Report on the rating research

Customer:	Private joint stock company Insurance company Status (until 13.04.2004 IC Monolit)
Incorporation date:	13.04.2004
USREOU code:	31201694
Head office location (city, mail index, street):	of.109, 15, Vossoyedineniya ave., Kiev 02160, Ukraine
The name of the auditor company which confirmed the accounts the last fiscal year:	Audit firm Grant Expert Ltd, RNNBO code 32346062, Audit Chamber certificate no. 3170
Key account bank:	Public joint stock company State Export and Import Bank of Ukraine
Top executive, title:	Savichenko Boris, Chairman of Board
Number of regular personnel at the time of questionnaire filling:	162
Telephone/fax:	+38 /044/ 492-80-78
Web-site:	www.status.kiev.ua
Rating type:	Insurer financial strength / credit rating
Rating revision period:	Quarterly
Date of rating:	23.02.2012
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. The level of financial strength is sensitive to the influence of adverse commercial, financial and economic conditions.

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.

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1. List of licenses and permissions held by the Company

1. Voluntary accident insurance, AV no. 546354.
2. Voluntary medical insurance (permanent health insurance), AV no. 546350.
3. Voluntary health insurance against diseases AV no. 546347.
4. Voluntary motor transport vehicle insurance (except r/w), AV no. 546352.
5. Voluntary freight and luggage insurance, AV no. 546342.
6. Voluntary insurance against fire risks and Act of God risks, AV no. 546344.
7. Voluntary property insurance, except railway-, motor-, air-, water transports (incl. sea inland waters, and other watercrafts), freight and luggage insurance, AV no. 546349.
8. Voluntary third party liability insurance (except motor third party liability, air transport owners' liability, watercraft owners' liability (including carrier liability), AV no. 546356.
9. Voluntary insurance of motor transport owner liability (including carrier liability), AV no. 546343.
10. Financial risks insurance, AV no. 546358.
11. Voluntary insurance of medical expenses, AV no. 546351.
12. Traffic accident insurance, AV no. 546355.
13. Mandatory insurance of dangerous cargos carriers' liability against negative consequences of dangerous cargos transportation risks, AV no. 546353.
14. 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, AV 546359.
15. Voluntary credit insurance (including borrower liability insurance against existing loan), AV no. 546348.
16. Voluntary r/w transport insurance, AB no. 546345.
17. 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, AV no. 546346.
18. 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), AV no. 546357.
19. Mandatory insurance of civil and legal liability of motor transport owners AG no. 569306.
20. Mandatory insurance of nuclear facilities operator's public liability against damage caused by a nuclear incident, AV no. 584977.
21. Mandatory insurance of mortgage subject against risk of casual loss (destruction) or damage, AV no. 584976.

(A) History of the company and general description

The insurance company was incorporated in 2000 under the name 'Monolit'. With the arrival of new shareholders in April 2004, the company was renamed into CJSC IC "Status" with authorized capital of UAH 30 m. The founders of the company IC "Status" were legal entities-residents of Ukraine.

At the time of new shareholders' joining the company the number of employees was under 10. After renaming of the Company the number of employees rose up to 23; insurance payments increased substantially. Currently 162 regular employees and about 50 off-staff agents work in the Company.

As a result of active work IC "Status" became a member of the Motor (Transport) Insurance Bureau of Ukraine, was highly assessed by experts, taken the leading positions among the insurers with highest brand value assessment. In 2006, the IC Status entered the Top 100 Ukrainian insurance companies in terms of gross premiums.

Continuing to develop, IC "Status" attracted large corporate clients and cooperated with major financial institutions. In the end of 2008 change of top management occurred, which permitted the company to not only withstand the difficult financial market conditions of that period but also to increase gross premiums in 1.5 times in 2010.

The 2011 became for IC Status the year of active phase of development and opening of 14 new regional branches, spreading the range of insurance services (2 new unlimited licenses have been obtained), as well as of entry into Nuclear Insurance Pool, whereat belong only the Companies capable to provide high-quality insurance protection.

In 2011 the gross premiums of IC Status increased by 72.78%, that is several times the average market growth rate. In 2011 IC Status paid out UAH 10.728 m. As of 01.01.2012 shareholder equity capital was 2.4 times the liabilities of the insurer, and interest-bearing assets covered the liabilities by 81%. The insurer obtained in 2011the net profit of UAH 27.6m that is in 14.5 times more than in 2010. Return on equity of the insurer has increased up to 30.4% (See table 1).

Table 1

Key performance indicators of PrJSC IC Status, thousand UAH, %

#	Indicators	2011	2010	Change	Growth rate, %
1	Total gross premiums	93371,3	54041,3	39330,0	**72,78%**
2	Indemnities and compensations	10728,8	6761,7	3967,1	58,67%
3	Payout ratio	11,49%	12,51%	-1,02 p.p.	-
4	Shareholder equity	90771,9	63180,4	27591,5	43,67%
5	Liabilities	38221,9	13129,2	25092,7	191,12%
6	Equity/Liabilities ratio	237,49%	481,22%	-243,7 p.p.	-
7	Net profit	27591,5	1908,1	25683,4	1346,02%
8	ROE	30,40%	3,02%	27,38 p.p.	-
9	ROA	21,39%	2,50%	18,89 p.p.	-
10	IEA/Liabilities	81,04%	114,63%	-33,6 p.p.	-

Thus, IC Status is a known and dynamically developing company. The company offers competitive insurance products, which allow increasing its market share and maintain very high as for Ukrainian market profitability level, while maintaining sufficiently high quality of assets.

(B) Business activity and competition

IC Status is a versatile company with more than 20 types of licenses. The company supports an excessive range of insurance products able to satisfy the demand for insurance protection both from the side of the population and from large corporate clients requiring individual approaches to insurance programs. Currently, the company is specially focused on the following types of insurance:

- Voluntary accidents insurance;
- Voluntary insurance of medical expenses;
- Voluntary insurance against disease;
- Mandatory insurance of civil and legal liability of motor transport owners;
- Voluntary insurance against fire and Acts of God;
- Voluntary property insurance.

RA Standard Rating studied insurer's competitiveness and concluded that the following factors contribute to high level of Company competitiveness:

- Timely and complete payouts of insurance compensations, that helps to retain and increase the number of permanent clients;
- Constant expansion of the network of points of sale and agents;
- Participation in tenders for insurance;
- Accreditation in leading banks of Ukraine;
- Continuous improvement and introduction of new insurance products demanded by the market;
- Customer-oriented approach, increase of the professional level of employees and agents of the company, as well as improvement of customer service.

Main competitors of the insurer are: IC Brokbusiness, QBE Ukraine, Nova, Knyazha, Ilichevskoye.

Following the results of 2011 the Agency estimates the nominal share of IC Status in the insurance market of Ukraine as 0.9%. The real share of IC Status was evaluated by the Agency as 2%. The share of IC Status at the market of compulsory civil liability motor-vehicle insurance was 1.2%. In 2011 the company developed very dynamically, and the proportion of individuals in gross premiums dropped from 45.8% to 38.3%. The Agency points out on the relatively low ratio of acquisition costs/gross premiums. The company can afford to stimulate the growth of sales volume (Table 2).

Table 2

Business indicators of PrJSC IC Status, thousand UAH

#	Indicators	2011	2010	Change	Growth rate, %
1	Total gross premiums, incl.:	93371,3	54041,3	39330	72,78%
2	- from individual insured	35757,6	24752,4	11005,2	44,46%
3	- from reinsurers	3053,4	2092,8	960,6	45,90%
4	Share of individuals in gross premiums	38,30%	45,80%	-7,51 p.p.	-
5	Share of reinsurers in gross premiums	3,27%	3,87%	-0,60 p.p.	-
6	Premiums ceded to reinsurers	14457,3	33541,4	-19084,1	-56,90%
7	Reinsurance dependence factor	15,48%	62,07%	-46,58 p.p.	-
8	Net premiums	78914,00	20499,90	58414,10	284,94%
9	Earned premiums	64352,3	18995,7	45356,6	238,77%
10	Financial result from operations	26290,9	1297,2	24993,7	1926,74%
11	ROS	28,16%	2,40%	25,76 p.p.	-
12	Acquisition costs	4078	2982,5	1095,5	36,73%
13	Acquisition costs/gross premiums ratio	4,37%	5,52%	-1,15 p.p.	-

(C) Business diversification

The three largest types of insurance corresponded to 67.27% of gross premiums in 2011 and to 68.65% in 2010. With the growth in business volume, the company gradually improves diversification, but the most important type of insurance is mandatory insurance of owner civil liability to third parties (OSAGO). In 2011, the OSAGO accounted for 30.06% of gross business of the Company that proves to moderate level of business diversification. Since in Ukraine the OSAGO market is still a problematic one, to improve the diversification of business the Agency advises the Companies to retain the share of OSAGO in the portfolio at the level of 20-25% of gross business volume. The risk of moderate level of diversification in the company does not manifest itself because of a good level of profitability and low level of acquisition costs (see table 3).

Table 3

Top 10 largest types of insurance of PrJSC IC Status, thousand UAH, %

#	Indicators	2011		2010		Change of structure, p.p.	Growth rate, %
		UAH th	%	UAH th	%		
1	Mandatory insurance of civil and legal liability of motor transport owners (OSAGO)	28 069,4	**30,06%**	17 158,4	31,75%	-1,69 p.p.	63,59%
2	Financial risks insurance	21 428,1	**22,95%**	1 935,8	3,58%	19,37 p.p.	1006,95%
3	Property insurance (exc. fire risks and act of God risks)	13 347,1	**14,29%**	12 690,2	23,48%	-9,19 p.p.	5,18%
4	Property insurance (against fire risks and act of God risks)	10 666,5	11,42%	5 123,6	9,48%	1,94 p.p.	108,19%
5	Motor transport (exc. r/w) insurance	7 573,0	8,11%	7 253,8	13,42%	-5,31 p.p.	4,40%
6	Medical costs insurance	3 135,4	3,36%	2 721,8	5,04%	-1,68 p.p.	15,20%
7	Traffic accident insurance	2 458,3	2,63%	1 941,0	3,59%	-0,96 p.p.	26,65%
8	Accident insurance	1 883,5	2,02%	1 159,6	2,15%	-0,13 p.p.	62,43%
9	Third party liability insurance	1 550,8	1,66%	262,8	0,49%	1,17 p.p.	490,18%
10	Health insurance (permanent health insurance)	984,6	1,05%	850,0	1,57%	-0,52 p.p.	15,84%
11	Other types of insurance	2 274,6	2,44%	2 944,4	5,45%	-3,01 p.p.	-22,75%
12	In total:	93 371,3	100,00%	54 041,3	100,00%	-	72,78%

The analysis of diversification per customers showed insignificant increase of insurer gross premiums from 10 largest clients; share of 10 largest customers increased by 6.21 percentage points. The 10 largest customers of the insurer accounted for 39.36% of gross business of the Company (Table 4).

Table 4

Data on the structure of gross premiums from large insurers of PrJSC IC Status, thousand UAH., p.p. %

#	Indicators	2011		2010		Change of structure, p.p.	Growth rate, %
		UAH th	%	UAH th	%		
1	From 1 (one) largest insured	9 549,8	10,23%	6 258,5	11,58%	-1,35 p.p.	52,59%
2	From 3 (three) largest insured	20 155,0	21,59%	11 303,0	20,92%	0,67 p.p.	78,32%
3	From 5 (five) largest insured	28 211,0	30,21%	14 050,8	26,00%	4,21 p.p.	100,78%
4	From 10 (ten) largest insured	36 746,4	39,36%	17 913,5	33,15%	6,21 p.p.	105,13%
5	From the rest of insured	56 624,9	60,64%	36127,8	66,85%	-6,21 p.p.	56,78%
6	In total:	93 371,3	100,00%	54 041,3	100,00%	-	72,78%

According to RA Standard-Rating the level of client diversification in IC Status can be considered as satisfactory. The Company is dependent from the 10 largest customers; however these customers are a group of unrelated persons.

(D) Asset quality

The main types of interest-bearing assets are deposits. The company avoids placing assets into bonds and other fixed-income securities.

When selecting banks to place deposits, not only interest rates should be considered but first of all the reliability of the banks (their rating) should be analyzed in order to lower eventual risk of deposit fault. IC Status has a system worth high assessment, for selection of banking institution to place reserves

The analysis of earning assets structure showed that 69.97% of such asset portfolio are shares. The Agency does not regard this category of earning assets as liquid one. The most liquid assets are the insurer's interest-bearing assets; as of 01.01.2012 their volume reached nearly UAH 31 m. In one year the interest-bearing assets increased by 106% (See table 5).

Table 5

Structure of PrJSC IC Status earning assets

#	Indicators	2011		2010		Change of structure, p.p.	Growth rate, %
		UAH th	%	UAH th	%		
1	Balances on current accounts	13 744,7	12,32%	4 203,6	5,04%	7,28 p.p.	226,97%
2	Bank deposits	17 227,3	15,44%	10 847,8	13,00%	2,44 p.p.	58,81%
3	Bank metals	409,9	0,37%	0,0	0,00%	0,37 p.p.	-
4	Real estate	0,0	0,00%	0,0	0,00%	0,00 p.p.	-
5	Shares	78 063,4	69,97%	57 685,2	69,16%	0,82 p.p.	35,33%
6	State securities	0,0	0,00%	0,0	0,00%	-	-
7	Claims to insurers	2 116,9	1,90%	10 676,8	12,80%	-10,90 p.p.	-80,17%
8	Total earning assets :	111 562,2	100,00%	83 413,4	100,00%	-	33,75%
9	Total interest bearing assets:	30 972,0	27,76%	15 051,4	18,04%	9,72 p.p.	105,77%
10	Financial income	1 247,5	-	773	-	-	61,38%
11	Efficiency of earning assets	1,12%	-	0,93%	-	-	-

At the same time, it should be noted that as of 01.01.2012 the level of coverage of liabilities by interest-bearing assets decreased to 81%. This is still far from critical and even higher than the average market value (72%). However, assessing the tendency of IEA/liabilities ratio decrease, the abrupt growth of Company gross business should be considered. It should be reminded that in 2011 the gross premiums increased by 72.78% that in any case would cause the increase of liabilities.

(E) Quality of reinsurance

IC Status cooperates mainly with resident reinsurers, at the same time the list of reinsurers includes the nonresident company SCOR Global P&C SE, complying with the requirements of financial reliability for reinsurers. SCOR is one of the largest reinsurers in the European Union, with headquarter located in France; the company has strong global position.

The main types of insurance, liability on which is reinsured, are property insurance, cargo insurance, CASCO, agricultural risks, personal insurance. All major risks of IC Status are covered by obligatory reinsurance agreement. For the contracts in excess of treaty reinsurance limit, a facultative reinsurance is provided. Also the facultative reinsurance covers the risks not covering obligors' action. The reinsurance is carried out in different forms and methods, and the conditions of reinsurance are obligatorily determined by the terms of reinsurance.

Most companies in the reinsurance portfolio of IC "Status" do not have the rating of insurer financial stability nor credit rating, which is a common problem for the Ukrainian market (See table 6).

Table 6

Structure of reinsurance of PrJSC IC Status

#	Indicators	2011		2010		Change of structure, p.p.	Growth rate, %
		UAH th	%	UAH th	%		
1	Progress IC ALC	7 588,3	52,49%	15 443,4	46,04%	6,44 p.p.	-50,86%
2	Avangard IC ALC	4 680,0	32,37%	16 993,0	50,66%	-18,29 p.p.	-72,46%
3	Nadiya IC ALC	1 129,4	7,81%	693,3	2,07%	5,75 p.p.	62,90%
4	Salamandra - Ukraine IC CJSC	305,0	2,11%	8,1	0,02%	2,09 p.p.	3665,22%
5	SCOR Global P&C SE	226,9	1,57%	0,0	0,00%	1,57 p.p.	#ДЕЛ/0!
6	Other reinsurers	527,7	3,65%	403,5	1,20%	2,45 p.p.	30,76%
7	Total premiums ceded to reinsurers	14 457,3	100,00%	33 541,4	100,00%	-	-56,90%
8	Premiums ceded to reinsurers with rating above uaBBB-	226,9	1,57%	0	0,00%	1,57 p.p.	-
9	Share of reinsurance at reinsurers with investment grade rating	1,57%	-	0,00%	-	-	-

(F) Adequacy of reserves

According to the requirements of the "Provision on creation, placement and accounting of insurance reserves on insurance types other than life insurance" no. 3104 dated 17.12.2004 and the adopted accounting policy, the Company creates the following reserves:

- Unearned premium reserves;
- Reported But Not Paid;
- Reserve for losses arisen, but not reported;
- Loss variation reserve (under OSAGO agreement);
- Reinsurer's share in insurance reserves.

In accordance with the Rules of creation, placement and accounting of insurance reserves on insurance types other than life insurance" no. 3104 dated 17.12.2004 with the changes and amendments introduced by the relevant normative acts; calculation of the technical reserves is performed as follows:

- Unearned premium reserves is calculated with '1/365' method separately for each agreement in force;
- The sum of insurance payments incoming (premiums and fees) and of amounts of the parts of insurance payments paid to reinsurers on the relevant types of insurance is determined as 80%.

(A) For CASCO insurance agreements the insurer performs the following payment policy:

In case of repair at the service station certified by the insurer:

1. Upon notification about the insured event and submission of primary required documents, the client is referred to a certified service station (to choose from the list of stations having cooperation agreement with the insurer).
2. Company's expert independently, bypassing the client, agrees the bill and the cost of vehicle repair, agrees the amount of insurance indemnity.
3. The client's car is taken in service by the service station, and the necessary repair work is performed.
4. After completion of the service, the customer accepts the repaired vehicle, pays out the franchise stipulated by the insurance agreement (if any) and takes the vehicle out of the service station.

5. The insurance company within the period stipulated by the agreement of cooperation with the service station pays for the repair.

During the maintenance at the service station chosen by Insured (with no contractual relationships with the Insurer):

1. Upon notification of the insured event and submission of initial required documents, the client drives the car to the service station for invoicing.
2. Company's expert independently, bypassing the client, agrees the bill and the cost of vehicle repair and agrees the amount of insurance indemnity.
3. Within 15 working days, the insurer takes decision and pays the amount for the needed repair to the account of the service station.
4. The client's car is received by the service station, and the necessary repair is performed.
5. After it, the customer accepts the repaired vehicle, pays out the franchise stipulated in the insurance agreement (if any) and takes the vehicle out of the service.

(B) For OSAGO policies:

Payment of indemnities for policies of compulsory civil and legal liability is carried out after submission of the document confirming the fault of the customer of IC Status in road accident, and is carried out in the period:

1. For contracts concluded before 19.09.2011, and regardless of the effective date of event, within 30 calendar days after the submission of all necessary documents for payment of insurance indemnity, stipulated by the law of Ukraine "On compulsory insurance of civil liability of ground transport vehicle owners".

2. For contracts concluded after 19.09.2011, within 90 days after submission of the request for payment of insurance indemnity and in case of availability of all necessary documents, stipulated by the law of Ukraine "On compulsory insurance of civil liability of ground transport vehicle owners" but not later than 15 days after agreement of the amount of damage.

(B) Personal insurance types.

When concluding the insurance agreement on personal types, both signatories rely on mutual adherence to the contract. Therefore the Company assumes that all the information from the client and all claims or costs are justified. At the initial stage, when the client applies for medical aid or payment the Company checks only that the claim would meet the terms of the agreement and insurance program. In case of non-compliance found, the Company explains to the client own point of view and suggests him the way to solve his problems.

If the terms of the agreement and insurance program meet the needs of the client, the support or settlement process of the insured event is initiated. The company's policy consists in that the insurance company is obliged to meet its duties to the client and protect him in certain situations, i.e. performs payments to the client or to healthcare facility which provided medical aid. By minimizing such payments, the Company saves the money of the client in the form of insurance amount thereby enhancing his insurance protection.

At the same time IC "Status" checks all submitted documents to avoid undue payments thus protecting it and other clients who entrusted to the Company the preservation of their health.

Over the last 12 months, only one of 5 largest payments of the Company was carried out within property insurance, the rest was for such type of insurance as "Motor transport insurance except railway transport". Over the last 12 months the five largest payments of the insurer amounted to UAH 347 thousand.

The Agency's analysis showed that IC Status has been creating reserves in accordance with current legislation and internal methods for risk assessment. At the beginning of 2012, the insurer created the technical reserves, which, according to the Agency, are adequate to undertaken obligations (See table 7).

Table 7

The structure of reserves of PrJSC IC Status, UAH thousands, %

#	Indicators	2011		2010		Change of structure, p.p.	Growth rate, %
		UAH th.	%	UAH th.	%		
1	Unearned premium reserve	22659,5	61,25%	16673,3	75,52%	-14,26 p.p.	35,90%
2	Reserve for loss reported but not paid	3380,9	9,14%	2614,7	11,84%	-2,70 p.p.	29,30%
3	Reserve for loss arisen but not reported	6435,2	17,40%	847,1	3,84%	13,56 p.p.	659,67%
4	Loss variation reserve	4517,8	12,21%	1944,1	8,81%	3,41 p.p.	132,39%
5	Total technical reserves:	36993,4	100,00%	22079,2	100,00%	-	67,55%

For 2011 the Company's payouts grew by 59% and reached the amount of UAH 10.728 m. Payout ratio dropped by 1.02 percentage points since premiums grew faster than payouts. It is important that the Company was well provisioned with interest-bearing assets, which as of 01.01.2012 exceeded in 2.88 times the volume of payouts for the same period. For 2011 the level of payouts coverage by interest-bearing assets increased by 66.09 percentage points. Such growth is not a guarantee of solvency but points to the excessively high level of liquidity of the insurer and its capability to meet payment obligations within the next 12 months (see table 8).

Table 8

Payouts and coverage of payouts by interest earning assets of PrJSC IC Status, UAH thousands, %

#	Indicators	2011	2010	Change	Growth rate, %
1	Indemnities and compensations paid	10728,8	6761,7	3967,1	58,67%
2	Total gross premiums	93371,3	54041,3	39330	72,78%
3	Payout ratio	11,49%	12,51%	-1,02 p.p.	-
4	Total interest earning assets	30972,0	15051,4	15920,6	105,77%
5	IEA/payouts ratio	288,68%	222,59%	66,09 p.p.	-

(G) Capital and solvency margin

Last time IC Status increased the statutory fund on April 19, 2010, the increase made UAH 20.3 m. At the beginning of 2012, 56% of insurer's shareholder equity has been created at the expense of the statutory fund, 30.4% - at the expense of retained profit. According to the Agency, the Company remains overcapitalized but given the growth rate of premiums by 72.78% and liabilities by 191% in 2011, such managerial step is worth praising.

Table 9

Structure of shareholders' equity of PrJSC IC Status, UAH thousands, %

#	Indicators	2011		2010		Change of structure, p.p.	Growth rate, %
		UAH th.	%	UAH th.	%		
1	Authorized capital	50750	55,91%	50750	80,33%	-24,42 p.p.	0,00%
2	Reserve capital	12430,4	13,69%	10522,3	16,65%	-2,96 p.p.	18,13%
3	Retained profit	27591,5	30,40%	1908,1	3,02%	27,38 p.p.	1346,02%
4	Shareholder equity, in total	90771,9	100,00%	63180,4	100,00%	-	43,67%

(H) Support by shareholders

The research of the structure of owners of the insurer showed that the Company has a complex structure of shareholders, both nominally and factually none of the shareholders controls more than 50% of Company's shares. Last time the structure of the owners of IC "Status" has been changed on 20.07.2009, when the current top manager joined the Company's shareholders.

At the time of rating report publication the structure of owners of the insurer was as follows:
- Closed non-diversified venture mutual investment fund "Investment Centre 1" (AMC "Trust Center") – 35%;
- Private enterprise "Odysseya" – 25%;
- Private enterprise "Olimpiya" – 35%
- Boris Savichenko, Chairman of the Board – 5%.

One of the private enterprises was controlled by the non-resident of Ukraine, the citizen of Latvia, the second one - by the Ukrainian citizen. There are no data about shareholders of the venture fund. The Agency considers the structure of owners of the company as identified, but the level of support by shareholders – as undefined. Such procedure for determining the external support by shareholders is specific for all the insurers, and the final beneficiaries of the activity are natural persons.

(I) Other factors influencing the assessment

The last tax audit was conducted from 29.04.2011 to 31.05.2011. It found the violation of p. 2.6 of the "Regulation on conduct of cash transactions in national currency of Ukraine" approved by the resolution of NBU Board dated 15.12.2044 no. 637. The penalty paid for this violation in the amount of 10,260 UAH has no effect on the level of financial stability of the insurer. The last audit by State financial services is carried out in the period from 01.02.2012 to 01.03.2012. At the time of the rating report publication the results of the audit are not known.

The Management of the company has significant experience in the insurance business. The Chairman of the Board of the Company for more than 16 years and the Deputy Chairman of the Board for finance for more than 14 years have been working in insurance companies. At the beginning of 2012 the staff of IC Status consisted of 162 employees and 48 agents. Staff members of the company were enough to ensure business of the insurer (See table 10).

Table 10

Structure of personnel of the Insurer

#	Indicators	2011		2010		Change of structure	Growth rate, %
		persons	%				
1	Number of staff with experience under 3 years	17	10,49%	16	12,8%	-2,31 p.p.	6,25%
2	Number of staff with experience above 3 years	145	89,51%	109	87,2%	2,31 p.p.	33,03%
3	Total number of staff	162	100,0%	125	100%	-	29,60%
4	Number of off-staff insurance agents	48	29,63%	47	37,6%	-7,97 p.p.	2,13%

2. Summary of rating components

The rating of PJSC IC "Status" was influenced by the following factors:

1. IC "Status" is a universal insurance company. The share of the company at the Ukrainian market is growing rapidly. For 2011, the insurer has 73% growth of gross premiums. The company ended the 2011 with net profit of UAH 27.591 m and return on equity (ROE) of 30.4%.

2. The three largest types of insurance corresponded to 67.27% of gross premiums in 2011, and to 68.65% in 2010. With the growth in business volume, the company gradually improves diversification indicators, but the most important type of insurance is compulsory motor liability insurance (OSAGO). At the end of 2011 the compulsory insurance of motor third party liability accounted for 30.06% of gross business that indicates the moderate level of business diversification of the insurer.

3. At the beginning of 2012, the insurer has maintained high quality of assets. As of 01.01.2012 the size of interest-bearing assets of IC Status reached nearly UAH 31 m. During this year the interest-bearing assets increased by 106%, the level of liabilities coverage by interest-bearing assets was 81%, that is by 11 percentage points higher than the average market value. The quality of reinsurance coverage is not determined. Most of reinsurance is provided by insurers without ratings, but the Company has internal regulations for selection of reinsurers; a small part of reinsurance is provided by nonresident-companies with high level of rating on the international scale. In particular, IC Status cooperates with SCOR Global P&C SE.

4. At the beginning of 2012, the Company created reserves in adequate volumes in accordance with the regulatory framework of the Ukrainian insurance regulator and its own internal regulations. Total volume of technical reserves was nearly UAH 37 m. During 2011, the insurer paid out UAH 10.728. Payout volume increased by 58.67% and payout ratio decreased by 1.02 percentage points. It is important mentioning that the interest-bearing assets of the company at the beginning of 2012 covered the payouts of 2011 on 287%. Such coverage is not a guarantee of solvency, but points to excessively high level of liquidity of the insurer and its capability to perform obligations to insured for the next 12 months.

5. According to the Agency, the Company remains overcapitalized but given the growth rate in 2011 of premiums by 72.78% and liabilities by 191%, such step of management can only be praised. Support of shareholders is rated as uncertain, at the same time external support was proved in practice: last time IC Status increased the statutory fund on April 19, 2010, by UAH 20.3 m.

Thus, the level of financial stability of the insurer, its capability to meet obligations to the insured remains quite high. During the difficult period for Ukrainian economy, the Company shows high rates of growth, improves business diversification per insurance types and maintains high quality of assets.

Rating scale for estimation of insurer financial strength

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

Rating	Contents of insurer financial strength 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 actvivity 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