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Foreign Capital in Insurance Companies Rises

By The Moscow Times

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The share of foreign capital in the total capital of insurance companies rose to 22 percent in 2010, up from 16.1 percent in 2009 and 13.5 percent in 2008, Federal Insurance Service department head Tatyana Mayorova said Wednesday.

Of the total, 11.9 percent is the outright equity stakes held by foreign companies and 10.3 percent is indirect participation by foreign capital, she said.

Shareholders from Austria accounted for 35 percent of the foreign presence. They are followed by shareholders from The Netherlands with 24 percent, Cyprus with 19 percent, and Germany, Britain, France, Belgium and Bulgaria, each with less than 10 percent.

Federal Insurance Service head Alexander Koval said Wednesday that insurance companies would need an extra 54 billion rubles ($1.8 billion) by the end of the year to meet capital requirements scheduled to take effect in 2012.

More than 70 percent of insurers, or 450 companies, do not currently meet the new capital requirements, Koval said.

Despite recovery in the business insurance segment, 2011 could be much more difficult for Russian companies than 2010, he said.

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