

Report on the rating research

Customer:	Public Joint Stock Company Insurance Company Oranta-Sich
Incorporation date:	31.03.1995
USREOU code:	02307292
Head office location (city, postal code, street):	16, Malinovskogo str., city of Zaporozhye, 69104
The name of the auditor company which approved the accounts the last fiscal year:	PF AUDIT certificate # 0260
Key account bank:	PJSC Raiffeisen Bank Aval
Top executive, title:	Petrovsky Vitaly, CEO
Number of regular personnel at the time of questionnaire filling:	328
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Web-site:	www.oranta-sich.com.ua
Rating type:	Insurer financial strength (general insurance business) / credit rating
Rating revision period:	Quarterly
Date of rating:	05.04.2013
Rating by RA 'Standard Rating' (Ukraine) according to the Ukrainian national scale (outlook):	uaA (stable) The insurer with the rating uaA has high financial strength as compared with other Ukrainian insurers.
Correlation of the national scales with the international scale in the countries of operations:	
The correlation of Ukrainian scale ratings and the international scale ratings reflecting the rating in the countries of Agency operations is set by GPRC "Standard-Rating" Rating Committee.	
Information use restrictions:	
The report on rating research has no restrictions to distribution. When using materials contained in the report, the reference on RA "Standard Rating" (Ukraine) is mandatory. The Agency considers true all information contained in the report on rating research.	
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All the ratings by the Agency are not recommendations for purchase of securities, use of services or taking any economic decisions. The ratings irrespectively of the scale have to be perceived solely as opinions of Agency analysts on rating object and subject.	

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1. List of Company's licenses and permits

Licensed insurance activity type	Number and issue date of license	License series and no.
Mandatory liability insurance of economic entities against damage in case of fire and emergencies in extra hazardous facilities, including fire-dangerous facilities and facilities, wherein economic activities could result in environmental and sanitary-epidemiologic emergencies	599-pl, 06.03.2012	AB no. 617685
Voluntary freight and luggage insurance	599-pl, 06.03.2012	AB no. 617686
Voluntary insurance against fire risks and act of God risks	599-pl, 06.03.2012	AB no. 617687
Voluntary Insurance of watercraft (incl. sea inland waters, and other watercrafts)	599-pl, 06.03.2012	AB no. 617682
Voluntary credit insurance (including borrower liability insurance against non-repayment)	599-pl, 06.03.2012	AB no. 617689
Voluntary property insurance, except railway-, motor-, air-, water transports (incl. sea inland waters, and other watercrafts), freight and luggage	599-pl, 06.03.2012	AB no. 617684
Voluntary motor transport vehicle insurance (except r/w)	599-pl, 06.03.2012	AB no. 617690
Voluntary accident insurance	599-pl, 06.03.2012	AB no. 617691
Personal traffic accident insurance	599-pl, 06.03.2012	AB no. 617692
Voluntary insurance of third party liability (except motor third party liability, air transport owners' liability, watercraft owners' liability (including carrier liability))	599-pl, 06.03.2012	AB no. 617693
Mandatory personal insurance of departmental fire protection workers (except those who work in the entities financed from the state budget of Ukraine) and rural fire prevention workers and members of voluntary fire brigades (teams)	599-pl, 06.03.2012	AB no. 617694
Voluntary financial risks insurance	599-pl, 06.03.2012	AB no. 617695
Voluntary health insurance against diseases	599-pl, 06.03.2012	AB no. 617696
Mandatory civil liability insurance of citizens of Ukraine, who are owners of weapon or possess it on other legal grounds against damage resulting from owning, keeping or using weapon, which can be caused to third parties or third party's property	599-pl, 06.03.2012	AB no. 617697
Mandatory insurance of agrarian crops and perennial plants of state-owned farms, grain and sugar beet crops of all ownership form farms	599-pl, 06.03.2012	AB no. 617698
Mandatory insurance of ground transport owner's civil and legal liability	597-pl, 06.03.2012	AB no. 617699
Mandatory insurance of dangerous cargos carriers' liability against negative consequences of dangerous cargos transportation risks	599-pl, 06.03.2012	AB no.617683
Voluntary medical insurance (permanent health insurance)	2473, 29.11.2012	AB no.190414
Mandatory mortgage insurance against accidental destruction, accidental damaging or deterioration.	2429, 29.11.2012	AB no.190413
Voluntary insurance of agrarian products	272, 24.01.2013	AB no.198515

(A) Company history and general review of the Insurer

The Insurance company Oranta-Sich and its staff have more than 90 years of insurance experience as historically the roots of the company originate from the former USSR Gosstrakh, which had a rich history in insurance market.

For years of work experience in the theory and practice of insurance development has been accumulated, a scientific system of vocational training created, and the organisations of Ukrkosstrakh became a source of manpower for young insurance companies which rapidly grew in Ukraine in the 90th.

Legally the transformation of Zaporozhye office of Ukrkosstrakh begun with the Decree of the President of Ukraine 'On transition of the Dnepropetrovsk, Donetsk, Zaporozhye and Lugansk oblasts of Ukraine to an experiment of regional economic management'. In connection with this decree the top managers of the above-named oblasts addressed the Cabinet of Ministers with the petition for creation in these oblasts of Joint Stock Companies based on oblast managements of former Ukrkosstrakh. Insurer transformation process took about three years. IC Oranta-Sich completed the procedure of reorganization into Joint Stock Company and was officially registered on 31.03.1995.

Presently IC Oranta-Sich holds licenses for mandatory and voluntary kinds of insurance. The company works in the reinsurance market placing and accepting for reinsurance motor transportation, property, agricultural and financial risks, mandatory and voluntary insurance of third party liability. Reinsurance agreements with the largest insurance companies of Europe, Russia and Ukraine have been concluded.

Every year IC Oranta-Sich concludes more than 300 thousand contracts for UAH hundreds millions of insurance liability. The volume of insurance premiums grows year to year. In 2012 more than UAH 46 million of insurance premiums have been collected. Indemnities payout on all types of insurance from the Company throughout last five years made up 35 to 45 percent from the amount of insurance premiums collected. The Company belongs to top fifteen leading companies of Ukraine on indemnities payout level (*table 1*).

Table 1

Key performance indicators of PJSC IC Oranta-Sich, thousand UAH, p.p. %

#	Indicators	2012 (31.12.2012)	2011 (31.12.2011)	Change	Growth rate, %
1	Total gross premiums	46443,0	45535,3	907,7	1,99%
2	Indemnities and compensations	20729,2	20744,0	-14,8	-0,07%
3	Payout ratio	44,63%	45,56%	-0,92 p.p.	-
4	Shareholder's equity	31065,0	30725,4	339,6	1,11%
5	Liabilities	21809,0	19092,3	2716,7	14,23%
6	Equity/Liabilities ratio	142,44%	160,93%	-18,49 p.p.	-
7	Net profit	184,0	86,7	97,3	112,23%
8	ROE	0,59%	0,28%	0,31 p.p.	-
9	ROA	0,35%	0,17%	0,17 p.p.	-

For the last 2 years IC Oranta-Sich demonstrated stable volumes of business and has been adequately provided with equity and liquidity.

(B) Business activity and competition

By RA Standard-rating estimate IC Oranta-Sich enters the top 50 insurance companies of Ukraine by volume of collected insurance premiums. IC Oranta-Sich occupies leading places in the rankings of different classical insurance types (in the range from 10th to 35th place) in between more than 400 insurance companies of Ukraine.

Following the year 2012 the largest share of insurance portfolio is due to: mandatory insurance of ground transport owner's liability (36 %), health insurance (30 %), motor vehicles insurance (17 %) and insurance of individual and corporate properties (8 %).

In 2011-2012 IC Oranta-Sich showed stable business volumes: gross-premiums grew by 1,99 %; net premiums by 0,87 %, earned premiums by 3,78 % (table 2).

Table 2

Business performance indicators of IC Oranta-Sich PJSC, thousand UAH, p.p. %

#	Indicators	2012 (31.12.2012)	2011 (31.12.2011)	Change	Growth rate, %
1	Total gross premiums, incl.:	46443	45535,3	907,7	1,99%
2	from individuals insured	36448,4	35466,9	981,5	2,77%
3	from reinsurers	540	851,1	-311,1	-36,55%
4	Share of individuals in gross premiums	78,48%	77,89%	0,59 p.p.	-
5	Share of reinsurers in gross premiums	1,16%	1,87%	-0,71 p.p.	-
6	Premiums ceded to reinsurers	3077,1	2543,1	534	21,00%
7	Reinsurance dependence factor	6,63%	5,58%	1,04 p.p.	0,87%
8	Net premiums	43365,9	42992,2	373,7	0,87%
9	Earned premiums	43295,7	41717	1578,7	3,78%
10	Financial result from operations	-115	501,5	-	-
11	ROS	-0,25%	1,10%	-	-
12	Acquisition costs	6598,3	6115,7	482,6	7,89%
13	Acquisition costs/gross premiums ratio	14,21%	13,43%	0,78 p.p.	-

Main factors aiming to increase the volume of PJSC IC Oranta-Sich collected premiums are: flexible pricing policy, improvement of insurers' servicing quality and prompt payout of indemnities in case of insurance events.

PJSC IC Oranta-Sich belongs to top 50 insurance companies of Ukraine on business volumes, and by estimates of RA Standard Rating the Company occupies approximately 0,25 % of classical insurance market in Ukraine.

The most influential competitors of PJSC IC Oranta-Sich are: IC Universalnaya, IC Etalon, Zaporozhye oblast management of insurance company Oranta, IC INGO Ukraine, IC UNIQA, IC PROVIDNA, JSC UPSK, IC ASKA, JSC IG TAS. IC Oranta-Sich occupies leading positions on the level of collected insurance payments in Zaporozhye oblast.

As a whole, the Agency does positively estimate already steady, though not too large volumes of insurer business. Such dynamics of Company premiums indicate the competitiveness of IC Oranta-Sich products and also a certain niche in the market, which guarantees the Company stability of business volumes even in an uneasy economic environment.

(C) Business diversification

In the structure of premiums the share of TPLI is higher than 35 %, which is due to IC Oranta-Sich wide filial network and traditional orientation of the insurer (legal successor of Zaporozhye management of Ukrkosstrakh) on satisfaction of households' needs. In 2012 the share of payments from population in gross-premiums of the Company constituted 78,48 %.

Table 3

Top 10 largest types of insurance of IC Oranta-Sich PJSC, thousand UAH, p.p. %							
#	Indicators	2012 (31.12.2012)		2011 (31.12.2011)		Change of structure, p.p.	Growth rate, %
		UAH th	%	UAH th	%		
1	Ground transport owner's liability insurance (standard contracts)	16602,0	35,66%	16727,8	36,60%	-0,94 p.p.	-0,75%
2	Medical insurance (permanent health insurance)	14342,6	30,80%	13640,3	29,84%	0,96 p.p.	5,15%
3	Ground transport (exc. r/w) insurance	7726,4	16,59%	7531,1	16,48%	0,12 p.p.	2,59%
4	Property insurance	3805,3	8,17%	3977,0	8,70%	-0,53 p.p.	-4,32%
5	Accident insurance	1339,2	2,88%	1359,2	2,97%	-0,10 p.p.	-1,47%
6	Personal traffic accident insurance	1114,2	2,39%	1087,0	2,38%	0,01 p.p.	2,50%
7	Third party liability insurance	667,2	1,43%	537,1	1,18%	0,26 p.p.	24,22%
8	Liability insurance of economic entities against damage in case of fire and emergencies in extra hazardous facilities	328,4	0,71%	188,6	0,41%	0,29 p.p.	74,13%
9	Personal insurance of departmental fire protection workers and members of voluntary fire brigades.	141,5	0,30%	94,3	0,21%	0,10 p.p.	50,05%
10	Health insurance against disease	104,9	0,23%	53,2	0,12%	0,11 p.p.	97,18%
11	Other types of insurance	390,2	0,84%	508,4	1,11%	-0,27 p.p.	-23,25%
12	In total:	46561,9	100,00%	45704,0	100,00%	-	1,88%

The analysis of insurer client base diversification showed good level of diversification and practically no dependence of the Company from 10 largest clients or groups of clients. The Agency also positively estimates decrease in share of one largest client from 20,60 % in 2011 to 18,12 % in 2012 (table 4).

Table 4

Data on the structure of gross insurance premiums of IC Oranta-Sich PJSC, thousand UAH, p.p. %							
#	Indicators	2012 (31.12.2012)		2011 (31.12.2011)		Change of structure, p.p.	Growth rate, %
		UAH th	%	UAH th	%		
1	From 1 (one) largest insured	1560,5	18,12%	1622,8	20,60%	-2,48 p.p.	-3,84%
2	From 3 (three) largest insured	2088,6	24,25%	1730,9	21,97%	2,28 p.p.	20,67%
3	From 5 (five) largest insured	2241,4	26,03%	2082,1	26,43%	-0,41 p.p.	7,65%
4	From 10 (ten) largest insured	2721,8	31,60%	2441,1	30,99%	0,61 p.p.	11,50%
5	In total:	8612,3	100,0%	7876,9	100,00%	-	9,34%

Thus, the Agency identifies IC Oranta-Sich level of diversification per business types as acceptable. Despite large share of TPLI, health insurance corresponded to more than 30 % of total business volumes that considerably balanced insurer portfolio and reduced dependence on transport insurance.

High share of TPLI was counterbalanced by high share of premiums from the population in gross-premiums, which positively influenced IC Oranta-Sich client diversification level, estimated by the Agency as good one.

(D) Asset quality

The main goal of asset management system in IC Oranta-Sich is to achieve high returns at placement of assets at the minimum risk. IC Oranta-Sich adheres to moderately aggressive asset management policy, which is based on the principles of collective leadership and independence of the managers responsible for asset management decision-making.

As of 31.12.2012 real estate corresponded to 50,86 % of insurer earning assets and bank deposits which share has grown on 2,3 p.p.- to 32,23 %, (table 5).

Table 5

The structure of earning assets of IC Oranta-Sich PJSC, thousand UAH, p.p. %

#	Indicators	2012 (31.12.2012)		2011 (31.12.2011)		Change of structure, p.p.	Growth rate, %
		UAH th	%	UAH th	%		
1	Balances on current accounts	781,4	1,61%	1108,4	2,40%	-0,78 p.p.	-29,50%
2	Bank deposits	15630,9	32,23%	13850,9	29,93%	2,30 p.p.	12,85%
3	Real estate	24663,7	50,86%	24018,6	51,90%	-1,05 p.p.	2,69%
4	Stocks	6334,2	13,06%	6334,2	13,69%	-0,63 p.p.	0,00%
5	Claims to insurers	1057,1	2,18%	928,5	2,01%	0,17 p.p.	13,85%
6	Cash in vault	27,4	0,06%	34,1	0,07%	-0,02 p.p.	-19,65%
7	Total earning assets:	48494,7	100,00%	46274,7	100,00%	0,00 p.p.	4,80%
8	Total interest earning assets	16412,3	33,84%	14959,3	32,33%	1,52 p.p.	9,71%
9	Financial income	2035,0	-	1483,0	-	-	37,22%
10	EA efficiency	4,20%	-	3,20%	-	-	-

The ratio of interest earning assets to liabilities of IC Oranta-Sich as of 31.12.2012 constituted 75,23 % that corresponds to the mean market value of this indicator. From this the Agency draws conclusion that the insurer as of the beginning of 2013 has been well provided with quick assets, and large share of real estate in profitable assets indicated availability of assets which can be sold when necessary. The latter factor also influenced positively the estimate of company assets quality.

(E) Quality of reinsurance

The reliability of IC Oranta-Sich insurance protection is provided with contracts of cooperation in the field of reinsurance. The interaction with partners is provided by reinsurance department composed of certified specialists, whose main task is provision of optimum and reliable protection from major risks.

An active interaction with foreign reinsurers allows using international experience of insurance and accepting original risks to insurance. The principle of selection of such reinsurers is based first of all on the conformity of financial reliability (stability) rating awarded by the international rating agencies.

Besides actively used reinsurance by non-residents, first of all, when working with large risks, IC Oranta-Sich co-operates fruitfully with domestic colleagues-insurers. Selection criteria at search of potential partners are:

- transparency of operations;
- financial reliability;
- stability in insurance market;
- maximum responsibility and trustful relations of the parties.

Another key factor of choice of partners and reinsurance programs is ensuring the liquidity of operations, that is, timely participation of reinsurers in compensation of their share/part of indemnity. It provides additional guarantees for IC Oranta-Sich clients and, at the same time, promotes development of Ukrainian insurance market.

Reasonable comparison of the possibilities of insurance market and of international reinsurers is, as a rule, a combination giving the chance to offer conditions accounting for all the requirements of IC Oranta-Sich insured.

The analysis of IC Oranta-Sich reinsurance structure as of the beginning of 2013 indicates that a large share of risks coverage was provided by Ukrainian companies (*table 6*).

Table 6

Structure of reinsurance cover of IC Oranta-Sich PJSC, thousand UAH, p.p. %							
#	Indicators	2012 (31.12.2012)		2011 (31.12.2011)		Change of structure, p.p.	Growth rate, %
		UAH th	%	UAH th	%		
1	ALC IC Progress	1819,1	59,12%	772	30,36%	28,76 p.p.	135,63%
2	ALC IC Avangard	551,3	17,92%	549,7	21,62%	-3,70 p.p.	0,29%
3	PJSC IC Ridna	123,2	4,00%	130	5,11%	-1,11 p.p.	-5,23%
4	PJSC IC Zheleznodorozhnyie puti	118	3,83%	148,7	5,85%	-2,01 p.p.	-20,65%
5	PrJSC IC Mega-Polis	82,1	2,67%	150,3	5,91%	-3,24 p.p.	-45,38%
6	Other reinsurers	383,4	12,46%	792,4	31,16%	-18,70 p.p.	-51,62%
7	Total premiums sent to reinsurers	3077,1	100,00%	2543,1	100,00%	-	21,00%

The agency believes that the generated reinsurance protection as of the beginning of 2013 at IC Oranta-Sich can be estimated as acceptable. The company has a strategy of work in the reinsurance market, and also technique and principles of selection of partners in reinsurance which have been validated in practice for many years.

(F) Adequacy of reserves

IC Oranta-Sich forms the following insurance reserves:

1. Unearned premium reserves are calculated based on 80% of the total volume of charged insurance premiums using the following methods:

- on TPLI, including additional Green card contracts - 1/365 method, according to p. 3.4.1 of the 'Rules for formation, accounting and placement of insurance reserves other than life insurance' of December, 17th, 2004, no. 3104;
- on other kinds of insurance using the method 1/4, according to article 31 of the Law of Ukraine 'On insurance'.

2. The reserve for losses reported but not paid, is calculated according to p. 3.4.1 of the 'Rules for formation, accounting and placement of insurance reserves other than life insurance' of December, 17th, 2004, no. 3104. The size of losses reported but not paid is calculated based on the claims of insured, received in written statement or fax message, and an assessment of the volume of liabilities of the insurer added by costs of loss settlement at the rate of 3 percent.

3. The reserve for occurred but not reported losses, on obligatory insurance of third party liability insurance of transport vehicles owners, including additional Green card contracts, is calculated according to p. 5 of the 'Rules for formation, accounting and placement of insurance reserves other than life insurance' of December, 17th, 2004, no. 3104 (at the rate of 10 % from the earned insurance premium for the last four quarters foregoing the reporting date).

4. Loss variation reserve on obligatory insurance of third party liability insurance of transport vehicles owners, including additional Green card contracts, is calculated by the Company according to p. 6 of the 'Rules for formation, accounting and placement of insurance reserves other than life insurance' of December, 17th, 2004, no. 3104.

As of 31.12.2012 the technical reserves of IC Oranta-Sich consisted by 71,18 % from the reserve for premiums unearned, thus loss variation reserves of the Company grew rather quickly, that indirectly indicates the conservative policy of reserves formation, which is quite adequate to the realities of the Ukrainian insurance market (*table 7*).

Table 7

The structure of reserves of IC Oranta-Sich PJSC, thousand UAH, p.p. %

#	Indicators	2012 (31.12.2012)		2011 (31.12.2011)		Change of structure, p.p.	Growth rate, %
		UAH th	%	UAH th	%		
1	Unearned premium reserve	15581,3	71,18%	15382,4	80,59%	-9,41%	1,29%
2	Reserve for loss reported but not paid	520,7	2,38%	459,7	2,41%	-0,03%	13,27%
3	Reserve for loss occurred but not reported	1650,8	7,54%	1612,5	8,45%	-0,91%	2,38%
4	Loss variation reserve	4137,2	18,90%	1632	8,55%	10,35%	153,50%
5	Catastrophe reserve	0	0,00%	0	0,00%	0,00%	-
6	Other reserves	0	0,00%	0	0,00%	0,00%	-
7	Total technical reserves:	21890	100,0%	19086,6	100,0%	0,00%	14,69%

According to the Agency, the Company in 2012 formed reserves in full volume according to the Ukrainian legislation. The structure of the formed technical reserves of the insurer as a whole corresponds to the branch structure of Company business.

Payouts. IC Oranta-Sich performs payout of insurance indemnities according to the current legislation of Ukraine, including LU 'On insurance' and Rules of Insurance.

According to the Agency, payout level of IC Oranta-Sich for 2011-2012 somewhat exceeded the level observed on the average on the market that was conditioned by large share of population in gross-premiums of Company and by specialization of IC Oranta-Sich on the insurance types with traditionally high level of payouts (*tab. 8*).

Table 8

Payouts and cover of payouts by interest earning assets of IC Oranta-Sich PJSC, thousand UAH, p.p. %

#	Indicators	2012 (31.12.2012)	2011 (31.12.2011)	Change	Premiums growth rate, %
1	Indemnities and compensations paid out	20729,2	20744	-14,8	-0,07%
2	Total gross premiums	46443	45535,3	907,7	1,99%
3	Payout ratio	44,63%	45,56%	-0,92 p.p.	-
4	Total interest earning assets	16412,3	14959,3	1453	9,71%
5	IEA/payouts ratio	79,17%	72,11%	7,06 p.p.	-

The agency analyzed the largest paid-out indemnities by IC Oranta-Sich and has come to the conclusion that the largest payments are performed on insurance of vehicles. For the recent 12 months it was paid-out:

1. UAH 498,3 thousand for the stolen car Lexus RX 450 H.
2. UAH 189,6 thousand for road accident damaged car KIA Sorento.
3. UAH 104,4 thousand for third party misconduct damaged car TOYOTA Camry.
4. UAH 94,4 thousand for road accident damaged car Mitsubishi Pajero.
5. UAH 86,4 thousand for road accident damaged car Infiniti FX 35.

Thus, according to Agency, the insurer forms reserves in sufficient volume and in compliance with the obligations undertaken. The company performs payouts, including payments on large risks, and has a considerable reserve of interest bearing assets for coverage of such payments in the future.

(G) Capital and solvency margin

The Agency established that the last time the statutory fund of the insurer was increased on July, 15th, 2004, share issue registration certificate no. 739/1/04 from 16.12.2004. The statutory fund has been increased by UAH 3,0 million.

As of 31.12.2012 the largest item of insurer shareholders' equity was 'other additional capital'. The company has been sufficiently provided with equity (table 9).

Table 9

Structure of shareholders' equity of IC Oranta-Sich PJSC, thousand UAH, p.p. %							
#	Indicators	2012 (31.12.2012)		2011 (31.12.2011)		Change of structure, p.p.	Growth rate, %
		UAH th	%	UAH th	%		
1	Authorized capital	7050	22,69%	7050	22,95%	-0,25 p.p.	-
2	Additional invested capital	0	0,00%	0	0,00%	0,00 p.p.	-
3	Other additional capital	22210	71,50%	22211,9	72,29%	-0,80 p.p.	-0,01%
4	Reserve capital	1621	5,22%	1376,8	4,48%	0,74 p.p.	17,74%
5	Retained profit	184	0,59%	86,7	0,28%	0,31 p.p.	112,23%
6	Shareholder's equity, in total	31065	100,00%	30725,4	100,00%	-	1,11%

According to the Agency, currently the Company does not require additional capitalization. The structure of insurer equity reflects the results of its activity in the past and because of availability of additional capital indirectly proves to the external support by shareholder in the period of unprofitable work.

(H) Support by shareholders

At the moment of rating awarding physical person was the largest stockholder of the insurer, with 24,64 % of PJSC IC Oranta-Sich stocks. Other 10,2 % of company shares belonged to Vostokmashtrans LLC.

Due to physical person being the largest shareholder of IC Oranta-Sich, the Agency identifies external support for the Company from the shareholder as uncertain.

(I) Other factors influencing the rating

Relations with authorities. Last inspection by tax authorities was conducted in June, 2010, the total sum of additional tax charged and fees, penal sanctions for all branches and the head office constituted about UAH 30 thousand that did not influenced essentially the financial result of insurer activity.

The inspection by insurance regulator was performed in June 2011, all questions have been eliminated during the inspection. According to the letter of the regulator from 21.11.2012 no. 5296/13-8 as of 21.11.2012 there are no outstanding remedies applied by an insurance regulator to be complied with by PJSC IC Oranta-Sich.

Management. Research of biographic data of management has allowed the Agency to draw a conclusion on that IC Oranta-Sich is managed by skilled specialists possessing considerable experience of work in insurance business.

Petrovsky Vitaly Grigoryevich is CEO of PJSC Insurance company Oranta-Sich. He is citizen of Ukraine, born in 1938.

Vitaly Grigoryevich has begun working activity in 1956 as administrator of a village club in Novo-Troitskoye village of Orekhov district of Zaporozhye Oblast. In 1967 he graduated from Zaporozhye Machine-Building Institute by V.Ya.Chubar. In Soviet period he made an outstanding career, achieving the post of Deputy Chairman of the Executive Committee of Zaporozhye City Council of People's Deputies, which he occupied through 1985-1989. 1989-1994 – Head of oblast management of Gosstrakh of Zaporozhye oblast, Zaporozhye city; 1994-2011 - Chairman of Board of JSC IC Oranta-Sich, Zaporozhye; 2011-CEO, PJSC IC Oranta-Sich, Zaporozhye.

Vitaly Grigoryevich was awarded with a number of governmental and honorary awards, like the following:

1970 - medal 'For valorous labour';

1981 - medal 'For labour valour';

1998 – order of Merit of first class, for dedicated work and significant achievements in professional activity;

2001 - silver St'George medal 'Honour. Glory. Work.' of Fourth class of the International academic Rating of popularity and quality of goods and services 'Golden Fortune';

2004 – order 'For high professionalism' of the Ukrainian Fund for International Dialogue Promotion "Ukrainian National Embassy";

2011 - medal for personal contribution into the development of the city of Zaporozhye.

Also Petrovsky V.G. was repeatedly awarded by Certificates of Honour, Diplomas, Notes of Acknowledgenbt from district, local, regional state administrations and other public organizations.

As of January, 01st, 2013 his overall working experience makes more than 55 years, from those insurance experience - more than 24 years.

He had no administrative, disciplinary, nor other reprimands.

As of the beginning of 2013 IC Oranta-Sich, according to the Agency, maintained sufficient number of employees for realization of the activity (*table 10*).

Table 10

Personnel structure of the Insurer PJSC IC Oranta-Sich

#	Indicators	2012 (31.12.2012)		2011 (31.12.2011)		Change of structure	Growth rate, %
		persons	%	persons	%		
1	Number of staff with experience under 3 years	33	10,06%	35	9,31%	0,75 p.p.	-5,71%
2	Number of staff with experience above 3 years	295	89,94%	341	90,69%	-0,75 p.p.	-13,49%
3	Total number of staff	328	100,0%	376	100,0%	-	-12,77%
4	Number of off-staff agents	109	33,23%	101	26,86%	6,37 p.p.	7,92%

Thus, the relations of the insurer with state authorities do not bear risks for the Company, the insurer has enough personnel, and the management has more than sufficient administrative experience and insurance experience.

2. Summary of rating

When summarizing the components of **PJSC IC Oranta-Sich** rating (Ukraine) has made the decision on awarding credit rating/ insurer financial strength rating according to the national scale at the level **uaA**. The insurer with **uaA** rating has high financial strength in comparison with other Ukrainian insurers. Making the decision on rating assignment, the Agency was guided by the following conclusions:

1. The company and its labour collective have considerable experience in the Ukrainian insurance market, the Company business model at level of Zaporozhye region developed under the influence of different historic periods of Ukraine and totals more than 90 years. The factor of continuity of the regional management of Ukrkosstrakh influenced business of the insurer also after the year 1995, and this influence bears many positive moments.

2. In 2011-2012 IC Oranta-Sich showed stable volumes of business: gross-premiums grew by 1,99 %, net premiums grew by 0,87 %, earned premiums by 3,78 %. By estimates of RA Standard-rating, per volume of collected insurance premiums IC Oranta-Sich enters the top 50 insurance companies of Ukraine. The nominal share of the insurer in the Ukrainian insurance market is estimated by Agency at the level 0,25 %.

3. In the structure of premiums the share of TPLI is over 35 % that is due to IC Oranta-Sich wide filial network and traditional orientation of the insurer (legal successor of Zaporozhye management of Ukrkosstrakh) on satisfaction of households' needs. In 2012 the share of payments from population in gross-premiums of the Company constituted 78,48 %.

Despite large share of TPLI, medical insurance corresponded to more than 30 % of total business volumes that considerably balanced insurer portfolio and reduced dependence on transport insurance.

4. As of 31.12.2012 real estate occupied 50,86 % of interest earning assets of the insurer and bank deposits - 32,23 %, which share during the year grew by 2,3 p.p. The ratio of interest earning assets to liabilities of IC Oranta-Sich as of 31.12.2012 constituted 75,23 % that corresponds to the mean market value of this indicator. From this the Agency draws conclusion that the insurer as of the beginning of 2013 has been well provided with liquid assets.

5. The insurer forms reserves in sufficient volume and in compliance with the obligations undertaken. The company performs payouts, including payments on large risks, and has a considerable reserve of interest bearing assets for coverage of such payments in the future. As of 31.12.2012 the cover of payouts by interest-bearing assets made up 79,17 %.

6. Company work is provided by qualified collective. As of the beginning of 2013 the staff of IC Oranta-Sich consisted of 328 employees, other 109 person have been employed out of staff. The CEO of the insurer Vitaly Petrovsky has overall experience of 55 years, from those on administering position in insurance area - more than 24 years.

Rating scale for estimation of insurer financial strength

National rating scale adapted by
RA 'Standard Rating' (Ukraine) for the assessment of financial strength
of insurance companies

Rating	Contents of insurer financial strength rating according to the national scale
uaAAA	The insurer with the rating uaAAA is characterized by an outstanding high financial strength in comparison with other Ukrainian insurers.
uaAA	The insurer with the rating uaAA is characterized by very high financial strength in comparison with other Ukrainian insurers.
uaA	The insurer with the rating uaA is characterized by high financial strength in comparison with other Ukrainian insurers. The stability level is sensitive to the influence of adverse commercial, financial and economic conditions.
uaBBB	The insurer with the rating uaBBB is characterized by sufficient financial strength in comparison with other Ukrainian insurers. The stability level depends upon influence of adverse commercial, financial and economic conditions.
uaBB	The insurer with the rating uaBB is characterized by credit solvency below the sufficient one in comparison with other Ukrainian insurers. There is high dependence of stability level upon influence of adverse commercial, financial and economic conditions.
uaB	The insurer with the rating uaB is characterized by low solvency level in comparison with other Ukrainian insurers. There is very high dependence of stability level upon influence of adverse commercial, financial and economic conditions.
uaCCC	The insurer with the rating uaCCC is characterized by very low financial stability in comparison with other Ukrainian insurers. There is potential probability of suspension of activity, or temporary interruption of business process with further default of commitments to insured.
uaCC	The insurer with the rating uaCC is characterized by high probability of suspension of activity with further default of commitments to insured.
uaC	The insurer is expecting the suspension of activity and default of commitments to insured.
uaD	The insurer terminated its activity and started liquidation procedure.

- or + are intermediate rating categories within the major categories.

The scale of rating the financial strength of the insurer has been adapted by RA 'Standard-rating' (Ukraine) based on the national scale approved by the resolution of the Cabinet of Ukraine no. 665 of April, 26th, 2007 'On approval of national rating scale'.

Information for the insured:

The rating of insurer financial strength does not indicate the speed and probability of timely payouts. The rating of insurer financial strength is the opinion of Agency analysts on the probability of suspension of business processes in the company with the subsequent default to meet the obligations to insured. For insurances companies not having essential debts with banks nor bonds issues, insurer financial strength rating is equal to credit rating.