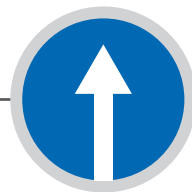




ANNUAL REPORT



2014



RAMI

RUSSIAN ASSOCIATION OF MOTOR INSURERS

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Abbreviations used in the text

- RAMI, the Association – The Russian Association of Motor Insurers;
- CMTPL insurance – compulsory motor third party insurance;
- SMI – state medical insurance;
- The department of road safety, MVD – The department in the Ministry of the interior of the Russian Federation responsible for road safety;
- The CMTPL insurance law – the Federal law of 25 April 2002 (№ 40-ФЗ) setting out the regulatory framework for CMTPL insurance;
- The 2014 CMTPL insurance law – the Federal law of 21 July 2014 (№ 223-ФЗ) amending the CMTPL insurance law;
- The law relating to the Crimea – The Federal law of 2 April 2014 (№ 37-ФЗ) that regulates the financial system in the Crimea during the transitional period;
- Bonus-Malus coefficient – the basis of calculation of premium tariffs for CMTPL insurance, taking into consideration the driving and claims record of the driver.



The Russian Association of Motor Insurers





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 insurance companies that are licensed to carry on Compulsory Motor Third Party (CMTPL) are obliged to belong. The objectives of the Association are to enable its membership to take collective action and to draw up the rules that govern their professional activities as CMTPL insurers, and also govern the technical inspection of motor vehicles according to the law.

The Association was founded on 8 August 2002 by 48 insurance companies and operates in conformity with the CMTPL insurance law as a professional association of insurers.

RAMI members may be Russian insurance organisations that 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 of 31 December 2014, RAMI had 105 insurance organisations in membership, of which 99 were full members and 6 were observer members. During 2014, one insurance organisation was expelled and two voluntarily resigned membership.

In order to achieve the objective 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 developing, introducing and enforcing rules for RAMI and its members that govern the conduct of their professional activities;
- protecting the interests of its members in relation to CMTPL insurance at the level of the national government, in local government and in other bodies and organisations;
- making compensation payments to victims of road accidents according to RAMI's charter and according to the CMTPL insurance law and its amendment, and also carrying out the legal requirements set out in article 20 of the CMTPL law and point 15, article 13 of the law relating to the Crimea;
- organising the distribution of blank CMTPL insurance certificates and 'Green Card' certificates to its members and controlling their use;
- in accordance with the law on insolvency, making up any deficiency in the event that an insurance company transfers its portfolio with insufficient assets to cover its CMTPL insurance liabilities;
- developing and distributing publicity material relating to CMTPL insurance;
- co-ordinating 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 also in combating unfair competition;
- organising, financing and developing activities to improve road safety in order to reduce the frequency of road accidents and to minimise the damage that they cause;
- developing and financing systems of certification and accreditation of the professional qualifications of those who provide professional services for the CMTPL insurance market and for the international Green Card insurance system;
- co-operating with members of the international Green Card system and performing the various functions that are required by the system;
- developing international contacts and co-operation in the interests of the membership;
- collecting, collating and analysing data, including statistics on CMTPL insurance;
- in accordance with legislation relating to the technical inspection of transport vehicles, authorising technical inspection centres and maintaining a register of those technical inspections that have been authorised.

For many years, RAMI has co-operated with the Ministry of the Interior, Department of Road Safety to improve road safety. Joint work has included developing programmes to encourage road safety through the use of seat belts, to prevent driving whilst under the influence of alcohol, to keep speed limits and to watch out for pedestrians, especially during the hours of darkness.

In June 2003, RAMI became a member of the All Russia Insurance Association.

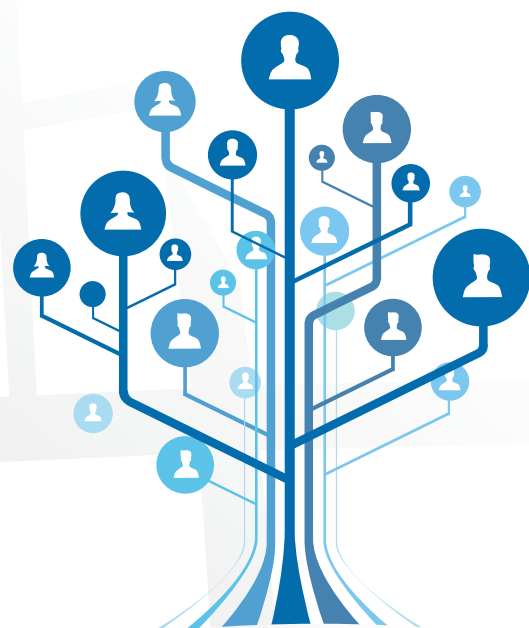
In 2009, Russia became a member of the international 'Green Card' system and, by order of the Russian Government, RAMI was required to organise the Green Card Bureau.

In March 2011, the RAMI arbitration court began its work aimed at settling disputes between insurance companies and RAMI.

In January 2014, RAMI joined the International Committee of Technical Inspection as a full member (Comité international de l'inspection technique automobile, CITA).



The management and organisational structure of RAMI





The management and organisational structure of RAMI

Corporate management and organisational structure of RAMI

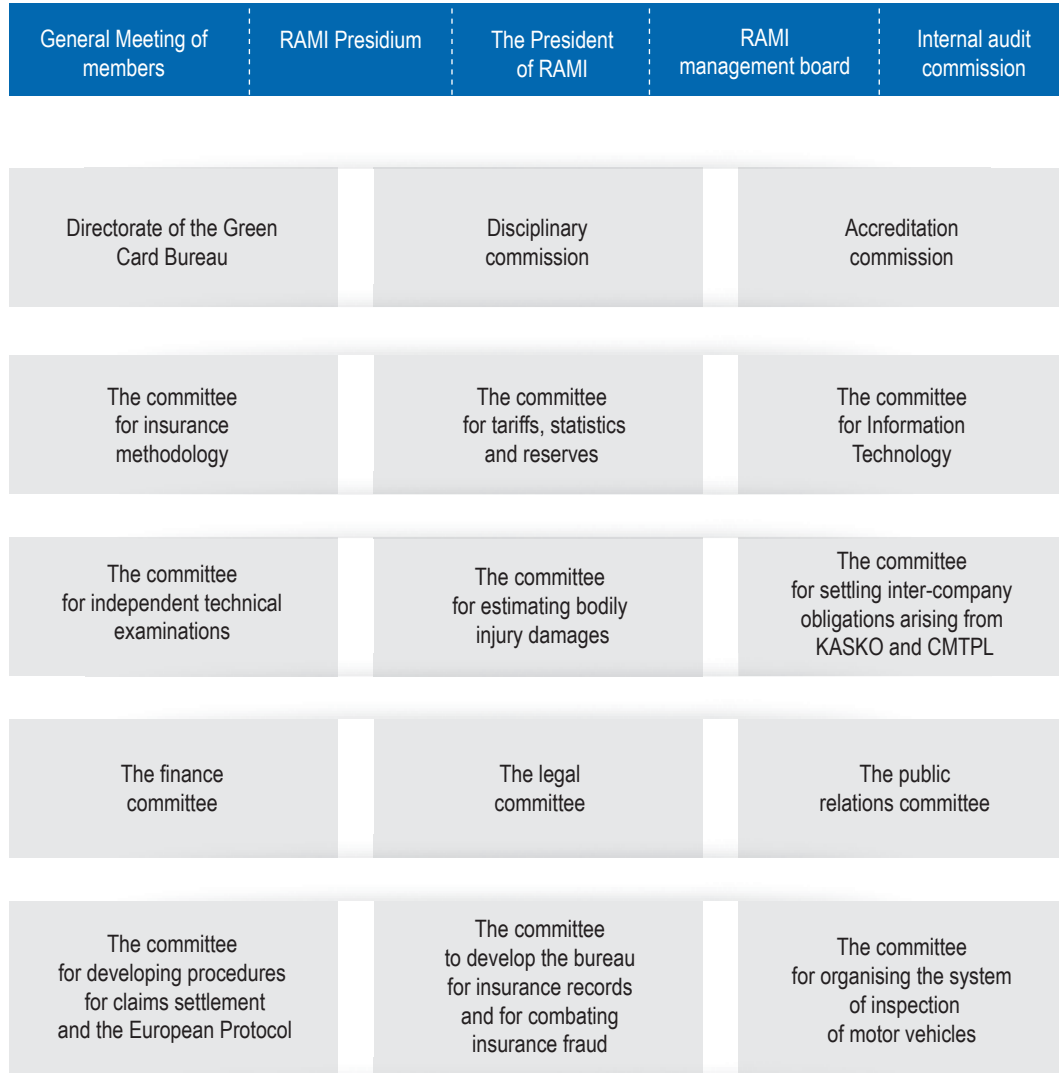


Figure 1

The body that implements financial and operational control over the work of the Association is the internal audit commission. On 6 June 2014, the General meeting of members of the Association appointed the following people to the RAMI internal audit commission:

Table 1

RAMI internal audit commission

1	Kirill Brovkovich	General Director, TRANSNEFT Insurance Company
2	Fedor Voronin	Operational Director, Tinkoff Online Insurance
3	Nikolai Galaguzha	Chairman of the Board, MSTs
4	Igor Zagradka	Chairman of the Board, Megarus-D
5	Vitaly Poltavtsev	Advisor to the Chairman, NSG

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.

The Presidium of the Association is the body that exercises collective control over the Association throughout the year. The Presidium co-ordinates, 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. The Presidium is empowered to review and decide upon 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 other management bodies.

RAMI's charter states that the number of members of the Presidium should be not less than 15. Nomination of members or candidate members to the Presidium by full members of the Association will be on the basis of the amount of CMTPL premiums underwritten in the previous year by the member company and the position the company occupies in a ranking of member companies by CMTPL premium volume, as follows:

- The ten highest ranked companies can each nominate one member to the presidium;
- No more than seven members of the presidium are to be chosen from candidates put forward by companies that are placed from 11 to 30 in the ranking;
- No more than three members of the Presidium are to be chosen from candidates put forward by companies that are not placed in the 30 highest ranking companies.



On 6 June 2014, the General Meeting of the Association appointed the presidium. As of 31 December 2014, the membership of the presidium was as follows:

Table 2

Members of the RAMI Presidium

1	Pavel Bunin	President of RAMI
2	Nadezhda Arshinova	General Director, 21st Century Insurance Company
3	Nikolai Asaul	Deputy Minister of Transport of the Russian Federation
4	Sergei Barsukov	Director of the department of financial policy, Ministry of Finance of the Russian Federation
5	Aleksei Bobilev	General Director, Moskovia Insurance Company
6	Nikolai Galushin	First Deputy Chairman, SOGAZ
7	Alexander Gorin	Deputy General Director, Alfa Insurance Company
8	Sirma Gotovats	General Director, Ural Sib Insurance Group
9	Sergei Yefremov	Deputy General Director, Managing Vice President, MSK Insurance Company
10	Andrei Zernov	General Director, ENERGOGARANT Insurance Company
11	Boris Jordan	President, Renaissance Insurance Group
12	Viktor Kiryanov	Deputy Minister of the Interior of the Russian Federation
13	Arkady Lyubavin	General Director, Iuzhural-Asko Insurance Company
14	Maria Malkovskaya	General Director, In Touch Insurance Company
15	Dmitri Markarov	First Vice President, Rosgosstrakh
16	Nadezhda Martyanova	General Director, MAKS Insurance Company
17	Mikhail Motorin	First Deputy General Director, Finance Director, VTB Insurance

Table 2

Members of the RAMI Presidium

18	Oleg Ovsyanitskiy	General Director, VSK
19	Aleksei Okhlopkov	General Director, Yugoria State Insurance Company
20	Dmitri Popov	First Deputy General Director, Allianz Insurance Company
21	Dmitri Rakovshik	General Director, RESO-Garantiya
22	Maiya Tikhonova	General Director, Soglasie Insurance Company
23	Igor Fatyanov	General Director, Zurich Insurance Company
24	Vladimir Chistyukhin	Deputy Chairman, Bank of Russia
25	Igor Yamov	Deputy General Director, Ingosstrakh

[The President of RAMI](#) is the executive head of the Association. He is responsible to the Presidium and to the General Meeting of Members.

On 6 June, the General Meeting of Members of RAMI appointed Pavel Bunin to the position of President of RAMI.

[The Management Board of the Association](#) is the body that co-ordinates the day to day business of the Association. The Management Board reviews issues referred to it under the Charter of the Association, by the rules that govern the professional conduct of members and by other internal documents. The Presidium may also refer issues to the Management Board



As of 31 December 2014, the following people were members of the Management Board:

Table 3

The RAMI Management Board

1	Pavel Bunin	President of RAMI
2	Nikolai Galushin	First Deputy Chairman, SOGAZ
3	Alexander Gorin	Deputy General Director, Alfa Insurance
4	Dmitri Markarov	First Vice President, Rosgosstrakh
5	Oleg Obsyanitskiy	General Director, VSK
6	Dmitri Popov	First Deputy General Director, Allianz Insurance Company
7	Sergei Sarkisov	President, RESO-Garantiya
8	Dmitri Timokhin	General Director, MSK
9	Igor Yamov	Deputy General Director, Ingosstrakh

As part of the Association's overall objective of protecting the interests of its members when developing RAMI policy, representatives from 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 information technology committee	The committee for independent technological inspections	The insurance methodology committee
The committee for developing claims settlement procedures and the European Protocol	The tariffs, statistics and reserving committee	The finance committee
The committee for calculating bodily injury damages	The committee for developing a bureau for insurance records and for combatting insurance fraud	The committee for legal issues
The public relations committee	The committee for organising the system of technical inspection of motor vehicles	The commission for settling claims between physical damage insurers and liability insurers
	The disciplinary commission	The certification commission



CMTPL insurance: 2014 in figures





CMTPL insurance: 2014 in figures

Vehicle numbers and accident frequency

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

Last year, the number of vehicles on Russia's roads continued to grow. In 2014, whilst this growth in vehicle numbers occurred, there was a reduction in the number of victims of road accidents.

Table 5 and figure 2 set out the growth in vehicle numbers in Russia between 2004 and 2014¹.

Table 5

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of motor vehicles (mn.)	35.8	36.9	38.0	40.8	43.5	44.4	45.7	47.9	50.5	53.3	55.7
Growth (mn.)		1.1	1.1	2.8	2.7	0.9	1.3	2.2	2.6	2.8	2.4
Growth (%)	1.4	3.1	3.0	7.4	6.6	2.1	2.9	4.8	5.3	5.6	4.5

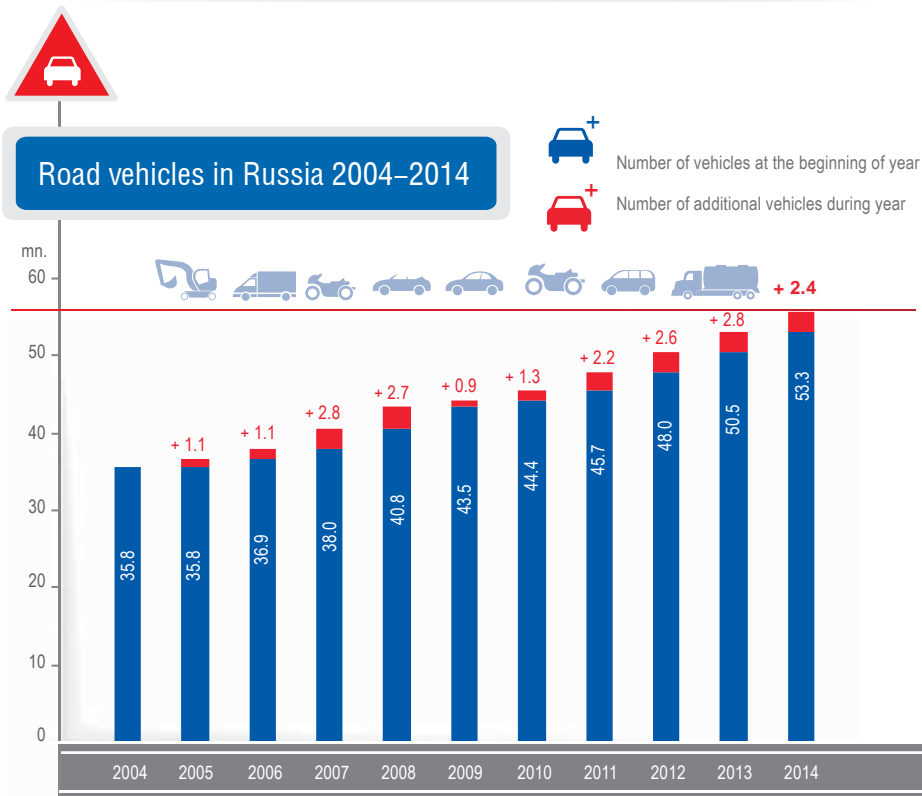


Figure 2

Between 2004 and 2014 the number of motor vehicles grew every year, although the rate of growth slowed between 2008 and 2010 (in 2008, the growth rate was 6.6%, in 2009 it was 2.1% and in 2010 it was 3.0%). From 2011, growth was more rapid (4.9% in 2011, 5.3% in 2012 and 5.6% in 2013). In 2014, the number of vehicles on the road grew by 4.5% (an additional 2.4 million motor vehicles). The main reason for the growth in the number of vehicles in 2014 was the purchase of new vehicles. Figure 3 sets out the breakdown of the total number of vehicles by type of vehicle in 2014¹.

¹Data from Department of road safety, Ministry of the Interior

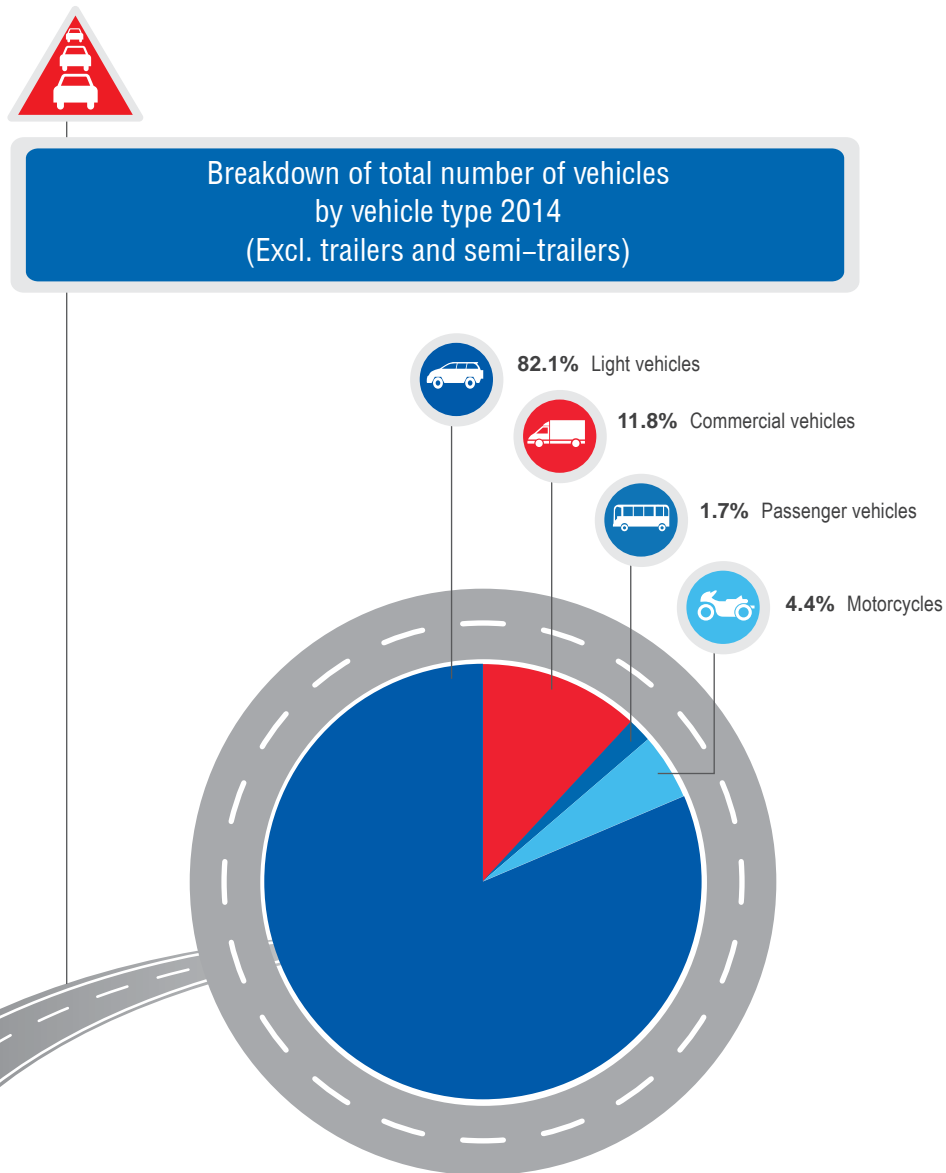


Figure 3

In 2014, the breakdown by class of vehicle hardly changed. The proportion of light vehicles increased from 81.4% to 82.1% whilst the proportion of commercial vehicles reduced from 11.9% to 11.8%. The proportion of motorcycles reduced (from 4.9% to 4.4%), as did the proportion of buses (from 1.8% to 1.7%). In this context, the growth in vehicle numbers as compared with the previous year was as follows: light vehicles grew by 5.2% and commercial vehicles by 3.6%, whilst the number of motorcycles reduced by 6.4% and buses by 0.6%.

Figure 4 shows the relationship between the number of vehicles and CMTPL insurance policies issued between 2004 and 2014.



Number of vehicles and number of CMTPL insurance policies issued

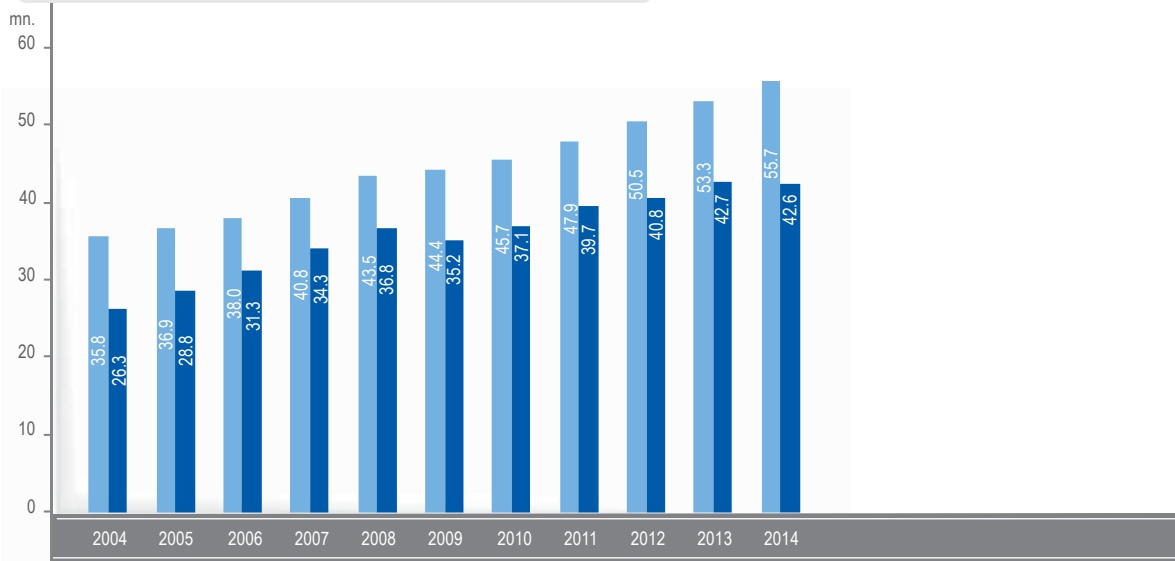


Figure 4

In 2014, 42.6 million CMTPL insurance policies were issued, 0.3% less than the figure for 2013 (figure 5).

Growth in number of CMTPL policies issued and vehicle numbers

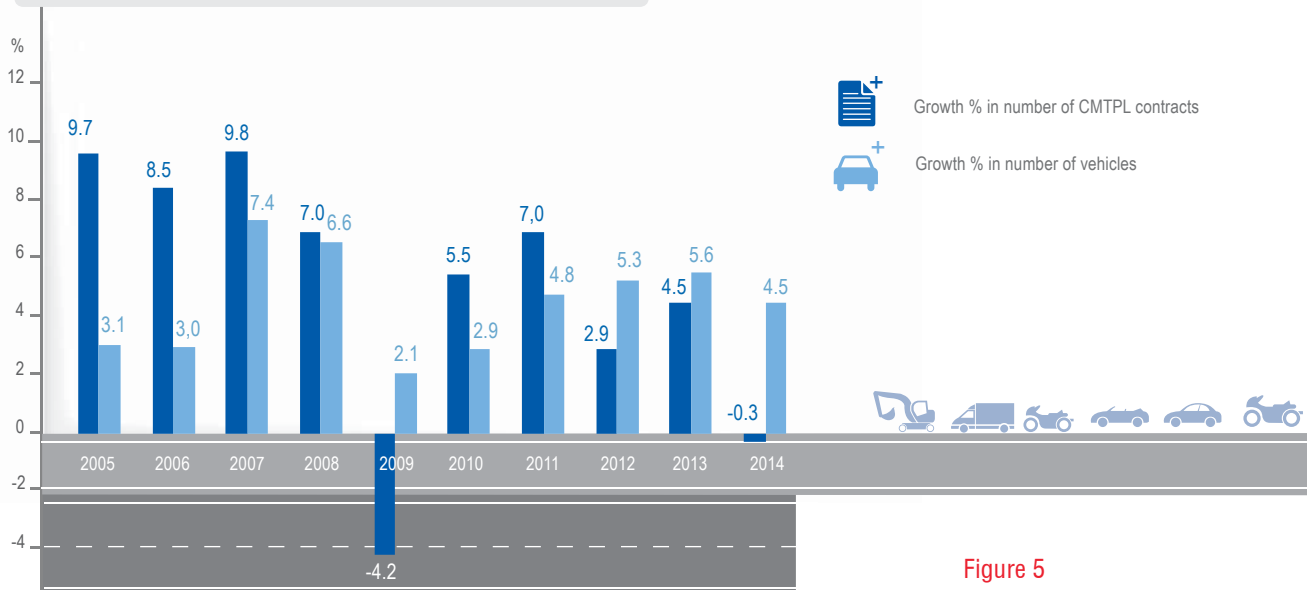


Figure 5

In 2014, the number of road accidents reduced by 2.1% in comparison with 2013. In 2013, there were 204,100 accidents and 199,700 in 2014 (figure 6).



Growth in number of road accidents and motor vehicle numbers

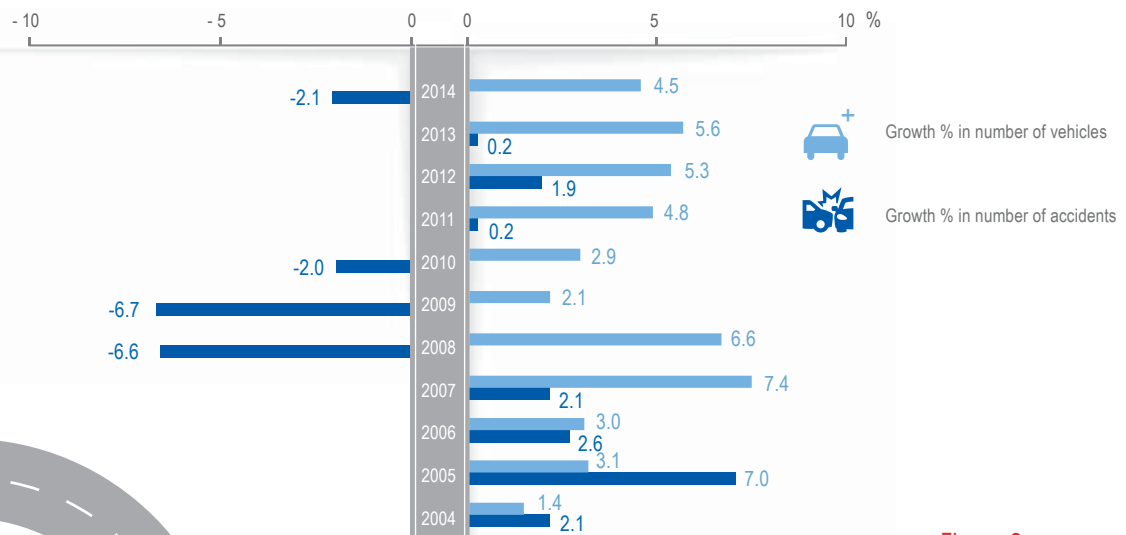


Figure 6

The total number of those killed or injured as a result of road accidents reduced by 2.4%, from 285,500 in 2013 to 278,700 in 2014. The number injured reduced by 2.6% and the number killed in road accidents reduced by 0.2%. Figure 7 sets out the number of those killed or injured in road accidents between 2004 and 2014².

Road accident victims, killed or injured

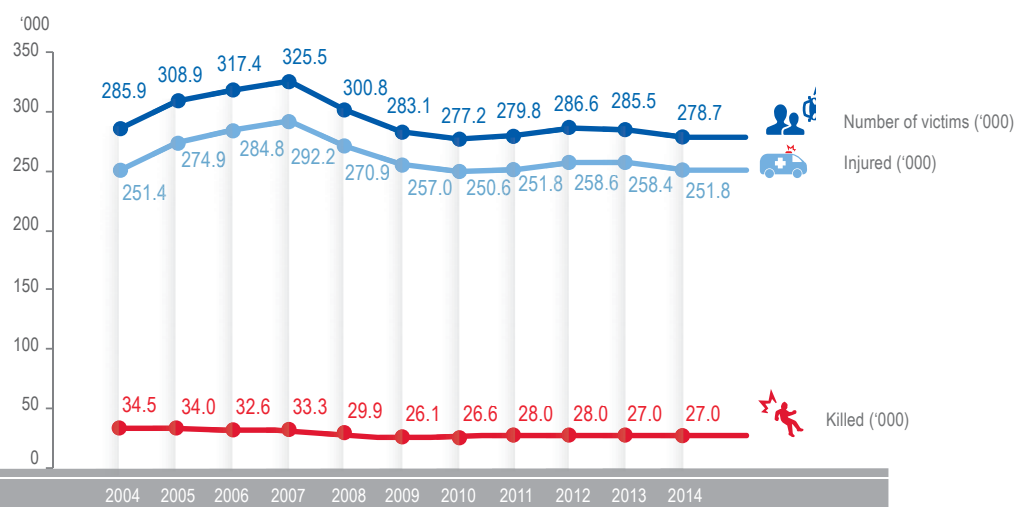


Figure 7

²Data from Department of road safety, Ministry of the Interior



Comparing 2014 with 2013, both the number of accidents and claims made under CMTPL insurance policies reduced (figure 8).

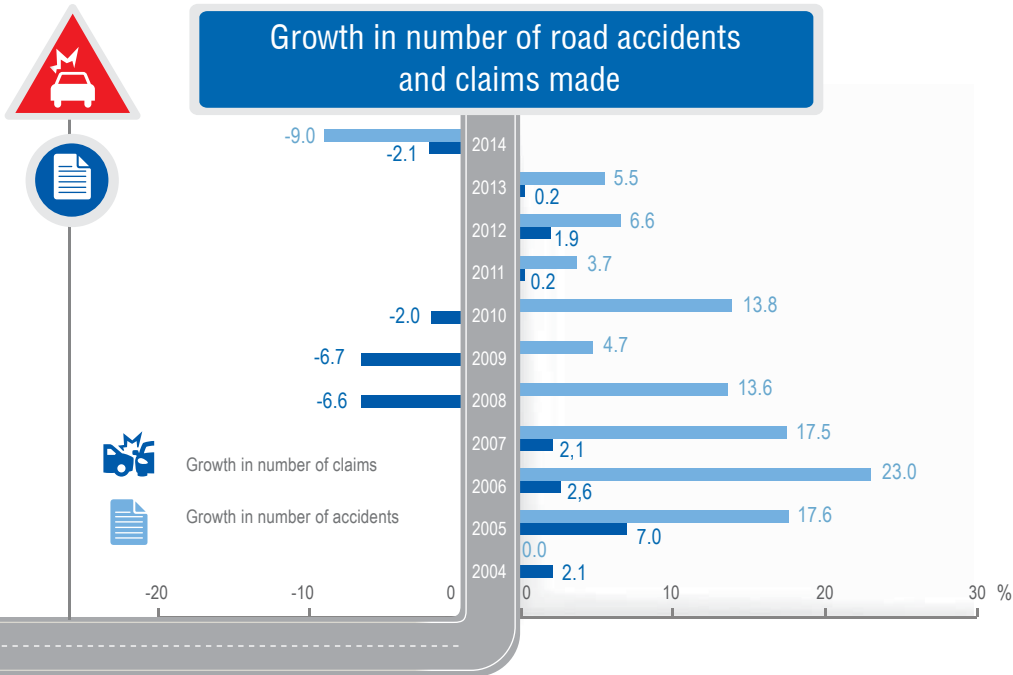


Figure 8

The CMTPL insurance market

Between 1 July 2003 and 31 December 2014, approximately 409 million CMTPL insurance policies were issued, more than 21 million accident victims received compensation and the total amount of compensation paid was 552 billion Roubles.

- In 2014:
- 42.6 million policies were issued;
 - 150.37 billion Roubles were paid in premiums;
 - 2.5 million claims were made;
 - 2.4 million claims were settled;
 - 89.08 billion Roubles were paid in claim settlements.

The figures for premiums and claims are set out in figure 9.

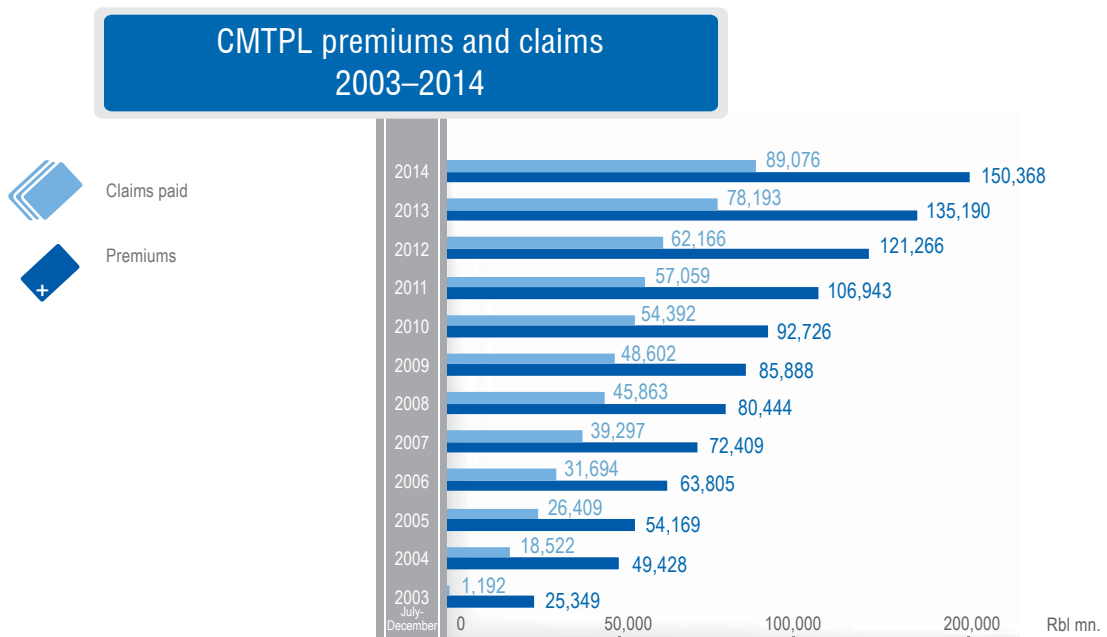


Figure 9

In Russia during 2014, the ratio of CMTPL premiums to claims was 59.2%.

Data relating to the growth in premiums and claims are shown in Table 6. It should be noted that in 2014, the total claims paid grew by 13.9%, whilst premiums grew by 11.2%.

Table 6

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Growth % premiums over previous year	9.6	17.8	13.5	11.1	6.8	8.0	15.3	13.4	11.4	11.2
Growth % claims paid over previous year	42.6	20.0	24.0	16.7	6.0	11.9	4.9	8.9	25.7	13.9

The increase in the amount of claims paid in 2014 is due in part to legal cases arising out of the decision that the 1992 Russian law protecting the rights of customers applies to CMTPL insurance.

It should be noted that the reduction in the number of claims for compensation was caused in the first place by a change in accounting policy by insurance companies in relation to the introduction on 2 August 2014 of changes to the direct settlement scheme that no longer permitted alternatives to the scheme. This is the main cause of the change during the year.

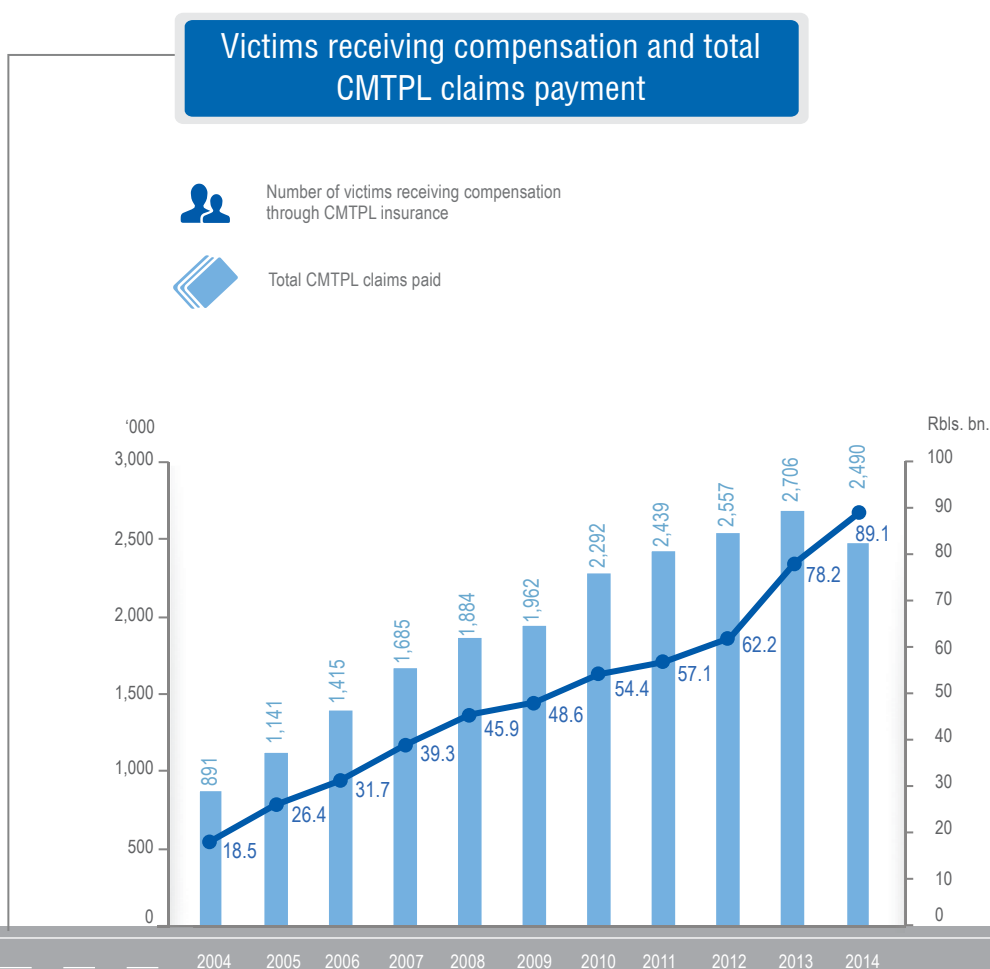


Figure 10



The changes to the average CMTPL claims payment are set out in figure 11.

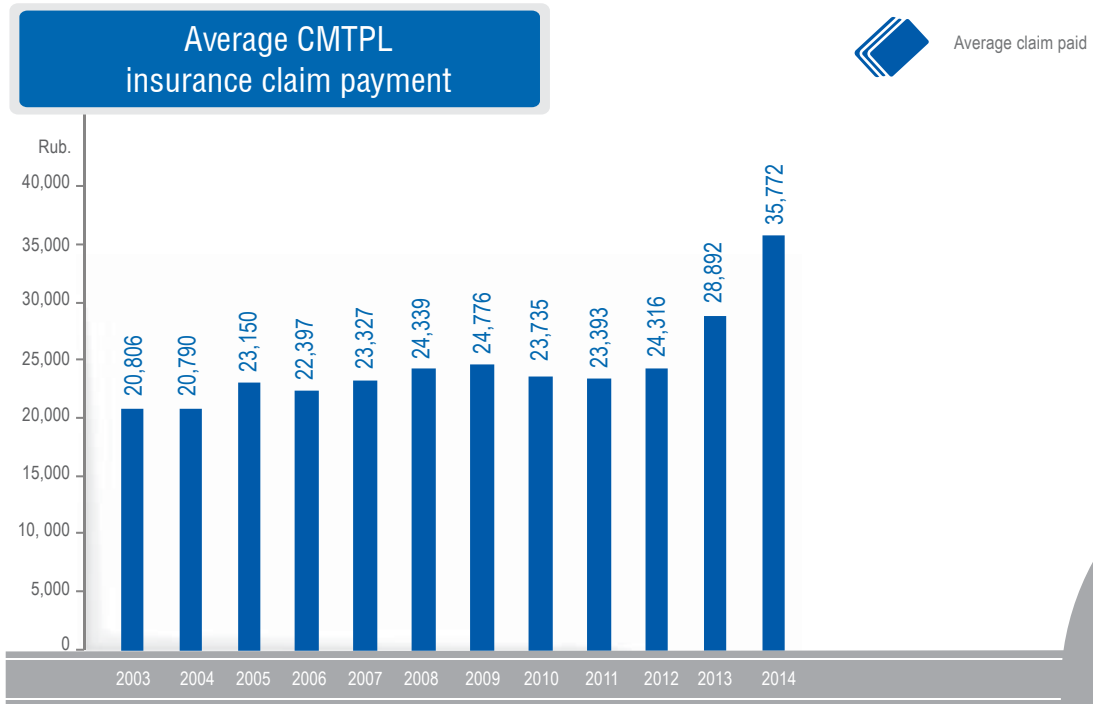


Figure 11

The two main causes of the increase in the average CMTPL claim payment are, first, the increase in the policy limit from 120,000 Roubles to 400,000 Roubles, which came into force on 1 October 2014, and, second, an increase in the number of cases settled via the courts. A direct result of the increase in the number of claims settled by the courts is an increase in the proportion of total claims settlements that come from court settlements. Figure 12 sets out the proportion of the total CMTPL claims that are settled via the courts.

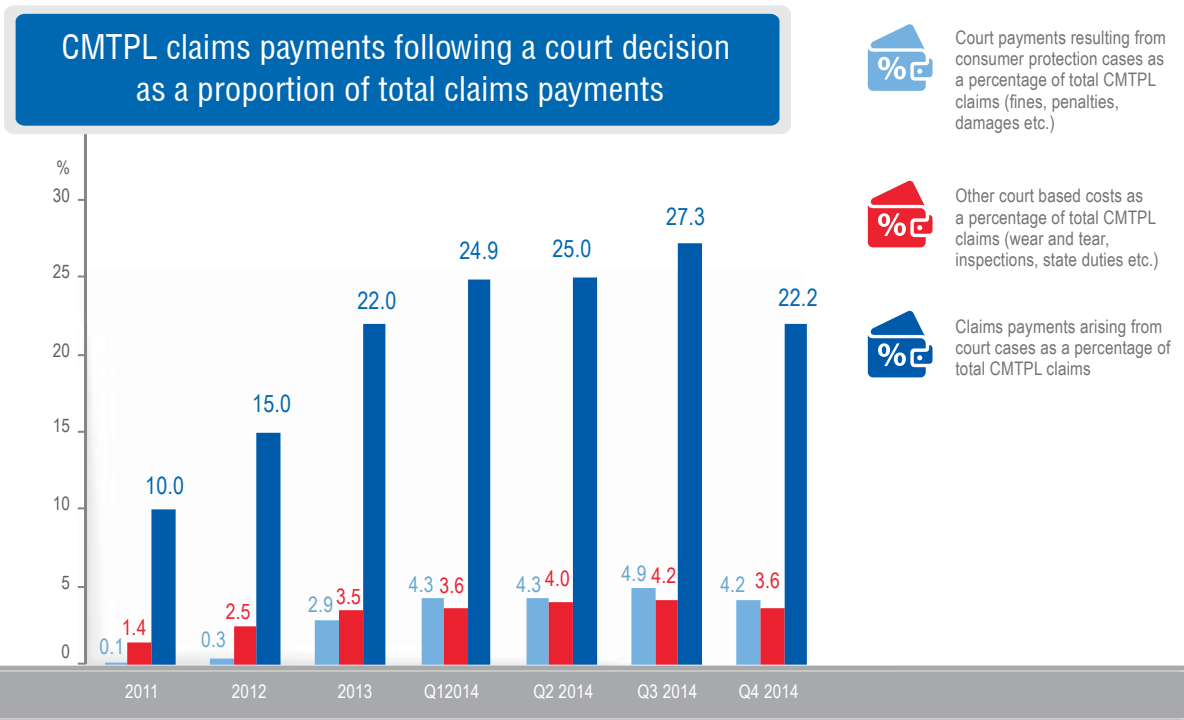


Figure 12

From the time when CMTPL insurance came into force, the average premium has increased from 1,954 Roubles in 2004 to 3,530 Roubles in 2014. However, if inflation is taken into account, then the average premium has fallen by 31.8% (figure 13).

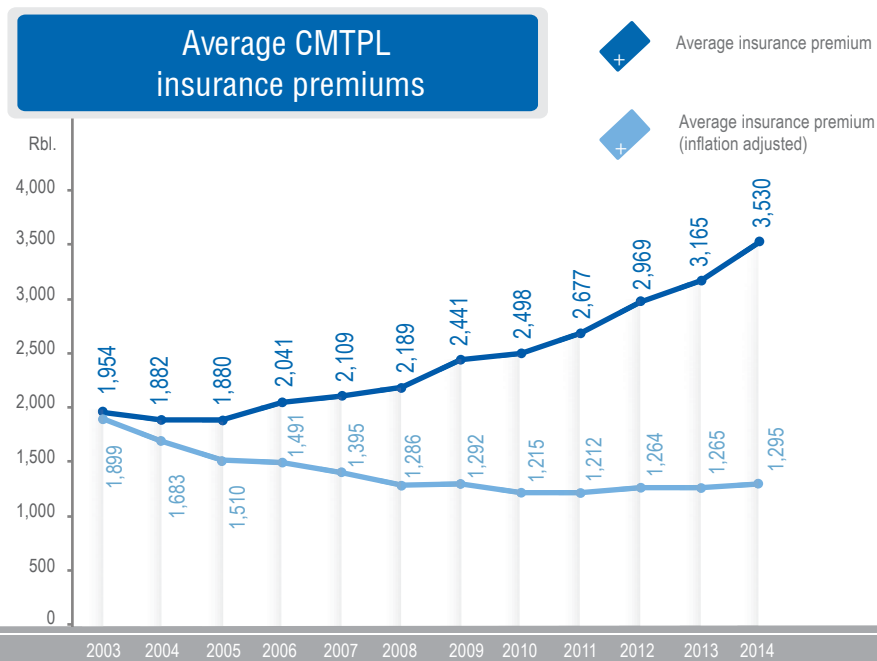


Figure 13

Figure 14 shows the ten leading regions of the Russian Federation in terms of total CMTPL claims payments made by insurance companies.

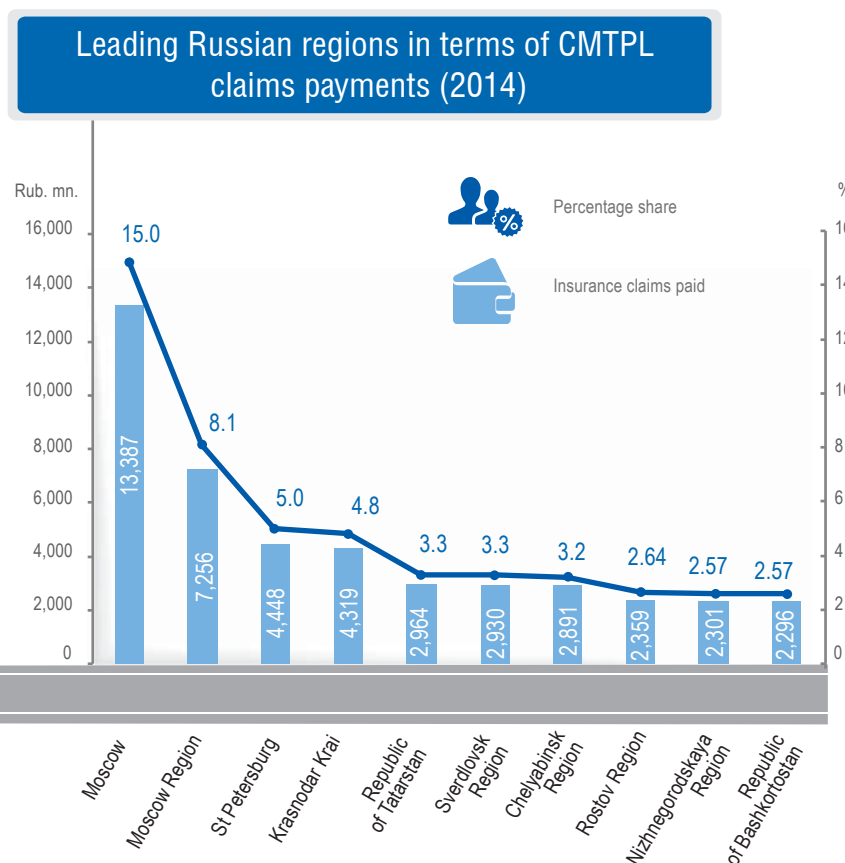


Figure 14



In 2014, Moscow led in CMTPL claims payments, amounting to 13,387 million Roubles (15% of total payments), followed by the Moscow region with 7,256 million Roubles (8.1% of the total) and St Petersburg with 4,448 million Roubles (5% of the total).

Claims payments between 2,296 million Roubles and 4,319 million Roubles (2.6%-4.8% of the total) were made in the following regions: Krasnodar Region (4,319 million Roubles), the Republic of Tatarstan (2,964 Roubles), Sverdlov Region (2,930 million Roubles), Chelyabinsk Region (2,891 million Roubles), Rostov Region (2,359 million Roubles), Nizhegorodskaya Region (2,301 million Roubles) and the Republic of Bashkortostan (2,296 million Roubles).

In terms of the Federal Administrative regions, the Central Federal Region leads the way in terms of premiums and claims payment. In the Central Federal Region, 65,285 million Roubles were collected (43.9% of the total) and 31,663 million Roubles in claims were paid (35.4% of the total). Figures 15 and 16 set out the figures for 2014, which are derived from RAMI Form 2.

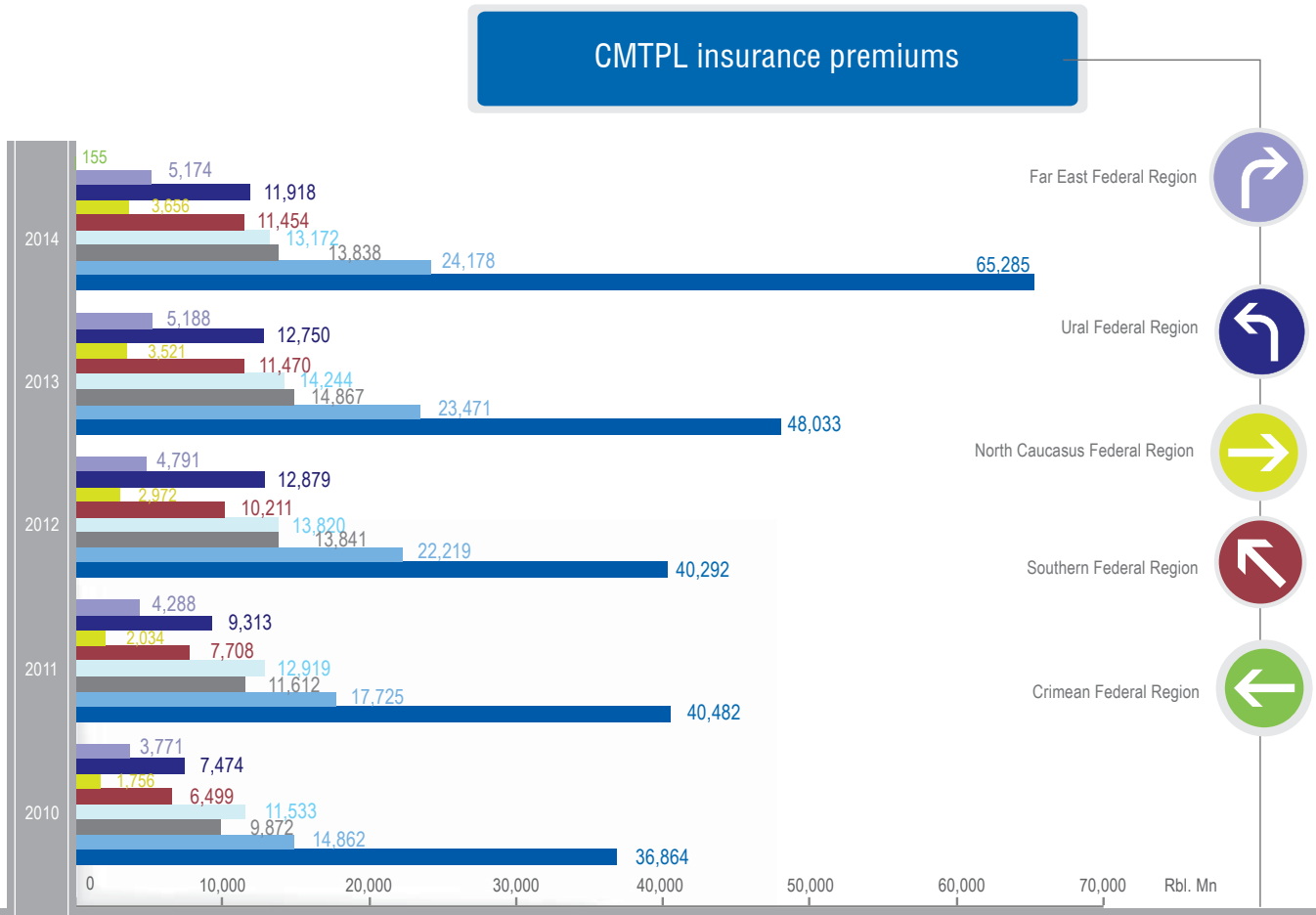


Figure 15

In 2014, 16.2% of total premiums was collected in the Volga Federal Region (24,177 million Roubles), 9% in the Siberian Federal Region (13,838 million Roubles), 8.9% in the North West Federal Region (13,172 million Roubles), 8% in the Urals Federal Region (11,918 million Roubles), 7.7% in the Southern Federal Region (11,454 million Roubles), 3.5% in the Far Eastern Federal Region (5,174 million Roubles) and 2.5% in the North Caucasus Federal Region (3,656 million Roubles).

Turning to claims payments in the Federal Regions, 19.4% of the total were made in the Volga Federal Region (17,387 million Roubles), 10.1% in the North West Federal Region (9,041 million Roubles), 10.0% in the Southern Federal region (8,905 million Roubles), 9.9% in the Siberian Federal Region (8,891 million Roubles), 9.2% in the Urals Federal Region (8,251 million Roubles), 3.2% in the Far Eastern Federal Region (2,848 million Roubles) and 2.7% in the North Caucasus Federal Region (2,425 million Roubles).

CMTPL claims payments

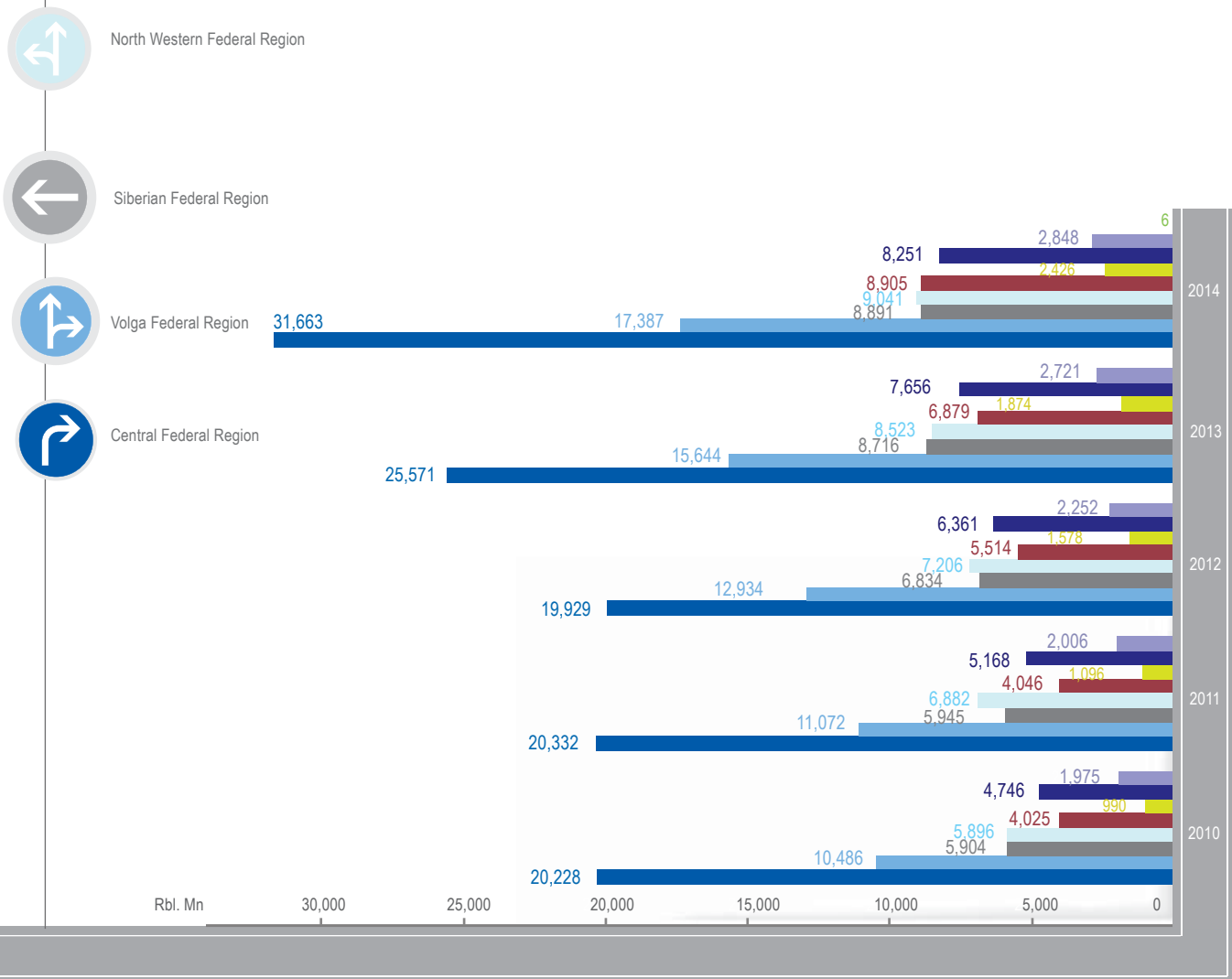


Figure 16

Bringing up the rear in terms of premiums and claims is the Crimean Federal Region with 155 million Roubles in premiums (0.1% of the total) and 5.7 million Roubles in claims (0.01% of the total).

In 2014, RAMI continued to work to gather and analyse data relating to the mutual obligations of insurance companies arising from CMTPL and KASKO (physical damage) policies.

Figure 17 shows on a quarter by quarter basis the extent of the mutual obligations arising from CMTPL and KASKO insurance policies.

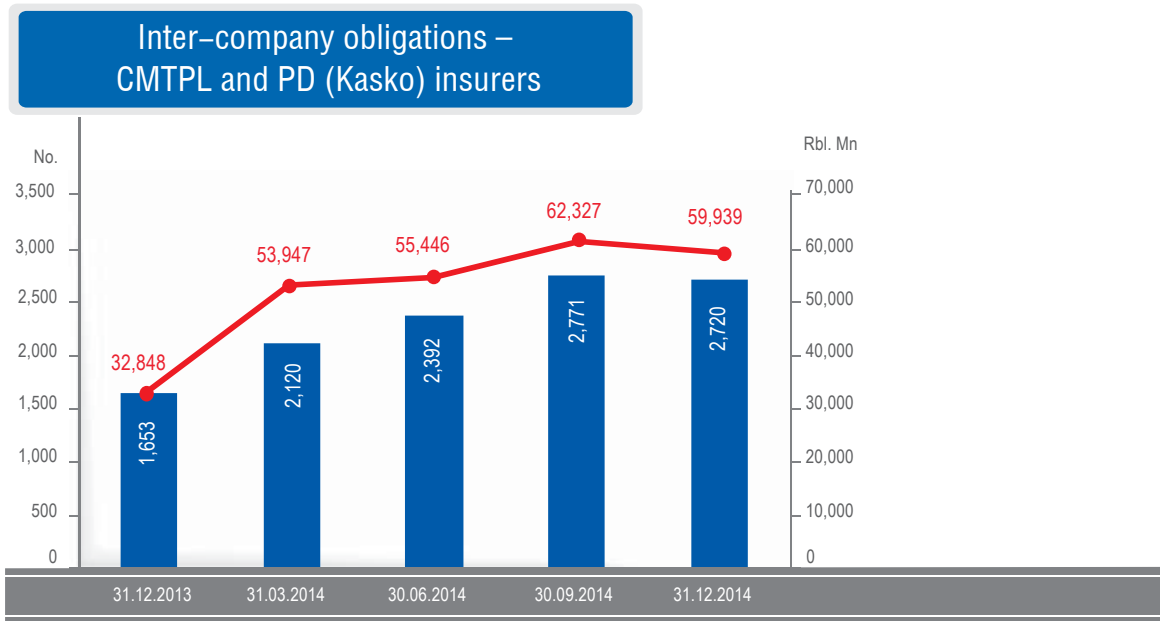


Figure 17

Inter-company obligations of RAMI members arising from KASKO and CMTPL insurance increased during 2014 by 70.38%, from 1.5 bn. Roubles on 31 December 2013 to 2.5 bn. Roubles on 31 December 2014.

30% of the increase in inter-company obligations arises from the inclusion of partially paid claims in the figures.

Inter-company obligations arising from KASKO and CMTPL, after including partially paid claims increased, by 31.52% (from 1.9 bn. Roubles on 31 December 2013 to 2.5 bn. Roubles on 31 December 2014).

CMTPL insurance as part of the Russian insurance market

As of 31 December 2014, the government register of insurance companies included 489 insurance organisations³, of which 99 (22.2% of the total) had a license to carry on CMTPL insurance.

Table 7 sets out premium and claim statistics for CMTPL insurance and other classes for 2014.

Table 7

	2014
Total insurance premiums (bn. Roubles)	987.7
CMTPL premiums (bn. Roubles)	150.9
The share of CMTPL insurance premiums in the total (%)	15.3
Total insurance claims payments (bn. Roubles)	472.2
CMTPL insurance claims payments (bn. Roubles)	90.3
The share of CMTPL claims in the total (%)	19.1

³Data from insurance market figures collected by the Central Bank of the Russian Federation

Figures 18 and 19 set out more data relating to CMTPL insurance premiums and claims in relation to the total insurance market⁴.

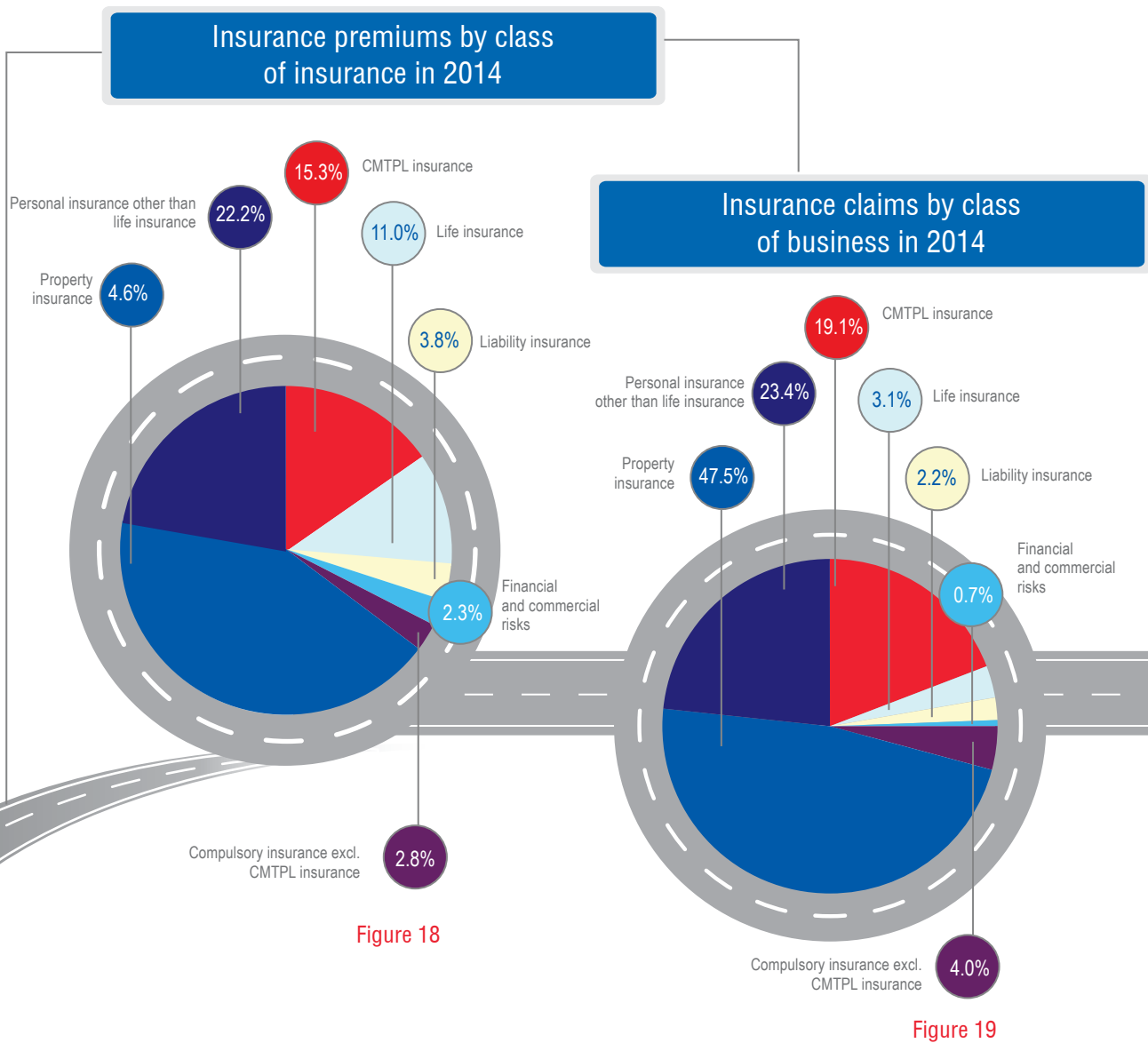


Figure 18

Figure 19

Figures 18 and 19 show that property insurance is the largest insurance class, with 42.6% of premiums and 47.5% of claims. CMTPL insurance accounts for 15.3% of premiums and 19.1% of claims.

In terms of voluntary types of insurance, the largest class is personal insurance (excluding life insurance), which accounts for 22.2% of premiums and 23.4% of claims. Life insurance accounts for 11% of premiums and 3.1% claims.

All other classes (liability, commercial risks and financial risks, compulsory insurance excluding CMTPL insurance) make up together 8.9% of premiums and 6.9% claims.

The Total premiums from compulsory insurance increased by 7.9% during 2014, while premiums from voluntary insurance increased by 9.4%.

The Total premiums from compulsory insurance amounted to 178.8 bn. Roubles in 2014, compared with 165.7 bn. Roubles in 2013.

⁴Data from insurance market figures collected by the Central Bank of the Russian Federation



CMTPL insurance tariff rates

The 2014 law amending the CMTPL insurance law covered a number of areas relating to the way in which CMTPL insurance is organised. One change was to increase CMTPL policy limits relating to both bodily injury claims and property damage claims. In addition, the maximum amount a claim could be discounted due to wear and tear on the motor vehicle was reduced from 80% to 50%. As a result, the RAMI committee for tariffs, statistics and reserves commissioned scientific research in a number of areas:

- Research into the impact of the changes in legislation relating to CMTPL insurance on the size of insurance tariffs, based on data from 1 July 2009 to 30 June 2013;
- Research on the impact on insurance tariffs of the increase in policy limits for bodily injury and property damage up to 500,000 Roubles;
- Research into the impact on CMTPL insurance tariffs of the reduction in the permitted discount of claims due to wear and tear;
- Research into the impact on CMTPL insurance tariffs of including wear and tear in the calculation of the amount of the claim to be paid to compensate for property damage;
- Research into the impact on CMTPL insurance tariffs of the changes to the coefficients used to calculate premiums based on the age and experience of the driver authorised to driver the vehicle;
- Research into current CMTPL tariffs in respect of their adequacy on the basis of loss data provided by RAMI members from the period 1 July 2011 to 30 June 2014;
- Research into the impact of currency fluctuations on the adequacy of current CMTPL insurance tariffs.

The results of this research were used as the basis of proposals submitted to the Bank of Russia for changes in CMTPL insurance tariffs.



The legal regulation of CMTPL insurance in 2014





The legal regulation of CMTPL insurance in 2014

Developing the regulatory framework for CMTPL insurance

The 2014 CMTPL insurance law brought in a number of changes to the legal regulation of CMTPL insurance.

RAMI took an active role in preparing the law by commenting on the various drafts.

The 2014 CMTPL insurance law comes into force in stages.

Thus, with effect from **2 August 2014**, the following amendments came into force:

- In terms of **simplified reporting of road accidents** without involving road traffic police, there was a doubling of the limit of the damage caused to the accident victim's vehicle by the accident above which the presence of a police officer is required. This limit is now 50,000 Roubles. The new limit applies to accidents where both parties have CMTPL policies that inceptioned on or after 2 August 2014;
- Direct settlement of claims **without an alternative** was introduced: an accident victim who has suffered damage to property is obliged to seek redress from the insurance company that issued the accident victim's CMTPL policy in the following circumstances:
 - a. If the road accident caused damage only to vehicles specified in point 'b';
 - b. The accident occurred as a result of a collision between two motor vehicles (including vehicles with trailers) whose third party liabilities are insured in conformity with the CMTPL insurance law;
- In the Administrative Code of the Russian Federation, it is made an offense for insurers to refuse to issue a CMTPL policy without justification or to require extra services to be provided to issue such a policy;
- The basic insurance law of 1992 was amended to ensure that a company that is excluded from RAMI loses its CMTPL insurance license.

From **1 September 2014**, the main part of the 2014 CMTPL insurance law came into force, with the exception of those provisions which included a special procedure for coming into force. The most important provisions were:

- **The time limit within which a claims payment should be made, repairs authorised or the claim declined becomes 20 working days;**
- **CMTPL insurance is made subject to the law relating to the protection of the interests of customers:**
 - If the time limit for settling claims is exceeded, a fine of 1% of the total claim amount is imposed per day;
 - If a claim is unjustifiably declined, a financial sanction of 0.05% per day of the claim amount is imposed;
 - In the event a court makes an award greater than the amount proposed by the insurance company, a fine of 50% of the difference is imposed;
 - Failure to return premiums in the event of early termination of the contract within the time limits results in a penalty of 1% of the premium, but the total penalty cannot exceed the total premium.

The total amount of sanctions cannot exceed the amount of the claim. In addition, penalties and fines will not be imposed if the insurer fulfilled all obligations in the proper manner and within the time limit:

- **A mandatory pre-trial procedure for settling disputes;**
- **It is permissible to pay compensation or directly to pay for repairs** (the accident victim has to agree and there has to be a contract between the insurance company and the repair garage). In this case, the insurance company has to post on its web site a list of repair garages and ensure that the list is kept up to date. In addition, it is the responsibility of the insurance company to ensure that the repairs are speedily carried out in an effective manner;

- **Information required by the proposal form for CMTPL insurance and/or** provided when the policy is issued, should be downloaded onto the CMTPL database within one working day of the issue of the CMTPL insurance policy and information concerning changes to the contract of CMTPL insurance should be downloaded within five working days;
- RAMI should keep records of the number of blank CMTPL policy forms in each region of the Russian Federation and should post this information on its web site;
- All divisions (branches) of insurance companies are obliged to issue CMTPL insurance policies;
- **Independent vehicle examiners and court appointed examiners must use a similar methodology, approved by the Bank of Russia, to calculate the amount of repair costs to damaged vehicles;**
- In calculating CMTPL tariffs, the Bank of Russia should use actuarial methods (expressing their minimum and maximum amounts in Roubles) and should set out how the various coefficients should be used by insurance companies to calculate premiums for CMTPL insurance policies;
- CMTPL insurance for trailers should be carried out by an endorsement to the policy. New coefficients for vehicles with trailers have been developed to calculate the premium;
- Vehicles without wheels (and any trailers) are not obliged to have CMTPL insurance. Such vehicles include tracked or semi-tracked vehicles, sleds or other vehicles without wheels;
- Victims of road accidents are entitled to send documents relating to their claim in electronic format. The insurer must check these documents for completeness within three working days;
- Responsibility for the unauthorised use of blank CMTPL insurance policies rests with the insurance company unless the loss or theft of the blank policy forms was reported to the authorities before the accident that caused the claim;
- Before issuing a CMTPL insurance policy, insurers must check the CMTPL IT system database and also the unified database relating to technical inspection.

From **1 October 2014**, the following amendments came into force:

- **The policy limit per claimant for property damage was increased to 400,000 Roubles;**
- In the event that accidents that occurred in Moscow, St Petersburg, The Moscow region and the Leningrad region are reported using the simplified reporting system without the involvement of a police officer, insurers should settle the claim on the basis of information about the damage to the vehicle supplied in the form of photographs or videos which clearly show all aspects of the damage and the accident scene and also data from the GLONASS satellite navigation system or some other similar system. Up to 1 January 2017, it is permitted either to use GLONASS or another similar system to provide data about the road accident;
- The maximum reduction of a claim amount to take account of wear and tear was reduced to 50%.

In addition, the CMTPL insurance law of 2014 has brought in a number of amendments that come into force after 2014. These include:

- from 1 January 2015, the law states that a unified database should be created for information relating to insurance contracts for the types of insurance set out in the basic law on insurance under points 6 and 14, article 32.9. This database (The insurance records bureau) would also contain claims data and other insurance related data.
- From 1 April 2015:



- **The policy limit for bodily injury claims is increased to 500,000 Roubles per victim;**
 - A new method of calculating the amount of bodily injury claims is introduced on the basis of guidelines produced by the Russian Government;
 - The number of beneficiaries who can receive damages following a death has been increased.
- From 1 July 2015, it will become possible to issue a CMTPL insurance policy in electronic format;
- From 1 January 2017, under the simplified reporting scheme for road accidents, the maximum claim size in Moscow, the Moscow region, St Petersburg and the Leningrad region will be increased to 400,000 Roubles for claims that are reported using data that includes photographs or videos and data from GLONASS or from GLONASS and another, similar navigation system;
- From 1 October 2019, under the simplified reporting scheme for road accidents, the maximum claim size will be increased to 400,000 Roubles throughout Russia for claims that are reported using data that includes photographs or videos and data from GLONASS or from GLONASS and another similar navigation system.

RAMI has prepared proposed amendments to the following regulations from the Bank of Russia:

- The rules governing CMTPL insurance;
- The rules governing the development of insurance tariffs for CMTPL insurance;
- The rules governing standard policy wordings and procedures in relation to voluntary insurance of land transport (excluding rail transport) and voluntary motor third part insurance.

Developing RAMI's internal rules and regulations

Amending existing and developing new rules of professional conduct

As a result of the various changes in legislation relating to CMTPL insurance, new sets of rules have been developed as follows:

- The rules of professional conduct governing the relationship between members of RAMI and car service and repair garages;
- The rules of professional conduct covering the procedures for appointing a representative of the insurer that has insured the third party liabilities of an accident with the powers to settle the claim for direct settlement and make the claims payment through the direct settlement system;
- The rules of professional conduct covering the settling of claims under the simplified reporting system in Moscow, the Moscow region, St Petersburg and the Leningrad region, relating to the data to be supplied to insurers on the damage caused to the vehicle by the road accident using technologies that ensure that the information can be fully relied on by insurers.

In addition, amendments were made to the following sets of rules of professional conduct:

- The rules of professional conduct governing the development and use of the RAMI IT system;
- The rules of professional conduct governing the requirements for the corporate IT systems of RAMI member companies in relation to CMTPL insurance;
- The rules of professional conduct governing the use of a description of typical road accidents which allocates responsibility for causing the accident between the drivers when completing documentation relating to a road accident without the presence of a police officer;
- The rules of professional conduct that cover the Direct Settlement Agreement;

- The rules of professional conduct governing the making of compensation payments by RAMI, the ordering of these payments in the event that RAMI has insufficient funds and the procedure for sharing out the obligation amongst its members to make good any shortfall and make the compensation payments;
- The rules of professional conduct governing the relations between RAMI's members and agents and brokers when agents and brokers issue CMTPL insurance policies on behalf of RAMI members;
- The rules of professional conduct governing relations between RAMI members and their representatives when dealing with applications from road accident victims for insurance compensation;
- The rules of professional conduct governing the settlement of CMTPL claims by RAMI member insurance companies;
- The rules of professional conduct governing subrogation in the event of a claim payment for damages;
- The rules of professional conduct governing the imposition of sanctions and other measures on RAMI member companies, management and staff;
- The rules of professional conduct governing inspections and audits of RAMI members;
- The rules of professional conduct covering the procedures for RAMI and its members in the event that the license of a member of the Association to carry on CMTPL insurance is limited, suspended or revoked;
- The rules of professional conduct governing the process of issuing blank CMTPL policy forms: accounting for the forms, keeping them safe and destroying them;
- The rules of professional conduct covering the application of coefficients to insurance tariffs for CMTPL insurance based on claims records in previous years (Bonus Malus);
- The rules of professional conduct governing the accounting rules to be used by RAMI member companies in relation to CMTPL insurance.



The Insurance Records Bureau





The Insurance Records Bureau

Among the amendments to the law on insurance introduced by the insurance law of 2014 was the requirement that from 1 January 2015, a unified computerised database should be created, containing policy data, claims data and other information relating to CMTPL insurance, with the objectives of providing information for those involved in CMTPL insurance and of combating insurance fraud. As a result, in August 2014, RAMI began planning the creation of the database through the 'Insurance Records Bureau'.

In September 2014, outline plans for the unified computerised database were drawn up, together with the technical functional requirements for the development of the unified database. In October 2014, detailed proposals as to the regulatory framework needed for the development of the unified database were produced and these were sent to the Bank of Russia.

Between October and December 2014, the necessary software was developed and the hardware obtained. On 24 December the unified database came into operation.

During November and December a number of seminars for the management and staff of insurance companies were organised for consultation and for technical discussions relating to their connection to the database, and also for disseminating information.

Currently, insurance companies are testing their connections to the unified database. Full operation of the system will begin once the Bank of Russia has published the regulations that will govern the development and operation of the unified database, the nature of the information that should be provided by insurance companies and the nature of the agreement between insurance companies and the operator as to the information that should be provided.



The electronic CMTPL insurance policy



The electronic CMTPL insurance policy

On 1 July 2015, an amendment to the law on CMTPL insurance comes into force that permits the issue of an electronic policy for CMTPL insurance.

RAMI has taken a number of actions to prepare for the introduction of the electronic policy.

In August 2014, the RAMI Presidium approved a plan for the development of the electronic policy which contained the following elements:

- a. the approval of a Concept of a rule under the CMTPL insurance law relating to the introduction of an electronic CMTPL insurance policy;
- b. the preparation of draft regulations needed in order that the Concept can be implemented, such as:
 - A draft decree from the Bank of Russia setting out the rules governing the use of electronic documents and the exchange of information in electronic form between insurance companies and their clients in relation to CMTPL insurance;
 - Draft proposals for amendments to the decree of the Russian Government of 14 September 2005 that set out the rules for the exchange of information in CMTPL insurance to permit insurers to share information with the relevant government bodies and organisations.

The above proposals and draft amendments were sent to the Government of the Russian Federation, to the Ministry of Telecoms and Mass Communications, to the Ministry of Finance, the Bank of Russia, the Ministry of Internal Affairs, to the Federal Tax service and to the Federal Migration service. Representatives of RAMI took part in discussions relating to these draft regulations.



Direct settlement of claims





Direct settlement of claims

During 2014, under the direct settlement of claims scheme, insurance companies made payments to road accident victims amounting to 31,433 million Rubles. During the time that the direct settlement scheme has been in force – from 1 March 2009 to 31 December 2014 – victims have received more than 77,990 million Rubles. The growth in premiums handled by the scheme in 2014 in comparison with 2013 was 81.2%. After a small fall in volumes in the first quarter of 2014 compared with the 4th quarter of 2013, growth in payments via the direct settlement scheme continued strongly in the remaining quarters, and by the fourth quarter, the volume of payments was more than double that at the beginning of the year (figure 20).

During the year, the number of transactions handled by insurance companies through the direct settlement scheme grew significantly. The number of claims notifications to the RAMI CMTPL system grew by 45% in comparison with 2013.

This strong growth is due to 2014 CMTPL law which came into force in August 2014. One of the changes introduced by this law is that if a road accident had the characteristics that permitted it to be settled under the direct settlement scheme, then this had to be used by accident victims to receive compensation.

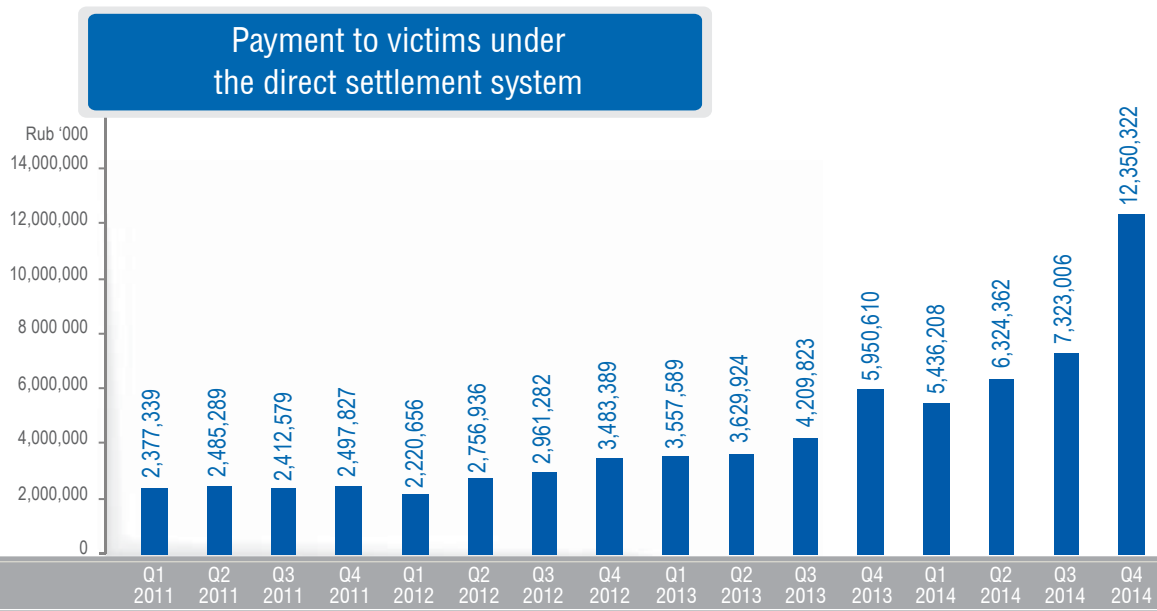


Figure 20

The average payment to accident victims through the direct settlement scheme has also increased. In 2013 the figure was 22,900 Rubles whilst in 2014 it was 29,100 Rubles. During 2014, the average payment to accident victims increased every quarter (figure 21). The highest rate of growth was seen in the 4th quarter.

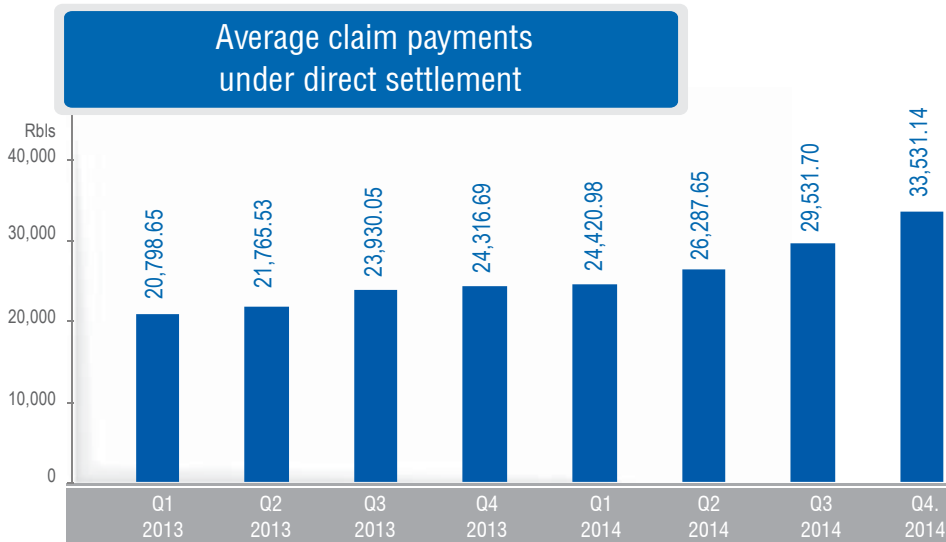


Figure 21

The percentage of claims notifications that were not accepted was slightly less than 8% compared with the number of claims notifications made through the CMTPL Direct Settlement IT system. As is set out in figure 22, after August 2014 there was a tendency for the number of rejected claims notifications to reduce. It should be noted that the main reason that advices are rejected by insurance companies is the inability to confirm that the driver of the vehicle causing the accident had a valid CMTPL insurance policy in force at the time of the accident. In these circumstances, it is not possible to use the direct settlement system.

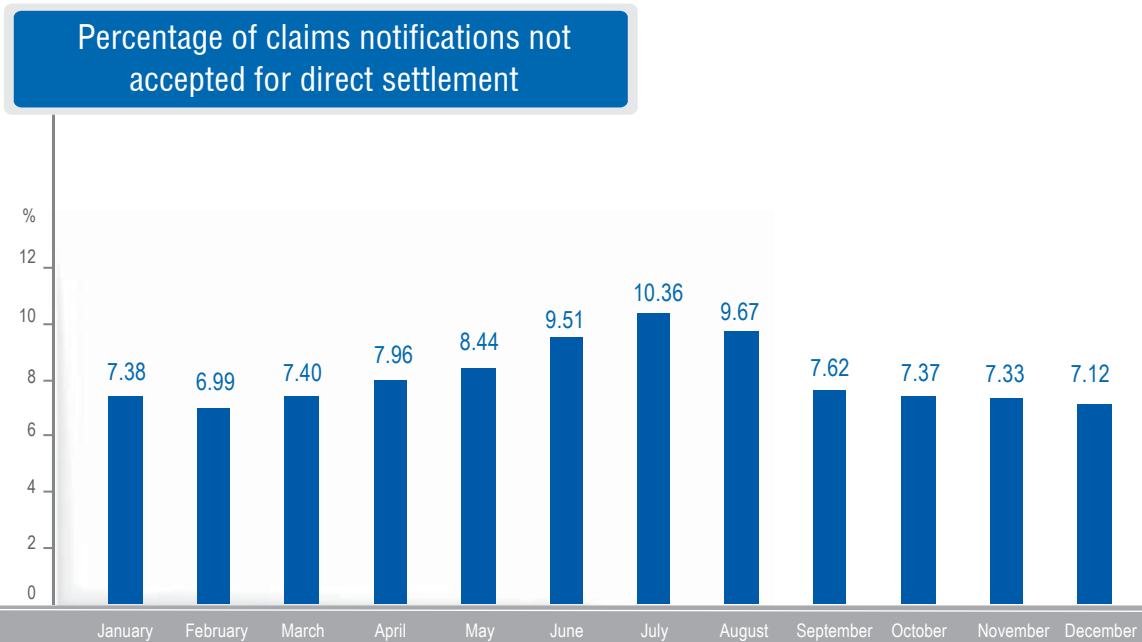


Figure 22

For the whole period during which the direct settlement system has been in operation (from 1 March 2009), the number of claims settled through the system has shown stable growth as set out in figure 23. It is clear that the stronger growth in 2014 is due to the introduction of compulsory direct settlement where the accident qualifies.

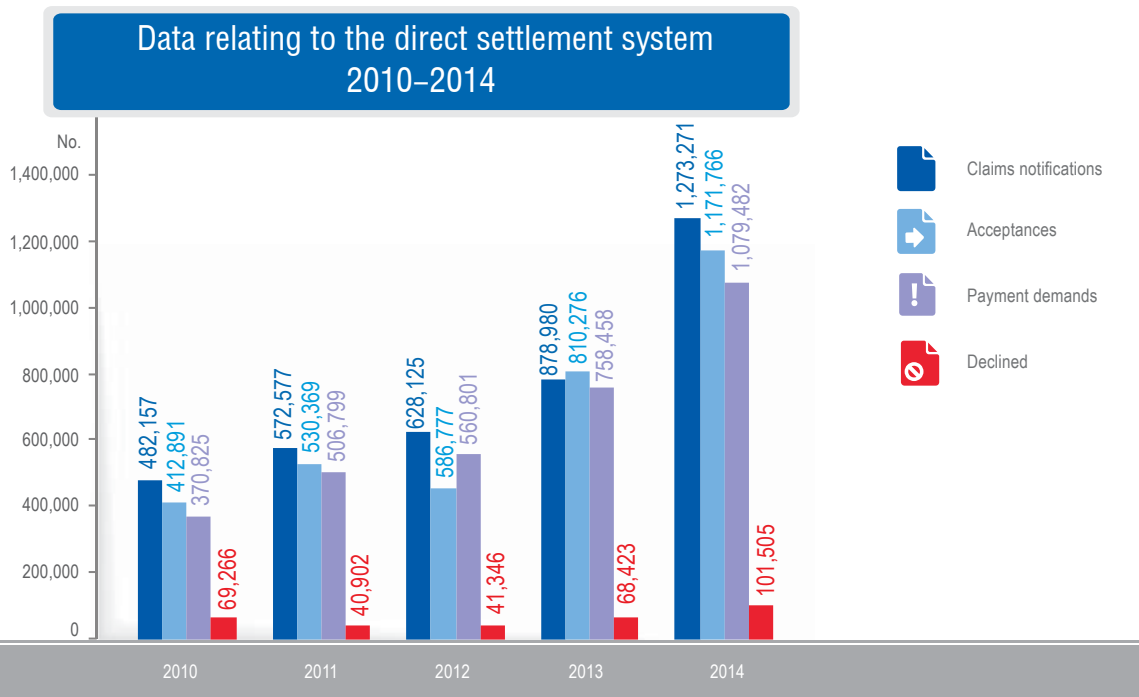


Figure 23



In 2014, RAMI members settled 43.55% of all CMTPL insurance claims through the direct settlement system. During October 2014, the proportion of claims settled by the direct settlement system reached its highest level – 64.09%.

The proportion of CMTPL claims settled via the direct settlement system January – December 2014

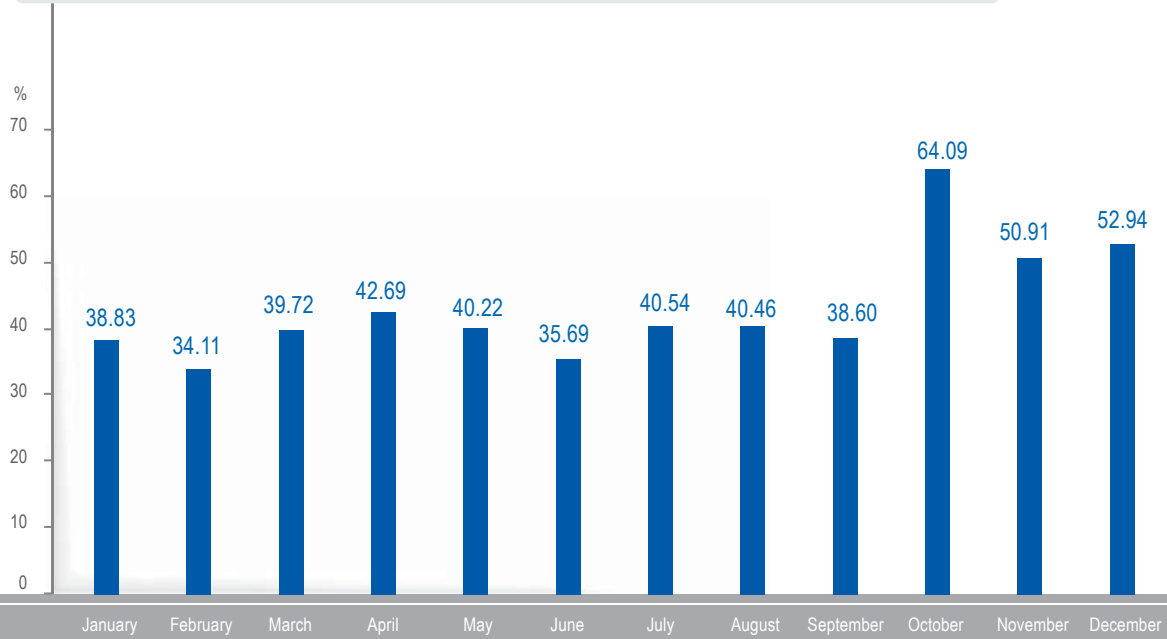


Figure 24

Concerning complaints about insurance companies: in 2014, RAMI received eight complaints, two of which, having been examined by the relevant committee, led to the decision that the insurance company concerned with the complaint had broken the rules of professional conduct.

During 2014, RAMI took certain steps in order to ensure the success of compulsory direct settlement. Work was carried out to ensure that the internal rules and regulations of the Association complied with the new system as introduced by the CMTPL 2014 law. It should be noted that in order that the system of compulsory direct settlement could be brought in, it was necessary to amend a number of the rules of professional conduct and also to prepare a new version of the Direct Settlement agreement, on the basis of which the direct settlement system operates.

Transactions between insurance companies under the direct settlement system are carried out under the auspices of a special 'Insurance Payments System'. The rules of this system had to be amended to take account of the introduction of compulsory direct settlement in 2014. At the same time, changes had to be made to the contracts of the organisations that operate the system. In addition, the rules of the insurance payment system were brought into line with the requirements of the Bank of Russia, which are aimed at ensuring the smooth running of the system and minimizing risk.



Simplified reporting of road accidents (the European Protocol)





Simplified reporting of road accidents (the European Protocol)

In 2014, the number of claims notifications submitted to the CMTPL IT system where there had been no police involvement in creating the documentation (simplified reporting of claims using the 'European Protocol') increased by 67.2% in comparison with 2013. The number of claims settled and paid using the simplified reporting system also grew by 67.2% (figure 25).

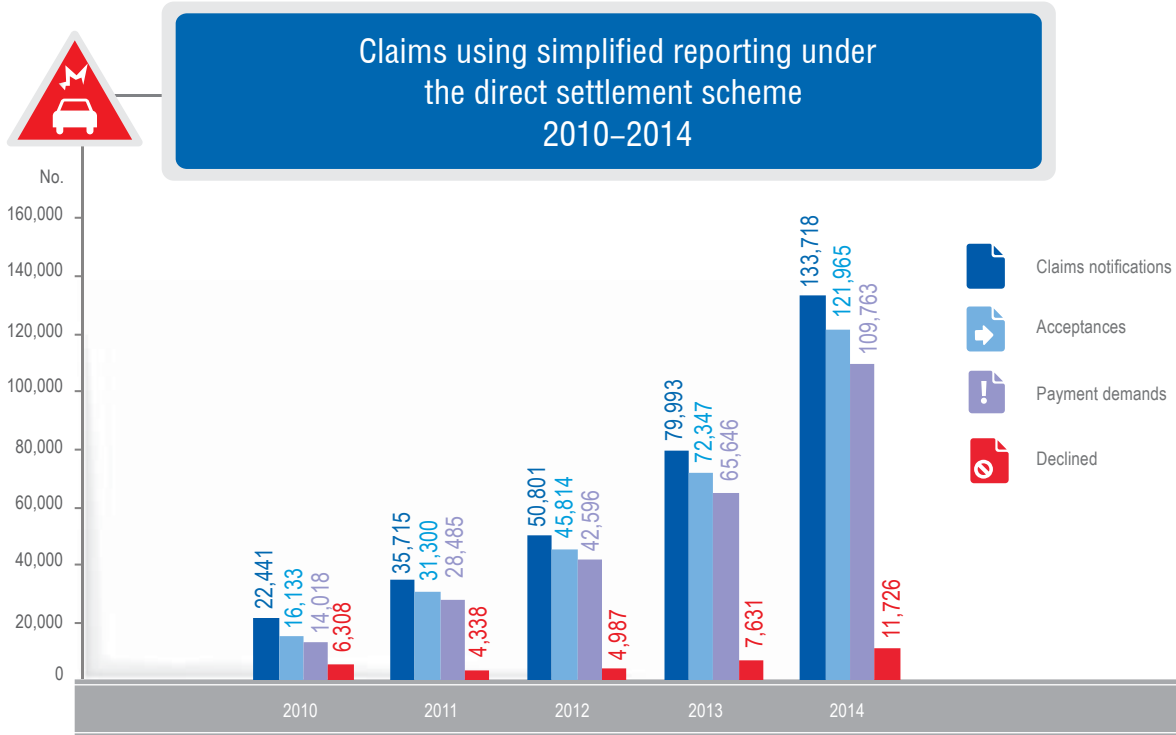


Figure 25

In comparison with 2013, the proportion of CMTPL claims settled under the direct settlement system using the European Protocol increased from 9.1% to 10.5%.

The proportion of applications using the European protocol that were rejected was 9.6%, a reduction on the previous year where the figure had been 11.5%. It is important to note that about 25% of the rejections result from incorrect completion of the documentation about the road accident. In 2013, 43.56% of rejections were as a result of this cause.

The process of amending documentation to take account of the introduction of compulsory direct settlement has meant that changes had to be made to the documentation setting out how insurance companies should handle applications from road accident victims using the simplified system of reporting road accidents. This is due to the fact that there were a number of amendments to the CMTPL law in relation to the European Protocol. Thus, the limit of damages caused by a road accident to a vehicle, above which the European Protocol could not be used, was increased from 25,000 Roubles to 50,000 Roubles meaning that more applications could be made without involving the road traffic police. In addition, there have been a number of changes to the way in which drivers involved in road accidents should complete the European Protocol, changes that have necessitated alteration to business processes by insurance companies. These include the requirement that information about the accident should be provided to the insurance company that issued the driver's CMTPL insurance policy within 5 working days of the accident, and the introduction of sanctions on drivers involved in accidents for failing to produce the information about the accident or their vehicle for inspection by the insurance company. Sanctions have also been imposed for carrying out repairs to the vehicle without the permission of the insurance company within 15 days of the accident. A new edition of the guidelines for insurance companies, incorporating these changes, was published.

Publicity material was prepared for drivers setting out the rules of completing the European Protocol on the basis of the new regulations. Both printed and film material was produced.

Claims notifications using the simplified report of road accidents

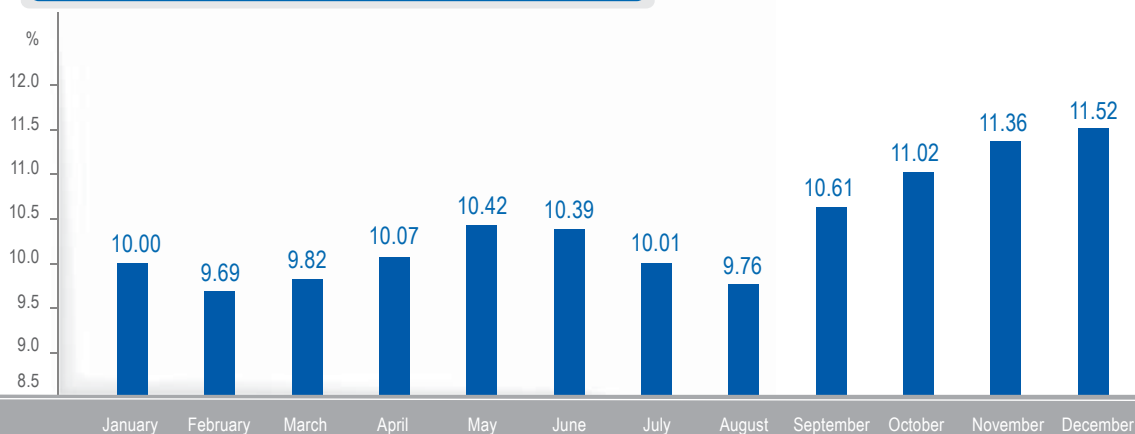


Figure 26

The unlimited European Protocol

The 2014 CMTPL law brought in changes that affected drivers involved in road accidents using the simplified reporting system in Moscow, the Moscow region, St Petersburg and the Leningrad region. In these areas, all property damage claims where the simplified reporting system applies can be settled up to the policy limits using the European Protocol. Insurers should settle the claim on the basis of information about the damage to the vehicle supplied in the form of photographs or videos which clearly show all aspects of the damage and the accident scene and also data from the GLONASS satellite navigation system or some other similar system. This is called 'the unlimited European Protocol'.

To support these changes, on 25 April 2013, the RAMI Presidium decided to work on changes to the simplified reporting system. As part of this work it was necessary to implement the use of a so call 'monitoring system' – technical equipment, installed on the motor vehicle, that records details of the vehicle's position and movement using signals from the GLONASS system or GLONASS together with some other global satellite navigation system. This 'monitoring system' would be able to transmit information about the vehicle at the time of a motor accident.

At the present time, there are a substantial number of such systems on the market, and in order to select a system that meets its needs, RAMI has established a methodology to test the equipment and also a test stand.

Between December 2013 and March 2014, tests were carried out on 17 monitoring systems, the producers of which had shown an interest in working with RAMI. These tests included a simulated accident on the RAMI test stand and the subsequent transfer of information such as the date, time and location of the accident, acceleration before, during and after impact and information about the effectiveness of the equipment to the RAMI insurance telematics IT system. 10 monitoring systems successfully completed these trials.

During the course of these trials, it became clear that the use of the test stand did not make it possible to check the equipment for the possibility of false parameters for the accident, for the quality and completeness of the information about the location of the vehicle and for the correct functioning of the equipment.

As a result, a procedure was developed for further tests of the monitoring systems and these additional tests were carried out outdoors. These tests involved vehicles with the monitoring systems installed, following certain routes in Moscow and in the Moscow region, crossing speed bumps and simulating accidents in certain locations and transmitting the resulting data to the RAMI IT system.

The results of these additional tests demonstrate that RAMI's requirements for the monitoring system are feasible, that the systems can correctly identify the fact of an accident with minimal false identifications and provide all the information needed by insurance companies. Currently, 10 systems have satisfied the requirements set out by RAMI.



On 18 December 2014 the Presidium of RAMI took further steps in preparing for the 'unlimited European Protocol' by introducing a new set of rules of professional conduct dealing with settling claims under the simplified reporting system using the European protocol in Moscow, the Moscow Region, St Petersburg and the Leningrad region and using technical means to record details of the accident.

In order to fulfil the legal requirement to provide photographs or videos of damaged motor vehicles in a format that cannot be altered, the rules of professional conduct regulating the 'unlimited European Protocol' permit the use of mobile equipment such as pocket personal computers, smartphones or mobile phones using special applications and software. With the help of such mobile applications, drivers can take photographs or videos of the damaged vehicles at the accident spot and then transfer this data in a format that cannot be amended to the RAMI IT system, which then on the request of the insurance company can be used to settle the claim.

In this way, the insurance company receives information that the accident has occurred, and its time and location, automatically fixed with the help of a monitoring system. The insurance company also receives images of the vehicles and their damage at the place of the accident, taken by the drivers on the spot with the help of mobile applications and sent automatically to the IT system. Such double control of information about the accident, achieved by technical means, can significantly reduce the likelihood of insurance fraud, a feature that is particularly important in settling claims using the 'unlimited European Protocol'.



The international Green Card system





The international Green Card system

The Green Card Bureau is part of the Russian Association of Motor Insurers. Its members carry on motor third party liability insurance under the international Green Card insurance system. As of 31 December 2014, the Green Card Bureau had ten members.

The head of the board of the Green Card Bureau is Nadezhda Arshinova, General Director of the 21st Century Insurance Company. This appointment was approved by the Management Board of RAMI on 26 June 2008.

The work of the Green Card Bureau in 2014

Approximately 1.5 million Green Card certificates were issued in 2014 by insurance companies that are members of the Green Card Bureau.

In total, since 2009, members of the Bureau have issued over 10.1 million Green Card certificates.

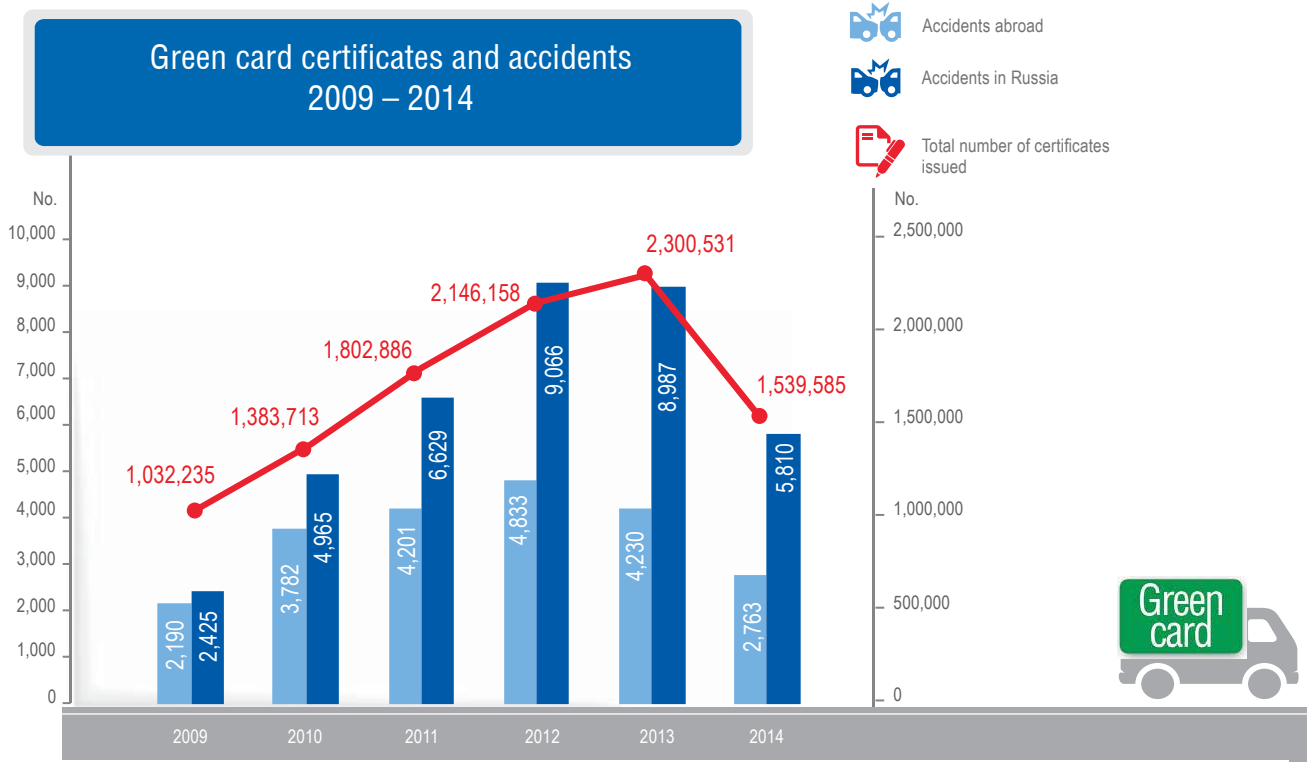


Figure 27

(Data for 2014 are not complete since there is a delay under the Green card system in accidents being reported)

In 2014, there were 5,810 road accidents that involved drivers with a foreign 'Green Card'. During 2014, the total number of road accidents was 37,882.

Accidents in Russia by the country of origin of the driver responsible for the accident

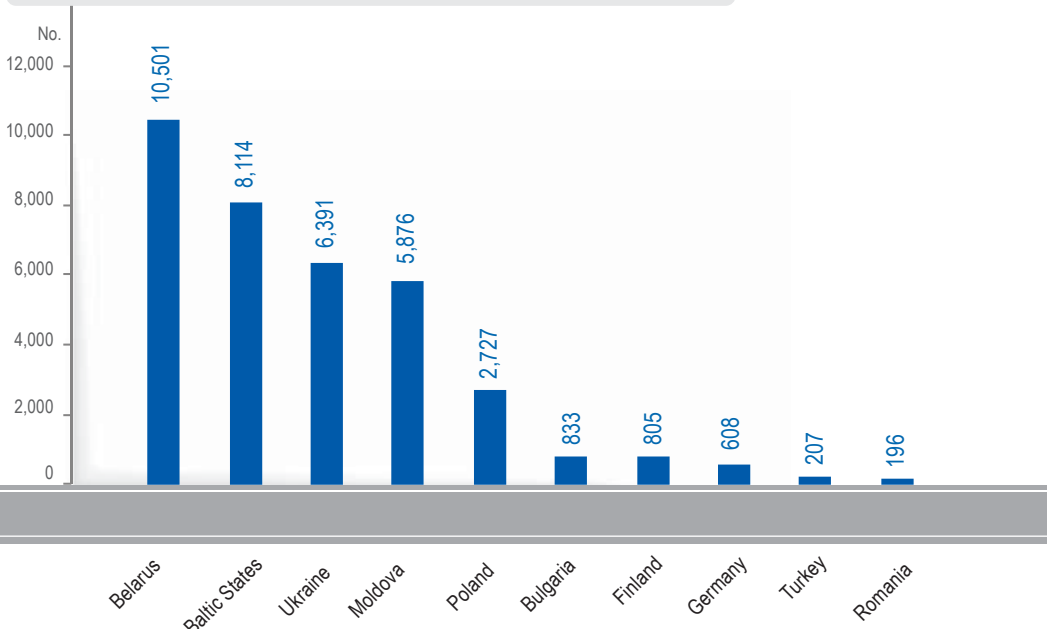


Figure 28

In 2014, 2,763 accidents were recorded abroad where a driver with a Russian Green Card was involved. In total, since 2009 there have been 22,028 such accidents, of which the greatest number occurred in Belarus (4,581), followed by Ukraine (3,091), Poland (2,817), the Baltic States (2,494) and Finland (2,411).

Overall in 2014, in comparison with 2013, there was a reduction in the number of drivers crossing the borders. Primarily this was due to the difficult political situation in Ukraine, but the fall in the value of the rouble also contributed.

Claims from accidents occurring abroad by country

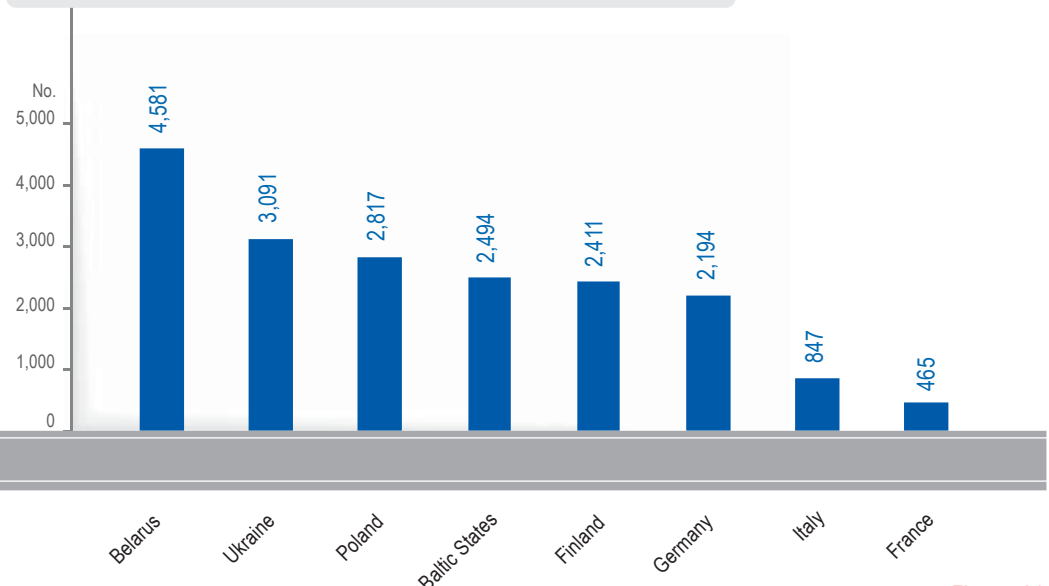


Figure 29



Since 2009 there have been 30 claims that resulted in damage to property or bodily injury greater than €50,000. Of these, 26 resulted in claims between €50,000 and €200,000. A number of claims led to payments in excess of €200,000: for instance, a claim in Italy was settled following a payment of €580,000, but six months later an additional reserve of €270,000 was established. Another claim resulted from a fatal accident in Finland. Payments have totalled €300,000 while the reserve is €2.1 million, the amount needed to provide the widow with an indexed annuity for life. The highest payments resulted from an accident in Germany in 2010 that led to serious bodily injuries. RAMI has already paid €590,000 on behalf of a bankrupt member of the Bureau and the reserve remains at €6.8 million. A claim from an accident in Greece in 2011 also has some of the highest reserves - €763,000.

Since the creation of the Russian Green Card bureau in 2009, it has demonstrated impeccable financial discipline and has fully complied with the rules and requirements of the Green Card system. This was noted by the ruling body of the Green Card system when considering the proposal to reduce the transition phase of Russia's membership from the ten years set out in the initial documentation to five years. As an interim solution, it was decided to maintain Russia's transitional membership status whilst reducing the bank guarantee from €11 million to €9 million. In 2015, work will continue to ensure the achievement by Russia of full membership of the Green Card system.

Projects undertaken by the Board of the Green Card Bureau

The following projects have been undertaken to provide technical, IT and organisational support for the work of the Bureau:

- 1) Bringing Russian legislation and RAMI's internal rules into line with the rules and regulations of the Green Card system.

The following documents relating to the Green Card Bureau have been edited or amended:

- Instructions covering the procedures to be used to discipline members of the Bureau for breaches of the rules whilst carrying on Green Card insurance (approved by the RAMI management board, 6 March 2014);
 - Provisions for settling claims under the international Green Card system (approved by the RAMI management board, 15 May and 21 August 2014);
 - Provisions of Green Card insurance certificates (approved by the RAMI management board 21 August 2014).
- 2) In order to lessen the negative impact of the sharp fluctuations in the value of the Euro, changes were made to the rules of professional conduct governing the setting of tariffs for Green Card policies. To compensate for changes in exchange rates, alteration to the Rouble cost of a Green Card certificate was made on a monthly basis in place of the previous quarterly system.
 - 3) From 1 April 2014, the full transition was made to a system whereby Green Card policies were issued using standard software. Policies completed by hand were banned. A time limit of five days was established during which details of policies issued had to be downloaded onto the RAMI Green Card IT system. This allows insurers to reduce technical mistakes and control the activities of their agents.

As part of the planning for the transition to this system, the RAMI Green Card IT system was developed which is able in real time to ensure that Green Card policies are issued in the correct manner and that premiums are calculated correctly.

Actuarial work

On the basis of a decree issued by the Ministry of Finance on 11 June 2002, work was carried out to calculate the average claim payment made under the international Green Card system.

Participation in international events

Staff of the Green Card Bureau participated in the following events:

- The annual meeting of the Board of the Bureaux of countries (the Baltic Rim), which was held in St Petersburg, February;
- Working meetings of representatives of Group 'A' held in Athens in March and London in September;
- The General Assembly of the Council of Bureaux held in Minsk in June;
- A working meeting of representatives of the Northern group of countries held in Uppsala in October.

10

Independent technical examination of motor vehicles





Independent technical examination of motor vehicles

The main projects undertaken during 2014 were developing the following:

- Procedures for operating independent technical examinations;
- Information necessary for independent technical examinations;
- Organisational support for independent technical examination;
- Voluntary certification by RAMI of independent technical experts.

Procedures for operating a system of independent technical examination

Developing a draft uniform methodology for calculating repair costs when examining a vehicle and the rules governing independent technical examination of motor vehicles

On 19 December 2013, the RAMI Presidium approved a plan to complete the development of a system of independent technical examination in relation to CMTPL insurance. As part of this plan, during 2014 a draft uniform methodology was developed to calculate repair costs of motor vehicles. The main components of this methodology are as follows:

- The procedure for calculating motor vehicle repair costs, including the cost of materials, spare parts and labour;
- The procedure to calculate wear and tear on the parts to be replaced (units and accessories);
- Procedure for calculating the loss payment in the event of a constructive total loss of a vehicle;
- The development and distribution of software to be used to calculate the repair costs of motor vehicles;
- List of spare parts subject to zero wear and tear in terms of the calculation of the repair costs of motor vehicles;
- Reference data on the average mileage of motor vehicles to be used in calculating wear and tear as part of settling the size of a CMTPL claim;
- A complete list of regional markets for spare parts and materials and a description of their boundaries;
- The rules governing the system of independent technical examination of motor vehicles;
- The development of technical guides showing the average cost of spare parts, materials and labour in relation to the repair of motor vehicles.

Following a decision of the RAMI Management Board on 7 November 2013, a committee of experts was formed to develop a uniform methodology for calculating repair costs. The committee's membership includes representatives of insurance companies, associations of experts, social, scientific and other organisations.

As a result of joint work, drafts of the uniform methodology, of the rules governing independent technical examination and of the technical cost guides were produced and approved by the RAMI management, the Committee of experts and by the RAMI committee for independent technical examination. The draft uniform methodology and the draft set of rules were approved by the RAMI management Board on 17 June 2014, and the draft cost guides on 17 September. These documents were submitted to the Bank of Russia, which, in accordance with the law, approved the uniform methodology and the set of rules covering independent technical examination. The necessary regulations were approved by the Bank of Russia on 19 September 2014.

Information for independent technical examination

Preparing a guide of costs of parts, materials and labour for calculating repair costs of damaged motor vehicles

Research was carried out as part of the process of developing the uniform methodology and the cost guides. Markets were surveyed and the resulting data was used to provide lists of average prices. The resulting guide to prices is an electronic database that can be queried using software that allows independent technical examiners to calculate the cost of repairing motor vehicles. A detailed analysis of the information in the price guide carried out by members of the RAMI committee for independent technical examination led to some corrections and additions to the documents, after which the RSA Management Board approved a number of amendments to the terms of reference of the cost guide.

After the completion of the development process of the guides, an audit was carried out by the independent company TRANSDERKA and on 14 October 2014 they presented their conclusions to RAMI. These were that each of the guides complied with the requirements of the law on insurance and with the regulations of the Bank of Russia which had been set out on 19 September 2014, and which dealt with developing the uniform methodology and with the rules set out on the same day dealing with independent technical examination of motor vehicles. Each of the cost guides contains information about regional variations in cost so that the correct estimate of repair costs of damaged vehicles can be determined throughout the Russian Federation.

On 16 October 2014, the price guides were approved by the Presidium of RAMI and on 11 December they were registered by the Federal service for intellectual property.

In order to ensure that RAMI carries out its obligation to ensure that the price guides can be used in software designed to calculate the cost of repairs, they were sent to organisations with the appropriate software under a simple non-exclusive licence agreement. RAMI is continuing to deal with requests for licences of the price guide from a number of organisations through the RAMI committee for independent technical examination.

In addition, the rules set out by the Bank of Russia covering the uniform methodology require RAMI to make the information contained in the price guides available to the general public via the internet. The information can now be seen on the RAMI web site in an area that has free access.

It should be noted that the research which formed the basis of the price guides was carried out between June and August 2014, a period when currency rates were relatively stable. The major changes to exchange rates that took place in late 2014 and the resulting increase in prices of spare parts and materials used in car repairs will be taken into account when the price guides are updated according to the Bank of Russia rules.

Organisational support for independent technical examination

Participation in the professional certification of technical experts carrying out independent technical examination of motor vehicles

On 19 December 2011, the Ministry of Transport, the Ministry of Justice and the Ministry of Internal Affairs set up an interdepartmental commission to develop professional certification of technical experts carrying out independent technical examinations of motor vehicles. RAMI was invited to send representatives to this commission.

To assist the work of this commission, RAMI, given its experience in developing technical examination, provides materials for the meetings of the commission. This work continued in 2014.

During the year, 1480 sets of documents were reviewed, applications from technical experts to receive professional certification. RAMI checked that the requirements of the technical experts conformed to the regulations set out by the three ministries in 2006, and set out its position regarding each of the candidates reviewed by the commission.

The commission held ten meetings in 2014, as a result of which:

- 1480 applications for professional certification were examined;
- 1303 applications were successful;
- 177 applications were denied.



Voluntary certification of technical experts by RAMI

The aim of this project is to raise the level of qualifications of technical experts who carry out independent technical examination of vehicles in relation to CMTPL insurance claims. In 2014, work continued on the system of voluntary certification of technical experts by RAMI. Four sessions were held with the following results:

- 42 applications for certification by RAMI from technical experts were examined;
- 22 applications were successful;
- Of the successful applications, 10 resulted in renewing certification for three years;
- 20 applications were denied.

11

Technical inspection of motor vehicles





Technical inspection of motor vehicles

On 1 July 2011, a Federal law was passed dealing with the annual technical inspection of motor vehicles. As a result of this law RAMI was made responsible for a number of functions under the technical inspection system:

- certification of garages carrying out technical inspection of motor vehicles;
- checking of applications to ensure that they comply with the requirements for certification;
- supervision of the work of garages carrying out technical inspections to ensure they comply with the requirements for certification and with the rules of technical inspection;
- creating a register of garages with certification to carry out technical inspection of motor vehicles;
- providing an open, public database which can be used by the public to examine the register of garages with certification to carry out technical inspection of motor vehicles.

Certification in 2014

Between 1 January and 31 December 2014:

- **5,238** appeals relating to technical inspection were heard, of which **3,026** were applications for granting, cancelling or renewing certification from **2,472** organisations or individuals;
- **1,110** notices were sent requiring action to address shortcomings;
- **1,200** cases were returned with a refusal to grant certification without examining the merits.

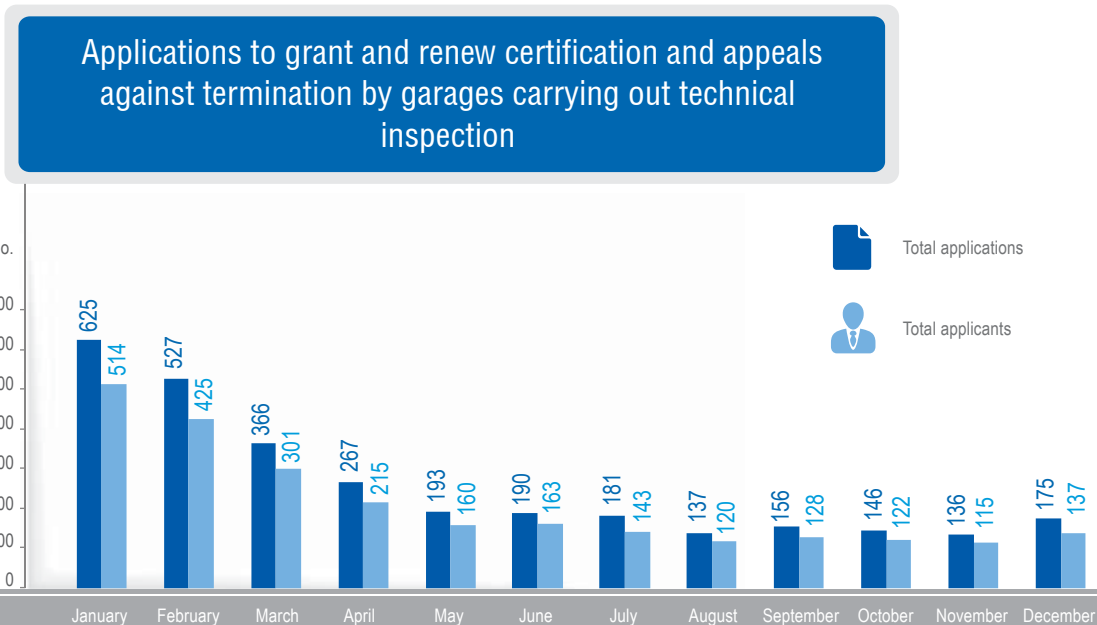


Figure 30

Number of appeals relating to technical inspection

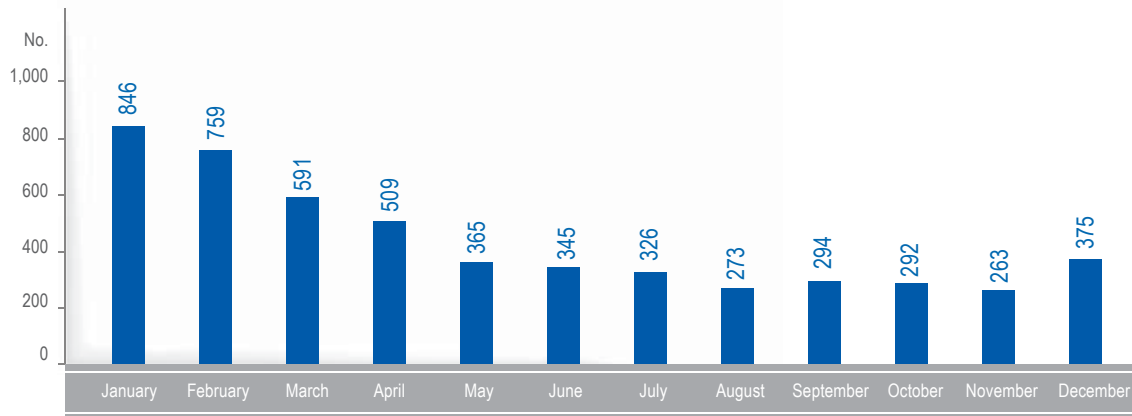


Figure 31

In 2014, as a result of a review of applications relating to granting, renewing or terminating certification, the following decisions were made:

- **940** garages were certified as permitted to carry out technical inspection;
- **79** garages had their certification annulled;
- **282** garages had their certification amended.

Issuing certificates in 2014

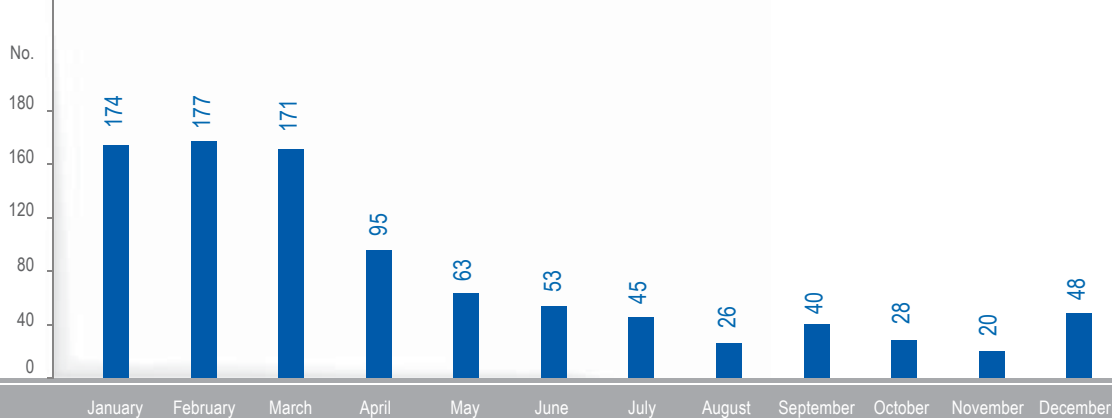


Figure 32



Supervising the work of garages carrying out technical inspection

During 2014 there were 369 supervisory audits carried out. Of these:

- 180 were on-site inspections;
- 189 were off site audits.

As a result of this supervisory work:

- 48 applicants had their application for certification denied;
- 79 garages had their certification suspended;
- 3 had their certification annulled;
- 28 garages had their certification renewed.

Publicity

- Provided current information on the official web site about legislation relating to the technical inspection of vehicles, set out recommendations and published announcements;
- Processed more than 7,400 communications from the public, from organisations and from garages, and also applications by e mail;
- Sent 8,500 answers and requests by e mail.

To assist applicants complete the necessary documentation for accreditation, 16 free seminars were held in the RAMI office. These were attended by 171 people.

Technical inspection in the Crimea

As a result of the coming into force of the law relating to the Crimea, in April and June two free seminars were organised relating to the technical examination of motor vehicles. From 24 to 30 June, a working session was held in Yalta to review applications for certification. The result was that on July 1, three garages received certification to permit them to carry out technical inspection of motor vehicles.

As of 31 December 2014, the register of certified garages to carry on technical inspection contained 12 entries.

Working with associations of technical inspection operators

In 2013, an agreement of partnership and co-operation was signed between RAMI and 14 associations of technical inspection operators. In 2014, 21 further associations of operators signed the agreement. Currently, 35 associations of operators from 27 regions of Russia have signed the agreement. 9 associations of operators have applied to sign up to the agreement, including operators from the Crimea.

As part of the operation of this agreement, RAMI set up a public committee containing representatives of the associations of operators. In 2014, this committee met twice.

Currently, 679 operators are members of associations that participate in the work covered by the agreement.

Conferences of operators of technical inspection

On 19 December 2014, RAMI, with the support of the Duma Transport Committee, organised the 3rd International conference dedicated to 'The system of technical inspection of motor vehicles and road safety 2014'. Attending the conference were representatives from Federal and local Government, from technical inspection operators and their associations, from scientific associations, and from social and from social and international organisations connected with the industry.

During the conference, a plenary session was held, attended by representatives of 240 technical inspection operators. Round table discussions were held dealing with future systems of technical inspection, current problems and how to solve them, and improving publicity for the system of technical inspection.

International work relating to technical inspection

In 2013 and 2014, international work was carried out to integrate Russia into international structures. The main aim was to benefit from international experience in vehicle inspections, how they are organised and implemented and how the system is supervised. With this objective in mind, a working meeting was held with representatives of the governing body of the International Motor Vehicle Inspection Committee (CITA). CITA has as members 120 organisations from over 50 countries of the world and has consultative status at the Economic and Social Council of the United Nations and at the European Commission.

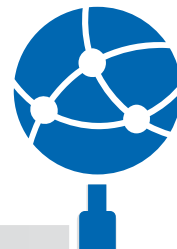
As a result of these discussions, which demonstrated a mutual interest to develop co-operation and outlined potential benefits of working with the international committee, the Presidium of RAMI decided that RAMI should join CITA. In January 2014, the Bureau Permanent of CITA decided to admit RAMI to the International Committee as a full member, the highest of the six categories of membership.

During 2014, RAMI developed contacts and exchanged information with the Secretariat of CITA and with a number of national organisations, with the aim of using these contacts to improve RAMI's implementation of the tasks allocated to it by the government.

With this in mind, RAMI took part in the work of one of the regional conferences of CITA, establishing working contact with members of CITA from Great Britain, Germany, Italy, Spain, Switzerland and Sweden. The objective was not only to adapt and use international experience in the area of the inspection of motor vehicles, but also to use it to harmonise standards of vehicle inspection in the countries that are members of the Customs Union.

12

Information Technology





Information Technology

Revising the Contract and Bonus Malus subsystems

In 2014, changes were completed to the software of the Contract and Bonus Malus subsystems of the RAMI IT system. These included:

- Changes to the format and logic control rules in respect of the transfer of data about early termination of CMTPL policies, claims and claims payments, INN of the insured vehicle or the owner of the vehicle for CMTPL policies concluded with companies in the Crimea and Sevastopol and also the algorithms dealing with the strict accounting system for blank policy forms;
- Obtaining the history of requests for the calculation of bonus malus from a non-current version of XSD;
- Adding data of vehicle registration plates for identification purposes;
- Adding information about CMTPL insurance policies issued to owners of vehicles registered in a foreign country;
- The use of manuals and guides;
- The development of a means of obtaining information about the date a CMTPL insurance policy was issued and its number;
- Transmission of data relating to accident victims;
- Enabling policyholders to have free access to the data necessary to calculate premiums using Bonus Malus and about the availability of blank CMTPL policy forms, and also to enable free access for victims of road accidents and others involved in road accidents to data about the status of a CMTPL insurance policy of an individual or a vehicle.

In 2014, the following software development projects commenced for the Contract and Bonus Malus subsystems:

- Increasing the length of the fields 'VIN', 'chassis number' and 'body number' in relation to motor vehicles, changing the structure of the data and the algorithms that process information about decisions about a claim;
- Transmission and saving information about how compensation is paid to accident victims and adding to the list of data transmitted via the Contract and Bonus Malus IT subsystems a field that shows whether or not a vehicle covered by the CMTPL insurance policy has a trailer attached.

Protecting personal data stored, processed and transmitted on the internal RAMI IT system

Commencing in 2011, work has continued to develop a system for protecting personal data stored, processed and transmitted by the internal RAMI IT system. In 2014, the work was completed and received certification. In addition, during 2014, a number of measures were introduced to protect information held on the 'Contract' subsystem and transmitted to the back-up centre.

Creating a back-up centre to process data from the Contract and Bonus Malus subsystems

In order to ensure the smooth operation of the RAMI IT system, commencing in 2013, work was carried out to set up a data back-up centre for the subsystems Contract and Bonus Malus. In 2014, work was completed and the back-up centre is now in full operation.

Developing industry best practice for data security and protecting personal data for insurance companies

From 2010, RAMI has been working to develop standards of data protection of personal data to be applied to insurance company IT systems. Beginning in 2014, developing these standards will be carried out by technical committee 122 (standards for financial transactions) of the Central Bank of the Russian Federation. RAMI has sent in an application to join this committee so that it can continue to participate in the development of standards.

Preparation of a module providing access to data giving average cost of spare parts and standard labour costs via the internet

In 2014, as part of the development programme for the uniform methodology for calculating repair costs for motor vehicles, work began to develop software programmes that would create a database that could be queried via the internet to find out the average costs of spare parts and labour. This work is planned to be completed in May 2015.

Work began in 2011 to develop the exchange of information between the RAMI IT system and the unified database of technical inspection using the international system of data exchange

Work began in 2011 to develop the exchange of information between the RAMI IT system and the unified database of technical inspection using the international system of data exchange.

On 19 February 2014, the RAMI IT committee decided to complete software for a module that registers requests to the RAMI database using the international system of data exchange to create the changes necessary to permit communication with the register of operators of technical inspections.

In November 2014, the department of road safety of the Ministry of the Interior began to test the RAMI IT system for communicating with the register of operators of technical inspections. On 18 November 2014, the support service for inter-agency electronic communication confirmed that tests had been successful. As a result, RAMI prepared a draft protocol of the functional testing and passed it on to the department of road safety of the Ministry of the Interior for signature.

Also, on 30 May 2014, an agreed protocol of functional testing of the service to access data on the results of technical inspections was received from the Ministry of Telecoms and Mass Communications.

13

Compensation payments





Compensation payments

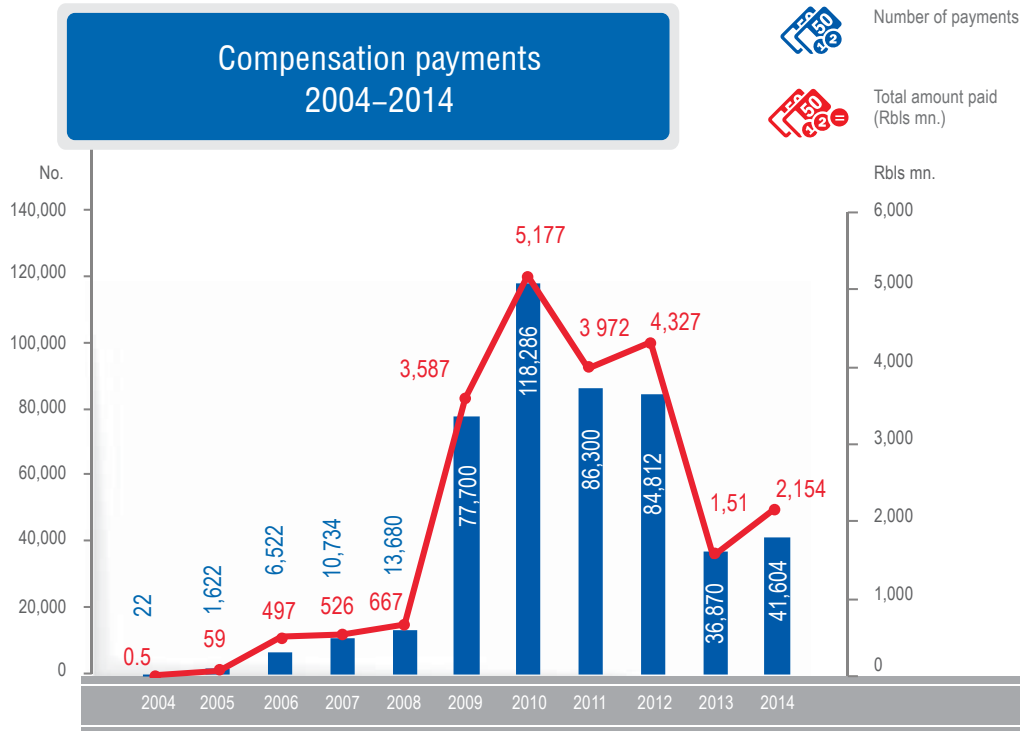


Figure 33

Between 1 July 2004 and 31 December 2014, RAMI investigated 528,739 applications for compensation from road accident victims. 478,152 of these were successful and resulted in payments of 22,518 million Roubles.

RAMI dealt with 2,935 cases dealing with bodily injury claims and made payments of 127 million Roubles.

About 98% of compensation payments were as a result of insurance companies losing their license to carry on insurance business.

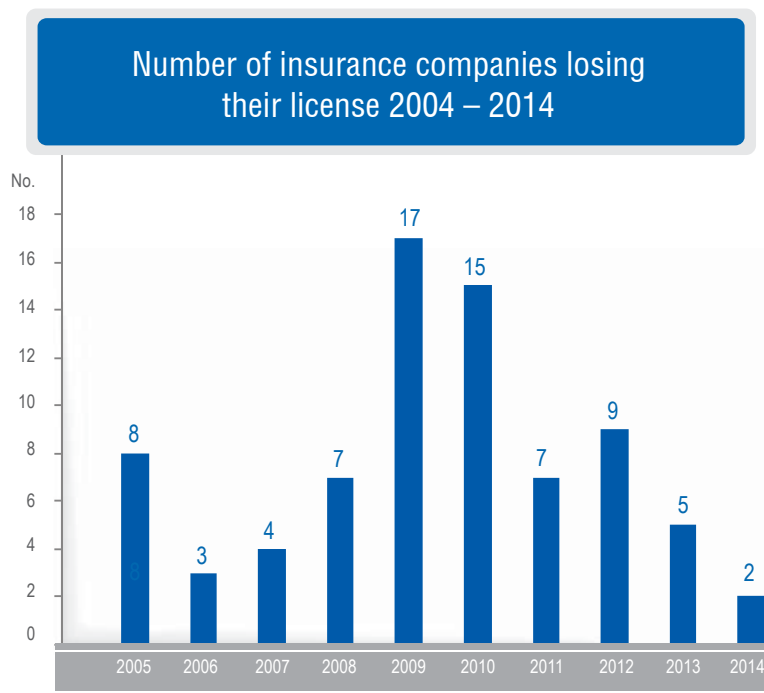


Figure 34

RAMI has made compensation payments on behalf of 77 insurance companies, of which 2 left the market in 2014.

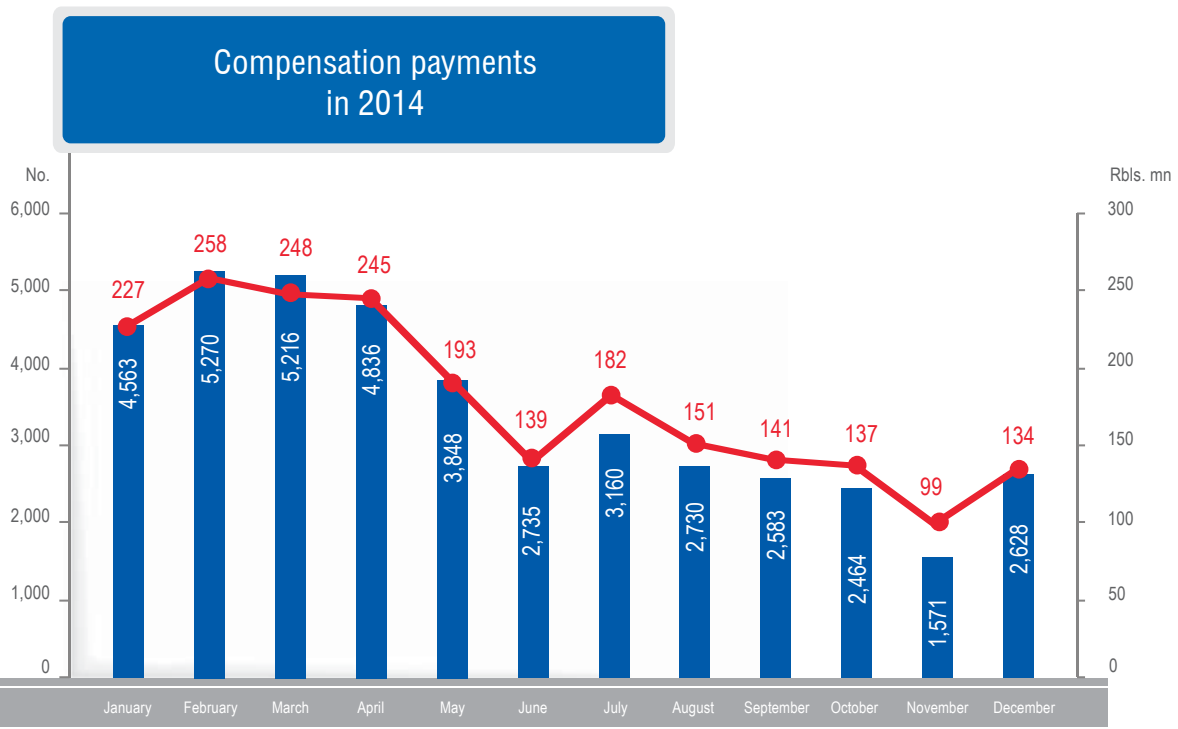


Figure 35

In 2014, 50,500 applications for compensation were made, of which 41,604 were successful, resulting in total payment of 2,154 million Rubles. Included in this amount was an amount of 74 million Rubles arising from 1,343 cases dealt with under the 2014 law relating to the Crimea.

Compensation payments on behalf of insurance companies carrying out direct settlement of claims

The insurance law of 2014 introduces changes which make RAMI responsible for making compensation payments to an insurer who settles an insurance claim of an accident victim under the direct settlement scheme (being the insurer of the accident victim), but then is unable to recover the claim from the insurance company responsible for paying for the claim (being the insurance company of the driver that caused the accident), either because that insurance company was excluded from the direct settlement scheme by bankruptcy or because it has lost its license to carry on CMTPL insurance business.

As a result, amendments were developed and introduced to the agreement on the direct settlement of claims that set out the terms and conditions governing these transactions between RAMI and insurers.

While the amendments to the agreement on direct settlement were being agreed by the Bank of Russia, RAMI monitored and examined applications from insurance companies that were victims of non-payment of recoveries through the CMTPL insurance IT system. During this period, RAMI received applications from the following insurance companies that had been excluded from the direct settlement system: Rossiya, Metroton Insurance Company and Zashita Insurance (formerly Evrosib Insurance). During 2014, RAMI accepted 1,244 applications from insurance company victims of non-payment.

On 16 January 2015, RAMI signed the direct settlement agreement. This was necessary to ensure that RAMI was in a position to make the compensation payments that the law requires.

On 19 January 2015, the first settlement between RAMI and insurers took place. As a result of the first 11 settlement sessions of 2015, RAMI was paid by insurers for 8,893 applications, totalling 295.6 million Rubles.



Combating insurance fraud when making compensation payments

In 2014, about 200 attempts to illegally obtain compensation payments, totalling more than 15 million Roubles, were thwarted.

RAMI continued to co-operate with the law enforcement authorities to prevent crime in the CMTPL market. Such work the following:

1. 15 reports concerning attempted or actual fraudulent receipt of RAMI funds were sent to the law enforcement authorities. The sum involved totalled 15.4 million Roubles;
2. In Moscow, Voronezh, Krasnodar, Kazan and other cities of Russia, 55 criminal cases were filed:
 - 16 led to convictions;
 - 34 are being examined by the courts;
 - 5 are at the stage of preliminary investigation.



Dealing with complaints from the public





Dealing with complaints from the public

RAMI continues to deal with written and personal communications from the general public according to its obligations under the law.

Dealing with issues raised by the public is one of the most important social activities of RAMI and is carried out on the basis of the rules for protecting the rights of insured parties and victims in relation to CMTPL insurance and handling complaints from the public about RAMI members, which were drawn up by the Presidium of RAMI.

During 2014, RAMI management in Moscow and its representatives in the regions received 24,253 communications and complaints from individuals or organisations. Of these:

- 5,027 communications related to the obligations of insurance companies to carry out their contractual obligations under CMTPL insurance;
- 15,073 communications related to the operation of the bonus malus system;
- 4,153 were queries from courts, state bodies and members of the public to access data held on the RAMI IT system.

Communications from the general public and from organisations are an important means whereby insurance companies can communicate with their clients. They are an important source of information that can be used to sort out problem areas. In addition, they also play an important role in ensuring that the data held on the RAMI IT system is correct.

Communications received by RAMI
2012–2014

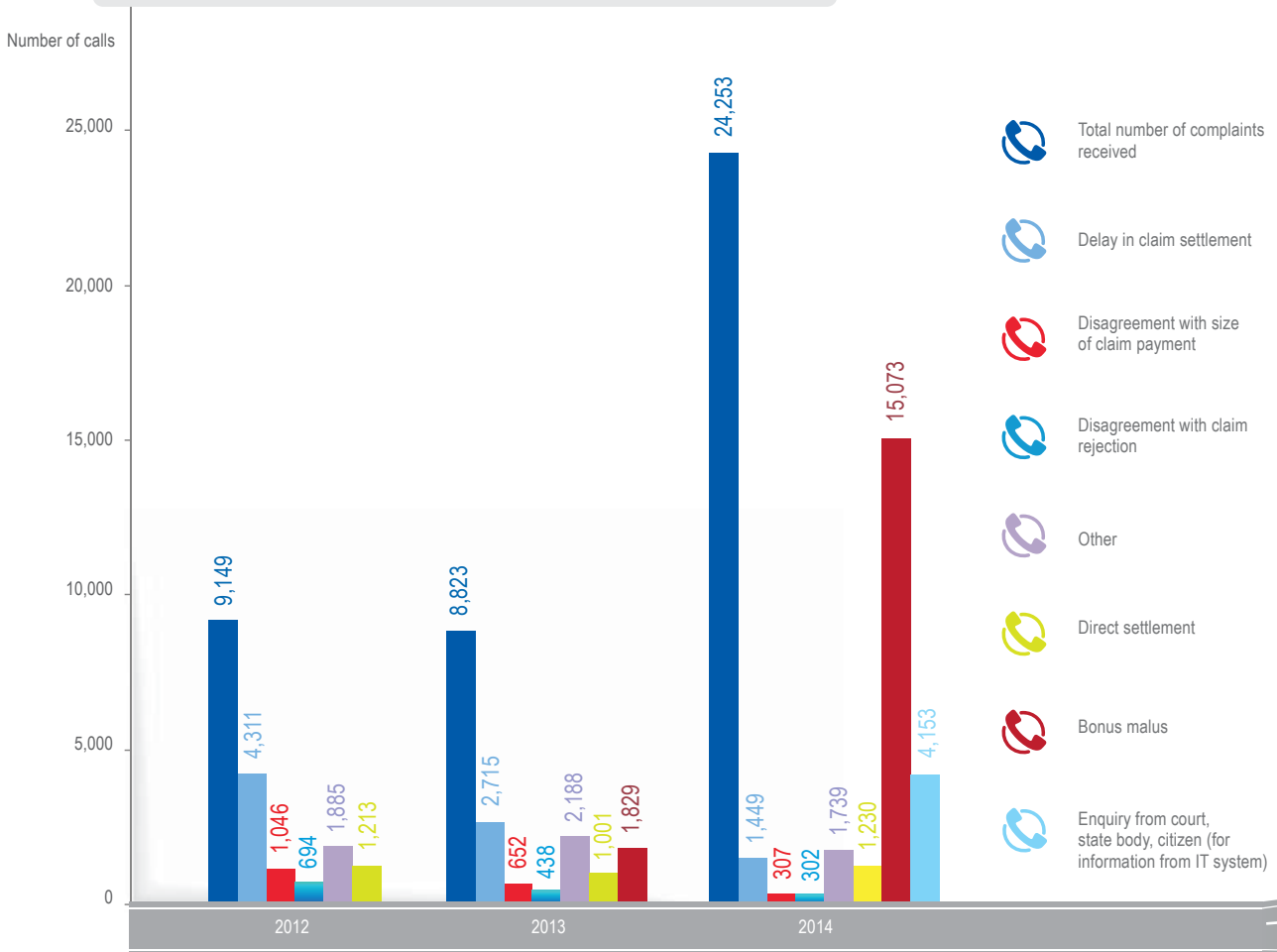


Figure 36

The RAMI Call centre

The main function of the call centre is to answer questions raised about the CMTPL insurance system and the system of technical inspections of motor vehicles. It also provides information about the progress of compensation payments that have been requested from the Association. The work of the call centre is organised and regulated by the management group for working with communications from the public.

In 2014, the Call centre received 508,654 calls on the following subjects:

Main topics of calls on the RAMI hotline in 2014

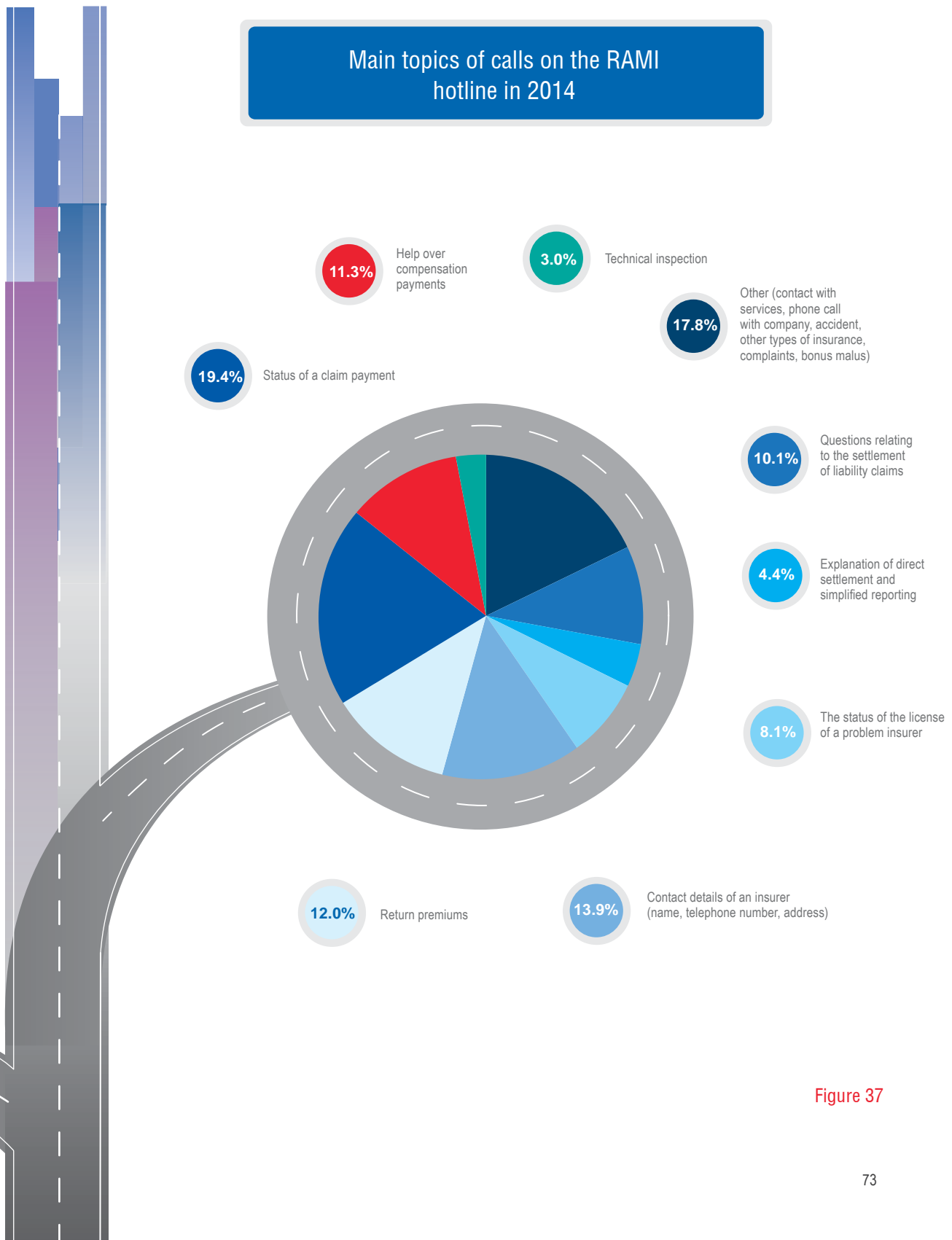


Figure 37

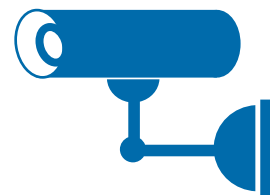
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15

Supervising the activities of RAMI members





Supervising the activities of RAMI members

Under the rules of professional conduct, RAMI is obliged to supervise the work of its members in their work in CMTPL insurance. Supervision basically involves ensuring that RAMI members conform to the following:

- The legislation relating to CMTPL insurance;
- RAMI's charter and rule book;
- The rules of professional conduct;
- The decisions of RAMI's governing bodies.

The main objectives of the system of monitoring are to prevent RAMI members from breaking the rules and to identify in a timely fashion problems in the activities of insurance organisations so that corrective actions can be taken. The method of exercising control by RAMI is through inspections and audits, either on-site or off-site.

In 2014, the on-site inspections of RAMI members were carried out on the basis of decisions made by the management board of RAMI and resulted from the need to react quickly to signs that insurance companies were breaking the law or not following the rules of professional conduct. A quick response is necessary both to record the violations and make sure that they cease and to take measures to minimise the negative impact that these violations can cause.

Off-site inspections and audits of RAMI members in 2013 were carried out on a continuous basis by monitoring and analysing data from the RAMI database, from reports submitted by the companies to RAMI and from other information. The most common breaches of the rules identified during the audits relate to the agreement on the direct settlement of claims and failure to provide data within the time limit to the RAMI IT system on policies issued, claims and other matters.

In order to improve the system of supervision of RAMI members, during 2014 an amended set of the rules of professional conduct relating to supervision were introduced. These set out new criteria for analysing the activities of insurance companies and for deciding whether to initiate an inspection. In addition, changes in the CMTPL law in 2014 meant that amendments needed to be made in the rules of professional conduct dealing with the imposition of sanctions on RAMI member companies, their management and employees.

As a result of the process of supervision in 2014, 438 disciplinary actions were taken, of which 266 resulted in financial sanctions and 172 in reprimands. As a result of on-site inspections of 4 insurance companies in 2014, disciplinary sanctions were applied.

Breaches of the rules identified during inspections in 2014

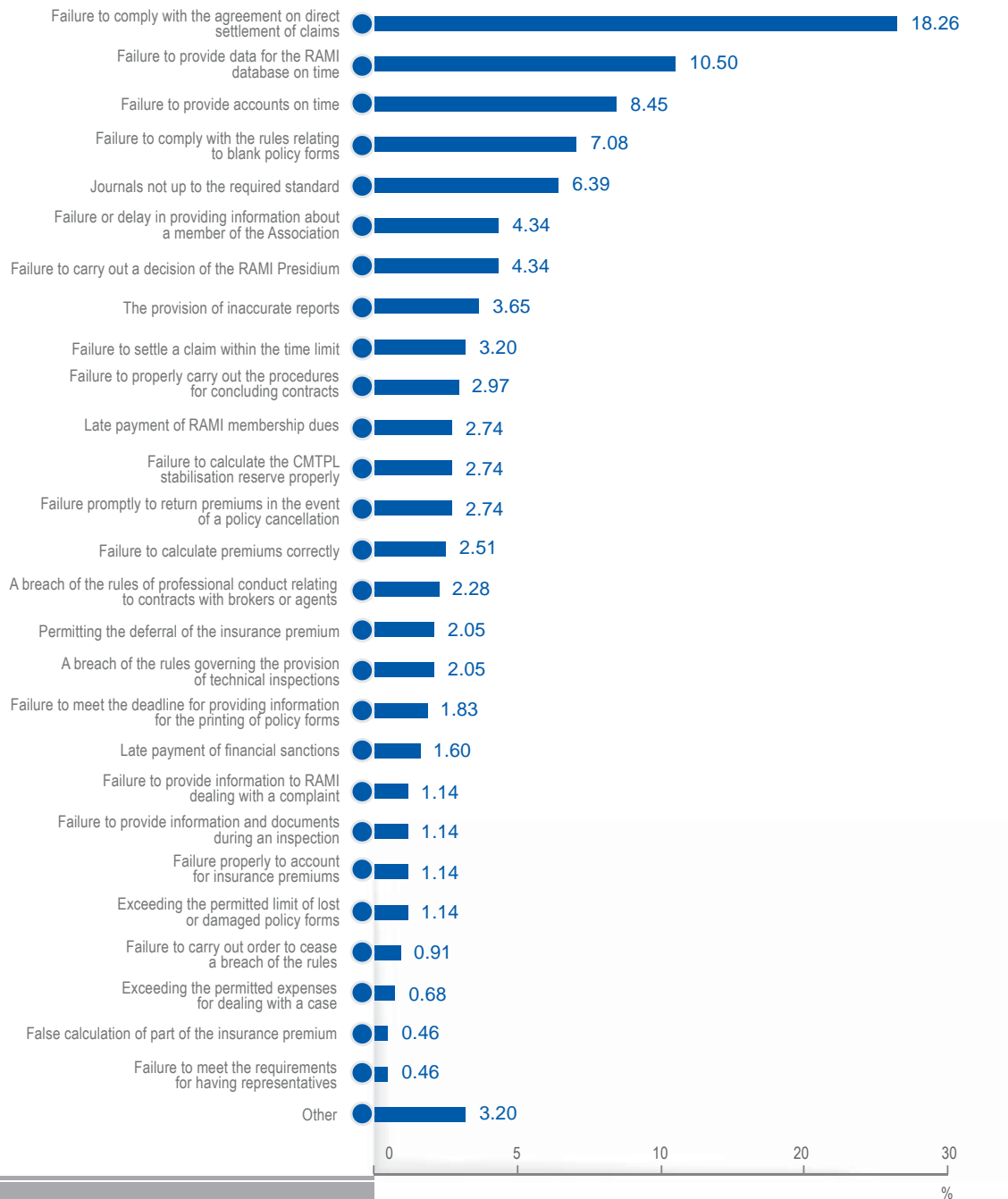


Figure 38



16

Legal work and dealing
with the bankruptcy
of insurance companies





Legal work and dealing with the bankruptcy of insurance companies

In accordance with article 20 of the CMTPL law, RAMI is able to reclaim compensation payments:

- from a person or a legal entity responsible for causing damage. RAMI pays compensation to an accident victim who suffered bodily injury when the driver who caused the injury cannot be traced and also if the driver who caused the injury is not in possession of a valid CMTPL insurance policy;
- from insurance companies. RAMI pays compensation to victims when the insurance company responsible for making the compensation payment has lost its license or has commenced bankruptcy proceedings.

In these circumstances, in order to protect and rationalise its funds, RAMI intervenes in the bankruptcy proceedings of insurance companies to try to recover compensation payments made by RAMI to accident victims which should have been made by the bankrupt insurance company.

Activities arising from the bankruptcy of insurance companies that had had their licence to carry on insurance business withdrawn

During 2014, RAMI was involved in bankruptcy proceedings relating to 31 insurance companies.

In the course of these proceedings, RAMI recovered 83 million Roubles, of which 27% was in cash, with a total of 22.1 million Roubles from four companies: Komfort Garant, Metroton, Rosstrakh and Aini.

In 2014, claims were made by RAMI for inclusion in the register of creditors amounting to 1.5 bn. Roubles. In 2014, the total amount included in the register of creditors was 2.1 bn. Roubles, which includes outstanding applications made in 2013.

In 2014, RAMI filed applications for current demands totally 20.1 million Roubles, all of which were accepted as current demands by the court.

In 2013, RAMI took over the temporary administration of five insurance companies. These included Metroton, Rossiya, Severnaya Kazna and Zashita-Insurance.

Debt collection

1. The recovery of payments made to victims of road accidents who were injured where the person that caused the injury is either not in possession of a valid CMTPL insurance policy or is untraced.

In 2013, RAMI made successful claims for recovery to the courts of 457,800 Roubles out of a total amount of claims made of 940,000 Roubles. As a result of court decisions, 862,000 Roubles was returned to RAMI and 145,600 Roubles were returned voluntarily.

2. Recovering duplicate compensation claims payments through out of court settlements and by cancelling the payment.

RAMI recovered 3.9 million Roubles in 2014 in duplicate claims payments.

3. Recovering payments from those responsible for road accidents and from insurance companies in the Crimea.

In 2014, RAMI was authorised by the law on Crimea to recover claims payments in that region. As a result, 469 claims for the return of payments, amounting to 24.4 million Roubles, were made, of which 4 claims, amounting to 200,000 Roubles, were successful. In addition, in 2014, 104 applications to the law courts were made in the amount of 6.4 million Roubles. One of these has already been processed in the amount of 100,200 Roubles whilst the remaining 103 are pending.

Combatting illegal payments

In 2014, work continued to prevent fictitious contracts of assignment. 86 cases were filed in which it was claimed that the contracts of assignment were fictitious on the basis of evidence from individuals claiming that they had not entered in to them. The return of more than 13 million Roubles in payments was claimed. In 80 cases the claim was successful and 5 remain under consideration. In one case the contract was not annulled. As a result of court decisions, 300,000 Roubles was returned to RAMI.

The main cases against illegal payments were as follows:

1. Complex legal decisions

The company Complex legal decisions made 274 applications for payment against RK-Garant insurance company.

71 were rejected, 201 examined.

52 victims sent letters, confirming that the contract of assignment was fictitious to the court.

Of 203 applications examined, 201 led to court decisions of which 145 were in favour of RAMI and no payment was made. 56 decisions required RAMI to make a compensation payment. Further appeals are in progress. In two cases, the appeal court reversed the decision and has ordered a new trial.

2. Golden Rouble

The company Golden Rouble filed three applications on the basis of a voluntary agreement for settlement between the company and RAMI.

Since RAMI had not signed these agreements, the applications were rejected.

3. LLK Resource

The company LLK Resource made 221 applications for payment based on obligations from the insurance company EVROSIB.

21 applications are currently not being dealt with, 174 are in progress.

Analysis of the documentation has led to suspicion of fraud at the company. In addition, three of the victims allege the contract of assignment is not valid. Work is continuing with the victims and in the courts.

Activities arising out of disputes over the implementation of the Bonus Malus system in CMTPL insurance

In 2014, RAMI received legal applications for payment from 13 individual members of the public. In four cases, the decision was in favour of RAMI, one case was rejected and 8 cases are currently in the courts.

Activities arising out of disputes involving honour, dignity and business reputation

In 2014, a citizen applied for redress as a result of alleged false information distributed by RAMI leading to damage to honour, dignity and business reputation. Following an examination of the case, it was decided that RAMI's actions were legitimate and the claim was rejected.

Compensation payments following a court decision

In 2014, RAMI made compensation payments following court decisions as follows:

- Court fees and other court costs – 216.3 million Roubles;
- Court awards – 586.6 million Roubles.



Recovering compensation payments in favour of accident victims living in the Republic of Crimea in accordance with the law on the Crimea

Court cases in the Republic of the Crimea

The law of 2014 relating to the Crimea provides for compensation payments under CMTPL insurance to be paid only to accident victims who have property and live in the republic of the Crimea or in Sevastopol.

Victims of road accidents that occurred in the Crimea made 62 applications for compensation under the law relating to the Crimea.

Representatives of RAMI took part in the court cases in the Crimea.

Of the 62 cases that were accepted by the court, 21 led to decisions which refused the application for compensation (either because of inadequate documentation submitted to RAMI or because RAMI was not considered to be the respondent). A further 41 cases are yet to be heard.

Court cases in the Moscow civil court

13 cases have been brought to the Moscow civil court by the company Express Alliance against RAMI on behalf of residents in the Crimea who have assigned their rights. These cases have been brought on the basis of the 2014 law relating to the Crimea.

In the fourth case where a decision has been made, the result was a refusal of the application for compensation. 9 cases remain pending.



The RAMI court of arbitration





The RAMI court of arbitration

In conformity with the CMTPL law and in order to settle disputes between members of RAMI, the RAMI Presidium established a court of arbitration within the Association's structure. The Presidium also issued a set of rules of professional conduct that set out the procedures to be carried out in the event of a dispute between members that arises from the direct settlement of claims when one member of RAMI settles a claim for compensation under a policy of CMTPL insurance issued by another member of RAMI, and also other disputes.

The work of the court of arbitration in 2014⁵

In 2014, 116 applications were made to the court of which:

- 111 involved the recovery of compensation payments;
- 2 involved duplicate claims payment;
- 2 involved subrogation;
- 1 involved the recovery of funds relating to the direct settlement of claims.

The court considered and made decisions on 113 cases. Of these:

- In 76 cases the court ruled in favour of the plaintiff in full
- In 4 cases the court decided partially in favour of the plaintiff;
- In 33 cases the claim was dismissed.

4 cases were withdrawn as a result of a refusal of the claim, of which:

- 2 were withdrawn before the court was formed;
- 2 were withdrawn after the court was formed.

1 case was discontinued as a result of non-compliance with mandatory pretrial procedures;

1 case was discontinued as a result of an existing decision of the arbitration court relating to the application of the plaintiff.

25 applications were returned on formal grounds.

18 cases that commenced in 2014 have been held over until 2015.

⁵ 46 cases are included that commenced in 2013

18

Road safety publicity and other activities aimed at increasing safety on Russian roads





Road safety publicity and other activities aimed at increasing safety on Russian roads

RAMI's PR campaigns

Throughout 2014, RAMI continued its publicity campaign to increase awareness of the need for changes in the tariffs for CMTPL insurance by developing favourable conditions where experts could discuss the issue. The overall theme of the PR campaign was 'CMTPL insurance as a means of social protection' and the overall objective was:

- to show that an increase in tariffs is accompanied by an increase in benefits that drivers have received as a result of recent changes;
- to make it clear that the increase in tariffs are necessary to ensure the development of a civilised motor insurance market in Russia;
- to prove that the guarantee of the protection of rights of is being raised to new levels according to international standards;
- to promote CMTPL insurance as an instrument of social support and as a guarantee of the rights of drivers;
- to help bolster the image of the Russian motor insurance industry.

As part of this campaign, in 2014, in addition to PR support, a number of research projects were undertaken. These included an analysis of the impact of an increase in CMTPL insurance rates on different segments of the market and identification of the most interesting areas for the development of CMTPL insurance; surveying public opinion in Russia to identify different views with regard to the increase of CMTPL tariff rates and looking at the views of people in the regions concerning the need to correct regional tariff coefficients.

As a result of this research, a substantial amount of publicity material was produced supporting the key objectives of the campaign and setting out the result of the research, and this was distributed to the press and media, including television and radio.

In addition, use was made of the internet with the objective of maximising the use of the latest technologies and also of influencing the widest possible audience. In this context, six discussions based on the PR campaign were held in the form of online conferences and online polls, the aim of which were to set out RAMI's position on a number of current issues before the widest possible audience.

Also included in this campaign were measures aimed at drivers in the Crimea and Sevastopol, informing them about the operation of CMTPL insurance and the technical examination of vehicles in the transition period up to 1 January 2015:

- material was placed on a regular basis in leading and local newspapers in the Republic of Crimea and, in addition, Crimean internet resources were used;
- discussions were organised on the main internet sites used in the Crimea, including city and regional forums, groups and social media sites including Facebook and VKontakte;
- in addition to the PR campaign, a discussion of the subjects was organised on local radio in the Crimea;
- information boards were produced and placed in the offices the department of road safety of the Crimean Republic (figure 39) and the placing of advertising billboards on the main roads of the Republic of Crimea was also organised (figure 40).

Information board at the office of the department of road safety in the Krasnogvardeisky region of the Republic of Crimea



Figure 39

A billboard on the road between Simferopol and Sevastopol



Figure 40



In addition to the PR campaign to popularise the concept of CMTPL insurance as a means of social protection, RAMI commissioned an outside company (KROS) to prepare materials to be used to provide information and explanation about simplified reporting of road accidents without the participation of the police. The material produced included publicity material relating to simplified reporting of road accidents, two versions of a question and answer booklet about completing the European Protocol, films about completing the European Protocol, and an instruction leaflet about using the European Protocol to report a road accident including legal information and clear illustrations. These materials were posted on the internet and also distributed to RAMI member insurance companies for them to use in the course of their work.

Organising road safety events

Increasing safety on the roads of Russia is a priority for RAMI. This is a result of the fact that it is in the interest of RAMI's members – insurance companies – that the costs faced by the public as a result of road accidents should be reduced. As a means of implementing this priority, during 2014, RAMI continued to support activities aimed at improving road safety.

A major road safety publicity campaign, 'Slow down!' was organised, the objective of which was to reduce the number of pedestrians of all ages killed on pedestrian crossings.

As part of this campaign, a video film was produced which was shown on some leading national television channels: Channel 1, Russia 24 and Russia 2. Radio programmes were also prepared and these were broadcast on major radio channels such as Vesti FM, Avto Radio, Europa Plus and Hit FM.

As part of the campaign, banners were produced which were displayed on a number of popular web sites, which had the result of extending the campaign to include internet users.

In addition, RAMI organised publicity events in 10 Russian towns (Chebokcari, Yaroslav, Veliki Novgorod, Nizhni Novgorod, St Petersburg, Perm, Kaluga, Omsk, Vladimir and in one of the towns in Moscow region).

Also as part of the campaign, research was commissioned and amongst its findings was the following:

- there was widespread coverage throughout Russia – approximately 43% of the population of Russia was aware of the campaign;
- the PR campaign was effective – 31% of the population was aware that the press and the media had recently been publicising the need to reduce speed around pedestrian crossings and 37% of the population takes the view that the subject has received an adequate level of coverage.

According to data from the Department of Road Safety of the Ministry of the Interior, fatal accidents at pedestrian crossings in May 2014 fell by 21% in comparison with May 2013. This fall occurred immediately after the main stage of the 'Slow Down!' had been completed. The number of road accidents at pedestrian crossings fell by 4.5% and the number of injuries fell by 2.7%.

Information about the publicity campaign ‘Slow Down!’ on Channel 1’s web site

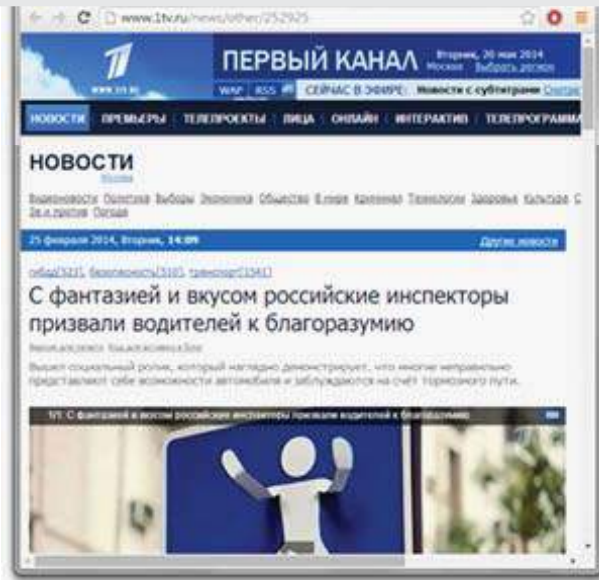


Figure 41

The video film ‘Images’

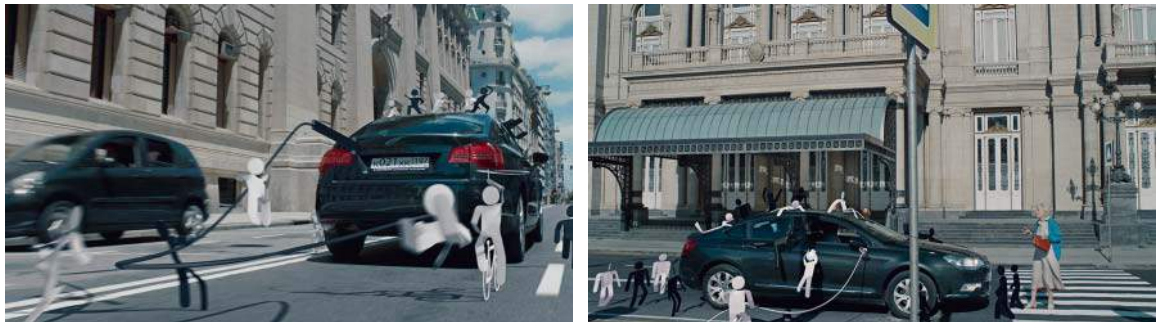


Figure 42

With effect from August 2014, another publicity campaign to improve road safety under the name of ‘Forecast safety’. The objective of this campaign is to reduce the number of road accidents that occur when drivers do not drive safely according to current weather conditions by, for instance, reducing speed when the road is affected by weather conditions. These difficult conditions include rain and snow, poor visibility and temperature fluctuations.

As part of the overall road safety campaign, RAMI together with the Ministry of the Interior organised the 9th All Russia radio and television competition on road safety. This took place in Omsk in November 2014.

At the conclusion of the event, RAMI handed out honorary diplomas as prizes for the competition.

The 9th All Russia radio and television competition on road safety



Figure 43

The award of an honorary diploma at the 9th All Russia radio and television competition on road safety



Figure 44

Throughout the year, in every edition of the newspaper 'Good roads for children', under the headline 'Advice from RAMI', there appeared articles that were aimed at preventing road accidents affecting children. Recommendations were provided for children and teachers as to how to avoid dangerous situations on the roads.

Exchanging information with local and federal press and media

RAMI organised a number of events aimed at giving information to the public and at exchanging information with the press and other media. These included:

- an interview with the head of RAMI, which was posted on the Interfax web site;
- a number of press conferences dealing with current issues relating to the work of the Association;
- organising television broadcasts on national channels about the work of RAMI. These included information about RAMI making compensation payments and organising technical inspections;
- organising participation in programmes on a number of radio stations: Avtoradio, City-FM, Vesti FM, Business FM and Mayak;
- exchanged information with news agencies – Interfax, ITAR-TASS and RBK;
- publicising interviews and commentaries by senior representatives and specialists from RAMI and also by representatives of insurance companies that are members of RAMI and members of specialist committees in national, specialist and regional news media (Vedomosti, Kommersant, Rossiskaya Gazeta, Izvestiya, Novie Izvestiya, MK, Moscow News, Za rulyom, Avtoevu, Avtomobili, Klakson, Delovoy Peterburg, Tvoya doroga/make roads safe);
- arranging participation in news reports and programmes on national and regional television programmes: Today, Morning, Main Roads (NTV), Vesti Moscow, Vesti 24, Morning Russia (Rossiya), Wednesday Habitat, Channel 1, TVTs, Channel 5, Ren TV, Podmoskovie.

Organising, publicising and implementing other events

During the year RAMI helped organise and implement a number of events aimed at generating publicity for the Association. These included:

- conferences and seminars relating to CMTPL insurance which were publicised in the press and in the media;
- a round table discussion at RIA Novosti, a conference on technical inspection and a number of other events, information about which was distributed widely throughout the press and other media;
- arranging the participation of senior RAMI representatives as speakers in insurance congresses, conferences and round table discussions and ensuring that these events received publicity. In addition, senior representatives of RAMI participated in international insurance events;
- in June 2014, RAMI supported the 12th International Insurance Conference, organised each year by the All Russia Insurance Association. In conjunction with the conference, a special session on CMTPL insurance was organised;
- RAMI supported the 18th conference of the Asia-Pacific Risk and Insurance Association.

Appendix I

Extract from the opinion of the Auditors, BDO Unicon, on the RAMI accounts for 2014:

‘In our opinion, the Accounts of RAMI reflect accurately in all significant respects the Russian Association of Motor Insurer’s financial position as of 31 December 2014 and the results of the Association’s financial and commercial operations between 1 January and 31 December 2014 inclusive in accordance with the legislation of the Russian Federation in respect of the preparation of accounts.’

Signed

BDO Unicon

Partner L.V. Efremova

signed 27 March 2015



Appendix II

Extract from the report of the internal audit commission dated 6 April 2015

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 by RAMI 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 of 31 December 2014 and of the financial results of the Association's operations between 1 January and 31 December 2014 and have been prepared in accordance with the federal law of 6 December 2011 covering the preparation of accounts and 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 and of the 'Green Card Bureau' for 2014 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 2014:

- The Department for dealing with appeals from the public;
- The Department of Analysis and Control;
- The Department for Information Technology;
- The Department for making compensation payments;
- The Department of the European Protocol;
- The Department for developing insurance methodologies;
- The Department of Public relations;
- The Directorate of the Green Card Bureau;
- The Department of Legal Affairs and Bankruptcy proceedings;
- The Department for developing technical inspections;
- The Department for organising technical inspections and certification.

We saw no breaches of regulations in any of the above departments or subdivisions of RAMI during 2013. 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.

Chairman of the internal audit commission

Member of the internal audit commission

Member of the internal audit commission

Member of the internal audit commission

Member of the internal audit commission

Vitali Poltavtsev

Igor Zagradka

Kirill Brovkovich

Nikolai Galaguza

Fedor Voronin

The Russian Association of Motor Insurers

Address: Lusinovskaya Ul. 27, building 3 (metro Dobrininskaya), Moscow, 115093 Russia

Telephone: +7 (495) 771-69-44

Fax: +7 (495) 771-69-44, +7 (499) 236-16-07

e-mail: request@autoins.ru, rsa@autoins.ru

URL: <http://www.autoins.ru>



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