

Russian Association of Motor Insurers
Annual report 2010

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1

The status, objectives and functions of RAMI

The Russian Association of Motor Insurers (RAMI) is the non-profit organisation set up on the basis of the Compulsory Motor TPL insurance law ("On the compulsory liability insurance of road transport users" — Federal law No. 40-FZ). RAMI is the professional association covering the whole territory of Russia to which all insurance companies that are licensed to carry out CMTPL insurance are obliged to belong. The principal objectives of the Association are to act as a focus for co-operation amongst its membership and to develop a code of conduct (the Rules of Professional Conduct) under which its members should act when carrying on CMTPL insurance.

RAMI was founded and operates in accordance with the Russian legislation insofar as it PCA acts as the professional representative of

insurance companies as set out in the main CMTPL law.

The state registration number of the Association is 1027705018494.

The association is located at 27 Lyusinovskaya Street, bld. 3, Moscow 117049, Russian Federation.

The full members of the Association consist of those Russian insurance organisations that satisfy the condition set out in the main CMTPL insurance law. There are two membership categories: full member and observer.

On 31 December, 2010 the Association had 131 insurance organisations in membership. 121 of these held the status of full member and 10 were observer members. During 2010, 30 insurance organisations had their membership of the Association withdrawn, some of whom because they lost their license

to carry on insurance business, and one insurance company joined.

In order to achieve its objectives the Association carries out the following functions:

a) supporting interaction between its members whilst carrying on CMTPL insurance and developing, introducing and enforcing a compulsory code of conduct for RAMI and its members;

b) representing and protecting the interests of those involved in CMTPL insurance in the central and local government bodies as well as other bodies and organisations;

c) making compensation payments to victims of road accidents in accordance with the Charter of the Association and the obligations set out in the Russian legislation, in particular those set out in the main CMTPL insurance law;

d) arranging the printing and distribution of blank CMTPL insurance policy forms for the use by the Association's members and also blank international Green Card certificates and ensuring their proper use;

e) making up a deficiency in the event that an insurance company transfers its portfolio with insufficient assets to cover its liabilities under CMTPL insurance contracts in accordance with the bankruptcy law;

f) developing and using publicity material relating to CMTPL insurance;

g) coordinating the activities of the membership in their Fight against insurance fraud and other illegal acts insofar as they affect CMTPL insurance and the Green Card system and also in combating unfair competition;

h) organising, financing and developing activities to improve road safety, to reduce the frequency of road accidents and to minimise the damage caused by road accidents;

i) developing and financing means of certifying and accreditation of the professional qualifications of those who provide professional services for the CMTPL insurance market and for the Green Card system;

j) cooperating with the members of the international Green Card system and performing other functions that are required by the system;

k) developing international contacts in the interests of the membership;

l) collecting, collating and analysing data including statistics on CMTPL insurance.

The Association is represented in the regions as follows:

1) representative office in the Far Eastern Federal Region

Khabarovsk, Khabarovsk region

2) representative office in the Privolzhsky Federal Region

Nizhny Novgorod, Nizhegorodsky region

3) representative office in the North-Western Federal Region

St.-Petersburg

4) representative office in the Siberian Federal Region

Novosibirsk, Novosibirsk region

5) representative office in the Ural Federal Region

Ekaterinburg, Sverdlovsk region

6) representative office in the Southern Federal Region

Rostov-on-Don, Rostov region

2

Management and organisation structure of RAMI

According to RAMI's Charter, the ruling bodies of the Association are the general meeting of members, the Presidium, the President and the Management board.

The internal audit commission carries out the function of overseeing the financial and operational activities of the Association.

The Association has set up a number of standing committees, commissions, working groups and groups of experts dealing with issues of importance to the Association. The membership of these includes representatives of member insurance companies and others, and their objective is to ensure that the views of the members are taken fully into account and to improve the decision-making process.

The General Meeting of members is the Association's supreme governing body. The main function of the General Meeting is to carry out the overall objectives for which the Association was founded. The General Meeting decides issues that are allocated to it by the legislation of the Russian Federation and the Association's charter. All members are entitled to attend and have one vote.

The Presidium is the body that is collectively responsible for overseeing the operations of the Association

throughout the year. The Presidium is elected at each Annual General Meeting and its membership consists of representatives of Association member companies and the President of the Association together with two individuals elected by the General Meeting. In addition, the Government of the Russian Federation is represented: one representative of each of the Ministry of the Interior, the Ministry of Transport and the Ministry of Finance sits on the Presidium. The membership of the Presidium should be not less than 13 and not more than 25.

The Presidium co-ordinates, oversees and implements the day-to-day activities of all areas of the Association's business when the General Meeting of members is not in session and reports to this body. The Presidium is empowered to study issues and implement decisions dealing with the operation of the system of compulsory motor TPL insurance in the Russian Federation and to deal with all issues relating to the work of the Association that are not reserved for the General Meeting of Members or for the Management Board.

On 20 May, 2010 the General Meeting of Members appointed the following to form the Presidium of the Association:

Pavel B Bunin	President, RAMI
Sergei V Barsukov	Director of the Department of Financial Policy, Ministry of Finance of the Russian Federation
Sergei I Efremov	Vice President, "MSK Insurance group" JSC
Igor N Zhuk	Vice President, "Rosgosstrakh" LLC
Andrei A Zernov	General Director, "Energogarant Insurance Joint-stock Company" JSC
Pavel V Zubrilin	Vice President, "Rosgosstrakh" LLC
Viktor N Kiryanov	Deputy Minister of Internal Affairs of the Russian Federation
Andrei S Kigim	President of the All-Russian Insurance Association
Alexander P Koval	Head of the Federal Service for Insurance Supervision
Nikolai S Lyamov	Deputy Minister of Transport of the Russian Federation
Dmitri E Markarov	First Vice President, "Rosgosstrakh" LLC
Vladimir G Nechepa	Deputy General Director, "Rosgosstrakh" LLC
Oleg S Ovsyanitskiy	General Director, "VSK" SJSC
Sergei V Ogoreltsev	General Director, "UralSib Insurance group" CJSC
Dmitri V Popov	First Deputy General Director – Managing Director, "Rosno" Insurance Company JSC
Dmitri G Rakovshik	General director "RESO-Garantiya" OJIC
Sergei E Sarkisov	President of the Board of Directors, "RESO-Garantiya" OJIC
Vladimir Yu Skvortsov	General Director, "AlfaStrakhovanie" JSC
Alexander G Sudakov	President, "Stolichnaya Insurance Group" JSC
Evgeny V Ufimtsev	Deputy General Director, "VSK" SJSC
Farid R Khamadeev	Director, representative office of "Rosgosstrakh" LLC in the Republic of Tatarstan
Yuri Ya Shpizel	Director, representative office of "Rosgosstrakh" LLC in the Republic of Bashkortostan
Igor S Yamov	Deputy General Director, "Ingosstrakh" OJIC
Vadim E Yanov	Chairman Management Board, "SOGAZ" JSC

The President of the Association holds the position of the Executive Head of the Association: he is appointed by the General Meeting of members for a term of three years. Under the terms of the association's charter, he implements the decisions of the General Meeting and the Presidium.

The President of the Association is responsible to the Presidium and to the General Meeting of members.

On 29 October, 2009 Andrei S Kigim was elected the President of the Association by the General Meeting of members.

On the 20 May, 2010 Pavel B Bunin became the President of RAMI at the

Annual General Meeting of members.

The Association's Management Board is collectively responsible for coordinating day-to-day business. The management board deals with issues allocated to it by the Association's charter; supervises the rules of professional conduct and other internal documents and implements the decisions of the Presidium.

There are 8 members of the Management Board who are elected by the RAMI Presidium. The President of the Association chairs the Management Board.

From 10 May 2010, the members of the Management Board are:

Dmitri E Markarov	First Vice President, "Rosgosstrakh" LLC
Dmitri V Popov	First Deputy General Director – Managing Director, "Rosno" Insurance Company JSC
Sergei E Sarkisov	President of the Board of Directors, "RESO-Garantiya" OJIC
Vladimir Yu Skvortsov	General Director, "AlfaStrakhovanie" JSC
Alexander G Sudakov	President, "Stolichnaya Insurance Group" JSC
Evgeny V Ufimtsev	Deputy General Director, "VSK" SJSC
Igor S Yamov	Deputy General Director, "Ingosstrakh" OJIC



3 CMTPL insurance — 2010 in figures

Vehicle ownership and accident statistics

There are a number of factors that influence the development of the market in CMTPL insurance: these include vehicle ownership numbers and the number of road accidents.

In the last few years in Russia, the number of vehicles on the roads has continued growing. Recently, the road accident statistics have shown

an improvement: the number of accidents involving personal injury has reduced as has the number of people injured in road accidents and total victims of road accidents.

Ministry of the Interior' figures on the growth in vehicle ownership in Russia between 2004 and 2010 are shown in Figure 1.

Growth in vehicle numbers in Russia

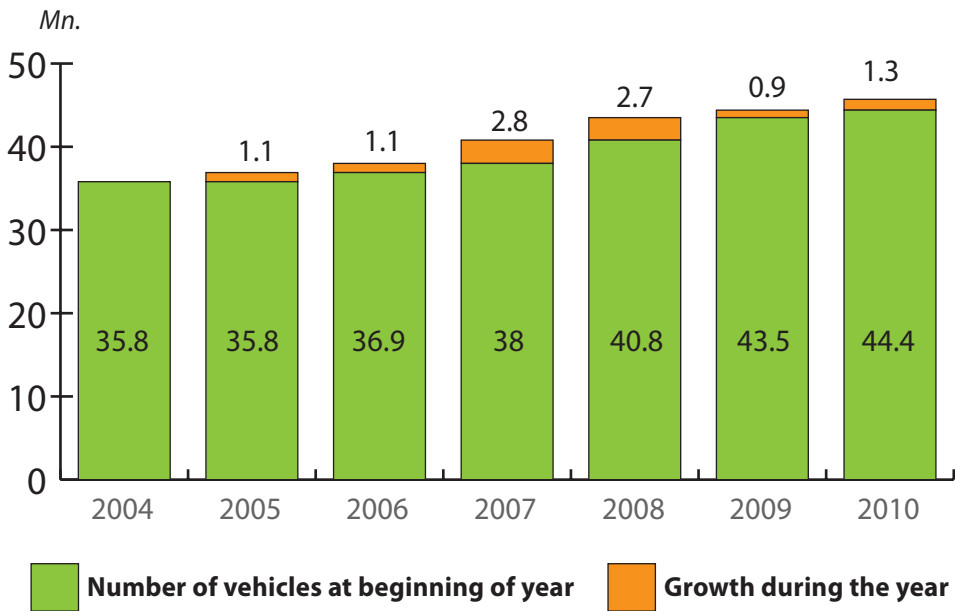


Fig. 1

Up until 2008, the number of vehicles on Russian roads grew. However, between 2008 and 2010 the rate of growth slowed. In 2008 the growth rate was 6.6% compared with 2.1% in 2009 and 2.9% in 2010. In absolute num-

bers, during 2010 1.3 million new vehicles joined Russia's roads and the main cause of this growth was new vehicle sales.

Figure 2 sets out the structure of the vehicle fleet in Russia in 2010.

Types of vehicles in 2010 (trailers and semi-trailers not included)

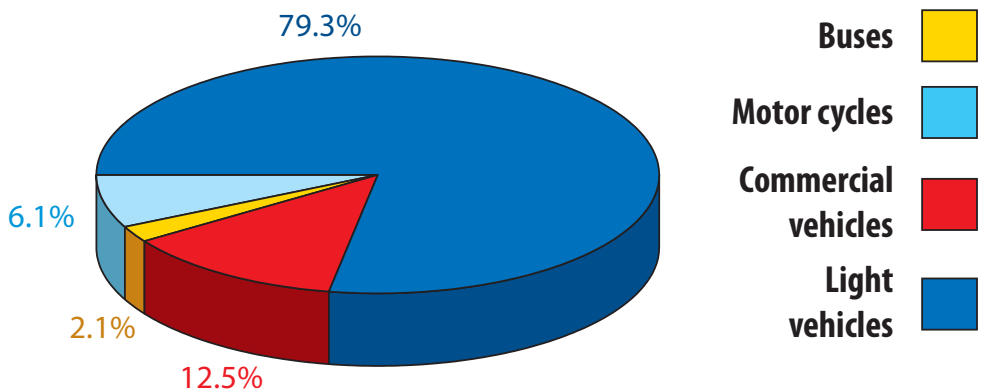


Fig. 2

There was no significant change in the structure of the motor vehicle fleet. Light vehicles made up 79.3% of the total in 2010 as compared with 78.7% the previous year. The share of commercial vehicles reduced from 12.7% to 12.5%, motor cycles from 6.6% to 6.1% whilst buses remained unchanged at 2.1%. In this context, the total number of light vehicles grew year on year by 3.8% and commercial vehicles by 1.7%. The number of buses and motor cycles fell by 0.3% and 3.5%, respectively.

The growth in numbers of motor vehicles was accompanied by a growth in number of CMTPL insurance policies in all years other than 2009 when the number of policies issued contracted by 4.2% over 2008. In 2010, 37.1 million CMTPL insurance policies were issued, an increase of 5.3% over the previous year.

Figure 3 shows the relationship between the growth in number of vehicles and the number of CMTPL insurance policies.

A comparison between the number of vehicles and the number of CMTPL insurance policies issued



A comparison between the growth rate of vehicles and of CMTPL policies issued

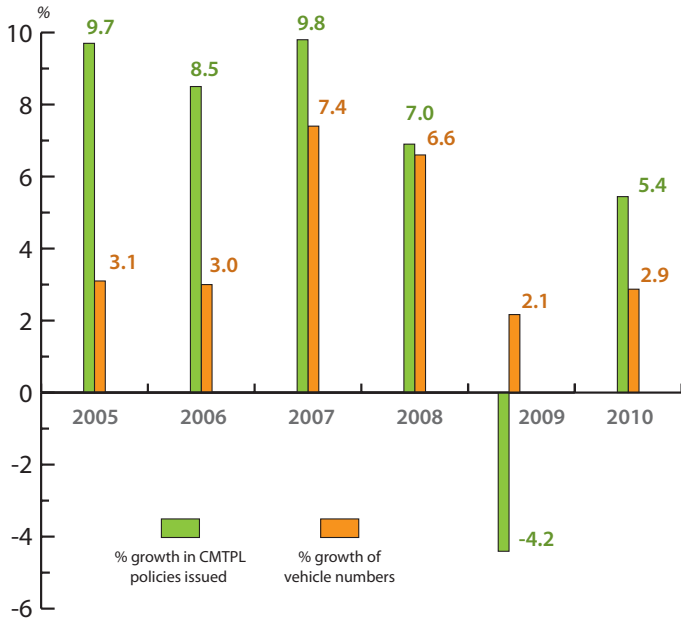


Fig. 3

Up until 2008 the trend was an increase in accident statistics on the roads of the Russian Federation with a consequent increase in the number of CMTPL claims paid.

Between 2008 and 2010 the number of road accidents reduced. Compared with the previous year, there were 6.6% fewer accidents in 2008, 6.7% fewer accidents in 2009 and 2.0% fewer accidents in 2010. The

total number of road accidents recorded in 2010 was 199 400.

Thanks to the successful implementation of a government programme to reduce road accident frequency in Russia, the improving trend continued in 2010: the total number of accidents causing bodily injury reduced. Thus, in 2010 the total number of accidents shrunk by 2% compared with the previous year. (Fig. 4).

A comparison of the growth in road accidents and vehicles on the road

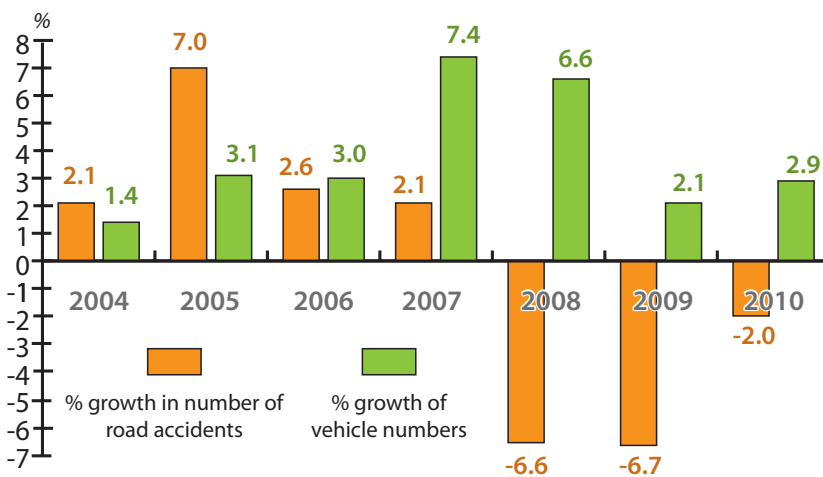


Fig. 4

The total number of accident victims also reduced in 2010 by 2.1% — from 283 000 in 2009 to 277 200 in 2010. The number of injured persons fell by

2.5%. However the number of fatalities in road accidents increased by 1.9%. Fig. 5 shows the road traffic death and injury statistics between 2004 and 2010.

Road accident death and injury statistics 2004—2010

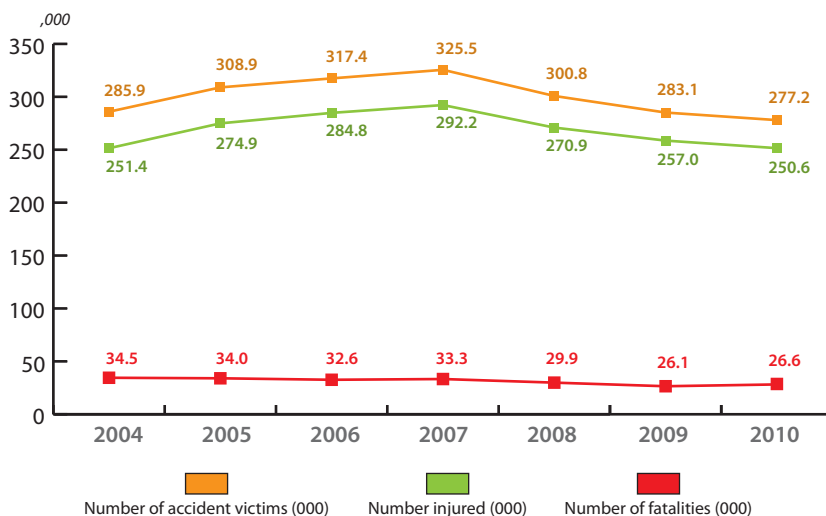


Fig. 5

However, despite the fact that there has been a reduction in the number of road accidents causing injuries, the total number of CMTPL claims continues rising (Fig. 6). The cause of this is, in the

first place, the fact that the total number of road accidents where only damage to vehicles is caused grew. A further cause is the increased propensity of road accident victims to make a CMTPL claim.

The growth in road accident numbers and claims made



Fig. 6

CMTPL insurance statistics

In the period between 1 June 2003 and 31 December 2010 more than 242 million CMTPL insurance policies were issued, more than 11 million road accident victims received compensation for damage caused by the accident and the total amount of compensation payment was more than 265 billion Roubles.

During 2010, according to RAMI's Figures:

- 37.1 million policies were issued;
- 92.6 billion Roubles of premium was received;
- 2.35 million claims for compensation were made;
- 2.29 insurance claims were settled;
- 53.8 billion Roubles were paid in compensation.

Fig. 7 sets out premium and claims statistics.

Number of accident victims and total CMTPL compensation payments

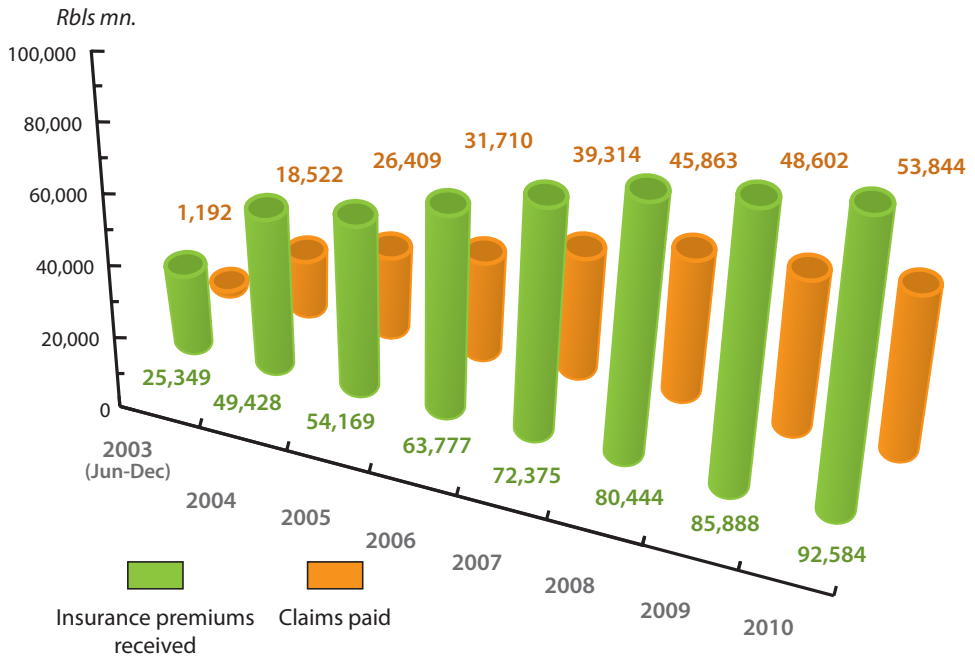


Fig. 7

During 2010 compensation payments made amounted to 58.2% of premiums received.

In addition to the increase in the amount of compensation payments made, the number of claims

made also increased (Fig. 8). Thus, in 2010 2.35 million accident victims made claims, an increase of 13.6% over 2009. By contrast, the number of policies issued increased by 5.4%.

CMTPL insurance: premiums received and claims paid

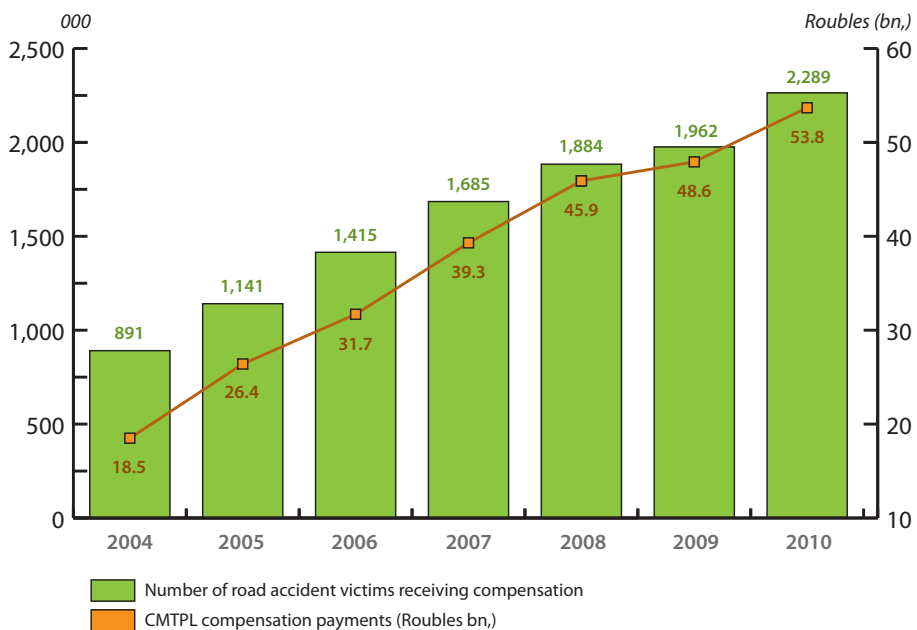


Fig. 8

In this context, it should be noted that in 2010 as far as members of RAMI are concerned, the total amount of money owing to clients (KASKO and CMTPL combined) reduced by 14% — from 5.546 billion Roubles to 4.776 billion Roubles.

From the date of coming into force of the CMTPL insurance law to date the average premium has increased slightly from 1 880 Roubles to 2 500 Roubles. However, if inflation is taken into account, the real level of premium has fallen by 36% (Fig. 9).

Average CMTPL insurance premiums

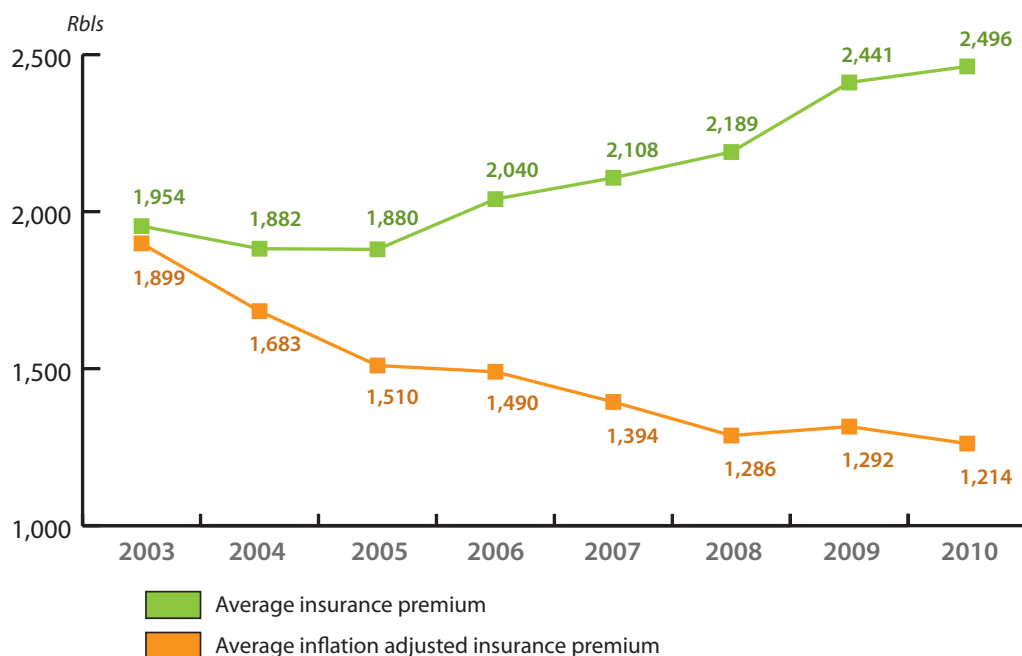


Fig. 9

The equity capital of 121 members of the Association as at 31 December, 2010 was as follows (Fig. 10):

- less than 120 million Roubles — 21% of insurers controlling 2% of total CMTPL insurance premiums;
- from 120 million Roubles to 500

million Roubles — 44% of insurers controlling 9% of CMTPL insurance premiums;

- from 500 million Roubles to 1 billion Roubles — 13% of insurers controlling 3% of CMTPL insurance premiums;
- more than 1 billion Roubles — 22% of insurers with 87% of the market.

Equity capital of RAMI member companies

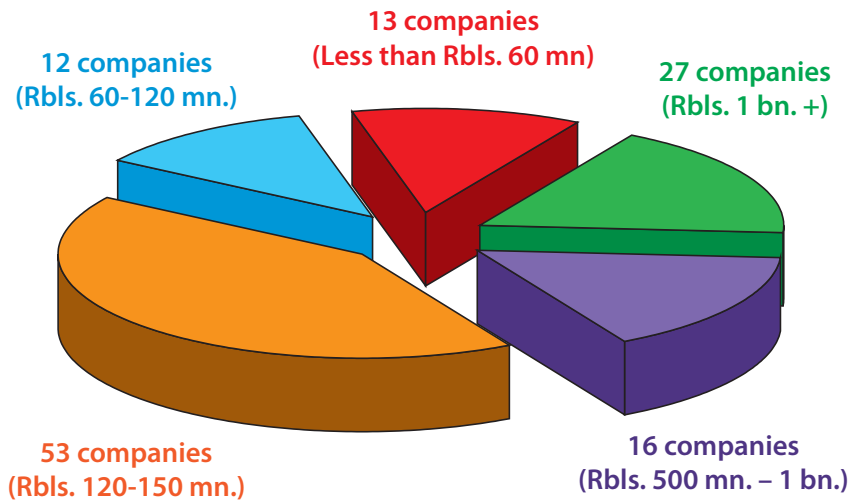


Fig. 10

Fig. 11 shows the ten most important regions of Russia in terms of total CMTPL compensation payments made.

The leading regions of Russia in terms of CMTPL compensation payments made in 2010

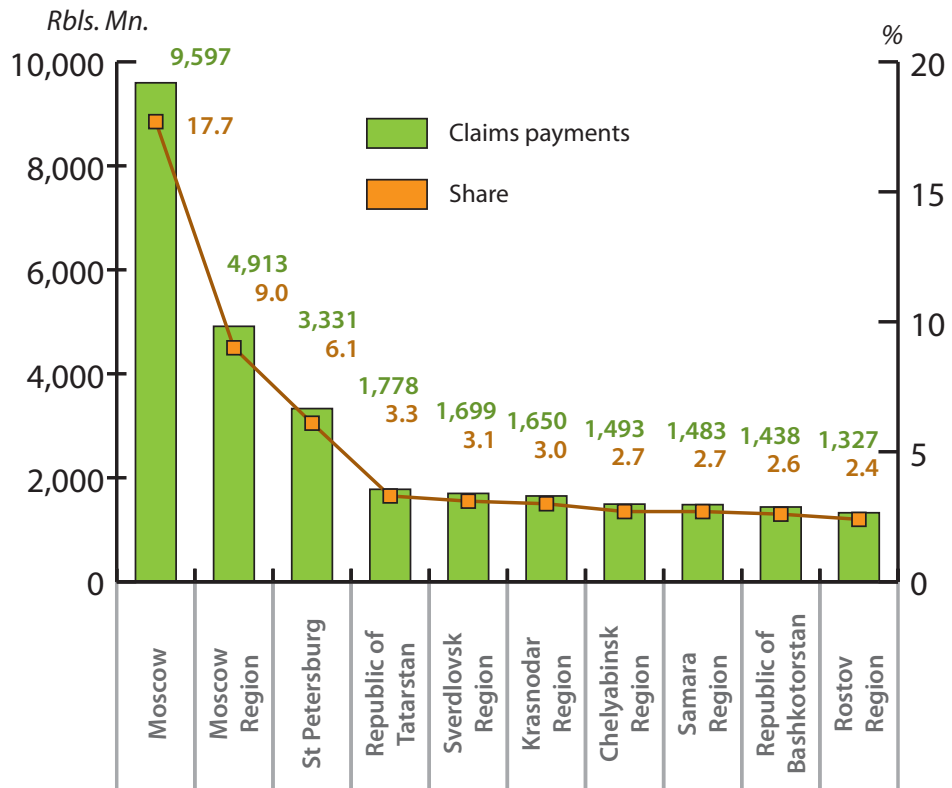


Fig. 11

In 2010 Moscow led the way in terms of the amount of compensation payments made: here the total was 9 597 million Roubles or 17.7% of total compensation payments. The Moscow region was second with 4 913 million Roubles (9% of the total) followed by St.-Petersburg with 3 331 million Roubles (6.1% of the total).

In a number of regions compensation payments were in the range between 1.3 to 1.8 billion Roubles or between 2.4% and 3.3% of the total. Thus, the Republic of Tatarstan (1 778 million Roubles), Sverdlovsk region (1 699 million Roubles), Krasnodar region (1 650 million Roubles), Chelyabinsk region (1 483 million Roubles), Samara region (1 483 million Roubles), the Republic of Bashkortostan (1 438 million Roubles) and Rostov region (1 327 million Roubles) all fell into this range.

In terms of federal administrative regions the leader in terms of premiums collected and compensation payments made was undoubtedly the Central Federal Region. In this region 36 864 million Roubles of premium were collected (39.8% of total premiums) and 20 288 million Roubles were paid as compensation (37.4% of the total). Statistics by the federal administrative regions are set out in Figs. 12 & 13 (Data for 2010 are from RAMI form 2).

In 2010 16% of total premiums were collected in the Privolzhsky Federal Region (14 862 million Roubles), 12.4% in the North-Western Federal Region (11 533 million Roubles) 10.7% in the Siberian Federal Region (9 872 million Roubles), 8.1% in the Ural Federal region (7 474 million Roubles), 7% in the Southern Federal Region (6 499 million Roubles) and 4.1% in the Far Eastern Federal Region (3 771 million Roubles).

The breakdown of claims payments was as follows: 19.3% of total compensation payments were made in the Privolzhsky Federal Region (10 486 million Roubles), 10.9% in the Siberian Federal Region (5 904 million Roubles), 10.9% in the North-Western Federal Region (5 896 million Roubles), 8.7% in the Ural Federal Region (4 746 million Roubles), 7.4% in the Southern Federal Region (4 025 million Roubles) and 3.6% in the Far Eastern Federal Region (1 975 million Roubles).

Bringing up the rear in terms of both premiums and claims is the North Caucasian Federal Region where 1 756 million Roubles in premium were collected (1.9% of total) and 990 million in compensation payments were made (1.8% of the total). The position of this Federal Region can be explained by the fact that this is the Federal Region with the lowest number of registered vehicles.

CMTPL premiums

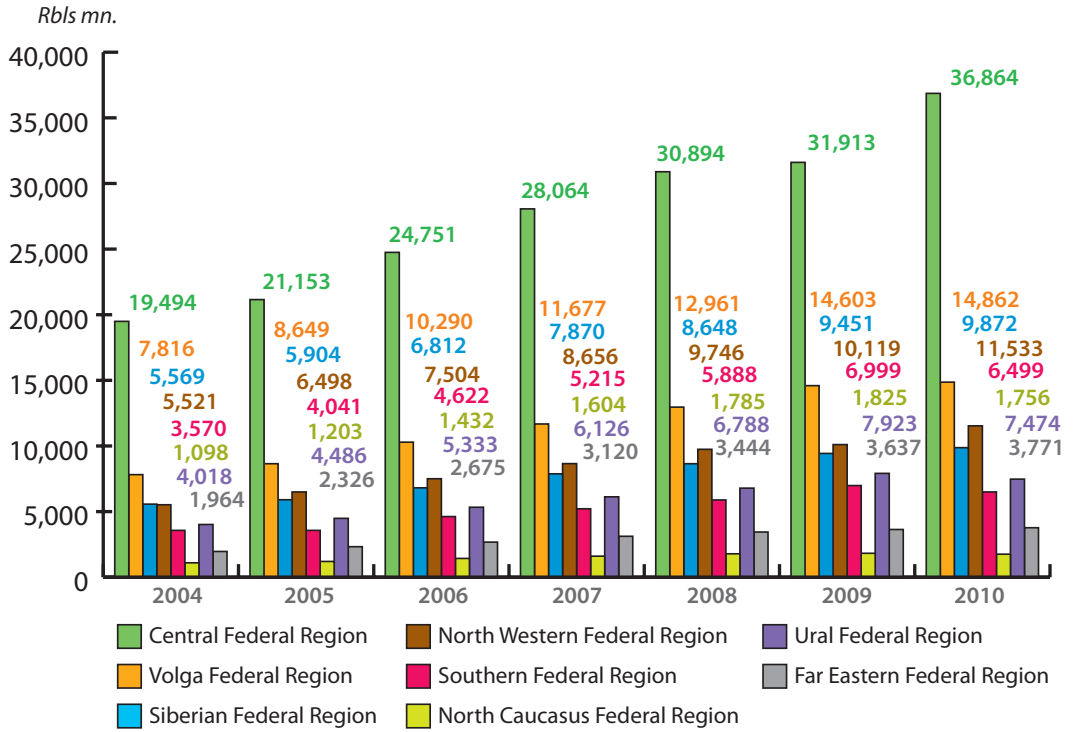


Fig. 12

CMTPL claims payments

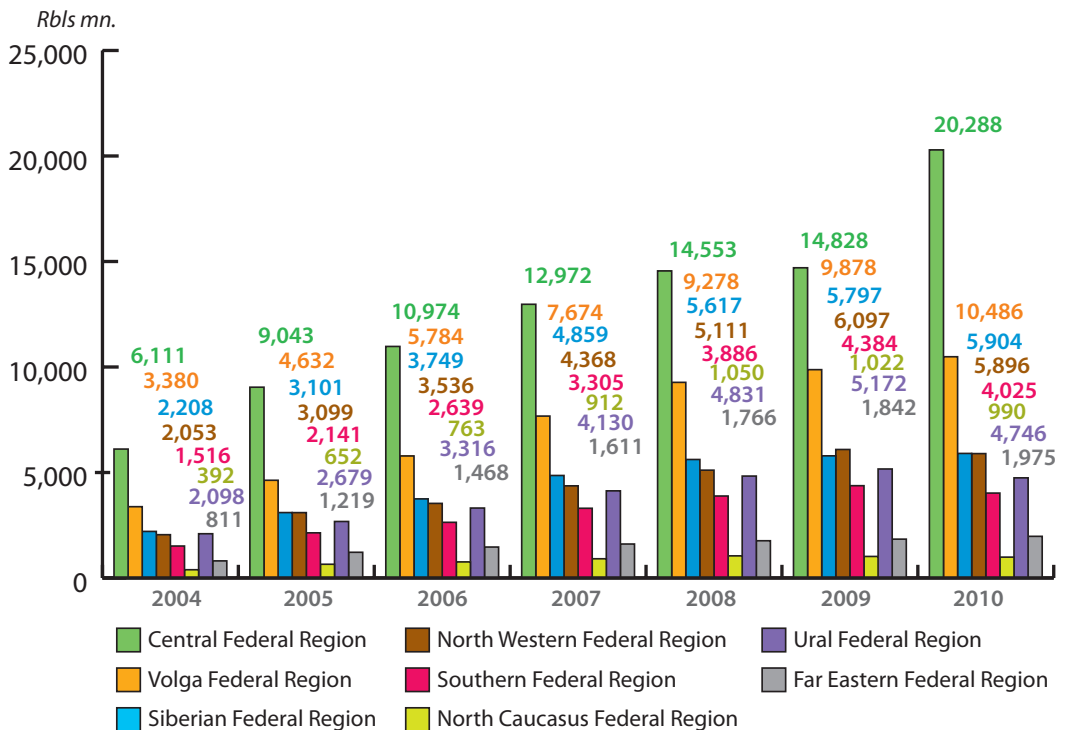


Fig. 13

CMTPL insurance as part of the Russian insurance market (statistics from the Federal Service for Insurance Supervision)

As of 31 December, 2010 there were 608 insurance organisations listed on the state register. 121 of them (or 19.9%) had licenses to carry on CMTPL insurance. Total insurance premiums collected from all classes of insurance were 1041.1 billion Roubles of which

CMTPL accounted for 91.6 billion Roubles. Total claims payments amounted to 768.6 billion Roubles of which CMTPL contributed 55.5 billion Roubles.

Fig. 14 sets out the breakdown of premiums and claims by class of insurance business.

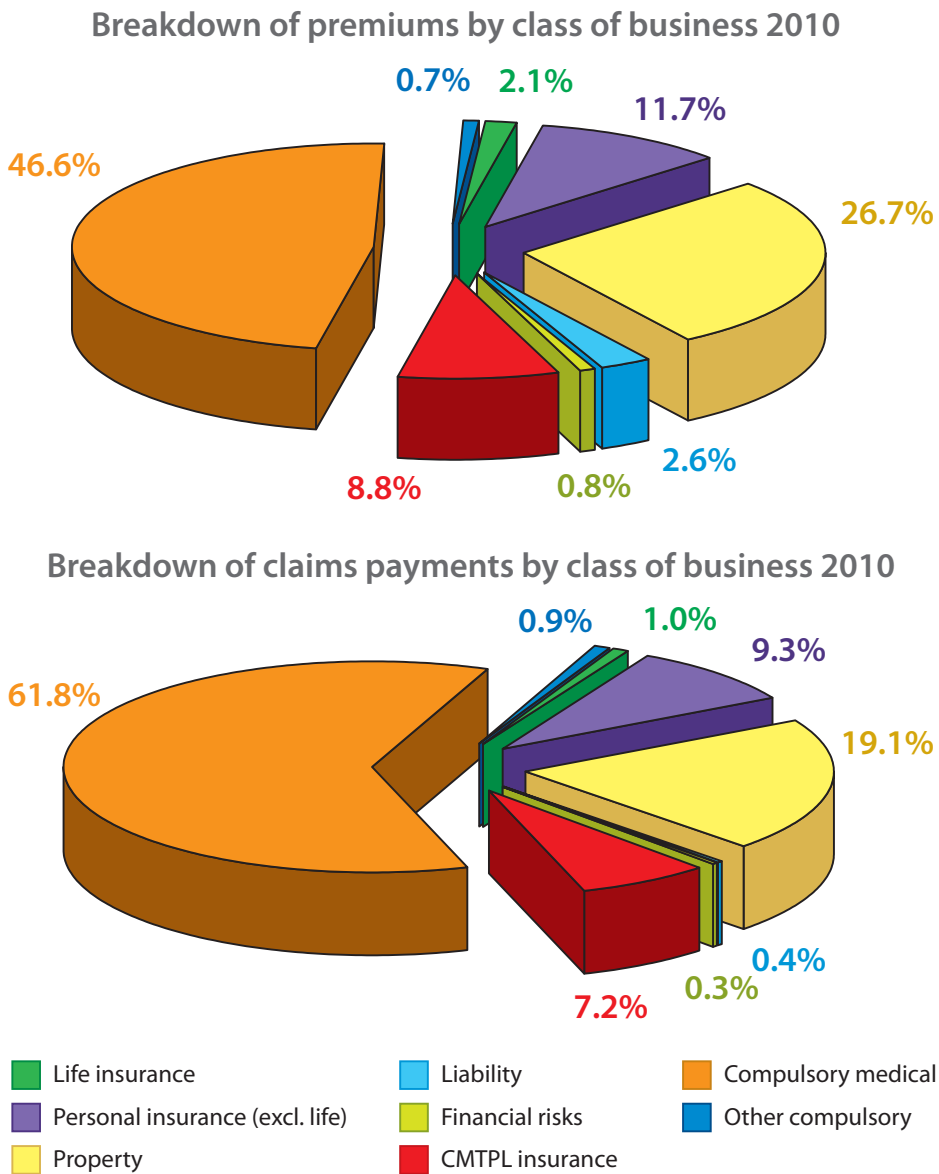


Fig. 14

Fig. 14 shows that the largest class of business in the insurance market is compulsory medical insurance which accounts for 46.6% of premiums and 61.8% of claims. CMTPL insurance accounts for 8.8% of premiums and 7.2% of claims paid.

In terms of premium from voluntary classes of insurance in 2010 its share increased from 43% to 43.9% of the total and compulsory classes reduced their share from 57% to 56.1%. (See Table 1).

	2005	2006	2007	2008	2009	2010
Premiums from compulsory classes of insurance (billion Roubles)	203.5	273.2	368.7	481.8	557.1	583.8
Share (%)	41.1	44.7	47.5	50.9	57.0	56.1
Premiums from voluntary classes of insurance (billion Roubles)	292.0	337.4	407.3	464.4	420.4	457.2
Share (%)	58.9	55.3	52.5	49.1	43.0	43.9

Table 1

In comparison with 2009 premiums from compulsory classes increased by 4.8% whilst premiums from voluntary classes increased by 8.8% (Fig. 15).

Insurance premiums from voluntary and compulsory classes of insurance

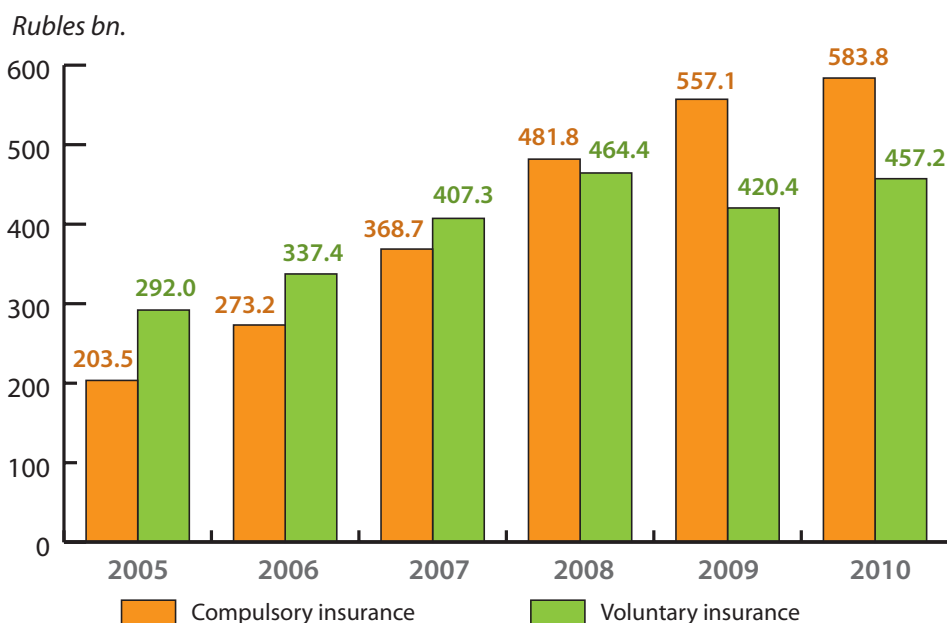


Fig. 15 a

A comparison between growth rates in compulsory and voluntary classes of insurance

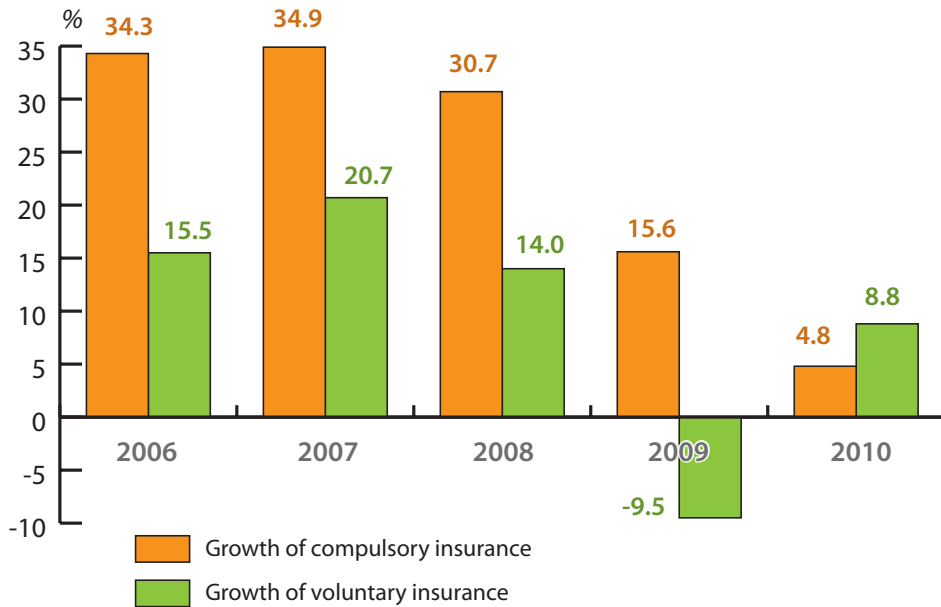


Fig. 15 b

Fig. 16 sets out the structure of compulsory insurance in 2010. In that year total premiums from compulsory

classes amounted to 583.8 billion Roubles as compared with 557.1 billion Roubles in 2009.

Breakdown of compulsory insurance premiums by class in 2010

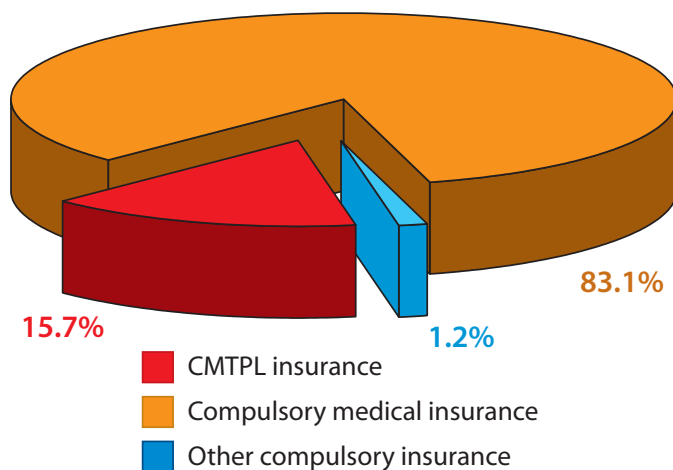


Fig. 16

Compulsory medical insurance remains the largest class of compulsory insurance. CMTPL insurance's share in total compulsory insurance premiums increased from 15.4% to 15.7% whilst compulsory medical insurance's share reduced from 83.4% to 83.1%. Excluding CMTPL

insurance and compulsory medical insurance, other compulsory classes had a reduced share falling from 1.3% to 1.2%. Overall, total CMTPL insurance premiums increased by 6.9%, compulsory medical insurance increased by 4.5% whilst other compulsory classes reduced by 1.6%.



4 The Association's main projects in 2010

Direct settlement of claims. Simplified reporting of road accidents

During 2010 the system of direct settlement of claims developed further. In addition, insurance organisations gained experience in settling claims where the accident report had been completed without the participation of a police officer (Simplified reporting of road accidents).

In 2010 in the context of direct settlement of claims by insurance organisations that have adhered to the agreement:

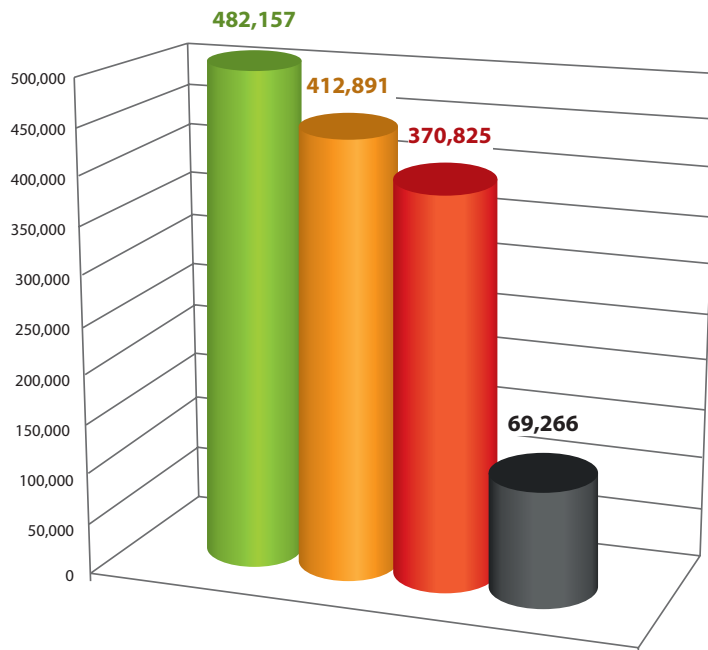
- 482 157 applications for settlement of claims were filed;
- 412 891 were accepted or confirmed for settlement;
- 69 266 were not accepted;
- 370 825 payments were made by the insurance company of the driver

at fault to the insurance company of the victim which had settled the claim of the victim for compensation (Fig. 17).

The total amount of compensation paid to victims through the direct settlement scheme was more than 7.177 million Roubles.

It should be noted that for the ten months of 2009 and for all of 2010 the number of applications increased by 6.6 times and the number of refusals — by 4.9 times. The number of paid settlements grew by 9 times (Fig. 18). These are significant rates of growth in transactions under the direct settlement scheme which resulted in a substantial increase in compensation payments made to victims through the scheme.

Statistics relating to the direct settlement scheme 2010



	Number
Applications	482,157
Confirmed	412,891
Payments	370,825
Refusals	69,266

Fig. 17

A comparison of direct settlement statistics between 2009 and 2010

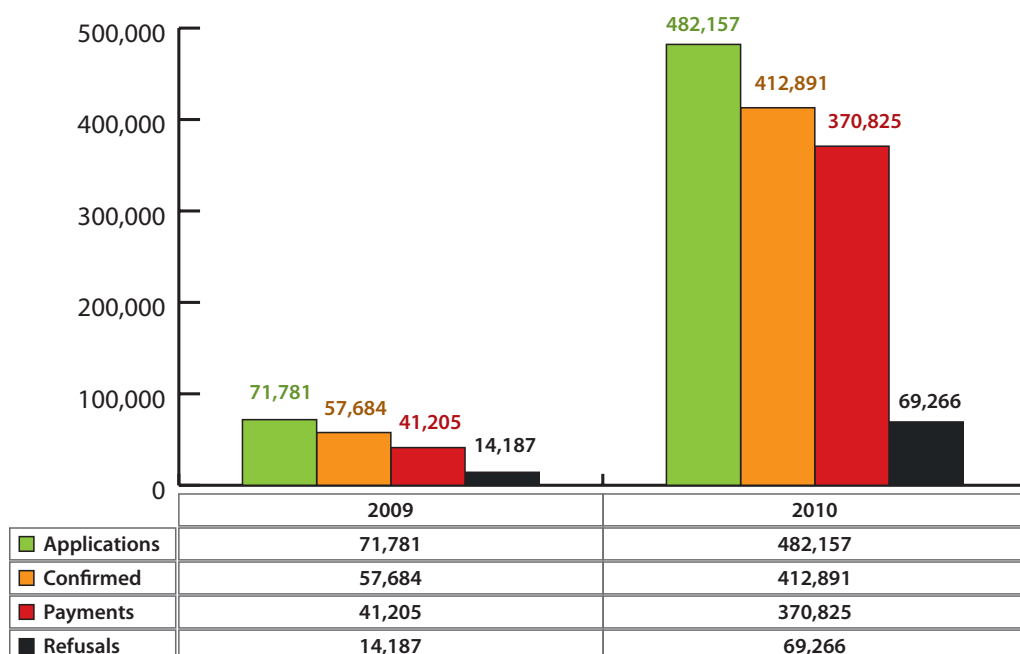


Fig. 18

It should be noted that the growth in the number of applications for compensation to the victim's insurance company under the direct settlement

scheme during 2010 increased steadily (Fig. 19). However, the rate of growth was slower than in the similar period in 2009.

Changes in direct settlement statistical indicators during 2010

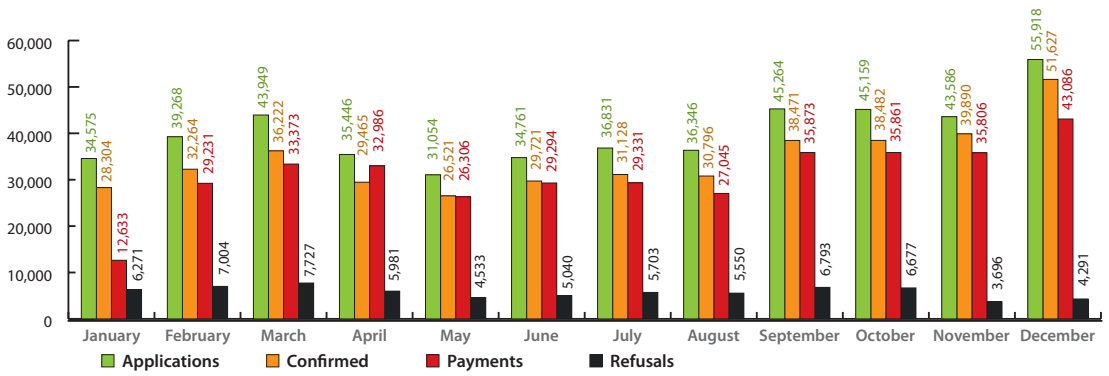


Fig. 19

In 2010 there was a definite increase in the number of accident victims who sought compensation payments using direct settlement. If, during the period 1 March 2009 to 28 February 2010, about 7.5% of all

CMTPL claims were made through the direct settlement scheme, this Figure had increased to more than 20% by 2010. As Figure 20 shows, there was a 49% increase in the use of the scheme during 2010.

Monthly percentage of CMTPL claims applying through direct settlement, 1 January 2010 to 31 December 2010

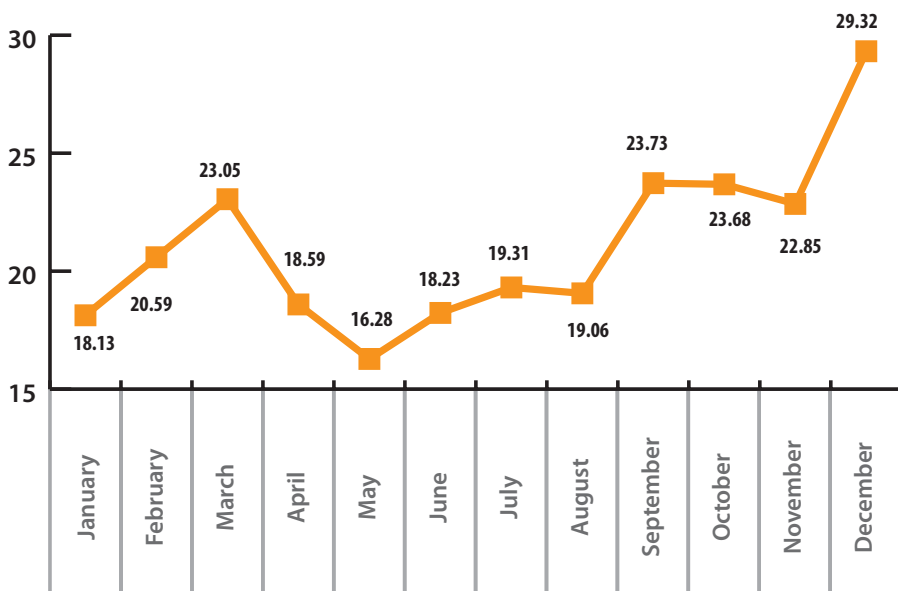


Fig. 20

RAMI calculates that about 5% of CMTPL claims are settled using the simplified reporting system. The fact that such a relatively small propor-

tion of CMTPL claims are settled using the simplified system shows that the general public are not yet fully informed of its advantages.

Statistics on claims, reported using the simplified system and settled through the direct settlement system in 2010

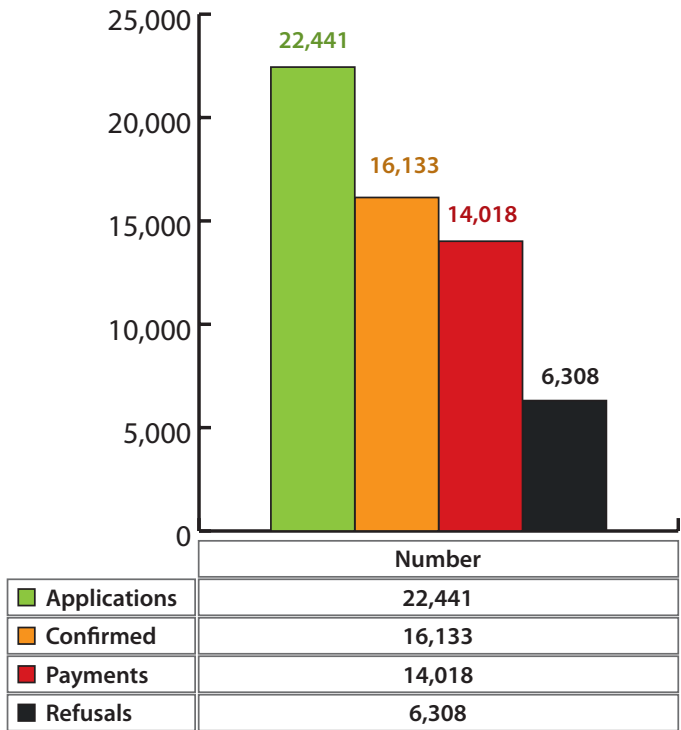


Fig. 21

Nevertheless, during 2010 there was a clear monthly growth in the number of claims that were settled under

the direct settlement scheme and reported using the simplified system for reporting road accidents. (Fig. 22).

Monthly details of claims settled during 2010 under the direct settlement scheme using the simplified road accident reporting system

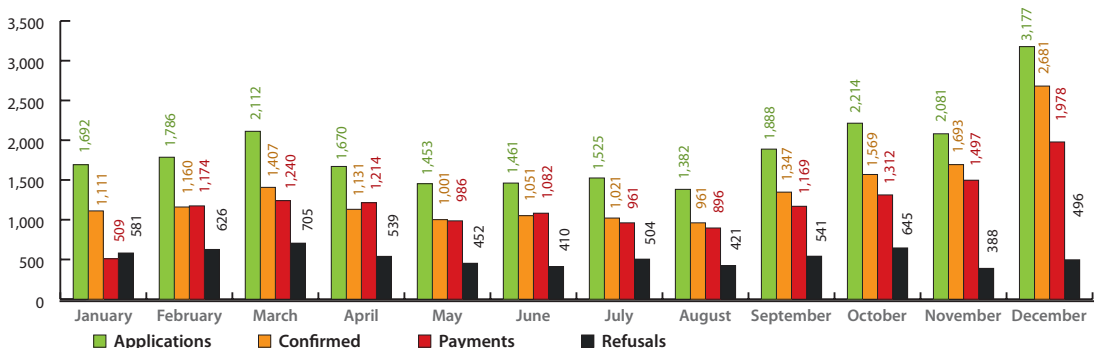


Fig. 22

In 2010 in order to increase the use of the simplified system of reporting road accidents it was proposed that a working group should be set up with representatives of RAMI, the Ministry of Internal Affairs and Road safety department to develop a combined set of recommendations as to what each driver at the site of a road accident should do. It is expected that this will increase the trust of the general public in the system of simplified reporting of road accidents and will contribute to the system's

development. The working group is supposed to start its work in 2011.

In the course of 2010 two calculations were made of the average claim payment amount under the direct settlement system using data supplied by the CMTPL insurance database system.

From 13 December 2010 the following intercompany settlement amounts are in force for the direct settlement system based on average claim payments in each region of Russia for the type of motor vehicle.

№	Geographic area	Average claim payment amount in Roubles		
		Light vehicle, locally manufacture*	Light vehicle, foreign manufacture*	Other vehicles
1	Central Federal Region excluding Moscow and Moscow region	12,504	22,824	18,518
2	Privolzhsky Federal Region	12,052	22,642	20,889
3	Siberian Federal Region	12,028	19,777	18,091
4	North-Western Federal Region excluding St.-Petersburg and Leningrad region	13,053	20,463	21,775
5	Southern Federal Region	12,978	24,550	26,016
6	North Caucasian Federal Region	13,827	27,305	26,016
7	Ural Federal Region	12,234	20,876	22,388
8	Far Eastern Federal Region	12,091	21,079	27,242
9	Moscow and Moscow region	12,377	23,507	22,097
10	St.-Petersburg and Leningrad region	14,748	25,804	31,726

* Vehicles of foreign manufacture which are assembled in the Russian Federation are defined as being of foreign manufacture.

Table 2

Under a system of direct settlement, "claim selection" occurs when the "direct" insurer (the insurer who has issued the CMPTL policy of the accident victim) settles only those claims that are lower than the average claim size. To combat claim selection means were

found to identify those companies exercising bad faith through utilising this practice in 2010. Data from the CMTPL IT system was used to develop indicators that identified these companies and permitted disciplinary action to be taken against those responsible.

In 2010 the RAMI committee for the development of the European Protocol established a commission to examine complaints appeals from insurance companies in terms of their claims settling procedures and the European Protocol. This commission sat 13 times and examined

evidence from 164 cases where members of RAMI had broken regulations. This commission was able to discipline the rule breakers and in doing so reduced the incidence of such behaviour both in those companies that were disciplined and in the market as a whole.

International Green Card system

During 2010 members of the Russian Green Card Bureau issued 1.4 million cards.

There were 3 316 accidents registered where a Russian driver with a Russian Green Card was involved. (In 2009 — 2 141 accidents)

Number of issued Green Cards and registered accidents 2009-2010

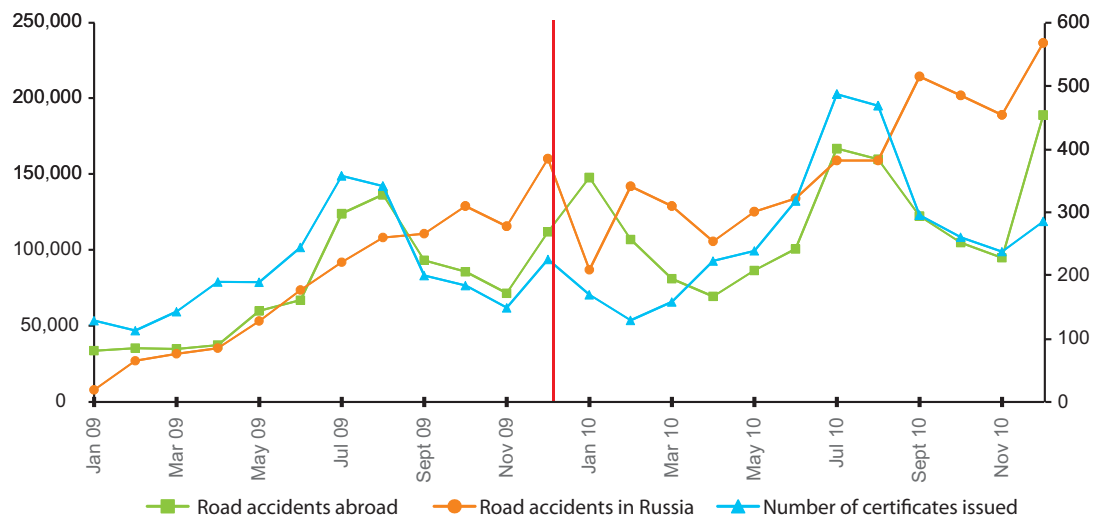


Fig. 23

In 1 260 accidents out of these the Russian driver was at fault. Three of these cases involved compensation payments of 200 000 Euros or more.

During the same period 4 389

claims were registered arising out of accidents within Russia involving foreign drivers in possession of a Green Card (2009 — 2075). 1 926 of these were settled.

Number and location of Green Card claims outside Russia

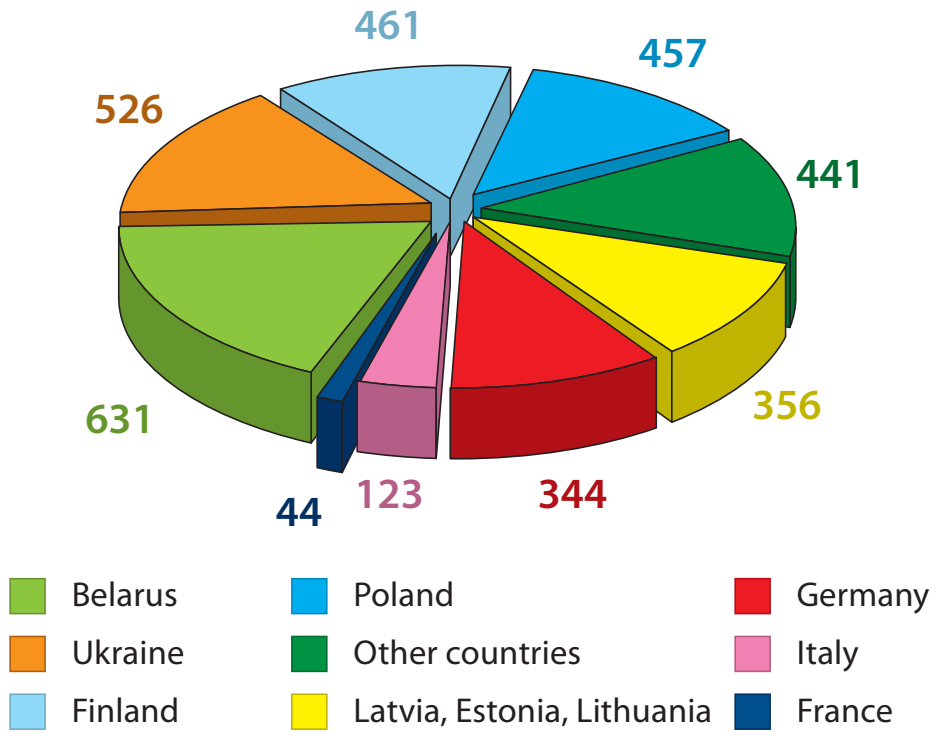


Fig. 24

Number of Green Card claims within Russia and the nationality of foreign participants

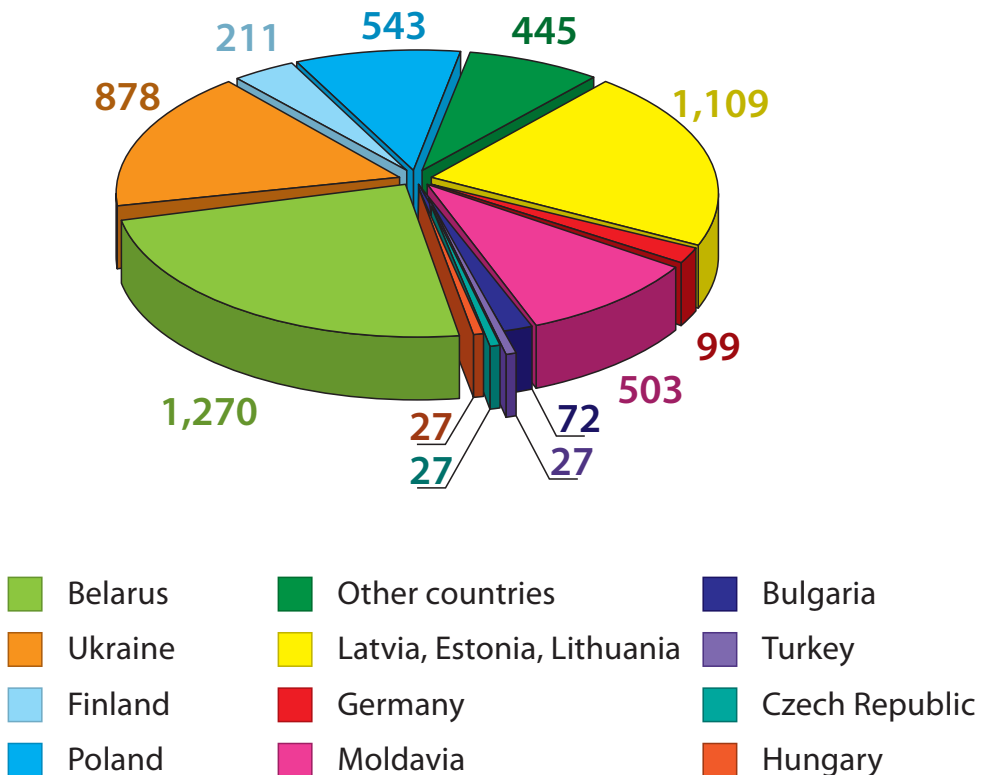


Fig. 25

In 2010 RAMI continued the process of improving the regulatory framework of the Green Card system and bringing Russian legislation in line with the system. As part of this process, new rules of professional conduct were introduced and changes were made to RAMI's charter in part to bring it in line with the legal requirements to protect personal data. Work in this area included:

- setting out the professional qualifications for insurance company employees working in departments dealing with Green Cards;
- procedures of suspending, renewing and withdrawing the right to carry on Green Card business;
- rules of financing RAMI's activities within the Green Card system;
- the rules regulating the Green Card issuance;
- Green Card tariff structure and the procedures of calculating the premium;
- instructions and procedures for disciplining members of the Green Card bureau in the event that they breach regulations whilst operating the Green Card system;
- rules governing the carrying out of inspections and audits of Green Card member companies operations;
- rules governing sanctions in respect of Green Card member companies, their management and staff;

- rules governing the advertisement of services within the insurance market in relation to the Green Card system;

- procedures of handling Green Card claims under the Green Card system;

- the overall rules for the motor third party liability insurance policy issued under the Green Card system;

- manuals for the Green Card member companies staff;

- regulations of issuance;

- regulations relating to the Green Card certificate.

On 22 July, 2010 the Russian Ministry of Finance issued decree No. 77 which set out procedures for forming outstanding claims reserves for claims incurred within the Green Card system. This procedure required a calculation of the average Green Card claim size and this was done using statistical data from the RAMI database and from foreign bureaux.

During 2010 further development work was carried out on the IT subsystem that controls the issuing of blank Green Card policies and tracks issued policies under the Green Card system. In addition, there was a successful introduction into commercial operation of the IT subsystem ensuring the security Green Card data protection system.

Settling disputes between members of RAMI. The arbitration court

The overall CMTPL law, under point "m" in part one of chapter 26, requires RAMI to set up a system for resolving disputes between members. As a result, on 23 December, 2010, the RAMI Presidium passed a set of rules entitled "Rules for the resolution of disputes between RAMI members, arising from a RAMI member's review of a claim by a motor accident victim and the payment of compensation under a CMTPL policy issued by another member of RAMI or from other issues relating to the CMTPL insurance Code of Professional Conduct".

In order to settle disputes according to these Rules, RAMI has set up an arbitration court that is in constant session. The Rules state that all disputes between members must be referred to the court of arbitration.

The main objectives for which the RAMI arbitration court was set up are:

- to create an effective mechanism to settle disputes in the insurance market arising from CMTPL insurance;
- to provide a legal defence of the rights and legal interests of individuals

and organisations dealing with CMTPL insurance;

- to improve the professional work of Association members in carrying on CMTPL insurance;
- to increase the level of discipline and compliance with the law in respect of CMTPL insurance;
- to provide a quick and effective way of resolving disputes.

The following documents, which were passed by the RAMI Presidium on 23 December, 2010, govern the activities of the arbitration court:

- the regulations governing the RAMI arbitration court;
- the rules of procedure of the RAMI arbitration court;
- the procedure for appointing arbitrators for the RAMI arbitration court;
- the list of approved arbitrators for the RAMI arbitration court;
- the rules governing income and expenditure for the RAMI arbitration court;
- the rules governing the payment of fees in the RAMI arbitration court.



5 Compensation payments

The main CMTPL law requires RAMI to make compensation payments to victims of road accidents in circumstances where insurance companies are unable to fulfil their CMTPL obligations:

- when an insurance company has commenced bankruptcy proceedings;
- when a company has had its license to carry on insurance business withdrawn;
- when it is not possible to trace the driver that caused the damage;
- when the driver that caused the damage is not in possession of a valid CMTPL insurance policy.

Between 1 July 2004 and 31 December 2010, RAMI dealt with 235 717 applications for compensation payments from victims of road accidents. 205 424 of these applications resulted in a decision to pay compensation. Total

compensation payments amounted to 9 560 million Roubles.

There were 120 compensation payments for death or injury and these amounted to 6 191 000 Roubles.

About 99% of the compensation payments were made in circumstances where the insurance company had had its license to carry on insurance business withdrawn.

In 2010, RAMI undertook to make compensation payments on behalf of 54 insurance organisations. 118 286 applications were received, 109 194 of which resulted in payments amounting to 5 billion Roubles in total.

On 9 June, 2010 the "Reserve Guarantee" fund was exhausted. Subsequent payments have been made from the "Fund for Current Payments".

Compensation payments made 2004—2010

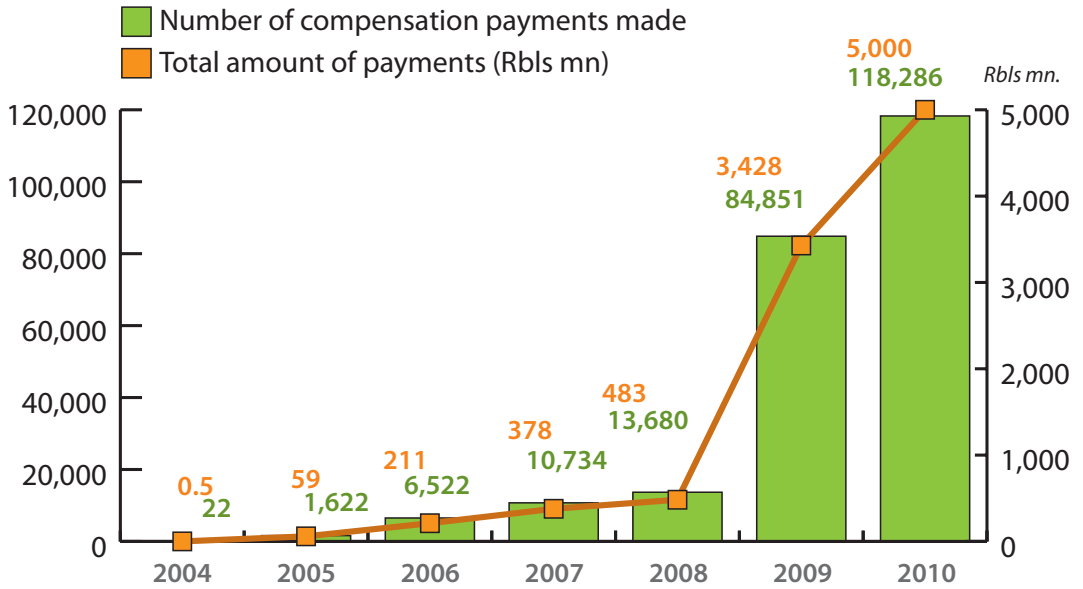


Fig. 26

Compensation payments made during 2010

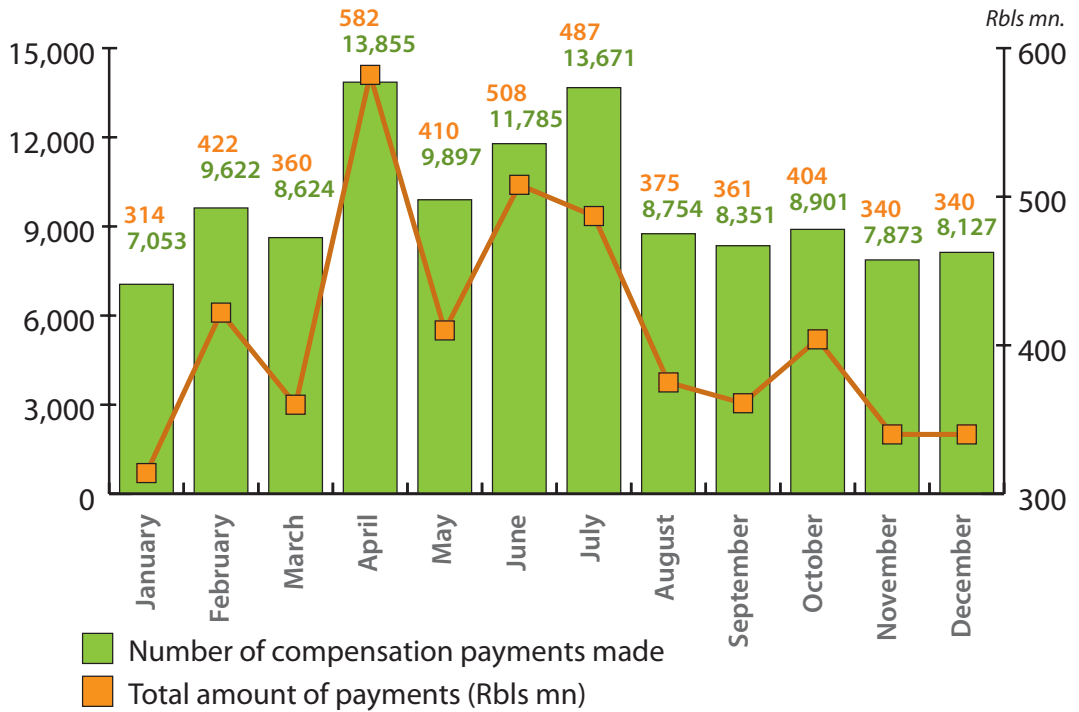


Fig. 27

6

Dealing with the general public

In 2010, RAMI's management continued to deal with complaints and requests from the public as required by the main CMTPL law.

The rules under which RAMI deals with the public are set out in "Regulations for protecting the rights of insured persons and accident victims in relation to CMTPL insurance and procedures for dealing with complaints made by insured persons and accident victims against members of RAMI".

RAMI has set up means whereby the public can contact it via different channels: telephone, fax, post or by visiting RAMI in person.

Last year RAMI received 10 102 communications and complaints from the public of which RAMI representatives in the regional offices dealt with 3 177 and 6 925 were dealt with in the head office. Among these there were:

- 3 672 complaints about the failure of insurance companies to pay claims within the time frame set out in the law (53%);

- 492 complaints about refusal to pay claims (7.1%);

- 636 complaints about the amount of claims payment (9.2%);

- 36 complaints about the calculation of premiums (0.5%);

- 13 complaints about the amount of premium returned following the early cancellation of a policy or about the way the return premium was calculated (0,2%);

- 1 297 copies of complaints addressed elsewhere (18.7%);

- 101 complaints about 'other issues' (1.5%);

- 678 about direct settlement of claims (9.8%).

The single largest cause of complaints remains the failure of insurers to pay CMTPL claims promptly and within the time frame required by the law. Complaints about the failure of insurers to keep within the time frame set by the law or about slow payment in general made up 57.7% of all complaints (2009 — 68.2%).

7

The work of the supervisory bodies

RAMI's procedures for the supervision of its members' activities in carrying on CMTPL insurance or issuing international Green Cards can be primarily be divided into on-site inspections dealing with specific issues and off site document audits for current issues.

According to the code of conduct (the Rules of Professional Conduct) on-site inspections of RAMI members may only be authorised by the Management Board, by the Disciplinary Commission or by the Green Card Bureau in circumstances where it is seen that a rapid

response is required following initial indications that an insurance company is breaking the law or not adhering to the Rules of Professional Conduct. Such rapid action may be needed to obtain documentary confirmation of illegal conduct, to take measures to stop it and to minimise the negative consequences for RAMI of such conduct.

In 2010, the above noted bodies authorised 72 on-site inspections ten of which dealt with members' actions in relation to direct settlement of claims.

On-site inspections by region

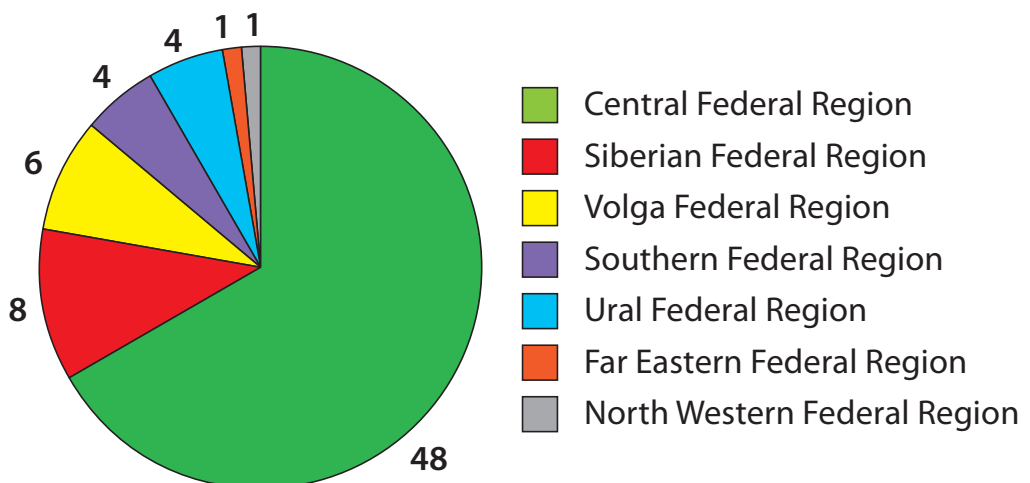


Fig. 28

In total, there have been 471 on-site inspections which led to disciplinary action of which 449 led to financial sanctions with fines totalling 9 232 000 Roubles.

Document or current audits of all members of RAMI are carried out on a continuous basis as part of the process of monitoring and checking financial and other information supplied to the Association.

In total, as a result of document or current audits carried out in 2010, there were 440 cases resulting in disciplinary action of which 429 led to fines amounting to 32 573 823 Roubles.

As of 31 December 2010 there were 132 disciplinary decisions involving

financial sanctions that were unpaid, amounting to 17 575 928 Roubles.

An analysis of the results of the audits of RAMI members shows that there has been a significant increase in the number of breaches of the rules set out in the "Regulations for protecting the rights of insured persons and accident victims in relation to CMTPL insurance and procedures for dealing with complaints made by insured persons and accident victims against members of RAMI" and also in the provision of false accounts. At the same time there was a marked decrease in the amount of unpaid fines and in failures to keep to reporting deadlines.

8

Legal issues

Dealing with bankruptcy in insurance companies

In 2010, RAMI was involved in administering bankruptcy proceedings for 22 insurance companies (in 2009 — 21).

In these proceedings RAMI was able to recover 3.3 million Roubles which was 0.76 million Roubles more than in 2009. Since 2004 9.94 million has been recovered.

In 2010, 4 new cases of insurance company bankruptcy were instituted, 2 of which were the insurance companies that had had their license withdrawn in 2010 ("Zhaso-M" CJSC and "Ural-Ail" JSC).

In 2010, RAMI filed information about moneys due in the list of creditors relating to 9 insurance companies

and the total amount was 252.1 million Roubles.

In 2010, RAMI filed an application to establish the personal liability of the management of "Severo-Zapadnaya insurance company" LLC for debts.

In the same year RAMI made 13 applications to the courts to recover documents relating to insurance companies that had had their license to carry on insurance business withdrawn. In 8 of these cases the application by RAMI was successful.

Also in 2010, RAMI made 15 applications to the courts for the recovery of membership dues owed to the Association in the total amount of 21.8 million Roubles. Nine of these

applications were successful and a total of 16.9 million Roubles were recovered.

From November 2010, RAMI has been actively working to prevent individuals receiving compensation payments twice — in a voluntary procedure and through the courts. As

a result of this work, 3.5 million Roubles were recovered.

In 2010 RAMI received about 30 000 decisions of the general court or the arbitration court and more than 1 500 of these were appealed — more than 5% of the court decisions.

Bankruptcy of insurance companies

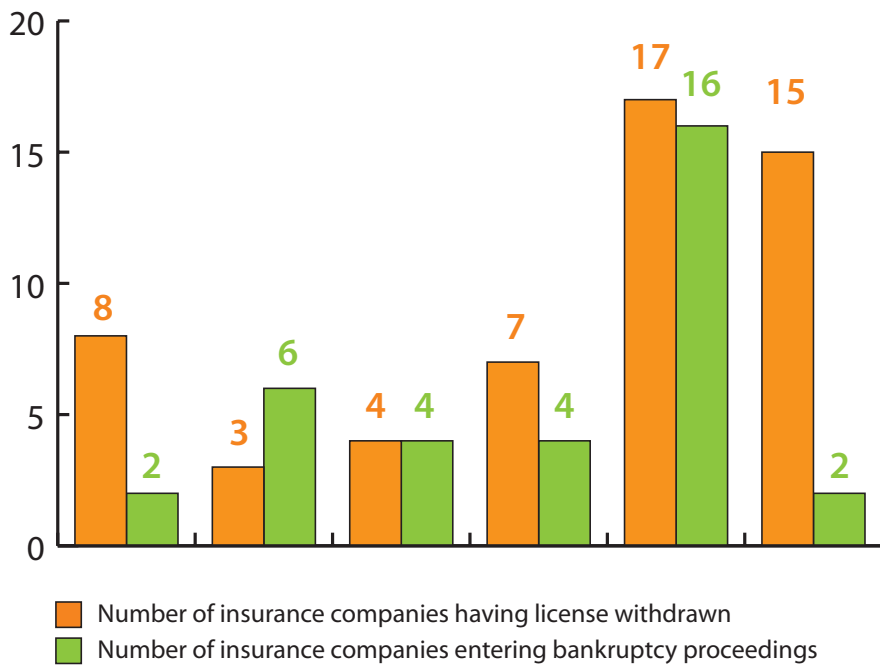


Fig. 29



9 Legal and regulatory issues facing CMTPL insurance in 2010

In 2010 three pieces of amending legislation were passed to the main CMTPL law. RAMI proposed some of these changes and took part in developing the legislation. The main results of these amendments were:

- limiting the extent to which parts and components can be subject to wear and tear when replaced with new components;
- making the professional association of insurers responsible for replacing any shortfall in assets of an insurance company that are due to cover its liabilities for the payment of compensation, such replacement being required under the Russian Bankruptcy law passed on 26 October 2002. In addition, it sets out

the rules of professional conduct governing RAMI's members' activities and establishes the documentation for the transfer of an insurance portfolio and how an insurer is chosen to receive the transferred portfolio when acts are taken to prevent bankruptcy and during bankruptcy proceedings relating to an insurance company; it sets out the method of calculating the amount of payment made to the company that is transferring the portfolio as appropriate consideration;

- setting out rules of professional conduct for the introduction and submission of accounting records of CMTPL policies issued, of claims paid and of contracts terminated early;

- providing blank CMTPL policies and blank Green Card policies for the use of members of the Association.

In addition, following suggestions from RAMI, an amendment was made to chapter 25 of the Russian Tax Code dealing with the tax treatment of payments made under the direct claims settlement system and a change was made in the main Bankruptcy law in relation to the bankruptcy of insurance companies.

During 2010, RAMI worked with the Ministry of Finance to prepare significant changes to the legal framework of CMTPL insurance and of the Green Card system. As a result of this work, draft amendments have been produced both to the main CMTPL law and to the main insurance law. These amendments propose the following:

- increasing policy limits for bodily injury following a road accident to 500 000 Roubles per person;
- increasing the policy limits for property damage following a road accident to 400 000 Roubles per accident victim;
- increasing the number of people with the right to claim damages following a death of a breadwinner in a road accident;
- introducing fixed scale for compensation payments following injury with the possibility of increasing the amount of payments;
- increasing the maximum claim size covered by the system of simplified reporting of road accidents to 50 000 Roubles;
- requiring the driver who caused an accident to allow his vehicle to be inspected as part of the simplified reporting of road accidents and in the

event of a refusal to allow an inspection giving the insurance company a right to claim recovery of the amounts paid to the victim against the driver who caused the accident;

- introducing amendments to make direct settlement the only way in which compensation can be claimed under CMTPL insurance;
- making RAMI the official administrator of the CMTPL information system;
- continuing developing the legislation which governs the Association and its members in relation to the Green Card system.

On 24 May, 2010 the government of the Russian Federation issued rules that controlled the level of costs for materials and spare parts used in the repair of vehicles. The Association published a commentary on these rules for the members of the insurance market together with proposals for a list of components that would not be subject to wear and tear. The Ministry of Finance took these proposals into account when they produced the official list of these components.

In addition, the Association made the following proposals:

- to amend the Decree of the Ministry of the Interior of 25 September 2006 covering reports made following road accidents to improve the reporting of injuries or deaths following road accidents;
- a draft report form to be used by medical institutions concerning those treated for injuries in a road accident;
- to amend the regulations issued by the Ministry of Finance in relation to the differences between actual compensation payments and average compensation payments under the system of direct settlement of claims.

Developing and introducing changes in professional codes of conduct

In 2010 a number of changes were made to the current professional codes of conduct:

a) in the rules governing inspections and audits of the work of RAMI members relating to CMTPL insurance and international Green Card insurance and of their compliance with the professional code of conduct, new principles governing the setting up of inspections and audits of RAMI members were introduced to create two types of audit: on-site inspections and audits and documentary or current audits;

b) changes were introduced to the rules that govern the implementation of sanctions for member companies of RAMI, for their management and staff. These introduced sanctions for the breach of regulations that is most commonly identified in the documentary or current audit: in the context of the direct settlement of claims the "selection of claims";

c) in the rules covering the admission of new members to RAMI and the withdrawal or expulsion of members, regulations were introduced to ensure that when insurers leave the Association they provide a full account of blank policy forms and transfer them to the Association for safe keeping;

d) changes were introduced in the rules governing RAMI's obligation to make compensation payments to victims of road accidents. Specifically, in response to amendments to bankruptcy legislation, amendments were made to that part of the rules which cover the order of these payments in the event that RAMI does not hold sufficient funds and which set out the procedures for distributing between the RAMI memberships the Association's obligations to make compensation payments;

e) in the rules governing subrogation of CMTPL claims payments, changes were made to take account of specific features of the direct settlement of claims;

f) there is a code of conduct entitled "Rules for the resolution of disputes between RAMI members, arising from a RAMI member's review of a claim by a motor accident victim and the payment of compensation under a CMTPL policy issued by another member of RAMI or from other issues relating to the CMTPL insurance Code of Professional Conduct". These rules made it compulsory for RAMI members to refer all such disputes to the RAMI arbitration court;

g) four amendments have been made to the agreement on direct settlement of claims. These included reducing significantly the acceptable reasons for refusing to accept an application for court orders;

h) to the "Rules of claims settlement by insurance organisations affiliated to RAMI".

New regulations were also adopted as follows:

a) rules that set out the percentage of commission deducted from premiums paid on a contract of CMTPL insurance that may be allowed as a cost of an insurer;

b) procedures for the introduction and submission of accounting records of CMTPL policies issued, claims paid and policies terminated early;

c) a code of professional conduct entitled "The formation of informational resources by RAMI";

d) specific rules covering the issuing of policies, the performance of the contract and the termination of CMTPL policies by member insurance companies when dealing through brokers or agents.

Insurance tariff rates

The Russian Ministry of Finance is drafting amendments to the main CMTPL law that will increase CMTPL insurance policy limits and change the procedures for paying compensation for bodily injury following a road accident. In this context, RAMI prepared and submitted to the Ministry of Finance proposals for changes in CMTPL insurance tariff rates based on the new limits together with the analysis and statistics on which the proposed new rates were based. The RAMI committee for tariffs, statistics and reserves was responsible for the production of the proposals.

In particular, proposals were sent to

the Ministry of Finance to change CMTPL tariff rates and the analytical and statistical basis for an option to increase the policy limits for property damage to 350 000 Roubles per claimant and with no limit for compensation for bodily injury paid only to dependants.

In addition, research is carried out on the adequacy of CMTPL insurance tariffs using the accumulated aggregate data supplied by RAMI members for the period 1 June 2007 to 30 July 2010 every year. This research is used to prepare proposals to change the current CMTPL tariff structure.



10

Information technology

RAMI automated information system

In 2010, a new version of the IT system supporting compensation payments was developed:

- the business processes of the Department for organising compensation payment were analysed and the data structure of the previous version was examined;
- the necessary project documentation was produced such as the project charter, terms of reference and functional specifications;
- a new information system was developed and adapted to coincide with the new business processes of the Department for organising compensation payments;
- a database of insurance contracts entered into by insurance companies

who have lost their licenses was created;

- data on compensation payments were transferred to the new version of the Department's IT system;
- the new system was introduced following the training of the relevant staff;
- means were found of integrating the new version into the standard accounting software 1S;
- both hardware and software were updated.

Today, tests are taking place of the integration of the Department's IT system and the 1S accounting software system. In the nearest future it is planned to develop means of integration of the Department's IT system with the documentation system used by RAMI.

Following a decision by the RAMI

Presidium, work commenced to reconcile the data submitted by insurance companies on form 4-RAMI to the data contained on RAMI's data system for accounting for CMTPL blank policy forms. While checking the reconciliation of data, a proposal was developed to improve RAMI's system for accounting for CMTPL policy forms by linking it to the corporate IT systems of RAMI's member companies.

A number of measures were taken to develop the supporting IT system used by RAMI's management and staff:

- the development of a pilot version of an intranet system for recording of the reports and decisions of the RAMI decision making bodies and for their rapid retrieval;

- the development of an intranet system for storing press reports dealing with CMTPL insurance issues.

In order to ensure the continuous functioning of the RAMI IT system, a variety of work projects which involved monitoring as well as supporting the equipment and the IT system deployed on the RAMI server were carried out.

Protection of personal data

During the first half of 2010, in accordance with the requirements of the Federal law on the protection of personal data, work was carried out to connect insurance organisations to the sub system of RAMI's IT system dealing with the security of data (the data

security subsystem). Connection work was completed on the data security subsystem in June 2010.

In 2010, work was begun to implement industry recommendations on data security and the protection of personal data of RAMI members.

11

Independent technical inspections of motor vehicles

On 24 April 2003, the Russian Government passed a resolution that set out the objective of creating a system for independent technical inspections of motor vehicles. RAMI is working with the Ministry of Transport to implement the government resolution by the creation of a interdepartmental commission for certification which has continued its work with the objective of developing a system for setting professional qualifications under which technical experts who

carry on independent technical inspections of motor vehicles can receive certification. It has been proposed that RAMI should be invited to send representatives to join this commission.

RAMI is planning to continue its cooperation with the Ministry of Transport in 2011 by drafting documentation for the interdepartmental commission for certification to assist it in developing a system of certification of independent technical experts. It is expected that RAMI representatives

will formally join the Commission and take part in its work once the invitation has been approved by the necessary authorities.

In 2010, RAMI continued to operate its voluntary certification scheme

which began in 2006. 118 applications for certification from technical experts were examined, 65 of which received certification for the first time and 33 had their existing certification extended for the next three years.

12

The fight against insurance fraud

RAMI coordinates the activities of its members in their fight against insurance fraud and against other illegal activities relating to CMTPL insurance. There are three main areas of work:

- cooperation with law enforcement agencies;
- combating unfair competition;
- developing and improving the SPEKTR database.

In 2010, RAMI continued to work closely with law enforcement agencies to reduce the amount of crime affecting the market.

Last year, work to enforce the regulations set out in the code of professional conduct that control advertising and promotional activities in the CMTPL insurance market was continued:

- checking the mass media for examples of companies offering unjustified discounts, benefits or inducements to obtain CMTPL insurance clients;

- gathering evidence of unfair competition in the form of agreements between insurance companies and agents that provide for higher rates of commission than it is permitted.

The results of this work were discussed at the joint meetings between RAMI and the Federal Service for Insurance Supervision and the Federal Antimonopoly Service where senior management of insurance companies that had committed serious breaches of the regulations set out in the code of professional conduct were also invited to attend.

Work also continued to improve the SPEKTR integrated database last year.

RAMI is also working through the Finish motor insurers centre with the Finish customs service to prevent Russian drivers entering the country with false Green Card certificates.



13

Improving road safety

In 2010 RAMI continued to take active measures to support improvements in road safety. The improvement of road safety has been one of RAMI's strongest priorities since the decision of the General Meeting of members on 17 August 2007. The Association takes the view that it is strongly in the economic interests of its members to support measures that both reduce the number of road accidents and lessen the damage that is done to citizen's interests by road accidents.

The project "The use of technical control mechanisms in public transport vehicles and other vehicles of social importance in Russia".

The aim of this project is to increase the discipline of drivers of socially important vehicles such as passenger transport vehicles, school buses and first aid vehicles. Between February and October 2010 RAMI worked with

the local authorities in Tatarstan, Moscow and Ivanovo regions to develop the use of technical control mechanisms in socially important transport. This work included the following concrete examples:

- 398 school buses were fitted with "alcolocks" — system that automatically cuts off the ignition of the vehicle in the event that alcohol was detected;
- satellite navigation systems were installed in 52 coaches and city buses and in two intercity buses tachographs that record all details of the vehicles operation were fitted;
- 8 first aid vehicles were fitted with video recording equipment which makes it possible to record the activities of the other vehicles and especially to record details of vehicles that do not give way to the emergency vehicle.

In addition to the practical results,

the implementation of this project has led to the collection of a considerable amount of data which helps assess the impact that these devices have on improving driver discipline and on reducing the number of breaches of road traffic law. These data also make it possible to analyse the economic effectiveness of these devices. Finally, the data made it possible to produce proposals to improve legislation in this area which were sent to authorities at both Federal and local level.

On 30 November, 2010, a conference took place in Moscow to discuss the use of technical control mechanisms in public transport and other vehicles of social importance in Russia.

The project "Using modern technology to improve the legal regulation of road traffic".

Work under this project included:

- analysis of the current legal and regulatory framework within which federal, regional and local authorities are able to use modern technology to manage road traffic;
- preparation of proposals to improve the legal and regulatory framework within which federal, regional and local authorities are able to use modern technology to manage road traffic.

The project "Knowledge contest for young people and students in Russia, Belarus and Ukraine".

This year was the third time such a contest has been held the object of which is to increase the knowledge of road safety amongst young people and students and to increase their awareness of the role of insurance (and the international Green Card system) in quantifying and reducing risks on the roads. A further objective is to draw attention to the international nature of the campaign to improve road safety.

Several thousand students and young people took part in this competition from every region of Russia and representing more than 300 educational institutions from Russia, Ukraine and



'Show a light' - the publicity campaign for road safety

Byelorussia. The result of the competition was that 120 people, including three teachers of insurance, from institutions of higher education in Moscow, Kiev, Minsk, St.-Petersburg, Rostov-on-Don, Kazan, Ufa, Perm and Saratov received cash and other prizes, or prizes in the form of an international insurance study tour.

Road safety publicity.

A wide range of activities were undertaken to inform the public about the causes of road accidents and the factors that influence their severity and to promote and popularise safe behaviour on the roads as well as use of seat belts. These activities included:

- with RAMI's support and participation, the Departments of Road Safety from Moscow and Moscow region introduced measures to reduce the number of accidents involving children and prevent injuries to children;
- the film "Show a light" was shown on television and in cinemas



'Road safety saves lives' - the Third International Congress

and distributed designer reflecting bracelets (Show a light). The aim of the "Show a light" campaign was to encourage pedestrians — and especially young people — to use reflecting gear to make them more visible to other road users and thereby to increase their safety. In addition to using the film in cinemas and on television, other promotional materials were also produced;

- as part of the "Safe Routes" campaign, road atlases were published covering the "Golden Ring" and "Black Sea Shore" routes. Insurance companies distributed these road atlases amongst their clients, at RAMI events and through other media channels;

- three supplements in 4 editions of the magazine "Your roads/make roads safe" using the logo of a "little Zebra" as a symbol were released. These supplements used different formats — cartoon, animated comics and computer games;

- a stand (Children's village) was organised at the 2010 International Moscow automobile salon exhibition;

- social events as part of the Tuning show 2010 exhibition were organised. One was called "Your life is valuable" and was for drivers with less than three years experience and the other was called "Use seat belts in the back seats" to encourage passengers to use seat belts;

- as part of the publicity campaign "The oncoming lane", a film entitled "Tug of war" was produced which highlighted the dangers of moving into a lane for oncoming traffic.

RAMI took part in a good number of events dealing with road safety:

- the international practical scientific conference on contemporary problems of safety of life: experience, problems and solutions. (26 February, Kazan);

- the conference on the use of the GLONASS system of satellite navigation in the Moscow region supported by the government of the Moscow region (14—15 April, Dubna);

- the seminar on improving the safety of pedestrians organised together with the Russian Ministry of the Interior (14 October, Moscow);



A.P Torshin, deputy chairman of the Russian Federation Council with Pavel Bunin, RAMI President at the Third International Congress 'Road safety saves lives'

- the All-Russian practical scientific conference on GLONASS in the regions, 2010 (8 December, Orel).

In addition, RAMI and the regional social fund set up by the local authority of the Samara region organised the 7th All-Russian competition of

television and radio programmes on road safety, and, on 29 October 2010 in St.-Petersburg, the Third international congress on road safety — "Road safety saves lives" — and RAMI was one of the sponsors of this event.

14

Public relations and international contacts

The Insurance Association newsletter which kept RAMI members informed about the activities of RAMI and of other insurance associations was published. The newsletter is sent to insurance companies together with other documentation relating to the activities of the Association.

Together with the All-Russian Insurance Association, RAMI organised an international essay competition in which the insurance associations of Germany, Belarus and Ukraine also took part. Another Russia wide competition was organised which tested young peoples' and students' knowledge on road safety and insurance. The objective of this competition was to increase public interest in road safety and to develop insurance culture amongst Russia's youth and students.

RAMI was represented in the following events:

- the conference entitled "Insurance in current economic conditions and the main areas of development of the insurance market in the Far Eastern Federal Region" (Vladivostok, 6 September 2010);
- the All-Russian conference entitled "Insurance — a civilised way to solve problems".

RAMI organised 15 press conferences related to activities of the Association and to current issues connected with compulsory insurance.

Live reports were made on a number of radio stations including "Echo of Moscow", "Auto Radio", "City FM", "Vesti FM", "Business FM", "Radio Rossiya" and "Mayak". The Association also organised television programmes related to the work of RAMI on the federal channels.

Interviews and commentaries of senior managers and specialists from RAMI and also representatives of member insurance companies who sit on RAMI committees appeared in the national, regional and specialist press. The newspapers and journals included "Vedomosti", "Kommersant", "Rossiyskaya gazeta", "Izvestiya", "Novye Izvestiya", "MK", "Za rulyom", "Auto review", "Automobiles", "Klakson", "Personal Budget", "St.-Petersburg Business". News from RAMI appeared on both federal and regional television programmes including "Novosti" (Channel 1), "Segodnya" (NTV), "Vesti Moskva", News 24, "Dobroye utro, Rossiya" (Rossiya channel), TVTs, Channel 5, RenTV, "Stolitsa" channel, and "Zvezda" channel.

RAMI organised publicity with "Stop Gazette — road safety" and with "Your roads" newspaper. Last year, an article entitled "Advice from RAMI" appeared in every issue of "Happy roads of childhood".

During the last year RAMI organised a number of international events linked to key Association projects: direct settlement of CMTPL claims and Russia's adherence to the international Green Card system. RAMI supported its work in a number of other areas with working sessions with foreign national and international organisations.

Representatives of RAMI took part in the following:

- the Eighth Russian Insurance Summit (Vladimir, May 2010);
- the Tenth International Finance Forum in Yalta (20—24 September 2010);



Victor Kirianov, Deputy Minister of the Interior and Pavel Bunin, RAMI President, holding a press conference

- the Eleventh session of the Sub-Commission on co-operation in the sphere of finance of the Russian-Chinese commission to prepare regular meetings of heads of government (April 2010).

RAMI sponsored the Third International congress entitled "Road safety saves lives" which took place in Saint-Petersburg on 29 September, 2010.

Representatives of the Green Card Bureau took part, during 2010, in the following events:

- the seminar on settling claims under the Green Card system organised by InterEurope (Warsaw, April);
- the General Assembly of the Council of Green Card Bureaux (Stockholm, May);
- working sessions of representatives of Green Card Bureaux, Group "A" (Brussels, February and September);
- the conference entitled "Settling claims under the Green Card system" (Moscow, September);
- the European Congress on road traffic legislation (Luxembourg, October);
- the seminar on settling claims in Finland and in Russia (Helsinki, January 2011).



Pavel Bunin, RAMI President, presenting a diploma as part of the international essay competition 'Road safety and insurance'

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Appendixes

Extract from the BDO's auditor's opinion on RAMI's 2010 report and accounts

'In our opinion, the Accounts of RAMI reflect accurately all significant respects the financial position as at 31 December 2010 and the results of the Association's financial and commercial operations between 1 January and 31 December 2010 inclusive in accordance with the legislation of the Russian Federation in respect of the preparation of accounts.'

30 March 2011

Partner

L.V Efremova

Ministry of Finance license for general audit number 042573 issued 28/02/2002 on the basis of a decision of the Central Commission for Certification and Licensing of Auditors, Ministry of Finance of the Russian Federation, with no limitation as to time (Protocol No. 103, TsALAK, Ministry of Finance).

**EXTRACT FROM THE REPORT
OF THE INTERNAL CONTROL (AUDIT) COMMISSION
8 April 2011 Moscow**

Name: Russian Association of Motor Insurers.

Address: 27 Ul. Lyusinovskaya, Building 3 Moscow 115093.

Registry number: 1027705018494.

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

The accounts have been prepared in accordance with current 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 2008 and of the financial results of the Associations operations between 1 January and 31 December 2008 and have been prepared in accordance with the following accounting rules and guidelines: 1, 'Accounts of Organisations' (decree PBU 4/99 of the Ministry of Finance, 06/07/99, No 43n), 2, 'Accounting rules in the RF' (decree of the Ministry of Finance of the Russian Federation, 29/7/98 no 34n) and 3, 'The structure of accounts of organisations' (decree of the Ministry of Finance, 22/7/03 No 67n).

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. Separate accounts are maintained for income received by RAMI in the course of its financial activities and income from other activities. Funds that are used for making compensation payments are separated from other property of the Association. The funds that make up the current compensation payments fund are kept separate from the funds allocated to guarantee reserve fund and are accounted for in the manner prescribed by Section 2, Article. 28 of the Federal Law № 40-FZ "On the compulsory insurance of civil liability of vehicle owners".

The accounts of the use of income and expenditure of RAMI and of the 'Green Card Bureau' for 2010 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 2009:

- The IT Department;
- The Department of Analysis and Control;
- The Department for making compensation payments;
- The Directorate of the Green Card Bureau;
- Complaints and appeals from the general public;
- The work of the Association related to the introduction of Direct Settlement of Claims and simplified reporting of accidents (the European Protocol);
- The work of the Association relating to the improvement of Road Safety;
- The work of the Association in supporting legal actions in the courts and in implementing bankruptcy procedures for insurance companies;
- The work of the Association in developing regulations, procedures and information support for making compensation payments;
- The work of RAMI in developing mutual settlement systems involving CMTPL and KASKO policies;

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

Chairman of the Control commission

Vitaly A Poltavtsev

Member of the Control Commission

Vasily V Akulov

Member of the Control Commission

Arkady M Lyubavin

Member of the Control Commission

Nikolai F Galaguz

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