
5th MEETING OF THE BSEC-URTA *AD HOC* WORKING PARTY ON INSURANCE

TOBB Plaza

Istanbul, Turkey

Monday, 28 August 2017, at 10:00 hrs

REPORT

The 5th meeting of the BSEC-URTA *ad hoc* Working Party on Insurance was held at the premises of TOBB Plaza in Istanbul on 28 August 2017.

BSEC-URTA Members, IRU, invited insurance companies as well as the representative of Reinsurance company SWISS RE participated in the meeting.

The list of participants is given in **Annex 1**.

Background

The 4th Meeting of the Working Party took place in Istanbul on 14 March 2017 with the participation of BSEC-URTA Member Associations and invited insurance companies.

In conclusion, at its fourth meeting, the Working Party agreed as follows:-

1. Chairperson will make more efforts for contribution of all participants in the Questionnaire as above.
2. JLT Turkey will elaborate a base report on structure of an ideal insurance pool and draw a road map for a competitive single CMR policy based upon market data and statistics from CIS, EU and Turkey.
3. Hold the fifth meeting for strategy review of the results of above steps.

Also, on its 31st meeting, the BSEC-URTA General Assembly took note of the report of the 4th meeting of the Working Party on Insurance as well as verbal report of the WPI Chairperson Ms. Natalia Polunina informing about recent developments of co-developing a regional CMR product with the participation of Swiss Re. It was decided to hold the 5th meeting of the Working Party with Swiss RE's participation in order to elaborate all parameters of a new regional CMR product.

Summary of the 5th Meeting

BSEC-URTA President Aslı Gözütok and Honorary President Vladimir Florea delivered their opening remarks and Chairperson Natalia Polunina chaired the meeting welcoming all the participants.

Then, the floor was given to the Representative of Swiss Re Mr. Markus Posl who shared his presentation about Swiss Re Company, its mission, goals and benefits to society (**Annex 2**). He also gave the vision on the concept of possible single CMR insurance product of BSEC-URTA and its promotion to the market with the support of Swiss Re. **Annex 3 (Swiss Re Presentation)**.

The Chairperson informed on the results of the Insurance Survey distributed to the Member Associations of BSEC-URTA in July 2017 (**Annex 4**).

There were 10 Associations from 14 which confirm their interest in promotion of the BSEC-URTA CMR insurance product and 7 Associations nominated their partners – insurance companies.

All the Associations participating in the Survey confirmed that most of their members – international road carriers buy CMR insurance in their countries and do it practically for all their trucks. All the Associations also confirmed that the BSEC-URTA single insurance product could be interesting for the road carriers and they would be ready to buy it subject to the cost of the product and additional services. All of them agree that additional services provided together with the product are a key point and definitely would be in great demand of the carriers.

Only 4 Associations said that they have Service companies as their partners.

Moreover the Survey showed that the carriers in different countries spend a lot of money for such additional services – up to 2000 EURO per year per truck.

The Survey also showed that there is no one single method of tariffing of such additional services, and also that some of EU counties include these costs in the insurance premium.

Then the participants of the meeting started the general discussion of all the issues.

The representative of JLT asked to provide all the parties with the terms and conditions of the BSEC-URTA Single Insurance Product.

RGS informed the participants that the terms and conditions of the BSEC-URTA Single Insurance Product were already agreed by the participants of the previous WPI held in Istanbul and Bucharest in 2016 – 2017 and of course it will be done.

Participants agreed that the additional services provided by the service agents in different countries are the key of the BSEC-URTA Single Insurance Product and should be included in the insurance cover. The cost of the policy (the Product) should include the cost of these services.

The representative of UND proposed that insurance companies should check out carriers whether the insurance product is interesting for them and what additional services they want and what they are willing to pay for.

The representative of IRU supported the idea of UND and suggested to make a survey in 5 different countries with 5-6 road carriers – representative of various sectors of road transport industry starting from small private companies with 1-3 trucks and finishing by the big companies with more than 100 trucks to better define the package of services. She also stressed the importance to start with a pilot in a certain region as soon as possible to show the viability of the product. It was also stressed out that it is important to approach the associations individually to discuss the scope of services they would be willing and capable to provide depending on their resources and infrastructure and the services to be outsourced in each country as this would impact on the cost structure of the product.

Participants agreed that in order to present in detail the road map of implementation of the BSEC-URTA single insurance product on the upcoming BSEC-URTA General Assembly in Tirana in October this year, the following steps should be done.

Next steps and further actions

- 1) As the terms and conditions of the BSEC-URTA Single Insurance Product was already agreed by the participants of the previous WPI held in Istanbul and Bucharest in 2016 – 2017, RGS with the support of Swiss RE will prepare the summary description of the terms and conditions of the Product and send this description together with the Agreement of confidentiality to the potential participants chosen for the survey in 5 different countries.
- 2) The Product should be presented by insurance companies – participants of the WPI in 5 different countries to 5-6 road carriers – representative of various sectors of road transport industry starting from small private companies with 1-3 trucks and finishing by the big companies with more than 100 trucks.
- 3) RGS will give all the documents, questionnaires and very clear instructions to local insurance companies about the questions which should be asked and of expecting results of the survey, including the survey of what additional services the carriers want and what they are willing to pay for. Some questions should be asked about the potential network of services agents (Associations, Insurance companies, internal providers).
- 4) Insurance Companies – participants of WPI also should provide BSEC-URTA with the information in respect of IT-Platform. The IT-Platform should be in the BSEC-URTA, but the connections should be in each country. The appropriate questions will be prepared and sent to the insurance companies.
- 5) All the surveys should be finished 2 weeks prior to the upcoming BSEC-URTA General Assembly in Tirana in October this year so that the results could be reported to the General Assembly.

Next Meeting

The Working Party agreed that Chairperson will announce venue and date of its next meeting in consultation with the International Secretariat after review all necessary steps.

* * *