improving RAMI's IT system.

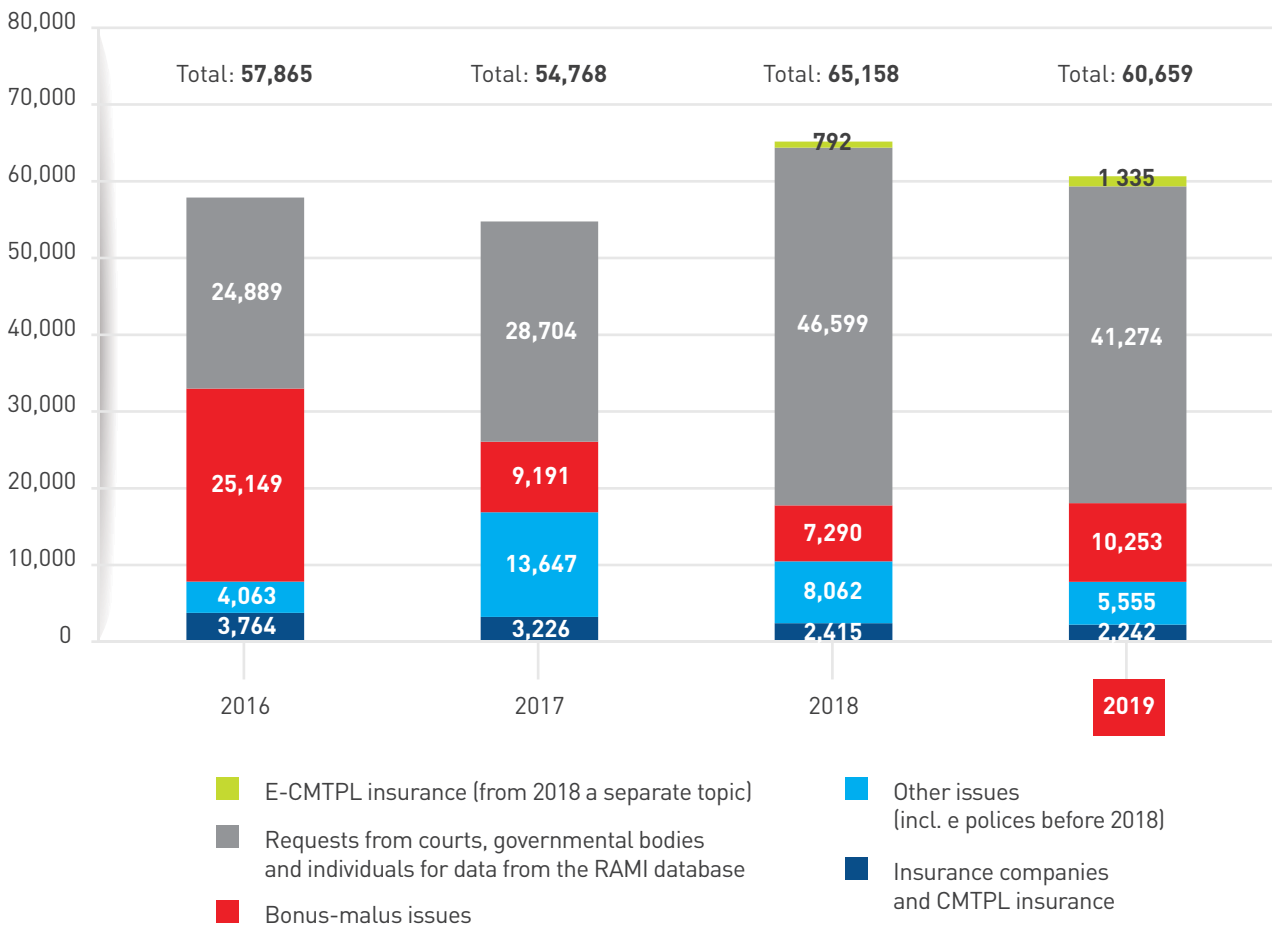


Fig. 52. Communications received by RAMI 2016–2019

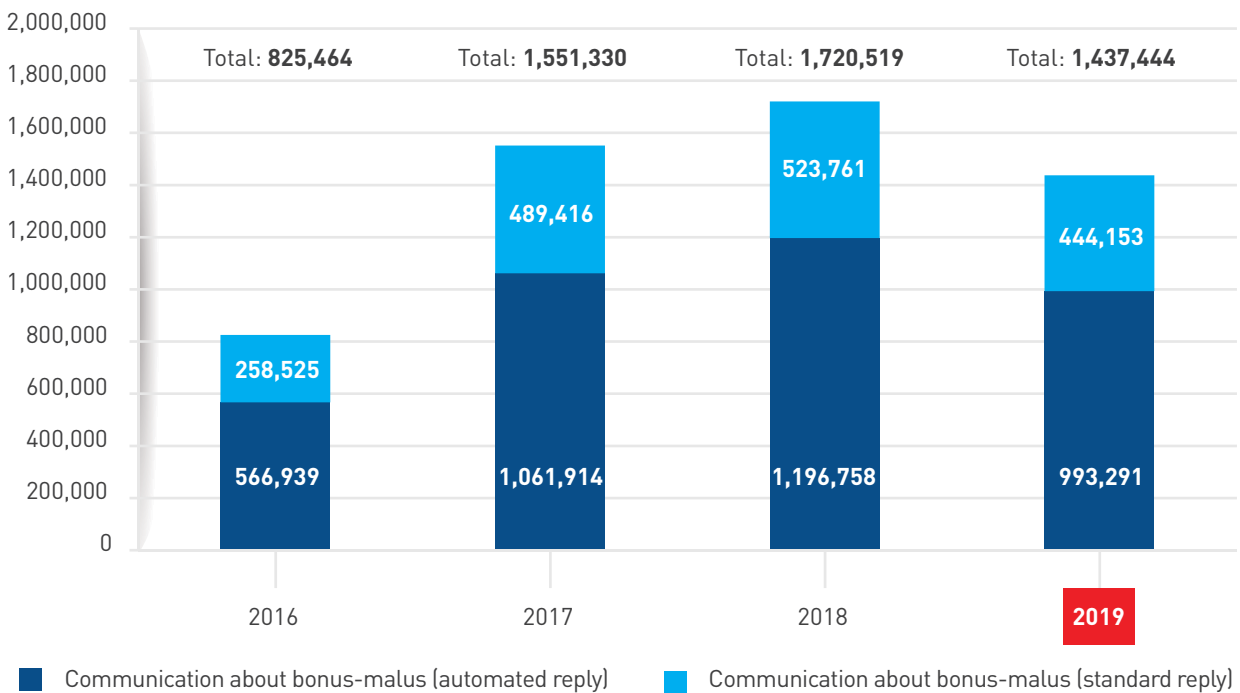


Fig. 53. Total communications received about the bonus-malus system 2016–2019

The RAMI Hotline is a vital part of the Association’s interaction with the public. The main functions of the RAMI’s Hotline are to advise callers about CMTPL insurance and about the technical inspection of motor vehicles. Through the Hotline, the public can also receive information about the status of requests for compensation payments and about the progress of appeals sent to RAMI. The work of the RAMI Hotline is regulated by the Information and Consulting Department of the Citizens’ Appeals Office.

In 2019, the RAMI Hotline received 323,857 calls.

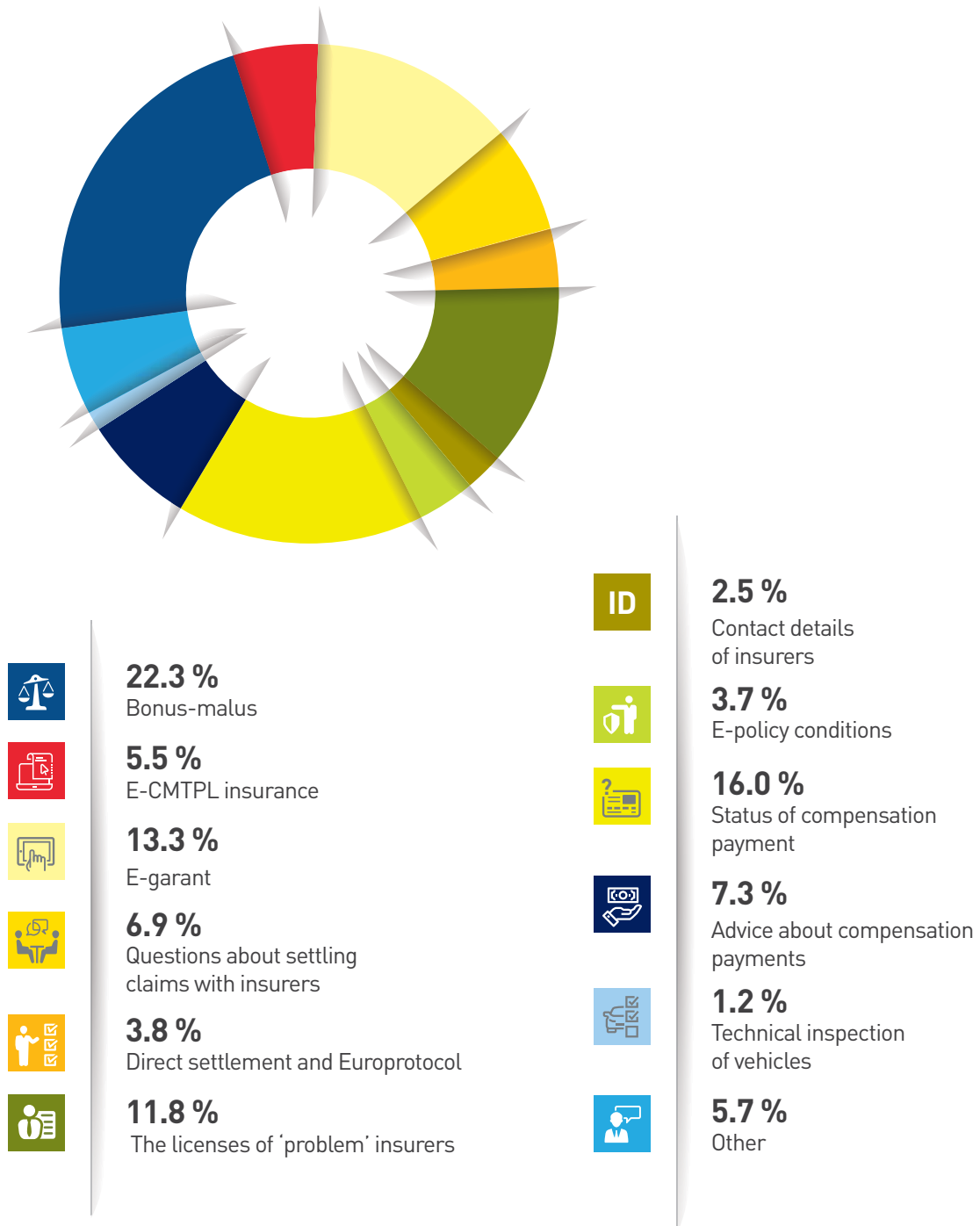
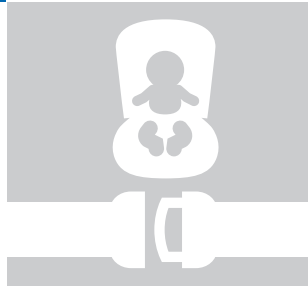


Fig. 54. Themes of phone calls to RAMI in 2019

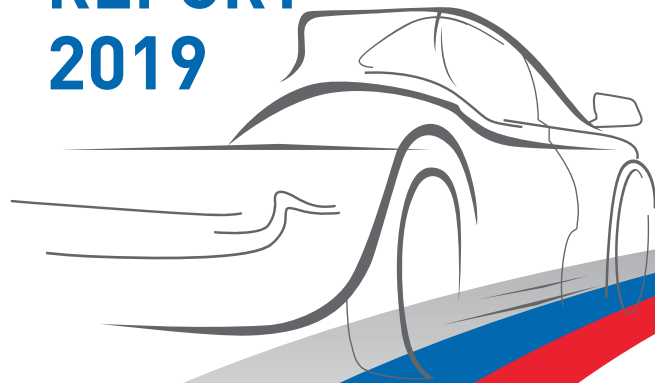


**10**



**PUBLICITY  
AND PROMOTIONAL  
EVENTS SUPPORTING  
ROAD SAFETY**

**ANNUAL  
REPORT  
2019**





# 10

## PUBLICITY AND PROMOTIONAL EVENTS SUPPORTING ROAD SAFETY

### Organising events to support road safety

In 2019, RAMI organised a number of events aimed at protecting the public by reducing the damage caused by road accidents and by eliminating the causes of road accidents. Supporting measures to improve road safety is a major priority for RAMI.

On 14 March 2016, following a meeting of Presidium of the State Council, the President instructed interested parties to jointly develop plans to implement projects aimed at preventing the main risk factors connected with road accidents. As a result, RAMI, the State traffic inspectorate of the Ministry of the Interior of Russia and "Movement without danger", a specialist organisation developed such a plan.

The plan included the implementation of large-scale publicity campaigns and the organisation of the work of researchers into methods of preventing injuries to children from road accidents.

In 2019, the following activities were organised in order to carry out the Presidential instructions:

- Four research centres for the prevention of childhood road traffic injuries were set up. In total, 39 such centres have been opened since the start of the campaign;
- The road safety campaign "Culture on the Roads!" was completed. The objective of this campaign was to improve the culture of road users, when on the roads. It was aimed at various types of road users, including children and people of retirement age.

#### The main objectives of the projects include:

- Development and implementation of road safety programmes related to key road safety risk factors;
- Implementation of the results of targeted research by the centres for the prevention of injuries to children in road traffic accidents. These included the introduction of stationary or mobile playgrounds (car towns) in the regions.

In the framework of these projects, centres for the prevention of child traffic injuries were opened in the following regions:

- The Republic of Mordovia;
- Bryansk Region;
- Volgograd Region;
- Primorsky Krai.

At the same time, a number of publicity campaigns were carried out, aimed at achieving the following goals:

- the prevention of key road safety risk factors;
- the improvement of driving culture to include better behaviour on the roads;
- publicising all possible consequences of traffic violations;
- creating an attitude of social disapproval towards uncivilised and aggressive driving manner on the road.

In order to achieve the social objectives of the project, the following communication channels were used:

- mass media;
- advertisements on radio and TV;
- the internet and social media;
- targeted advertising campaigns;
- targeted campaigns based on the centres for the prevention of children's road traffic injuries, including the use of stationary or mobile children's playgrounds (car towns).

As a result of the implementation of the project 39 centres for the prevention of road traffic injuries, including the use of mobile car areas (car towns), were set up on the basis of non-profit educational institutions in the following towns and cities in Russia: Tula, Tambov, Kostroma, Yaroslavl, Smolensk, Borisoglebsk, Abakan, Tikhvin, Vladimir, Kaluga, Ryazan, Syktyvkar, Nalchik, Vladikavkaz, Ulyanovsk, Nizhny Oskol, Sarapul, Krasnoyarsk, Khabarovsk, Simferopol, Ivanovo, Veliky Novgorod, Saratov, Yekaterinburg, Kurgan, Perm-Mar, Novosibirsk, Blagoveshchensk, Orel, Grozny, Samara, Pskov, Lipetsk, Astrakhan, Vologda, Bryansk, Saransk and in the village of Luchegorsk (Primorsky Territory).

A standard programme of teaching road safety rules has been introduced. This programme for increasing the awareness of how to prevent road traffic injuries includes a modular system of working with children in the main target groups (5–8 years, 9–13 years, 14–16 years) and depends on the psychological and physiological compatibility of the members of the group, how much they are involved in traffic and the relevance of the problems of child traffic injuries.

Logistics equipment was presented to each centre. This equipment included a Ford van called the “safety laboratory for the motor city, containing techniques for recreating a traffic situation, as well as equipment that allows users to develop skills needed in using passenger transport, two-wheeled vehicles, first aid, safe transportation of children using a child car seat. It also contains demonstration equipment.



Fig. 55. The safety laboratory (motor city)

Motor cities help to raise awareness of road safety, both in urban institutions and to operate in remote parts of the region.

The opening of the centres for the prevention of injury to children in road accidents raised to a new level the instruction of children on road safety issues. They have developed for all the regions of Russia a standard methodological base and the necessary equipment. This has initiated a trend in the reduction of road accidents and also in the number of children injured in them due to their negligence and lack of awareness.

On 17 July 2019, President of the Russian Federation, Vladimir Putin, instructed the Government of the Russian Federation

to develop and approve a state programme on road safety to be implemented before 2030, by 1 December 2020. The objective of this programme was to reduce mortality and injuries caused by road traffic accidents and to improve the effectiveness of the management system in the field of road safety. The Government of the Russian Federation, together with the Bank of Russia, (with the participation of RAMI) were instructed to ensure the implementation of awareness-raising programs aimed to prevent offenses in the field of road safety, and also to decide on the establishment of centres for the prevention of injuries to children following road accidents in every region of Russia by 1 September 2020.

## The road safety campaign “Culture on the road!”

The rationale of the campaign was as follows: the development of a road user culture enables a systematic approach to working with road users at all stages of their life from birth to adulthood by emphasising those problems that are characteristic of a particular stage of life in the education of a road user. Despite a general decrease in accident rates the figures relating to injuries remain high. Additional significance of the problem comes from the fact that the problem of road safety affects everyone even from birth.

The aim of the campaign was to reduce the number of victims amongst road users of all types and ages, through the development and improvement of the level of culture of behaviour on the roads.

The following tasks were undertaken:

- Reporting to all target audiences the main objectives of the campaign, taking into account their role as road users and their age;
- Increasing public interest in the improvement of culture and safety of road users;
- Improving the culture of road users, demonstrated by a continued increase in the proportion of people using child restraints, seat belts, reducing speed in a pedestrian crossing area allowing pedestrians to cross the street safely, increasing the proportion of pedestrians crossing pedestrian crossings correctly and using reflective clothing, and an increase in the number of drivers maintaining a safe distance depending on road conditions.

Previous RAMI campaigns have enabled the development of a set of effective communication tools that permit the development and improvement of the culture of road users at various stages.

The campaign received the active support of relevant departments (the State traffic inspectorate of the Ministry of the Interior of Russia, the Ministry of Education and Science of the Russian Federation, the Ministry of Transport of the Russian Federation).

At the final stage of the campaign (January – June 2019), 4 press conferences were held on the opening of centres for the prevention of road traffic injuries, and the use of children’s mobile car areas (motor cities) in educational institutions located in the constituent entities of the Russian Federation: The Republic of Mordovia 04.02.2019; Bryansk region 04.03.2019; Vologda Oblast 04.09.2019; Primorsky Territory 04.18.2019.

Representatives of RAMI, insurance companies, the State traffic inspectorate of the Ministry of the Interior of Russia, top officials of the regions, and the expert community took part in these press conferences.

The central and regional mass media were involved in broadcasting and publishing information about the campaign (more than 1,500 for the entire period): publications were launched and necessary commentaries on the campaign were provided. More than 13,600 reports were placed in print and online publications, as well as in television and radio broadcasts.

Publicity material on insurance and road safety topics was published in the following newspapers: Komsomolskaya Pravda, Vedomosti, Kommersant, and RBC Daily.

The PR campaign in the press, on the social networks Vkontakte, Facebook, as well as running creative contests on the Internet, ensured the involvement of a wide audience in the campaign’s issues, as was confirmed by a public survey carried out by the polling organisation VTsIOM.

## Communicating with federal and regional media

RAMI is conducting a well-organised publicity campaign to inform the public about the principles of CMTPL insurance and how the system operates. As part of this campaign, in 2019 the RAMI Committee on Public Relations took an active part in the following:

- Publicity to support major projects and topics relating to the improvement



of CMTPL insurance;

- 25 press conferences, briefings and seminars were held on the current areas of RAMI activity;
- 100 press releases were issued with information on changes taking place in the field of CMTPL insurance on the activities of RAMI;
- The participation of RAMI speakers in television stories dedicated to CMTPL insurance issues and RAMI activities was organised. These were broadcast on federal and regional television channels, including Channel One, Russia 1, Russia 24, NTV, RBC, "TVC", "Channel 5", "Ren TV" and "Moscow 24";
- RAMI experts took part in radio broadcasts at leading business-oriented radio stations, such as Radio of Russia, City-FM, Vesti FM, Business FM, Moscow FM, as well as at Avtoradio a station traditionally popular among motorists;
- Interviews were arranged with RAMI experts and with representatives of RAMI member insurance companies who were serving on specialised committees in print and online national, specialised and regional media. The publications included Vedomosti, Kommersant, Rossiyskaya Gazeta, Izvestia, Novye Izvestia, Moskovsky Komsomolets, Komsomolskaya Pravda, Moscow News, Behind the Wheel, Auto Review, Cars, Klaxon, Business Petersburg and many others.

Compared with 2018, publicity statistics relating to the media were as follows according to the media monitoring service Integrum:

- In 2019 CMTPL insurance was mentioned in the media more than 140,000 times (the corresponding figure for 2018 was 129,000 times);
- RAMI was referred to in the media in 2019 35,500 times (in 2018, the corresponding

figure was 33,000 times);

- The number of references to Igor Yurgens in the media in 2019 increased to 15,000 from about 13,500 references in 2018);
- the number of references to the "European Protocol" in 2019 in the media increased to 21,196, whereas a year earlier this figure had been 17,934 references;
- the number of mentions of the electronic insurance policy in the media in 2019 was about the same as in 2018: there were 22,891 mentions in 2019 and 22,630, in 2018;
- the number of references to the bonus-malus coefficient in the media in 2019 increased from 4,524 to 4,700.

## Publicising other events organised by RAMI

In 2019, RAMI held a number of round tables and press conferences in the press centres of TASS and Rossiyskaya Gazeta, as well as on its own web site; the Association also provided publicity for insurance events (conferences, seminars, round tables and expert discussions).

Public appearances by RAMI leaders were organised at insurance events, including at congresses, conferences, forums and round tables. Publicity for these events was also provided.

In 2019, RAMI took part in the 17th International Conference organised by the All Russia Insurance Association (ARIA) entitled "Insurance stimulus for sustainable growth", in the International Conference "Barrier-2019". Digitalisation in insurance is a paradigm shift and a new front in the fight against fraud", organised also by ARIA. In addition, the Association participated in the organisation of traditional seminars for



Fig. 56. The 3rd Forum on innovation in insurance (InnoIns-2019) Moscow, 2 April 2019



Fig. 57. The 4th International Conference "Barrier-2019: digitalisation in insurance is a paradigm shift and a new front in the fight against fraud." Moscow, 3 December 2019

regional journalists.

### Media statistics in 2019

As a result of publicity work and of the implementation of road safety 86.87 % of all reactions in the media to messages from RAMI were neither positive, nor negative, but neutral. Positive and negative reactions in the media were approximately the same: 6.53 % and 6.60 %, respectively.

Most of the publicity carried out by RAMI relating to CMTPL insurance has concentrated on the liberalisation of the premium tariff system. Public attention has also been concentrated on this topic, and therefore, during 2019 the insurance community has stressed the positive aspects of liberalisation in its outreach work. Throughout the entire period, arguments for the benefits of liberalisation were promoted and eventually most insurance market participants accepted, that if tariff liberalisation is introduced carefully over several years, then this would lead to the establishment of a fairer tariff system in the market and will become a means for encouraging law-abiding drivers – that is the great majority of drivers.

At the same time, among the top topics being discussed in the media was the expansion of the CMTPL tariff corridor with effect from 9 January 2019 and the second stage of CMTPL insurance reform, which would bring in an increase in payment limits, the abolition of the car engine power, as an underwriting factor, and also the territorial coefficient. At the same time, it would permit the use of telematics to monitor style as an underwriting factor and also would allow companies to take into account the number of gross traffic violations of a driver, when setting the CMTPL insurance premium.

Most of the positive comments in publications referred to the digitalisation of CMTPL insurance, including the possibility of reporting details of road accidents using the Europrotocol via a mobile phone application and buying an electronic policy. In addition, they referred to the expansion of the tariff corridor. Negative comments in publications touched on the possible transfer of RAMI functions in the field of technical inspection of motor vehicles to the government, the imposition of additional insurance services when concluding a CMTPL insurance contract and insurance fraud.

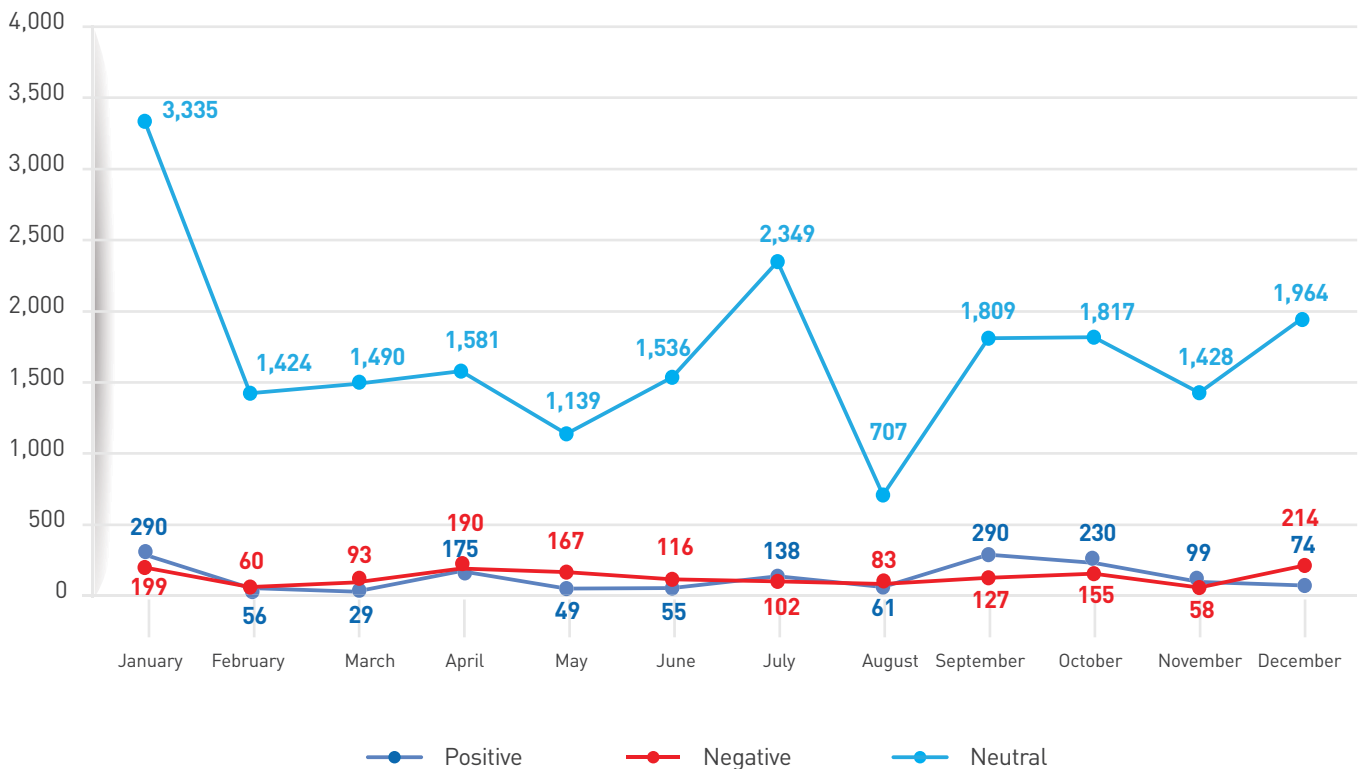


Fig. 58. Percentage of positive, negative and neutral comments in the mass media 2019



## APPENDICES

# ANNUAL REPORT 2019



## **Appendix 1 | The audit report of BDO Unicon JSC on the accounting (financial) statements of the Russian Union of Motor Insurers based on the results of operations for 2019**

The independent Auditor's opinion (No. 1235-BDO-20 dated 03/18/2020) is based on the results of RAMI's activities in 2019 using the accounting (financial) statements issued by the Russian Association of Motor Insurers reflecting the activities undertaken in 2019. The financial statements reliably reflect, in all material respects, the financial situation as of 31 December 2019, as well as the financial results and cash flow of RAMI for 2019 and comply with the rules for preparing accounting (financial) statements established in the Russian Federation.

## Appendix 2 | Extract from the report of the Internal Audit Commission on the work of RAMI in 2019

### **We have concluded the following on the basis of our review of the finances and management of RAMI:**

The accounts have been prepared by RAMI in accordance with Russian legislation. The accounts have been prepared accurately and give a true and fair picture of the assets and liabilities of RAMI as at 31 December 2016 and of the financial results of the Associations operations between 1 January and 31 December 2019 and have been prepared in accordance with the federal law of 6 December 2011 covering the preparation of accounts and the following accounting rules and guidelines: 'Accounts of Organisations' (decree PBU 4/99 of the Ministry of Finance, 06/07/99, No 43n), 'Accounting rules in the RF' (decree of the Ministry of Finance of the Russian Federation, 29/7/98 no 34n) and also in accordance with the Decree of the Ministry of Finance of the Russian Federation of 2 February 2010 (No 66n.) ('The format of accounts of organisations')

### **In the course of our review of the timeliness and accuracy of the accounting for the use of materials, labour and financial resources, no breaches of the rules were discovered.**

The accounts of the use of income and expenditure of RAMI for 2019 are accurate, and in conformity with the constitution and other documents that set out the powers and activities of RAMI.

### **The members of the Internal Audit Commission carried out inspections of the work of the following RAMI departments or subdivisions during 2019:**

- The department for dealing with communications from the public;
- The department for analysis and control;
- IT and infrastructure department;
- The department for developing and standardisation of the IT system;
- The department for organising compensation payments;
- The department for developing claims settlement methodology;
- The department for developing insurance methodology;
- The public relations department;
- The Green Card Bureau;
- The legal claims and litigation department;
- The security department;
- The department for organising technical inspection and licensing;
- The department of insurance statistics.

We saw no breaches of regulations in any of the above departments or sub-divisions of RAMI during 2015. The work of all of the above departments or subdivisions of RAMI was carried on in conformity with the requirements of Russian Federal Law and with the rules of the Association.

### **Members of the Internal Audit Commission:**

Chairman of the Internal Audit Commission

Dmitry F Rudenko  
 Natalya G Chasovikova  
 Andrei S Glukhov  
 Igor V Zagradka  
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