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Freezing Rain Hits Car Insurance Clients

Alexei Rozhkov

At Vedomosti's request, Moscow's largest insurers have estimated the financial impact of the freezing rain that hit the capital region in late December. The bad weather caused a surge in claims to insurance companies, but insurers say they do not plan to raise rates for comprehensive insurance policies.

Falling icicles, branches and other weather-related episodes are mostly covered by insurance and not considered force majeures. Such cases usually do not lead to large claims, although average claim from the freezing rain, 40,000 rubles ($1,328) to 50,000 rubles, were greater than the average claim overall.

None of the surveyed insurers intend to raise rates despite the surge in insurance claims.

Ingosstrakh customers suffered about 14 million rubles ($467,110) in damages, which is about one-quarter of the company's average daily car insurance payouts, said Vitaly Knyaginichev, the company's director of package insurance.

Certain seasonal spikes occur regularly and are built into tariff calculations, said Dmitry Kuznetsov, director of personal insurance at Rosno. Also, since the number of complaints has not been catastrophic, there is no need for increased tariffs to cover higher-than-expected losses. The insurer added that it would be wrong to "punish" customers for freezing rain, which occurs infrequently.

Davos Forum Presumes World Helpless in Face of Global Risks

Yelena Shushunova

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Experts at the World Economic Forum want to recognize our powerlessness in the face of future crises and create a cooperative network to respond to risk.

Those conclusions have been published in a report on the eve of the forum's upcoming meeting in Davos. Last year, financiers meeting in Davos found themselves on the defensive against charges that they created the conditions for the crisis.

The authors of the report conclude that the financial crisis has exhausted the world economy's ability to deal with shocks. Furthermore, risks to global stability have become more frequent and severe.

Existing risk management mechanisms are only able to shift risks to other parts of society, says WEF executive director Robert Greenhill.

According to the WEF report, economic inequality among and within countries, and poor management on a global scale, are the biggest factors influencing global risk.

The report points to a 21st century paradox: Globalization is making the world both more integrated and more fragmented because the fruits of the process are unequally shared. Economic inequality leads to social fragmentation, as well as the rise of populism and nationalism. In addition, countries find it increasingly difficult to reach a global agreement, as evidenced by the WTO Doha roundtable and the Copenhagen climate change conference.

The authors of the report consulted 580 experts. The document will form the basis for discussion at the next session of the Davos Economic Forum, which will be held Jan. 26-30.

Moskva Airline Gives Up Passengers

Anastasia Dagayeva

The new general director of Moskva airlines has asked the Federal Air Transportation Agency to allow the carrier to transfer 60 of its international flights to UTair. Moskva, formerly Atlant Soyuz, is owned by the city of Moscow.

The request was received, a Federal Air Transportation Agency spokesperson said. Moskva will stop running its charter program next Tuesday, the request said.

UTair general director Andrei Martirosov declined to comment.

The Federal Air Transportation Agency is considering the issue, an agency spokesperson said. After all of Moskva international routes are transferred to Utair, Moskva will practically cease to exist, Ingosstrakh investment analyst Yevgeny Shago said.

Shortly after his appointment, Mayor Sergei Sobyanin decided to get rid of the city's noncore assets. Moskva, which is 100 percent under the control of City Hall, was an early candidate.

According to the plan, Moskva will transfer rights for traffic routes and leased aircraft to UTair beginning Jan. 15. In February, the Federal Air Transportation Agency will suspend Moskva's operating license, and the airline will cease operations.

Ticket sales for the summer season, which starts in April, have already been stopped, sources noted.

“Everything has been thought out in advance to prevent the creation of another AiRUnion [an alliance that collapsed in 2008],” an official said. Moskva will carry most passengers who have purchased tickets (about 5000 passengers), and UTair will pick up the remainder, a source close to Moskva said.

The appearance of UTair is not accidental. Sobyanin has close ties to Vladimir Bogdanov, the general director of Surgutneftegaz, whose non-state pension fund owns 75.6 percent of UTair, says an acquaintance of the mayor.

The plan will help UTair outperform Sibir to become the third-largest carrier in Russia.

Sochi F1 Could Be Postponed to 2015

Dmitry Dmitrienko

The International Olympic Committee has won the right to postpone Formula One races in Sochi from 2014 to 2015, if organizing them hinders preparations for the Olympic Games, IOC executive director Gilbert Felli said on Wednesday at a meeting of the executive board of the

IOC in Lausanne, Switzerland.

"It is good that Russia and Sochi received the Russian Formula One Grand Prix. However, we would not want construction of facilities for the Grand Prix to threaten construction or preparations for the Olympics."

The contract that the Russian organizers of the Grand Prix signed anticipates the possibility of postponing the start of the race to 2015 if the IOC decides that it is impossible to conduct both events in 2014, Felli said.

Felli also gave a cautious assessment of the progress of construction in Sochi, noting that so far only 40 percent of planned volume had been built. At the same time, he stressed that the IOC Coordination Commission's visit to Sochi in November confirms that the current timetable for construction will be kept, contrary to fears that crucial transport tunnels will not be ready on time.

By the end of 2011, 70 percent of construction will be complete, he said.

The IOC will be watching closely as Sochi holds its first major competition — the European Cup ski races — in February.

Sochi mayor Anatoly Pakhomov promised on Thursday night that the basic infrastructure of the Formula One road will be built by 2013, and that organizers are examining the potential challenges of hosting both the Formula One race and the Olympics and are taking all points of view into account.

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