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Ingosstrakh Might Join VTB, Generali Venture

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An Ingosstrakh shareholders' conflict may be resolved with the help of VTB: 38 percent of the insurer's shares may be transferred to a joint venture between VTB and Italy's Generali, then sold on a stock exchange or to the main owner of Ingosstrakh, Oleg Deripaska.

PPF Investments, which manages the wealth of Czech billionaire Petr Kellner, owns a 38 percent stake in Ingosstrakh, which could be sold via the participation of VTB, a source on the Russian side of negotiations to create a joint insurance venture between VTB and Generali told Vedomosti. Advisory services on how to transfer the assets are currently under way, the source said.

VTB may place VTB Strakhovaniye and companies of Stolichnaya Strakhovaya Gruppa into the joint venture (when the state bank consolidates a controlling stake in the Moscow insurers), while Generali may place money and shares in insurance companies it owns together with Kellner. These are a 51 percent stake in both Generali PPF Life Insurance and Generali PPF

General Insurance, as well as a stake in Ingosstrakh that is managed by a fund 49 percent owned by the Italians and 51 percent by Kellner and partners. But Generali can increase its stake to a controlling one, sources said.

Once the joint venture is created, VTB, Generali and PPF plan to begin talks with Deripaska, who controls Basic Element and is the principle owner of Ingosstrakh with 60 percent. The proposed options are an initial public offering of the insurer through which PPFI can sell its stake, or sale of the stake in Ingosstrakh to Deripaska, a source said.

Kellner is the main initiator of the joint venture between the Italians and VTB, as well as of the state bank's participation in settling the conflict with Deripaska, an acquaintance of Kellner said.

There is no talk of VTB buying PPFI's stake, another source emphasized. "Ingosstrakh is not for sale," VTB president Andrei Kostin told Vedomosti last week.

Kellner bought a stake in Ingosstrakh a few years ago from Alexander Mamut. Deripaska was upset that the stake was sold without his knowledge. Basic Element unsuccessfully tried to dilute PPFI's stake and is still waging a legal battle over it.

VTB's advantage is that it is a state bank and one of Deripaska's two largest creditors, so negotiations might be more constructive, said a source close to the talks. For PPF, the main concern is to settle problems with Deripaska; for VTB it is to create a strong insurance group that would have resources for growth.

VTB is ready to create a joint venture only if it will be owned on an equal basis, said a source close to VTB. The Italians want more. "[We] would like to get to 51 percent in the VTB joint venture," Generali chief executive Giovanni Perissinotto said Monday, Bloomberg reported.

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