



EIB

BROKERSLINK POLAND

UNSTOPPABLE ENERGY: FROM CAPTIVE TO GLOBAL BROKER

POLISH INSURANCE MARKET

TORUN: THE HUB OF POLISH BROKERS

EIB – ENERGO INWEST BROKERS

UNSTOPPABLE ENERGY: FROM CAPTIVE TO KEY PLAYER

Founded in 1994 in Torun, EIB has expanded its business over the last decades and is nowadays recognised as a multi-specialist insurance broker adviser to some of Poland's largest companies and financial services groups.



For over 22 years EIB has been insurance adviser to Poland's largest companies and financial services groups. Founded in 1994 in Torun, EIB initially focused on the energy sector, providing an in-house broking service to a Polish public energy company. Building upon its success, EIB started to expand its activity, working with other sectors of the Polish economy. Over two decades later, EIB is recognised as a multi-specialist, comprehensive insurance broker and adviser with a wide-ranging client portfolio.

The company has developed mainly through organic growth; EIB is one of Poland's biggest insurance brokers with expertise in building and developing specialised programmes to protect the financial interests of clients. Over the last three years, EIB has continually been ranked among the top five Polish insurance brokers for income revenue.

The firm specializes in providing business insurance and employee benefits services to upper middle market companies and calls itself a 'one stop shop', meeting the needs of clients requiring a range of cover including

property & casualty and credit & surety insurance, plus employee benefits etc.

EIB works in partnership with clients from numerous sectors, operating in Poland and abroad, and gives insurance advice and support to around 750 firms and financial services groups. Client sectors include; energy, heavy industry, construction, manufacturing, food, plastics, wood, furniture, shoe and textile production, agriculture, leisure and servicing, transportation, pharmaceuticals, healthcare, utilities, local government and financial services. Within the Polish insurance sector, EIB has a reputation for service excellence and unrivalled knowledge and its brand is synonymous with the provision of a superior quality service. EIB currently protects assets of more than EUR 150 billion and the health and lives of over 100,000 people, making it one of Poland's largest insurance brokers working closely with the Polish insurers.

The company employs over 150 professionals including 100 licensed brokers and 10 legal counsels – all providing the highest level of service.



Rafał Kaszubowski, EIB CEO

EIB annually places some EUR 80 million of clients' premiums into the insurance market, making it an important partner for stakeholders with leverage and buying power to secure the best terms and conditions for customers.

Creative solutions

The diverse and growing needs of clients coupled with a rapidly developing market, inspires EIB to create new solutions and continuously improve its service provision. In a tough market saturated by brokers, and in order to retain its leading clients and win others from rival firms, its focus is on core competencies, specialist areas and the competitive advantages of its superior client service. EIB annually measures client retention rates and is proud to admit that in recent years, it equates to around 97%.

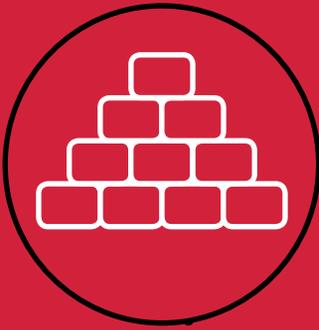
EIB is renowned for its expertise within major construction projects, big industrial risks and public tender activities. It successfully designed and placed an insurance programme for the biggest

investment project in central-eastern Europe valued at nearly EUR 3 billion and adjusted the biggest claim in the history of Polish insurance. While this evidences outstanding credentials and experience, EIB knows it needs to be dynamic and client-focused in order to grow. It recently moved into trade credit insurance – a fast growing market demanding high levels of expertise in order to secure robust coverage and to be able to adjust claims accordingly. A further portfolio addition is the Pension & Benefit programme protecting 100,000 client employees. To maintain growth, EIB is constantly developing its client services and IT innovation and has what it describes as 'the most advanced in-house insurance and claim management system' directly accessible by clients.

EIB appreciates that Poland's highly competitive, complex and modern economy means insurance brokers can no longer survive with personal customer contact and commissions generated by simple insurance placement. In order to grow and meet customers' complex risk management and transfer requirements,

brokers need to possess higher levels of expertise. In response, EIB ensures employees not only have the education, skills, knowledge and experience the market requires, but also an in-depth understanding of; insurance products, the markets they're working within, the clients' business model and risk exposure and their protection needs. In order to maintain that competitive edge, EIB continues to invest in employees' skills and IT solutions while enhancing their market knowledge and legal and technical competences. The company's strong international presence is facilitated by Brokerslink membership, enabling it to provide unrivalled services wherever clients undertake their business.

EIB recognises clients today expect their brokers to provide the IT tools that allow them to monitor their insurance programmes, activity and progress. In response, the firm employs five programmers, who working alongside their broking colleagues, deliver new IT solutions to meet clients' expectations.



1994

EIB founded as an in-house broker for one of Poland's biggest energy companies.



1997

Service expands into new sectors.

1996

New branches open in main cities of Warsaw and Katowice. Launch of CRM and electronic document distribution.

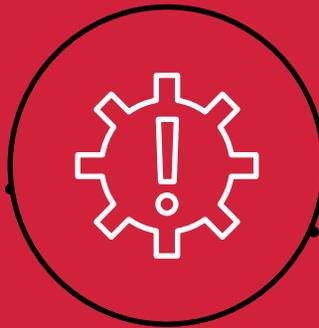


2001

Employee recruitment begins with first internship program for students.



EIBMILE



2012

Risk engineers department created.



2015

EIB becomes a member of Astreos Risk, giving wider access to the credit insurance market.



2011

Management and employee company buyout (MEBO) from public sector, giving management greater motivation to improve profitability and value.

Capital group established, comprising all the companies, including a reinsurance broker and multi-specialised agency.



2002

Employee development program implemented with continuous training and workshops.

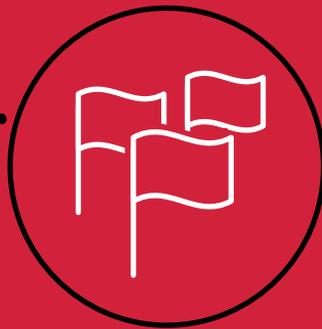


2006

International client management department created.

EIB negotiates with insurers to include own policy terms & conditions wording for key clients.

Receives Information Security Management System – ISO 27001:2005 – accreditation.



2005

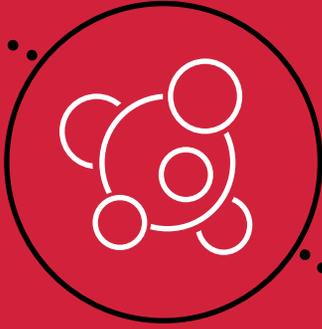
New offices open in the cities of Cracow, Wroclaw, Gdynia and Rzeszow.

STONES



2007

Joins Brokerslink.



2010

Acquisition of smaller Polish brokerage firms and retention of key employees.



2009

Develops claims tracking IT solution for clients.

Brokerslink enables the building of international connections

After many years of being a major player within Poland's domestic market, EIB took the strategic decision to join Brokerslink. Membership of this global broking company enables EIB to continue to further develop, grow and build relationships with other specialists around the world.

Being part of an international broking company means EIB can respond to the specific needs of Polish companies requiring global support. Its relationship with international brokers in foreign markets and ability to expand its service and solutions portfolio enables EIB to create and successfully implement international programmes for Poland's leading companies operating in different sectors. The local handling of multinational programmes by Brokerslink partners allows EIB to provide tailor-made services for even the most demanding clients. In addition, the support of Brokerslink ensures EIB-brokered solutions meet local law and market requirements; giving the client's business the cover it needs, reinforced with an effective risk management process.

When managing international insurance programmes for multinational companies, EIB can extend its local broker service by liaising with Brokerslink partners to offer a broader range of global solutions that fill any cover gaps in their master policies. International broker cooperation provides a platform to share knowledge and gives EIB access to the world's best solutions for non-standard risks cover – something not available to local Polish brokers.

Being a member of Brokerslink gives EIB a competitive advantage; it enables the company to gain new experiences and work with insurance brokers around the world, increases its potential for client expansion and strengthens its position among its domestic competitors. EIB's long association with Brokerslink and its shareholder status has strengthened market awareness and international recognition of EIB as an experienced and reliable partner.

An innovation pioneer

In order to provide customised brokerage services, EIB became an innovation pioneer in the field of computer administration. In response to the growing needs of customers, EIB developed an *Insurance Management System (IMS)*, enabling clients to manage and administer their insurance contracts and claims handling.

The IT platform gives clients unlimited on-line access to a comprehensive portfolio of insurance and claims documents, enabling them to monitor all activities undertaken by EIB within a client-broker-insurer context. This innovative IT solution allows them to view; insurance documents, assigned tasks, training/courses and presentations related to their insurance cover, instructions on what to do in the event of a loss, loss adjusting documents/correspondence and relevant statistics.

In addition, the EIB-developed system provides full claims management support. The claim notification starts with a simple on-line form and as the claim progresses, clients can access all claim documentation enabling a real-time monitoring of EIB activity. The basic principle of the system is to record every piece of claim activity from the inputting and copying of correspondence (in digitised form) to every telephone conversation, etc. This database access ensures broker and client can monitor the claim's progress and be alerted to any loss outcomes.

The System shows what premium is paid for each policy and automatically summarises and notifies clients when upcoming payouts or instalments are due. IMS is not only an effective tool for overseeing and managing the work of EIB and its claims adjusting services, but it also increases the quality of its service provision and streamlines the risk management process for clients.

Meeting client expectations – intermediary or consultant?

In today's developing economy, Polish companies perceive a brokerage service to be more than an intermediary negotiating the cost and scope of insurance cover. Expectations over the years have changed

significantly. A broker should treat every customer as an individual, meeting specific insurance and risk management needs. EIB recognises this and designs and delivers tailor-made programmes and insurance solutions. Nowadays, companies expect their insurance broker to provide a more comprehensive service and act as a consultant and specialist in many related fields.

One such area EIB specialises in is insurance law. Thanks to investment in its advisory business, customers do not have to use additional consulting firms, giving them significant savings. EIB's professional advisers are experts with many years' experience of working in insurance-related sectors. They have unrivalled knowledge about market conditions, including complex cases, and so can help EIB source the appropriate insurance cover and develop solutions suitable for each particular client.

EIB also provides legal counsel support by professionals with detailed knowledge of today's insurance market – and there's an investment advisory service to help clients with their asset management and protection in the construction sector. For Construction/Erection All-Risk (CAR/EAR) insurance clients, this involves helping them prepare tender documents (including insurance clauses), analysing contracts to determine risk exposure and responsibilities and supporting financial stakeholder negotiations. Guidance from an experienced specialist can ensure the correct risk management policies and processes are in place.

Included within its advisory service provision, EIB monitors Poland's legislation, including insurance law and the broader civil, economic, tax and other areas. If there's a change in the law that affects the responsibilities or rights of clients, EIB advises them of their new legal situation, highlighting the associated benefits and threats. With Polish legislation constantly changing, this type of assistance is vital for businesses.



Center of Warsaw

Insurance education

EIB equally recognizes the importance of insurance education and how increasing insurance awareness ensures business continuity, and so offers clients seminars, courses and training sessions. In addition, clients have the support of a risk engineer who can advise on the often complex technical aspects and safety requirements of their particular business activity.

These services are examples of how Polish insurance brokers can enhance their everyday role of; risk analysis and identification, the sourcing and placement of insurance programmes, mediating and managing the purchase of insurance contracts and other activities surrounding insurance provision, claims management and adjusting.

Keeping pace with change

EIB is one of Poland's leading brokers and aims to strengthen its market position by attracting new customers from differing sectors. One way to secure this competitive advantage is to consistently

develop additional services to support the standard broker model. In doing so, it will meet the needs of the most conscientious and demanding client and meet EIB's goal to provide comprehensive insurance solutions for every client – from the smallest to the most complicated.

In order to enhance its global brand awareness, build upon its experience and extend its client base, EIB will continue to expand its international partnerships.

The aggressive competition between brokers in Poland benefits strong firms such as EIB; it increases market consolidation and small to medium broker acquisitions, expanding staff numbers and the customer portfolio.

EIB realizes the most important business resource is its people and so will continue to focus on organic growth and create a work environment for employees who want to learn and develop their skills.

The broker is also aware that Poland's economic situation and insurance market is rapidly evolving and only someone who keeps pace with the surrounding changes will be recognized as a trustworthy business partner. •

THE POLISH INSURANCE MARKET

Key players

The Polish insurance market is the 15th largest in Europe with EUR 12,5 billion gross written premium. Life insurance accounts for EUR 5,2 billion while non-life is valued at EUR 7,2 billion. While the market is supported by a large and buoyant economy, it is restricted by a low insurance penetration. Gross written life and non-life premiums in Poland total EUR 325 – per capita yearly – an estimated sixth of the EU average. This figure is a result of demand restraints from a developing economy. Most major international insurance groups are present in Poland and offer a full range of products. The Polish market is full of opportunities with great long-term growth potential, particularly as demand for insurance is growing alongside an increase in risk awareness and disposable income.

Life insurance

The life insurance market was growing rapidly but began to significantly decline over the last few years mainly due to legislative changes that led to fewer sales of unit-linked insurance. Traditional life insurance however, continues to grow and in addition, insurers are developing a commercial medical insurance policy making it a topic of conversation. The market size is over EUR 130 million and has huge growth potential.

Non-life insurance

The non-life market in comparison has experienced a steady growth over the last 10 years. Premium income is evenly split

between motor insurance and all other non-life products. Over the last year, the former witnessed a dramatic rate increase, boosting total premium volume (this trend continues). Other non-life products report a steady growth even though the market remains soft – a result of proactive intermediaries increasing awareness.

Claims ratios

Claim ratios in 2016 were: 77% for life insurance, 67% for motor insurance and 44% for other non-life business. Due to a claims ratio permanently exceeding 100% for motor third-party liability, insurers were forced to significantly increase rates. Now the claim ratios are considered healthy, the underwriting policy can stay as it is for a longer period of time. The remaining figures are steady year upon year, however there are times when non-life business is impacted by a rare natural disaster. Poland is not in a seismic region but flooding can be an occasional issue. The non-life sector remains very soft in terms of premium rates, but there are some early signs of a harder approach being taken.

There are 27 life insurers operating in the Polish market; the six largest account for two-thirds of gross written premium. The leading life insurer is PZU Zycie SA with a nearly 30% market share, this is followed by AVIVA and Metlife.

In non-life there are 31 insurers; PZU SA is the market leader with more than a 30% share, next are Ergo Hestia and Warta (Talanx Group) who are similar in size. The five biggest insurers account for more than two-thirds of gross written premium.

Mandatory insurance

There are over 150 mandatory insurance policies in the Polish market – the second largest number in Europe behind France. Typically offered by commercial insurers, there are no single providers specialising in this cover alone.

Legislation surrounding mandatory insurance is very complex and requires the skills of a professional broker to interpret properly. The vast majority of this mandatory cover is within the professional indemnity area. In most cases, policies offer a wide range of cover, meeting legal requirements, and a low minimum guaranteed sum. An example of this is the need for fire insurance for farm buildings.

Companies required to have this type of cover should work with their broker to assess exactly what is needed. The broker can then design a comprehensive insurance programme that combines mandatory and non-mandatory policies, optimizing cover and premiums.

Non-admitted insurance

As Poland is a member of the European Union, it enjoys freedom of service within the insurance sector, and because there are no specific regulations for non-admitted cover from a legal perspective, it is possible for non-Polish firms to enter the market and take advantage of the dramatic increase in awareness of the need for insurance. Many companies operating in Poland however, face strict cover requirements associated with, but not limited to, third party liability. Cover restrictions can come from financing parties, public and private buyers,



landlords, etc., so it is vital businesses use a skilled and experienced local insurance broker to ensure all their key risk exposures are covered. If there is a growth in non-admitted cover it is likely to hinder those keen to build a strong business presence. Premiums and payouts are not taxed in Poland which makes it a good base for international insurance programmes. A developed product portfolio with very competitive rates and low deductibles are also key attractions.

Distribution channels

Poland's three main distribution channels are similar to most European countries; direct, sales via agents and sales via brokers. Polish regulations however, consider brokers to be buyers, rather than sellers, so they should not be viewed as a single distribution channel.

It is a very competitive market. There are over 16,000 businesses registered as multi-agents (agents representing more than one insurer), 17,000 sole agents, 800 individual brokers, 400 corporate brokers and more than 120,000 people registered as agents. This figure almost recently doubled due to changing legal regulations concerning *bancassurance* and insurance distribution. This fierce competition is driving brokers to extend their service provision, but it is the larger and more technologically advanced brokers that have the edge and as a result, the market is starting to consolidate. While the number of businesses and agents are likely to significantly decrease, this should be beneficial for clients.

With life insurance, agents are the main distribution channel, responsible for around 60% of premium income. Brokers – mainly focused on group life insurance organised by the employer – are responsible for less than 10% of the market but this figure is growing alongside increasingly popular employee-funded health insurance programmes. Direct sales account for the remaining 30% of the market.

The non-life market is slightly different; direct sales are steadily falling and currently account for 15% of total premium income while the brokers share is increasing and is now close to 20%. Agents control over 60% of the market

(boosted by individual motor insurance, which is an important part of the market). Corporate insurance is very different and due to the complexity of the risk, is dominated by brokers. Poland's top 10 corporate brokers handle most of this business.

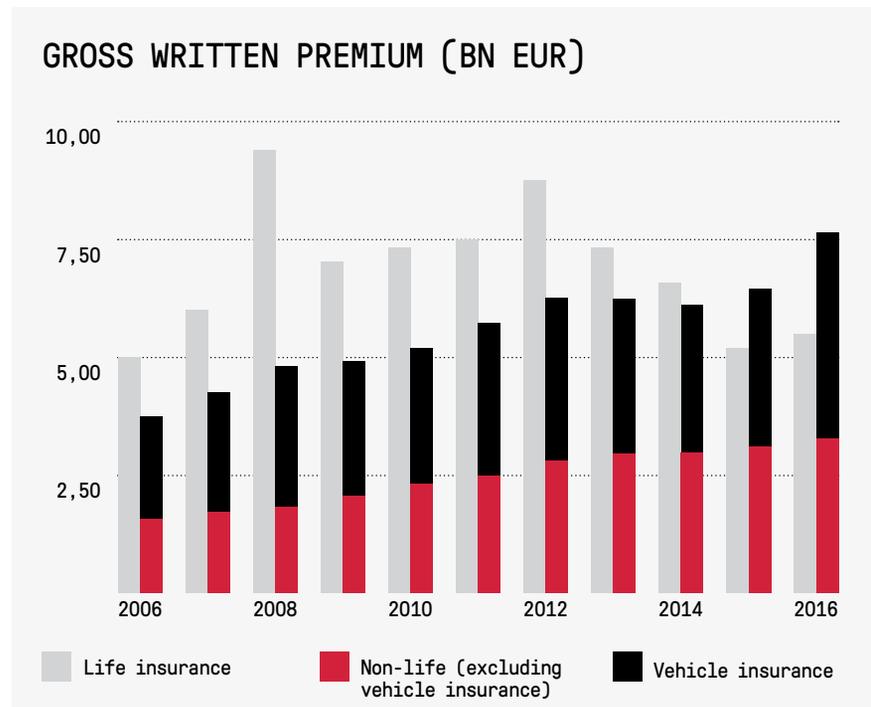
Employee benefits

The unemployment rate in Poland has continued to fall over the last 15 years and was of 6.9% at the end of 2016. In order to attract potential employees they must be given incentives – most commonly life and health benefits for them and their families. Both types of cover are beneficial for employer and employee. Employer-funded benefits are tax deductible in Poland and health policies reduce levels of sickness absence as they enable employees to talk to and arrange an appointment with health professionals immediately and attend any follow-up medical examinations. It is compulsory for health policies to provide an occupational health service, which can save time and support HR processes.

Benefit programmes were typically offered by large corporations but they

are now becoming standard even within small and medium-sized businesses, especially in large cities with low unemployment rates. In the past, employers offering such programmes were recognised as exceptional, but as awareness about benefit programmes has grown, it is very likely that during the interview an employee will ask what the employer will provide. Employers who are keen to recruit and retain suitably qualified professionals should consider introducing quality employee benefit programmes.

Health benefit programmes are the most popular in Poland; between 2015 and 2016 the number of people with health policies grew by almost 27% and the total number insured was 1,48 million people. This increase is in response to public health sector concerns around limited access to specialist doctor consultations and hospital and outpatient procedures. In order for an employee benefit package to be well designed, effective and contribute to long-term employee satisfaction, it should be developed using an experienced insurance broker. •



Source: Poland Financial Supervisory Authority

TORUN: THE HUB OF POLISH BROKERS



Warsaw and Vistula river

Poland is centrally located in the heart of Europe at the crossroads of several major transit routes. Its closeness to the Baltic Sea gives it a natural link to the Scandinavian countries and its long border ensures easy access to the biggest EU economy, Germany. Poland can also easily access southern and eastern Europe via its borders with Ukraine, Belarus, Russia to the east and Slovakia/ Czech Republic to the south.

Poland's total area equals 312 679 km² making it bigger than the UK (242 900 km²) and similar in size to Italy (301 336 km²). The country's population is 38.5 million; more than Canada (35 million) and almost double Australia (22.9 million). Poland is ranked as the sixth largest market in the EU and 33rd in the world in terms of Gross Domestic Product (GDP). It is the 24th largest economy in the world.

After the collapse of communism in 1989 international investors started to appear and now major global companies have established a presence in Poland.

Poland has been a member state of the European Union since 2004 and is a member of the World Trade Organisation and Organisation for Economic Co-operation and Development, confirming its strong international position. Poland is a North Atlantic Treaty Organisation member evidencing its security and authority.

Since joining the EU, the country has enjoyed constant and sustainable development. Almost all the major cities (16) have their own airports, there are three main sea freight ports (Gdansk, Gdynia and Swinoujscie) and recently a direct freight train connection has opened between Chengdu (China) and Lodz (Poland). This takes 14 days and is a great alternative to sea freight (that takes a minimum of 45 days). The roads are improving constantly and highways and expressways are completed every year.

There are 470 higher education institutions offering nearly 200 subject areas, schools employ over 100,000

teachers and there are currently two million people studying in Poland (one of the highest Gross Enrolment Ratios in the world). Recently its software engineer qualifications have gained recognition and this is why Google for example, has opened a research & development centre in Cracow employing coders.

Poland currently has a stable economy. When the last financial crisis hit the EU countries, Poland was the only EU member not going into recession and was described as 'the green island on the red map'. The Polish banking sector was equally unaffected by the global crisis. In addition, EU structural funds support Polish growth and from 2013-2020 it will provide EUR 106 billion. The government is also boosting domestic growth with infrastructural investments; EUR 25 billion a year is to be invested primarily in the energy sector and road, rail and aviation.



Torun – a city of tradition

Torun is one of those rare cities having been given UNESCO World Heritage status. Founded in the 13th century on the banks of the Vistula river, over the years it has become a flourishing commercial centre yet evidence of its historical past survive to this day. Its unique character is due to its well-preserved monuments; Gothic churches, Baroque granaries and charming townhouses. Many of which have stayed the same for centuries.

Torun is the birthplace of the great astronomer Nicolaus Copernicus. During a visit to his family house (now a museum), you can experience his life and work, his family environment and the era that influenced him.

The city is a lively cultural centre where numerous festivals, exhibitions, concerts and artistic meetings take place. During festivals, concerts in the historic interiors of urban architecture play music from the Renaissance to more contemporary periods. Torun is also an important

academic centre; Nicolaus Copernicus University with its 15 departments and some 40,000 students has been Poland's leading university for over 40 years.

Alongside the magnificent cultural heritage, Torun is renowned for its highly developed broking market – and is called *the hub of Polish brokers*. The main Polish insurance brokers are based in Torun and according to latest statistics, Torun and the capital of Poland – Warsaw, generate the majority of premium income for insurers. A rich history of brokerage services in the city can be traced back to essential support from the university, where almost 25 years ago and in a revived free market economy, academic authorities in the field of insurance law co-created the insurance market.

Torun is a place where the past meets the present and business works in harmony with culture. Its old town is full of charm and encourages everyone to follow the footsteps of its European heritage. •

Economic data (2016)

- **GDP growth** 2.7%
- **GDP value** USD 469.8 bn
(current prices)
- **Inflation** 0.5%
at the end of 2016)
- **Exports** USD 203.7 bn
- **Public debt/GDP** 51.1%
(at the end of 2016)
- **Unemployment rate** 6.9%
(at the end of 2016)



Nicolaus Copernicus statue in Torun