

NEWS RELEASE

Euroins set foot in Belarus upon completion of the acquisition of a unit of Germany's ERGO

The acquisition is part of a wider transaction for subsidiaries of the German company in three Eastern European countries and the fifth deal in a row for the Bulgarian group in four former USSR countries

Sofia, 4th May 2020 - Bulgaria-based [Euroins Insurance Group](#) AD (**EIG**), a leading insurance group operating in Southeast Europe (SEE) and part of [Eurohold Bulgaria](#) AD, completed the acquisition of [ERGO Belarus](#) after obtaining regulatory approvals from Ministry of Antimonopoly Regulation and Trade (MART) and Ministry of Finance.

[ERGO Belarus](#) is a subsidiary of Germany-based ERGO, one of the major insurance groups in Europe and part of Munich Re, one of the world's leading reinsurers and risk carriers.

Last year the Bulgarian company agreed to acquire ERGO's subsidiaries in three European countries - Belarus, the Czech Republic and Romania. The deals for the units of the German company in the Czech Republic and Romania are subject to regulatory approval by the local authorities.

The acquired Belarusian company in facts and figures

[ERGO Belarus](#) is specialized in the non-life insurance industry (liabilities, property, health, cargo, accident, travel assistance, etc.) and is the third largest private insurer in the country operating in a sector that is still dominated by state companies. In 2019, the company recorded gross written premium (GWP) of approx. EUR 10M, up by 7.4% compared to the previous year. It occupies the 10th place in the total ranking of the Belarusian insurers in terms of GWP with a market share of around 2%. [ERGO Belarus](#) is a profitable company, as it posted a net profit of EUR 0.15M last year. The solvency ratio of the company, a key indicator for an insurer's stability, is nearly 300%, three times more than the regulatory requirement.

By the end of 2019 [ERGO Belarus](#) owned 92,000 insurance contracts signed with more than 67,700 clients. The company employs almost 100 employees and the same number of insurance agents. The Belarusian insurer will be rebranded and is expected to operate under Euroins brand. The results of [ERGO Belarus](#) will be added to **EIG**'s consolidated financial statement in the current second quarter of the year.

The Belarusian insurance market is valued at approx. EUR 600M annually. In 2019, it grew by nearly 15% compared to 2018. The specific feature of this market is that the popular and obligatory MTPL insurance is still only allowed to be provided by state insurers. At the same time, all the insurance contracts can be signed remotely and fully digital.

Currently Belarus has been among the few countries in the world that have not enforced any restrictions due to the epidemic of coronavirus (Covid-19). The economy of the country has been operating in full capacity to the extent it is possible.

The expansion of EIG in the region

Belarus is the fourth country in the region of the former Soviet republics in which EIG starts operations and the deal for ERGO’s unit is the fifth acquisition that the Bulgarian group made there. The Bulgarian insurance group has been operating in Ukraine, Russia and Georgia where it has already taken over four companies. By acquiring ERGO Belarus this region is expected to generate 15% of EIG’s premium income and 20% of the net financial result of the group.

*“The deal in Belarus is in line with our strategy for more active presence in the former USSR countries. The insurance markets there are still in their initial stage of development but provide opportunities for high growth. By acquiring ERGO Belarus we are upgrading our partnership with the German group and diversify additionally our product portfolio. We will maintain the focus of the acquired company on the sustainable and profitable growth of the business along with the further improvement of the quality of the customer services. At the same time, we will bring in our new subsidiary the best practices from the operations across our own network and will provide our new clients with a wide range of reliable insurance products that will contribute to the further development of the local market. We are going on with the partnership with ERGO for the other deals”, commented **George Markov, deputy CEO of EIG.***

Two years ago, EIG acquired ERV Ukraine, the travel insurance business of ERGO. The agreement stipulated further cooperation between EIG and ERGO including a transfer of ERV know-how and the opportunity for EIG to sell travel insurance products under ERV brand or a co-branding model in Ukraine and other countries where the Bulgarian group is presented.

By its new transaction, EIG will operate in totally eleven European countries, including its subsidiaries in seven of them - Bulgaria, Romania, North Macedonia, Russia, Ukraine, Georgia and Belarus.

The important facts & figures for ERGO Belarus and the markets of EIG in the region

Indicator	Value
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ERGO Belarus's premium income in 2019	€10 mln
ERGO Belarus's capital in 2019	€6.2 mln
ERGO Belarus's market share	2%
ERGO Belarus's position in the sector	#10
ERGO Belarus's position among the private insurers	#3
ERGO Belarus's core operations	non-life insurance (liabilities, property, health, medical, cargo, accident, travel assistance and etc)
ERGO Belarus's presence in the region	5 companies in 4 countries (Ukraine, Russia, Georgia and Belarus)
Share of the region in the total premium income of Euroins	15%
Share of the region in the total net profit of Euroins	20%

ERG's M&A track record

In the last couple of years, **ERG** acquired directly or through its subsidiaries: Germany-based Talanx Group's subsidiaries in Bulgaria and Ukraine, operating under HDI brand; Dutch insurer Achmea's insurance business in Bulgaria, known under Interamerican brand (including its life insurance operations); Australian group QBE's operations in Romania and Bulgaria; the non-life insurance portfolio of ATE Insurance Romania, a subsidiary of Greece's Piraeus Bank; IC Group, one of the leading insurers in Georgia; ERV Ukraine, the travel insurance business of Germany-based ERGO, part of Munich-Re, one of the major reinsurance groups on the global market; and a significant stake in OOO RSO Euroins, a Russian insurer, and others.

In 2019 the gross written premium of **EIG** increased 32% on the year to BGN 848M while its pre-tax profit more than doubled up to BGN 21.6M.

Euroins Insurance Group AD

Euroins Insurance Group (EIG) AD is one of the largest independent insurance groups operating in the CEE/SEE/CIS markets. The company is focused on providing a full range of insurance products in the areas of general, health and life insurance. Bulgaria-based group operates in 11 European countries and owns insurance subsidiaries in Bulgaria, Romania, North Macedonia, Ukraine, Georgia, Russia and Belarus. EIG also operates in Greece and Poland, and has niche insurance operations in Spain and Italy. Currently the insurance group has over 2.5 million clients and over 3000 employees. IEIG is a subsidiary of Eurohold Bulgaria, a leading independent business group operating in the CEE/SEE/CIS region, listed on the BSE and WSE. Eurohold Bulgaria operates in insurance, leasing, car sales, asset management and investment.

www.eig.bg; www.eurohold.bg