



ANNUAL
REPORT 2010

ИНГОССТРАХ
Ingosstrakh

THE RED
BOOK

General manager's preface	4	48	Regional network
Ingosstrakh Insurance Company's position on the insurance market	6	50	Branch network
Quantitative and qualitative parameters of the insurance market in 2010	8	53	Offices abroad
Major trends and events on the Russian insurance market in 2010	9	54	Personnel
Current market position of the Company	13	58	Risk management
Priority areas of activities	16	68	Marketing
Motor insurance	18	72	Communications
Personal property insurance and comprehensive mortgage insurance	20	74	Relations with state and non-governmental organizations
Voluntary health insurance	21	76	PR activities
Corporate property and liability insurance	22	77	Charity and sponsorship
Aviation risk insurance	26	80	Key financial and economic indicators
Space risk insurance	27	82	Performance results
Cargo insurance	28	82	Financial strength ratings
Marine hull and P&I insurance	30	84	Accounting Audit Report
Insurance of transport operators	33	87	Balance sheet
Travel insurance	34	91	Income statement
Ingosstrakh Exclusive	35	96	Affiliated companies
Incoming reinsurance	35	98	Affiliated companies in Russia
Reinsurance protection	38	102	Affiliated companies abroad
Investment activities	44	104	History of the Company
		110	Contacts and details

Dear Ladies and Gentlemen,

We would like to bring to your attention the Ingosstrakh Insurance Company's Annual Report 2010.

This reporting period brought not only significant success for Ingosstrakh Insurance Company on the Russian financial markets and abroad, but also deep analysis of operations, infrastructure and operational changes, and improvement of the INGO Group's internal structure.

Ingosstrakh Insurance Company once again proved its leadership in the Russian insurance industry and demonstrated its high financial stability and commitment to client-oriented business and professional services.

Despite ongoing post-crisis conditions and weak macroeconomic trends, Ingosstrakh Insurance Company remains a successful financial institution with the main goal of providing reliable insurance coverage to the public sector, individuals, companies, organizations and enterprises.

The summer 2010 drought and adverse weather conditions were an enormous challenge for Russia. The number of claims made by individuals and organizations to the insurance company due to this situation was unprecedented. The number of insured losses due to fire also increased significantly.

The volume of claims from agricultural producers for losses caused by the drought exceeded RUB 1.1 billion. The amount paid to agricultural producers exceeded RUB 574 million. Settlement with policyholders continues in accordance with the procedure established by law.

The foundation for Ingosstrakh Insurance Company's unconditional fulfilment of its obligations to clients was its financial stability, which was significantly strengthened over the last year. For example, the insurer's capital base according to IFRS reached RUB 20.5 billion, and its net profit according to IFRS was RUB 2.4 billion.

Such financial indicators satisfy not only the norms set by the Ministry of Finance of the Russian Federation for insurance companies, but also the requirements established by independent rating agencies in accordance with international standards. For example, Standard & Poor's gave Ingosstrakh Insurance Company a long-term partner credit rating and financial stability rating of BBB-Stable, which



corresponds to ruAA+ on the national scale. The Russian rating agency Expert RA gave the Company the maximum rating of A++ for the ninth time in a row.

Ingosstrakh Insurance Company's absolute leadership in the field of reinsurance remained unchanged, which reinforced partners' confidence in the Company as the most reliable reinsurer in the CIS countries. During 2010, the Company collected over RUB 3.4 billion in premiums for incoming reinsurance.

The Sochi 2014 Steering committee selected Ingosstrakh Insurance Company as the insurer of Russia's most important sports event, the 2014 Olympic Games, which is an acknowledgement of the Company's exceptional role and its professional leadership on the Russian insurance market. The Company received the status of an Official Partner of the XXII Olympic Winter Games and the XI Winter Paralympic Games in Sochi. Ingosstrakh Insurance Company is also a partner of the Olympic and Paralympics Committees of Russia (until 2016) and a Partner of Russia's Olympic and Paralympic teams (for each team for the 2012, 2014 and 2016 Olympic Games) in the Insurance category. The fact that Ingosstrakh Insurance Company will protect the interests of the state during the organization and holding of the Olympic Games strengthens the management's confidence in the future of the Company. It is the first time the Olympic Games have been held in such unique natural conditions. Preserving natural harmony and rare animals, many of which are included in the Red Book (the Russian endangered species list), is a complex and multifaceted task. Ingosstrakh Insurance Company shares and supports the IOC's commitment to high environmental standards.

The year 2010 was marked by significant organizational changes in Ingosstrakh Insurance Company: work has been launched to organize a federal call center, a project to centralize loss regulation in the regional network is being successfully implemented, and a project to implement a Company-wide automated financial system is in its final stage.

As in previous years, the insurer's activities were distinguished by various prizes and awards. In May 2010 Ingosstrakh Insurance Company won the Golden Salamander Award in two major categories: Company of the Year and Informationally Open Organization of the Year. In June 2010, Ingosstrakh Insurance Company won the Russian Financial Elite Award in the Grand Prize category of Insurance Company of the Five-Year Period, as well as the Financial Olympus 2009 Award in the Results and Success subcategory of the Largest Insurance Company of the Year category. In addition, the Company received a Golden Diploma 2010 for informational openness and impeccable business reputation. In April 2010, Ingosstrakh Insurance Company became a winner of the BRAND OF THE YEAR/EFFIE 2009 competition and the annual National IT Leader 2010 Award in the Insurance Company category. For the fifth consecutive year the insurer is a winner of the Expert 400 rating in the Informational Openness category.

In conclusion, I express my deep confidence in the successful future of Ingosstrakh Insurance Company and in stable and professional work of the Company for the benefit of the citizens of Russia, companies, organizations, and public authorities. Thanks to the professionalism of the management and the cooperation of shareholders, Ingosstrakh Insurance Company will continue to occupy a leading position on the insurance market in Russia and the CIS.

A. V. Grigoryev,
General Manager,
Chairman of the Board,
Ingosstrakh Insurance Company

The greater the achievement,

the higher the position!



01

INGOSSTRAKH INSURANCE COMPANY'S
POSITION ON THE INSURANCE MARKET

THE CAUCASIAN LEOPARD (*Felis pardus ciscaucasicus*) is a Caucasian subspecies of leopard, a relatively large, pale-colored animal with indistinct spots. The leopard dwells in the Caucasus, mainly on wooded mountains, and hunts predominantly at dusk and at night. The Caucasian leopard was long considered an extinct species. Now the Caucasian leopard is included in the Red Book as an endangered species.

Quantitative and qualitative parameters of the insurance market in 2010

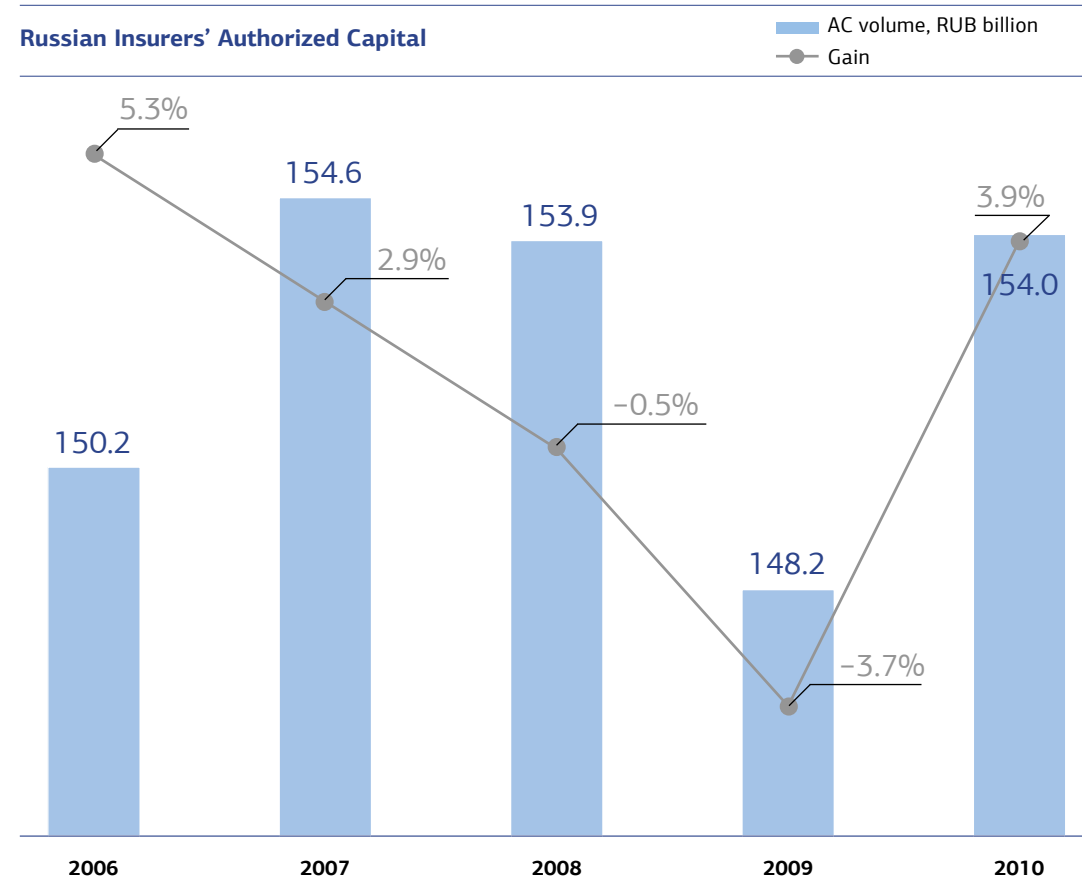
The state register of insurance entities contains data on 790 organizations including 618 insurance companies, 166 brokers, and 6 mutual societies as of January 1, 2011.

In 2010, 73 insurers with a total capital of RUB 11.8 billion were deprived of their licenses (excluding licenses revoked due to reorganization). The aggregate authorized capital of Russian insurers (excluding brokers) increased during 2010 by RUB

5.8 billion (+3.9%), from RUB 148.2 billion to RUB 154.0 billion.

Twenty six Russian insurers have an authorized capital of more than RUB 1 billion. The share of such companies in the total capital of all Russian insurers grew from 40.8% in 2009 to 45.4% in 2010. They account for 68.5% of all insurance receipts on the insurance market, excluding compulsory health insurance (an increase of 1.3 percentage points as compared to 2009).

Russian Insurers' Authorized Capital



Major trends and events on the Russian insurance market in 2010

By the end of 2010, premiums on the market excluding compulsory health insurance increased by 8.2%, as compared to 2009, to RUB 555.8 billion. The positive trend is mainly due to market recovery after the financial crisis in the segments of voluntary health insurance, accident insurance and cargo insurance, as well as to the continuing growth of the compulsory motor third party liability (CMTPL) insurance market. Insurance market growth excluding compulsory

health insurance was 5% in Q1, 5% in Q2, 11% in Q3 and 12.5% in Q4.

Market consolidation continues to grow: In 2010, the top 10 insurance groups accounted for 60.1% of total premium on the insurance market, excluding compulsory health insurance, whereas their share was 58.9% a year earlier. Insurance market volumes excluding compulsory health insurance premiums have practically reached their 2008 level.

Market consolidation continues to grow: In 2010, the top 10 insurance groups accounted for 60.1% of total receipts on the insurance market, excluding compulsory health insurance, whereas their share was 58.9% a year earlier.

Insurance premium and insurance payments, 2010 (RUB billion)

	Insurance premiums	Increase compared to 2009	Benefit payments	Increase compared to 2009
1. Voluntary insurance	457.3	8.8%	231.4	0.9%
Life insurance	22.5	43.3%	7.8	47.2%
personal insurance (excluding life insurance)	122.1	20.0%	71.2	3.8%
property insurance (excluding liability insurance)	286.0	3.1%	149.5	-2.0%
Liability insurance	26.7	2.4%	2.9	-3.3%
2. Compulsory insurance (excluding compulsory health insurance):	98.6	6.5%	62.0	11.3%
Insurance of military personnel and equated persons	6.2	-2.6%	6.5	8.6%
Passenger insurance	0.4	-14.2%	0.001	7.7%
CMTPL	91.7	6.9%	55.5	11.4%
Total market, excluding compulsory health insurance	555.8	8.2%	293.4	2.8%

In 2010, the following changes occurred in the structure of premiums by types of insurance: the share of property insurance decreased from 53.9% to 51.5%; the share of liability insurance also decreased from 5.1% to 4.8% (the rates decreased due to low loss

ratio in this segment); the share of personal insurance increased from 19.8% to 22.0% (the voluntary health insurance and accident insurance markets re); and the share of life insurance recovered to 4.0% after a decrease in 2009.

Performance indicators	2008	2009	2010
Total excluding compulsory health insurance, RUB billion	555.0	513.6	555.8
Life insurance	19.3	15.7	22.5
Share of total premium	3.8%	3.1%	4.0%
Personal insurance	108	101.7	122.1
Share of total premium	19.5%	19.8%	22.0%
Property insurance	317.4	277	286.0
Share of total premium	57.2%	53.9%	51.5%
Liability insurance	22.5	26.0	26.7
Share of total premium	4.1%	5.1%	4.8%
CMTPL	80.2	85.7	91.7
Share of compulsory insurance premiums	14.5%	16.7%	16.5%

Total benefit payments (excluding compulsory health insurance) amounted to RUB 293.4 billion, an increase of 2.8% compared to 2009. The benefit ratio decreased to 52.8% compared to 55.6% during the previous period.

Voluntary personal insurance demonstrated the greatest change in premium on the insurance market, excluding compulsory health insurance (the growth was 20.1% year-over-year), mainly due to the recovery of bank lending and corporate voluntary health insurance.

Insurers raised rates in the voluntary personal insurance segment over the course of 2010, which was a result of the negative profitability of this business for virtually all insurers in 2009.

Because of the resumption of consumer lending in the Russian Federation, accident insurance premiums also increased (35.1% growth compared to 2009).

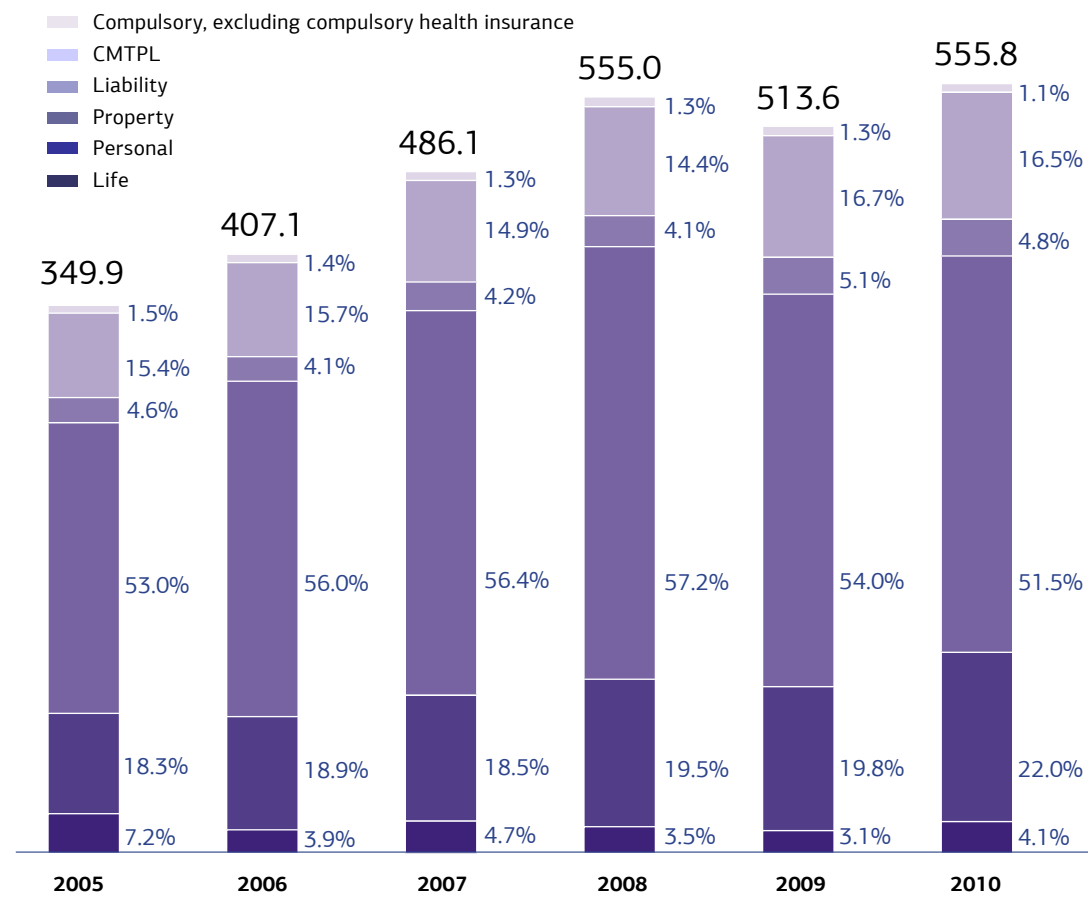
The motor hull insurance market grew 0.9% in 2010 year-over-year, but this volume is still 18% lower than in 2008. Sales of new imported cars thanks to higher penetration in this segment, among other things

due to a resumption of auto financing, significantly influenced the market. Overall for 2010, new imported car sales increased by 26% and domestic car sales (predominantly Lada) grew faster (by 46%) due to the state program for old car disposal. The motor hull market was characterized by abrupt rate decreases in 2010.

According to the Federal Insurance Supervision Service, the CMTPL market grew 7% in 2010 year-over-year, and the premium volume totalled RUB 91.7 billion. The number of CMTPL operators decreased by 16 companies due to revocation of licenses. The total volume of CMTPL premium collected by these insurers in 2009 is estimated at around RUB 2.4 billion. Consolidation of the CMTPL market also increased: the top 10 insurance groups account for 73.4% of total insurance premium by type (it was 69.2% a year before).

In voluntary property insurance, a rate decrease and lower volumes of state support for agricultural risk insurance were observed. Nevertheless, property insurance premiums increased 3% overall for the market as compared to 2009, due among other things to increased premiums of captive insurance companies.

Insurance premium structure over time (in total, RUB billion)



In 2010, consolidation of domestic insurance companies continued, both by means of attracting strategic investors and through mergers and acquisitions. The most significant deals were the following:

- In February 2010 three insurance companies completed a merger. OJSC MCK, ICJSC MSK Standard and OJSC PSK formed OJSC MSK Insurance Group. The consolidated company instantly took the 3rd place by volume of ownership capital, which exceeds RUB 8 billion.
- The state withdrew from OJSC Rosgosstrakh shareholder list.

The following insurance industry legislation is worth noting:

- The Law "On hazardous facilities liability insurance" was passed. Experts estimate the volume of the new market at RUB 50 to 60 billion. Hazardous facilities, besides industrial enterprises, include fuel stations, apartment buildings and other buildings and organizations with elevators and escalators.
- The Federation Council approved amendments to the Federal Law "On Insurance" which increase the minimum amount of authorized capital for insurance

companies from 30 million to 120 million rubles, with the exception of compulsory health insurance companies. According to the Federal Insurance Supervision

Service, 55% of all companies on the market have authorized capital below the 120 million rubles mark. The share of premium for such companies is 7 %.

Current market position of the Company

Overall in 2010 Ingosstrakh Insurance Company decreased its premiums on direct insurance and risks accepted for reinsurance by 8% compared to 2009, to RUB 44.6 billion. Ingosstrakh Insurance Company's direct insurance premiums decreased 7.8%, to RUB 41.2 billion. A positive trend in insurance premium, 5.1%, was observed mainly for CMTPL. Receipts for this type of insurance reached RUB 6.2 billion.

Last year, development of Ingosstrakh Insurance Company's business on the market of voluntary insurance and CMTPL was aimed at improving the business's profitability, which is impossible in the short term without a decrease in premiums, especially

in view of decreased rates on the corporate property and liability insurance market, as well as continued dumping trend on the motor hull insurance market.

Ingosstrakh Insurance Company is a general insurance company and provides services both to corporations and individuals. According to the Federal Insurance Supervision Service, for 2010 Ingosstrakh Insurance Company occupies the third position after Rosgosstrakh Group and SOGAZ in volume of direct insurance premium (excluding compulsory health insurance). The Company is the leader of voluntary insurance segment. Ingosstrakh Insurance Company ranks the third in property insurance.

Ingosstrakh Insurance Company's key indicators for direct insurance (RUB billion)

Insurance types	2009	2010	Increase compared to 2009	Current market share
Insurance premium (total):	44.7	41.2	-7.7%	7.4%
1. Voluntary insurance	38.8	34.9	-9.9%	7.6%
including				
personal (excluding life insurance)	5.6	5.4	-2.9%	4.4%
property (excluding liability insurance)	30.2	26.6	-11.9%	9.3%
Liability insurance	3.0	2.9	-3.3%	10.8%
2. Compulsory insurance (excluding compulsory health insurance),	5.9	6.3	6.4%	6.3%
including				
CMTPL	5.9	6.2	5.1%	6.7%

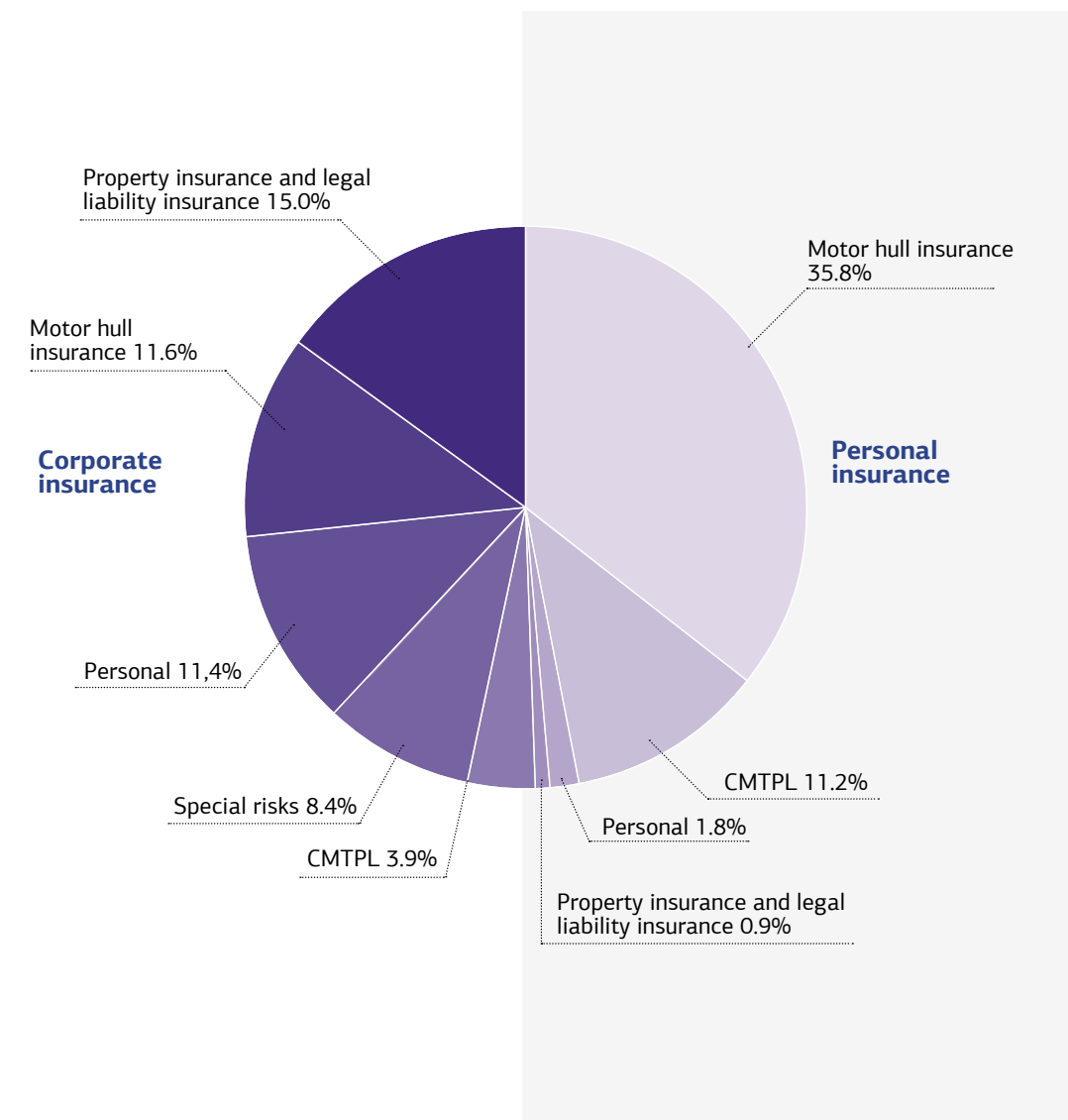
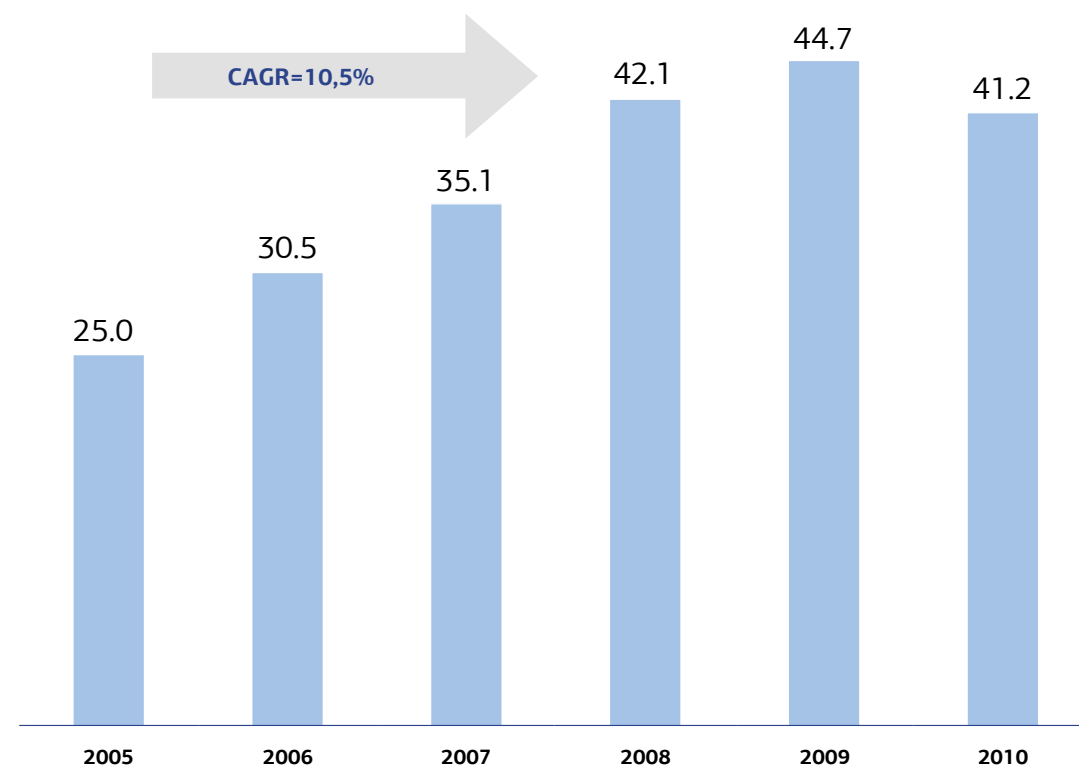
Ingosstrakh Insurance Company's leading positions in these segments are a result of its stable position in corporate insurance, car insurance and special risk insurance. The Company holds especially strong positions in complex risk insurance, where Ingosstrakh Insurance Company is traditionally among the leaders; this includes ship owner liability insurance, marine hull insurance, insurance of aerospace risks, and transport operator insurance. Certainly, the insurer's established reputation in large commercial risk insurance helps it achieve such results.

The Company holds the 6th position in voluntary personal insurance for 2010, with a market share of 4.7%. The Company holds the 3rd position in CMTPL, with 6.7% of the market (after Rosgosstrakh Group and RESO Garantiya Company). The insurer maintains a very restrained policy in such risky types of activities and carefully monitors the insurance portfolio loss ratio.

Overall for 2010, individuals account for 51.2% of total insurance premium (compared to 52.1% in 2009). The total volume of premium from individual policyholders during 2010 is RUB 21.1 billion.

Overall for 2010, individuals account for 51.2% of total insurance premium (compared to 52.1% in 2009). The total volume of premium from individual policyholders during 2010 is RUB 21.1 billion.

Ingosstrakh Insurance Company premium over time, RUB billion



Wise decisions are

critical for moving forward!



02

THE EURASIAN EAGLE OWL (*Bubo bubo*) is a large bird of prey of the order Strigiformes with a wingspan of up to 2 meters and a weight of over 4 kilograms. The eagle owl is characterized by a deep and measured wing beat; it can reach maximum speed almost instantaneously, from the first wing beat. When resting on a tree or on the ground it holds its body vertically.



PRIORITY AREAS OF ACTIVITIES

Motor insurance

Pessimistic forecasts for the development of the auto market for 2010, which had promised stagnation or minimum sales growth, were not justified. Overall for the year, sales of new cars grew by 30% from 2009, to 1.9 million automobiles.

Ingosstrakh Insurance Company's strategy during that time was aimed at increasing the profitability of motor insurance, including improvement of portfolio quality, toughening of requirements towards agents channel, and increasing the effectiveness of cooperation with auto body shops. These initiatives resulted in increased rates for the most unprofitable segments, termination of collaboration with

dishonest agents, and toughening of requirements for repair prices with dealers, which led to decreased sales volumes compared to 2009.

There were also external objective factors that seriously affected premiums, primarily aggressive price dumping by major competitors.

During 2010 more than 415,000 voluntary motor insurance policies were sold, which is 12% less than in 2009. The Company's share on the market decreased by 2.2 percentage points, to 13.5%. But despite this fact, the Company remains the market leader in motor hull insurance.

The number of motor insurance policies sold

Line of Business	2009	2010	Changes in 2010 compared to 2009, %
Motor hull insurance	470,059	415,983	-12%
CMTPL	1,627,548	1,697,056	4%
VMTPL	215,108	210,079	-2%
Motor accident insurance	40,175	42,000	5%

Ingosstrakh Insurance Company motor insurance premiums (RUB million)

Line of Business	2009	2010	Changes in 2010 compared to 2009, %
Motor hull insurance	21,543	18,689	-13%
CMTPL	5,886	6,179	5%
VMTPL	306	282	-8%
Motor accident insurance	100	86	-14%
Total	27,835	25,236	-9%



There were also external objective factors that seriously affected the premiums, primarily aggressive price dumping by major competitors.

The number of compulsory motor third party liability insurance policies increased in 2010 by 4%, to 1.7 million agreements.

Among clients who bought the largest number of insurance policies in Moscow in 2010, the following organizations should be noted: the Ministry of Defense of the Russian Federation (more than 33,000 policies), the Ministry for Civil Defense, Emergencies and Disaster Response (more than 18,000), ALD Automotive LTD (more than 5,500), ARVAL LTD (more than 5,000), and the Federal Protection Service (more than 4,000).

Overall motor insurance premiums totaled RUB 25.2 billion, including RUB 18.7 billion for comprehensive and collision, RUB 6.2 billion for CMTPL, and RUB 0.4 billion for voluntary motor third party liability insurance and accident insurance.

Motor insurance benefits in 2010 were almost unchanged compared to 2009, despite a drop in premium, which can be attributed to the Company's commitment to fulfill its obligations in full.

RUB 16.4 billion in benefits were paid for comprehensive and collision, RUB 3.4 billion for CMTPL, and RUB 0.1 billion for voluntary motor third party liability insurance and accident insurance.

Overall in 2010 more than 600,000 auto claims were settled; in Moscow this figure was around 370,000, and in other regions it was 241,000. About 455,000 claims were settled under comprehensive and collision insurance, and 155,000 were settled under CMTPL.

During 2010, new motor insurance products were developed and improved, and customer loyalty projects were implemented.

The development of the following new insurance products, programs and options is worth noting:

- Smart insurance plans (“young driver”, monitoring system insurance) that allow the accumulation of additional data on car usage;
- In order to strengthen Ingosstrakh Insurance Company’s position on the motor insurance market, the Premium Region product was diversified depending on vehicle lifecycle and selection of an auto body shop for repairs in case of non-monetary damage compensation. Depending on the repair options selected by the client, either at an official dealer’s service department or at a multi-brand auto body shop, the price of comprehensive and collision insurance for damage risk varies.

Personal property insurance and comprehensive mortgage insurance

During 2010, about 24,000 personal property insurance policies were sold, which is an increase of 15% compared to 2009. The number of comprehensive mortgage insurance policies was about 11,000, which is 3% less year-over-year due to the consequences of the financial crisis. In Moscow, more than 1,600 personal property insurance policies and 1,400 comprehensive mortgage insurance policies were sold.

Total premium for personal property insurance in 2010 was RUB 278 million, and for comprehensive mortgage insurance it was RUB 447 million.

The following measures helped lead to an increase in premium from personal property insurance:

- New products were developed and implemented in personal property insurance, and existing products were updated:
 - the regional Rental Express product;
 - the Platinum and Platinum Regional products now include the option to insure additional risks and property types (damage or loss of property due to electrical overload, insurance of damages due to loss of rent, land plot insurance, insurance of landscape design elements, movable property insurance without a schedule);
- A new procedure for concluding policies and a new rate system, a pre-insurance examination procedure, and a damage settlement procedure for property and personal liability insurance were implemented.

Voluntary health insurance

Overall for 2010 the market grew significantly, at the level of 15%. The positive trend was influenced by two factors, i.e., resumed purchasing of voluntary health insurance policies by companies which had cut their insurance expenses during the crisis or abandoned insurance altogether, and rate increases on voluntary health insurance by major players.

Among 2010 trends were also market consolidation and redistribution in favor of large insurance companies. About 50 small and medium insurers left the voluntary health insurance market, and the total share of the top 10 leaders grew by 3 percentage points.

During 2010 the Company continued the policy begun in the second half of 2009 of rehabilitating the voluntary health insurance portfolio to decrease business losses. Due to this fact, Ingosstrakh Insurance Company’s share on the voluntary health insurance market was 6.1%, which is a decrease of 1.2 percentage points compared to 2009. Nevertheless, the Company maintained fourth place on the market. The most important factor in the decrease in Ingosstrakh Insurance Company’s share was an increase in SOGAZ’s share through sales of policies to the largest state monopolies and organizations.

As a result of portfolio rehabilitation the number of insured under voluntary health insurance decreased by 22% during 2010, primarily due to a decrease in the number of regional policies. In 2010 the number of insured amounted to 473,000 people.

In 2010, insurance premium receipts came to RUB 4.76 billion, which is 5% less than in 2009. Sales volume to the individual portfolio made up 3% of the total insurance premium. The share of corporate clients from small and medium business segment (up to 50 employees) increased to 12%.

In 2010, the sale of complex voluntary health insurance products was launched. These products were developed specially for children, among other things based on Ingosstrakh Insurance Company’s own “Be Healthy” clinic, which opened in January 2010. The product line for individuals in regions was widened based on the “Be Healthy” clinics.

In order to strengthen the Company’s position on the private voluntary health insurance market, the product line for individuals was updated at the end of 2010 based on review of clients’ demand for medical providers in 2010.

The Company continued to update its underwriting policy, which is aimed at providing fair prices to clients and improving insurance portfolio quality: additional segmentation options depending on the company’s line of business and the possibility for employees to participate in policy purchase were added, a procedure for polling corporate clients and subsequent quoting by underwriters was developed and implemented, and a bonus-malus system in individual and small business policy renewal was introduced.

During the second half of the year, reorganization of services for insured in the regions was started in order to increase the quality of service offered. Insured’s in a number of cities were switched to service through the Federal call center, and reorganization of services was started throughout Russia. In addition, in 2010 the medical examination in Ingosstrakh Insurance Company’s regional branches process was centralized, which will allow the Company improve monitoring of insured’ medical care.

In 2010, RUB 4.6 billion in losses were paid, which is 15% less than in 2009. 15,899 losses were claimed over the year, and 16,322 losses were settled (including losses declared previously); thus the loss ratio reached 103%.

Corporate property and liability insurance

2010 showed positive trends in the real sector of the economy, unlike 2009, which demonstrated a sharp decrease in industrial manufacturing, direct investments and commodity turnover. A decrease in interest rates by the Central Bank of the Russian Federation during the first half of the year created advantageous conditions for obtaining credit, which, in turn, led to an increase in lending volume in 2010. Cheaper credit multiplied by delayed investment demand brought about a relative recovery of lending activities in the corporate segment. In the second half of the year growth of industrial manufacturing was observed; the processing industry and equipment manufacturing developed at the highest pace. An increase in direct investments was observed starting in late summer, thanks not only to the civil construction sector, but also to investments in industrial production. A rise in the income of the population provided for a 4% increase in retail commodity turnover. At the same time, the economy's growth rate was affected by the catastrophic drought in summer 2010, as a result of which agricultural production fell by more than 18%.

Decreased production and investment volumes in 2009, as well as their relatively slow recovery rate during 2010, directly, and to some extent negatively, influenced the situation on the insurance market in the field of corporate property and legal liability insurance.

The large-scale technogenic accidents of the last years have not made the state and enterprises radically review their approach to protection of property interests from disastrous risks. Relatively limited budgets do not permit them to buy full insurance coverage. To save money on insurance, enterprises look for the insurer with the least expensive services and buy coverage only for

part of the insurable value, and tenders are becoming more and more widespread.

On the other hand, in trying to comply with clients' demands in terms of pricing and expand their insurance portfolios, insurance companies are continuing to lower rates. Among other things, this is facilitated by the cheapening of reinsurance coverage abroad, as the small number of catastrophic losses on the world market in 2006–2009 caused a surplus of reinsurance capacity; this, in turn, has led to decreased reinsurance cost and intensification of the struggle for risks among the leading reinsurance markets.

Significant cutbacks in governmental support to such sectors of the economy as civil construction and agriculture in 2009 negatively influenced the recovery of this segment in 2010.

The insurance market showed a trend towards increased volumes of tax-avoidance insurance schemes. According to experts, such schemes account for 15% of total receipts in insurance today. Schemes are most widespread in such types of insurance as agricultural risk insurance, construction/erection risk insurance, and corporate property insurance.

In 2010, a continued increase in competition was observed, especially in the large corporate client segment, where insurance penetration is relatively high. This, along with industry lobbyism, has led to a rearrangement of the market and a concentration of large risks in captive insurance companies. A situation has arisen where the transition of one large client from one insurer to another may significantly change the market structure. This trend is especially significant for the oil and gas production, petrochemical and electric energy industries.

Among insurance market trends is the growing power of both insurance agents and other agents channel, where insurers are ready to satisfy any appetite for commissions for recruiting clients in order to increase their insurance portfolios.

Insurers' endeavors to increase the volume of insurance premiums at all costs, along with a simultaneous decrease in underwriting levels and risk assessment, inevitably lead to growing losses, increased business expenses and a general decrease in operational effectiveness, primarily in the segment of property, construction and agricultural risk insurance.

All these negative trends had their influence on Ingosstrakh Insurance Company's premium receipts in this area, which decreased by 11%, from RUB 7.172 billion in 2009 to RUB 6.347 billion in 2010. The negative trend is predominantly related to a drop in premium volumes in such fields as industrial facilities, construction/erection, and agricultural risk insurance. Decreased volumes in these fields were caused primarily by completion of a number of non-renewable projects, mainly as a part of governmental contracts; concentration of a lot of large construction risks in SOGAZ Insurance Company; a significant reduction of governmental financing in the construction and agricultural industries, and Ingosstrakh Insurance Company's refusal to renew a number of large-scale but unprofitable policies.

Despite a total premium earned reduction, the Company managed to retain more than 80% of its clients and increase premium receipts as follows:

- Premium receipts for liability insurance increased 5%, compared to general market growth of 1%. With a premium volume

of RUB 935 million, this field accounts for about 15% of the property and liability insurance portfolio. The most significant premium growth in the amount of RUB 45 million (9%) was achieved in various types of professional liability insurance. Liability insurance for self-regulated construction organizations was the fastest-growing segment, with a volume increase of RUB 50 million. For the sixth consecutive time, Ingosstrakh Insurance Company has won a tender for liability insurance of the Transmission System Operator of the Unified Electric Power System. A slight decrease in volume in the amount of 4% was observed in legal liability insurance, in connection with legal changes in insurance of clinical research. The law, which came into force in September 2010, mandates life and health insurance for clinical research participants. Previously, Ingosstrakh Insurance Company, a leader in this segment, provided insurance of research companies' liability to patients. As a result, the premium accrual period was shifted to 2011. The most important event in 2010 in industrial facilities liability insurance was the signing of the Law "On compulsory legal liability insurance of hazardous facility owners for damage as a result of accident at the hazardous facility", which will come into force January 1, 2012. Ingosstrakh Insurance Company has begun working actively to prepare for this Law coming into effect, in particular as a part of the National Union of Liability Insurers. Ingosstrakh Insurance Company retained its membership in the Russian Nuclear Insurance Pool with the largest share of 15%. Nuclear damage liability insurance of Rosenergoatom facilities and other sites was carried out as a part of the Pool. The total number of policies concluded exceeded 17,000, which is 30% more than in 2009;

- The volume of premiums for financial institution insurance increased 33%, to RUB 93 million. The largest premium growth was observed in ATM insurance, which was caused by a review of rate policy due to a sharp increase in losses, which in turn is connected to poor security of ATM networks and a sharp increase in the crime rate since the beginning of 2009. The main growth is related to the renewal of an insurance policy in 2010 with a state bank on new conditions with consideration for losses in 2009. In addition, unlike 2009, the year 2010 brought dynamic development of executive liability insurance both for many small projects and for large projects, mainly due to winning a tender conducted by Sberbank, as well as a number of other large projects.

The slowest recovery from the financial crisis was observed in the areas which were most vulnerable to the crisis, i.e.:

- Insurance of collateralized and leased property, with a volume decrease of 8%, to RUB 571 million. A so-called delayed crisis has occurred in this field of insurance. While in 2009 premium volume was based on pre-crisis agreements, in 2010 a lack of deals in 2009 due to last year's 50% drop in the market had its effect;
- Agricultural risk insurance, which demonstrated a premium decrease of only 7%, significantly lower than the market decrease (the premium volume was RUB 547 million) The main reason for Ingosstrakh Insurance Company's decreased premium receipts was toughened requirements for accepting insurance risks due to the large-scale summer drought in the central regions of Russia. In addition, this segment is still depends substantially on the amount of state support for agricultural producers, which decreased in 2010. As a result of the decrease in state support and scheme insurers leaving the market, as a whole the market showed a volume decrease of 17.1%;

- Industrial property insurance, which demonstrated an 11% decrease in premium volume (to RUB 2.8 billion). The main reason was the loss of a very large client, a Sakhalin-2 project operator. The company renewed its long-term cooperation with such key clients as OJSC Irkutskenergo, GAZ Group, United Company RUSAL, Baltika Brewery, etc.;
- Property insurance for non-industrial enterprises, which showed a decrease in premiums of RUB 32 million, or 5%. Compared to a 22% decrease in 2009, this is evidence of stabilization in this segment. The Company lost more than RUB 40 million on rate decreases alone. But the majority of losses were compensated by improving cooperation with existing clients and attracting new large clients such as FSUE Rosmorport, etc. The number of policies concluded in 2010 increased by 2% as compared to 2009 and amounted to more than 7.3 thousand policies;
- Insurance of technical risks, which decreased by about 50% (premium receipts equalled RUB 493 million). This decrease was caused by the completion of several large infrastructure and energy projects and cutbacks in state programs. Despite the fact that in 2010 the process of construction and reconstruction of commercial real estate sites which were frozen during the crisis became more active, the market of construction/erection risks, as in 2009, is developing mainly due to state-funded projects and state programs, including the facilities for the Winter Olympic games in Sochi and ATEs-2012, and serious lobbying in favour of captive insurers can be observed in regard to these projects. But Ingosstrakh Insurance Company managed to significantly increase the volumes of construction and erection risks in its branches. The increase in premium volume under this line of business in the branches equalled 85%.

In general, 54,000 policies in this field were concluded, which is 6,000 more than in 2009.

The year 2010 shows a sharp increase in the number of claims by 24%, which is attributed to crop failure as a result of the summer drought, for a total amount of RUB 1.1 billion. A part of such losses was settled in 2010.

At the same time, the total volume of losses settled in 2010 decreased by 5% as compared to the previous year. In total, RUB 1.7 billion was paid under 1,636 loss cases in 2010.

The most significant payments under property insurance were the following:

- RUB 195 million — Transstroy Engineering Corporation. Damage to construction

structures of the port of Sochi due to a storm on the Black Sea;

- RUB 115 million — The National Food Group Sady Pridonya. Loss of crop due to the drought;
- RUB 106 million — gas turbine failure in a brewery;
- RUB 95 million — transformer fire at Chagino substation during commissioning works;
- RUB 65 million — entertainment complex fire in Moscow;
- RUB 35 million — damage to spring wheat, barley, oat and pea crops as a result of drought in the Republic of Tatarstan.

Aviation risk insurance

The year 2010 was more favorable for the aviation industry compared to the previous crisis year. The transportation market demonstrated growth in passenger turnover and the number of passengers transported.

At the same time, consolidation of the air industry continues. This is mainly an aftereffect of the 2009 crisis, when some air carriers could not overcome financial difficulties.

Old Russian aircraft are gradually being decommissioned as they come to the end of their lifecycle and are unable to compete with the Western manufacturers in terms of economic effectiveness. Unfortunately, the Russian civil aviation industry is not yet able to meet the demands of our carriers for new aircraft, which forces carriers to replenish their fleets with imported aircraft. Nevertheless, a positive trend can be observed in the domestic aviation industry, for example, the delivery of six AN 148 planes to one of the largest Russian carriers.

In 2010 the trend of replenishing the small aircraft fleet with imported aircraft continued, although during the crisis the pace of new plane purchases somewhat decreased.

Notable among the trends of 2010 in the aviation industry was an increase in military aircraft and specialty plane manufacturing, as well as development of principally new planes. This led to increased spending on insurance.

The insurance market is still characterized by relatively high competition level both in Russia and in Europe. The growth of rates observed on the market in 2009 ended in 2010, which is an additional stimulus for airlines in the process of recovery from the crisis situation. The growth rate of Ingosstrakh Insurance Company's premium receipts for aviation insurance was higher in 2010 than

for the market overall and reached 17%, compared to 6%. Premium volume was about RUB 2.1 billion. The share of direct insurance was RUB 1.2 billion, and the share for incoming reinsurance was RUB 0.9 billion. At the same time, Ingosstrakh Insurance Company sold more than 800 aviation insurance policies.

Among the main areas of aviation insurance, aviation enterprise insurance and airport liability insurance developed the most. The total volume of premium in this area was RUB 436 million, which is almost three times greater than the result for 2009. Such significant growth is related primarily to the conclusion of a number of agreements with large aircraft manufacturers such as JSC Sukhoi Company, OJSC Irkut Corporation, and OJSC V. P. Chkalov Novosibirsk Aviation Manufacturing Holding.

Furthermore, as a part of a tender, a three-year liability insurance policy was concluded with the State Air Traffic Control Corporation of the Russian Federation. Ingosstrakh Insurance Company continued its participation in international aircraft liability insurance programs.

In 2010 Ingosstrakh Insurance Company continued working with such large aviation companies as S7, Globus, Vim Avia, OJSC Taymyr Airlines, which operates Boeing 737-800 aircraft under the NordStar brand, and Kuban Airlines. Collaboration with OJSC DDO Sukhoi continued as well. In addition, over the course of the year this list was expanded by the addition of new clients, such as the low-cost carrier Sky Express, which obtained insurance protection of its property interests from Ingosstrakh Insurance Company.

Cooperation with insurance companies in CIS countries also continues. Ingosstrakh Insurance Company's most significant

presence is in Uzbekistan, Ukraine, Belarus and Kazakhstan.

In 2010, 260 claims were presented and 134 claims were settled. The total volume of benefit payments in 2010 was RUB 349 million. The loss ratio in this segment decreased from 76% in 2009 to 41% in 2010.

The most significant payments are:

- RUB 30.5 million — settlement of a claim relating to a Mil-8T helicopter crash in Afghanistan;
- RUB 18.5 million — settlement of a claim relating to the constructive total loss of a Mil-8T helicopter

due to emergency landing in the area of the Talakanskoye oilfield;

- RUB 15.9 million — JSC "FU224". Damage to the nose landing gear of an Antonov-124-100 Ruslan at Chandigarh Airport, India;
- RUB 14.5 million — Sukhoi Company (JSC). Damage to the engine of a SUKHOI-30 MKI due to foreign object ingestion;
- RUB 10.3 million — Shaheen Air International. Damage to the landing gear of a Boeing 737-200 during towage at Lakhor Airport, Pakistan

Space risk insurance

In 2010, the trend towards softening conditions and growing capacity continued on the international market of space risk insurance, but with regard to Russian projects conditions and rates remain relatively inflexible, which is attributed to the total loss of the KazSat satellite and partial loss of the Express-AM2 satellite.

Currently, the Russian insurance market for international projects is gradually becoming more attractive. The main obstacle to this trend is the absence of international financial stability ratings for the majority of Russian companies and insufficient capacity.

Ingosstrakh Insurance Company remains the leader in the Russian segment of the space risks insurance market.

In 2010, the premium volume was RUB 440 million, 6% greater than in 2009. The main volume of premium collection resulted from Ingosstrakh Insurance Company's win of an open tender by FSUE Space Communications for in-orbit exploitation insurance for a fleet of 7 spacecraft, as well as the conclusion of profit loss insurance policies with GTSS Company.

Last year, the Company participated in the insurance and reinsurance of 112 space projects.

The largest international projects are: insuring the launch and operation of the UAE YAHSAT 1A satellite with a participation share of USD 10 million, as well as insuring in-orbit exploitation of the first Venezuelan TV broadcasting and communications satellite Venesat-1 with a participation share of USD 15 million.

FSUE Space Communications remains Ingosstrakh Insurance Company's largest client. Among other clients are GTSS, Arianespace, Intersputnik, the Space Forces of the Russian Federation, FSUE TSENKI, etc.

In 2010, Ingosstrakh Insurance Company paid benefits in respect of losses arising out of space risks insurance in the amount of RUB 100 million; the largest payment of RUB 67 million was a settlement of Thales Alenia Space France's claim arising out of the partial loss of the Palapa-D satellite.

Cargo insurance

The year 2010 was characterized by the gradual stabilization of the financial situation in the country, which in turn stimulated trade and economic relations and to a certain extent facilitated the recovery of trade and logistics operations volume. Recovery from the crisis for the majority of businesses ensured an increased demand for cargo insurance services.

In this respect, this segment of the insurance market enjoyed an increase in premium volume of 18% compared to 2009, when premium volume decreased by 12%.

Ingosstrakh Insurance Company's premium growth rate in this area in 2010 was at the level of market indices: 18%, or RUB 118 million. The Company's total amount of premium in cargo insurance reached RUB 811 million.

Despite the fact that the same negative trends that characterized the insurance market in previous years remain to this day, i.e. price dumping and captive business growth both on the branch and regional level, the Company, according to Federal Insurance Supervision Service data, managed to maintain its market share of 4.3%.

In 2010 the Company achieved growth in premiums to some extent in all areas of cargo insurance:

- Insurance of exhibition and valuable cargoes. In this area the Company achieved its biggest success. Total premium volume was RUB 248,6 million which is 52%, or almost RUB 85 million, greater than in 2009. Such significant growth in this segment is due to two main reasons: first, to the growing number of international exhibition projects held with the direct participation of domestic museums, along with increased interest in Russian art; and second, to the growing demand from commercial banks for cash-in-transit insurance. Among the most significant projects implemented during the last year there is insurance of exhibition activities held as a part of the Year of Russia in France and the Year of France in Russia. Ingosstrakh Insurance Company continued its active operation as a member of the Moscow Kremlin and the Russian Museum Friend Society. The Company's participation in the annual Intermuseum festival has become a good tradition. Events devoted to the 50th anniversary of ROSIZO and the Masterpieces of Historical Portrait were held with Ingosstrakh Insurance Company's support in the city of Lipetsk. In 2010, after the Ministry of Health and Social Development of the Russian Federation approved for a regulation mandating compulsory insurance of Pension Fund funds during transportation, handling and

This segment of the insurance market enjoyed the premium increase of 18% compared to 2009, when collections volume decreased by 12%.

delivery, Ingosstrakh Insurance Company concluded general policies with municipal unitary enterprises of various subjects of the RF.

- General cargoes insurance. The total volume of premium in this sector in 2010 was RUB 211 million, or 26% of the cargo insurance portfolio. Despite the fact that this area suffered most from the financial crisis, the Company managed to maintain the portfolio, thanks among other things to attraction of new prospective clients, and ensure growth dynamics, however insignificant. During the previous year 45 agreements with new large clients were concluded, and premium receipts from them amounted to over RUB 35 million. The total number of policies concluded was over 15,000;
- Insurance of raw material. The total volume of premium in this sector exceeded RUB 145 million, which is an increase of 15%, and the sector maintained its 18% share in the cargo insurance portfolio. During last year, a significant growth in transportation of oil and oil products, raw sugar, compound feed, tropical oils, chemicals and fruit was observed, which led to growth of total premium;
- Consumer goods insurance. The total volume of premium in this sector was RUB

206 million, or 25% of the total cargo insurance portfolio. Despite a continuing decrease in rates and premium reductions for a number of large clients, the Company managed to preserve its business volume and achieve positive dynamics in the amount of 5%, mainly due to attracting new partners and concluding insurance policies with them for a total of more than RUB 30 million in premium. A total of 18,000 policies were concluded in this area, which are 6,000 agreements more than in 2009.

In 2010 Ingosstrakh Insurance Company actively developed business within the regional network. As a result of the measures implemented, the Company's positions on many regional markets were strengthened. Raw material cargo insurance gained strong impulse in the regions, as premium gain exceeded 83%, which provided 60% of the Company's business growth in this segment. The highest activity in this area was shown by branches in the South and Black Earth regions. In general cargoes and consumer goods insurance, operations were significantly developed in the Volga and Urals regional centers and in the cities of St. Petersburg, Kazan, Novosibirsk, Krasnodar, Kemerovo and Kaliningrad. Overall, the regional branches of the Company in 2010 concluded more than 15,000 policies, which are 5,000 more than in 2009.

Last year, the Company continued its active cooperation with Russian and international insurance brokers. Brokers account for more than 30% of raw material cargo insurance operations and more than 10% of consumer goods insurance. More than 60% of policies for insurance of cultural treasures were concluded with participation of brokers, such as Marsh, AON, and Kuhn und Bulow.

In 2010, Ingosstrakh Insurance Company's client portfolio for cargo insurance included more than 1700 companies of different legal forms. The Company's new large partners last year were: Otkrytie bank (cash-in-transit), CJCS Tander (insurance of imported banana shipments), Procter and Gamble (insurance of transportation of the company's products), Bunker Holding LTD (oil products insurance), Rulog LLC (transport insurance for McDonalds products). The total volume of premium for new clients was more than RUB 80 million.

Marine hull and P&I insurance

Increase in the global turnover which started in 2010 has slightly moderated the negative trends in the international Marine Hull and P&I insurance market which resulted from world financial collapse. The process of withdrawal of a number of vessels from operation still continues, freight rates being kept on rather low level during the whole year. At the same time a trend for renovation of the fleet should be noted, i.e. withdrawal of old vessels and replacing them by new ones. Number of orders for new buildings have considerably increased at domestic shipyards, including those by State's Order.

Like the two previous years, 2010 was quite favourable in terms of loss rate. Over the course of the year, 1599 claims for a total amount of RUB 288 million were submitted, and 1547 claims for a total amount of RUB 194 million were settled with consideration for previous years.

Much work was conducted to improve underwriting, which led to a loss rate of 38% in 2010, a 12 percentage point decrease compared to 2009.

The largest settled claims were:

- RUB 25 million — total loss of cargo (coal) due to shipwreck;
- RUB 10 million — theft of a truck with a cargo of household appliances as the result of fraudulent actions;
- RUB 6 million — theft of a truck with a cargo of office equipment;
- RUB 6 million — theft of cigarettes during road transportation;
- RUB 5 million — theft of a truck with cargo (clothes) as the result of fraudulent actions.

In 2010 volume of H&M and P&I insurance premium in the Russian market was about RUB 5.3 billion, i.e. 5,7% increase in comparison with the previous year. Qualitative and quantitative changes in this part of the market during that year reflected the following structural changes: Increase of domestic marine insurance market didn't result from putting new buildings into operation but from attraction of new clients who previously had a marine cover with insurance foreign companies;

- Insurers which had no experience in this class of insurance before, now started to show their interest in this business and make hard efforts to become active member of marine market;
- Portfolio relocation continues in the marine domestic market. On the one hand insurance companies that have vast experience in marine insurance for many years, high level of underwriting and relatively high loss ratio, prefer not to renew the old fleets and cover clients with high level of loss ratio. On the other hand companies, trying to consolidate their position in the market, underwrite such risks willingly;
- More clients now prefer to purchase cover through mechanism of tenders. This tendency in line with the interests of a certain number of Russian insurers leads to further decrease of premium rates in the end;
- Growth of interest in higher limit of liability is observed and therefore Russian insurers are seeking to enlarge their obligatory reinsurance contracts. Some international P&I clubs changed their policy and became fixed premium insurers which is considered as a new competitive challenge;

- In 2010 for the first time P&I clubs started to set up Marine Hull deviations which can lead to some outflow of clients from commercial insurance companies;
- There is a growing demand in yacht insurance for luxury objects with the value more than EUR 30 million.

In comparison with a slight increase of the domestic market of Marine Hull and P&I insurance the volume of Ingosstrakh's premium collection in this sphere in 2010 decreased by 8,9% amounting to RUB 1,6 billion, i.e. RUB 940 million in hull insurance and RUB 645 million in P&I. The main reason for premium reduction in P&I insurance was a political decision of two large Shipowners to change their reinsurance scheme. While in 2009 Ingosstrakh was the original insurer of these clients placing the considerable part of the risks with P&I clubs, though in 2010 Owners' decision was taken fully in favour of P&I clubs. In the part of hull insurance the premium increased by 10%.

Along with customers portfolio retention in 2010 the Company had a goal to increase business efficiency (earning capacity) by way of more thorough selection of risks and clients, including replacement of old vessels by new ones both from Russian market and abroad. Those efforts which have been

A number of insurers that had not operated on this market before are now actively interested in it and are trying to enter corporate segment of the market.

done in underwriting, more careful selection of risks, led to considerable reduction of loss ratio in comparison with two previous years both in hull and P&I insurance while in the whole domestic marine insurance market faced the increase of payment from 56% in 2009 to 64% in 2010. In turn reduction of loss ratio allowed Ingosstrakh to improve portfolio and increase volume of hull obligatory cover without additional premium.

Despite some premium decrease in 2010 Ingosstrakh continues to be the leader of marine insurance in the domestic market.

The following factors facilitate the Ingosstrakh's position in the market:

- Growth of Ingosstrakh's credibility in the international marine market;
- High quality claims handling;
- High limits of liability (up to USD 500 million) for P&I insurance.

One cannot but admit the positive trend of growing share of builders' risks in Ingosstrakh marine portfolio which gives an opportunity to expect development of this insurance in the future bearing in mind the growing number of orders for construction of new vessels. Additionally nowadays

a certain number of shipowners prefer fixed premium P&I insurance companies in stead of P&I clubs.

In 2010 Ingosstrakh maintained and strengthened its position in insurance such clients as Volga Shipping Co., Kaalbye Shipping Co., Commercial fleet of Donbass, Norilsk Nickel (P&I insurance), AKROS fishing company, Aquaship, Sovcomflot, Fedcom Shipping, Salhus Shipping A.S., Pacific Andes, Ocean Agencies Ltd.

In 2010 Ingosstrakh has signed new insurance policies with such companies as Norilsk Nickel (hull insurance), Myanma Five Star Line and Pianura Armatori SLR (P&I insurance).

Overall in 2010 Ingosstrakh concluded over 1700 certificates of insurance, comprising 982 hull policies and 754 P&I policies.

The following major H&M and P&I claims were paid by Ingosstrakh in 2010:

- RUB 126 million — damage to mooring and port equipment in Saudi Arabia in 2009;
- RUB 41 million — fire in the vessel's hold;
- RUB 30 million — fire in switchboard.

Overall in 2010 Ingosstrakh concluded over 1700 certificates of insurance, comprising 982 hull policies and 754 P&I policies.

Insurance of transport operators

In 2010, the volume of international transportation, including CIS, increased by 9%, and the volume of internal transportation increased by 20% on the average.

Recovery on the market of transport and forwarding services has started, as the companies that previously stopped operations or significantly decreased their level due to the economic started working again. Taking into consideration the market growth, transport companies extended their truck fleet in 2010 by buying or leasing new trucks.

The above mentioned positive trends on the freight traffic market, led to more active operations on the transport operator insurance market. Ingosstrakh Insurance Company premium collection for carrier and forwarder liability insurance constituted 6.6% or RUB 33 million. Despite the number of limiting factors, such as dumping and a great amount of competing insurance companies, Ingosstrakh Insurance Company strengthened its position on the international carrier market and increased its presence in this segment by 43% in 2010.

In addition to truck carrier industry railway transportation is one of the most important segments for Ingosstrakh OJSIC. The Company offers a complex insurance protection of railway facilities both for owners and operator of the rolling stock.

Despite the fact that the volume of railway loading in 2010 has grown by 11.3% in comparison with 2009, the freight transportation has not reached the pre-crisis level yet.

In 2010, the pace of freight rail-cars grew significantly, and it happened not only against the previous year figures when they fell more than 40%, but also in comparison with 2008. But the market needs much more rail-cars, especially considering wear of the fleet and forecasted growth of freight transportation by RZHD.

Ingosstrakh Insurance Company's premium collection for railway operator insurance constituted 9% or RUB 9 million.

In 2010 Ingosstrakh Insurance Company sold more than 1.7 thousand insurance policies for all types of transport, with the premium volume of RUB 653 million. Out of that figure, the share of truck carrier and forwarder liability insurance is RUB 533 million, the share of rolling stock and container insurance is RUB 108 million, transport terminal operator liability insurance is RUB 12 million.

In this segment the Company is traditionally distinguished by high quality and balance client's portfolio, which includes transport companies that conduct international and internal transportation of freight and passengers by motor and railway transport; forwarding and logistics companies; owners and tenants of warehouses and containers; stevedoring companies.

Ingosstrakh Insurance Company's clients include Russia's largest transport operators, such as OJSC Freight Link, GEMA Group, Sunflower Corporation Ltd, IKEA MOS Ltd. (trade and real estate), OJSC RZHD, TransGroup A.S. Ltd, Piping Transport Company Ltd., Transgarant Ltd, MMK Trans Ltd., Evraz Trans Ltd, Miratorg Trading Company Ltd.

Ingosstrakh Insurance Company actively cooperates with leasing companies working in the area of railway transportation: CJCS Sberbank Leasing, Unicredit Credit Leasing Ltd, Hansa Leasing Ltd, TransFin-M Ltd, and OJSC VTB Leasing.

In 2010, Ingosstrakh Insurance Company continued cooperating with ten associations of international road carriers from Russia, Latvia, Lithuania, Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova and Uzbekistan for TIR insurance and other types of insurance services to the associations' members.

In 2010, 598 losses were submitted for transport operator insurance, and 206 claims were settled for the total amount of RUB 139 million. Loss rate for the segment remained at the level of 2009 and was 22% in 2010.

Among most significant payments there are:

- RUB 42.0 million — transport terminal operator liability due to thievery of containers with cargo;

Travel insurance

In 2010, the outgoing tourist flow from Russia increased by 34%. The most popular destinations were Turkey, Egypt, China, Greece and Spain. Compared to the previous year, a significant tourist flow growth rate was demonstrated by Thailand, Finland and Austria.

The travel insurance market in 2010 reached its pre-crisis level. The same year, the number of Ingosstrakh Insurance Company's policyholders exceeded three million people. Compared to the previous year, growth was about 30%.

Overall for the year, the Company received RUB 708 million, which exceeds the previous year's receipts by RUB 104 million. The Company maintained its leading position in this market segment.

2010 was marked by active work to retain large tourist operators that define the market with regard to travel destinations,

- RUB 16.0 million — customs terminal operator liability due to cargo damage (coin counters);
- RUB 3.5 million — locomotive damage due to fire;
- RUB 1.9 million — transport terminal operator liability due to cargo damage (car spare parts);
- RUB 1.4 million — carrier liability due to cargo damage (Toyota cars).

such as Natali Tours, Lanta Tour Voyage, Mostravel, MITS, Wind Rose, Russian Express Club, PAKS and others. Among new clients are two of Russia's largest tourist operators, TEZ TOUR and Coral Travel, as well as more than 50 tourist agencies, and 120 corporate clients that insure their employees during business trips abroad.

The year was marked by a growth in retail sales through remote points of sale by 12% compared to 2009.

Sales of an updated Luggage Insurance for Foreign Travel product were launched.

More than 34 thousand claims were settled in 2010. The most significant payments were effected for insurance of emergency health-care expenses during travel abroad. Among them are 12 losses with a payment amount exceeding RUB 300,000 each.

Ingosstrakh Exclusive

One of the most promising areas of Ingosstrakh Insurance Company's development is Ingosstrakh Exclusive, which marked its second year on the luxury insurance market.

Ingosstrakh Exclusive is a new area for Ingosstrakh Insurance Company, one of the oldest and most reliable companies, and was created for the most demanding clients. Ingosstrakh Exclusive means personal attention and personal service, special delicacy and an individual approach to each client. Ingosstrakh Exclusive makes it possible to insure one's most valuable possessions, luxury items and real estate inexpensively and obtain not only reliable coverage from a strong company, but also an exclusive level of service.

Ingosstrakh Exclusive incorporates a system of VIP client relations based on the best traditions of elite services to provide an exclusive style of operation:

- A single-window system is employed, which means that one person may insure a car, a house and a painting collection. Clients can simultaneously insure their lives, health, cars, real estate, personal aircrafts, yachts, family treasures and objects of art;
- Personal managers provide a strictly individual approach to clients and help them fully appreciate the benefits of VIP service provided by Ingosstrakh Exclusive;
- Trusted relations with clients have been built in order to meet the expectations of well-to-do persons and their family members;
- Two separate VIP offices for premium clients are in operation;

On November 23, 2010 Ingosstrakh Exclusive launched a project to extend VIP services to Ingosstrakh Insurance Company branches in St. Petersburg and Krasnoyarsk.

Incoming reinsurance

By the end of 2010, 152 companies with reinsurance licenses had been registered in the Russian Federation, including 23 specialized reinsurers. The Gross Written Premium for incoming reinsurances was RUB 34.7 million, which is 19.3% less than in the previous year.

Ingosstrakh Insurance Company's premium volume for incoming reinsurance in 2010 was RUB 3.4 billion, or 9.8% of the receipts of the entire reinsurance market, and the company holds first place for the volume of business recruited. RUB 2.2 billion were received for incoming facultative reinsurance (64.7%), and RUB 1.2 billion were collected for incoming obligatory reinsurance.

The main areas of Ingosstrakh Insurance Company's incoming obligatory reinsurance operations are:

1. Reinsurance markets of Russia, the CIS and the Baltic states

The most significant regions in 2010, besides Russia, were Ukraine, Azerbaijan, Uzbekistan and Kazakhstan. The total volume of reinsurance premium less commission fee on these markets was RUB 134 million, and losses were paid in the amount of RUB 42 million. Seven companies from Russia, Ukraine, Azerbaijan and Kazakhstan were recruited as new clients.

A number of large losses were settled in 2010. Among them are:

- A loss caused by a lightning strike to crude oil tank with a subsequent explosion and fire. The loss share paid by Ingosstrakh was RUB 21 million;
- A loss under a reinsurance of property and allied risk policy: an explosion at a refinery. Ingosstrakh Insurance Company's share in the loss is RUB 2.83 million.

2. Business from the international market

In 2010, the volume of reinsurance premium from the international market was USD 29.3 million, or RUB 890.5 million. Premium receipts decreased compared to 2009, which was caused mainly by a decreased share in quota reinsurance contracts with the former subsidiary Sovag (Germany) and a quota reinsurance policy for auto risks with the Turkish company Sigorta AK.

In some regions the decrease of premium volume was also a result of portfolio rehabilitation started in 2008, e.g. with respect to the portfolio of risks from India and to cedants from Egypt. A loss of marine and offshore risk contracts occurred with respect to contracts from Vietnam, as such contracts had a high loss ratio. In part the decrease of collections is connected to the 2009 launch of a strategy for retargeting toward participation in disproportionate programs and the rejection proportional programs with high deductions and high risks of catastrophe. Premium receipts for contracts from China increased by USD 1 million.

During 2010, 63 obligatory contracts from the international markets were effective, including 5 new contracts; more than 40 contracts expired, but settlements for them

continue (mainly for cedants from India for various lines business and from the U.S. for asbestos risks). New companies from Asia and Middle East were recruited for collaboration, and several new contracts were concluded with cedants from Eastern Europe.

The largest clients under incoming obligatory programs were SOVAG (Germany), PICC (China), General Insurance Corporation of India, Korean Reinsurance Company (Republic of Korea), AK Sigorta (Turkey), SCOR (France), and Hannover Re (Germany).

The following large payments were effected in 2010:

- EUR 229,000 — payment of a loss due to fire at a MBAB Energy woodworking enterprise under a quota reinsurance contract for property risks in Sweden;
- EUR 143,000 — damage and loss of Eutelsat W3B satellite under an obligatory reinsurance contract for space risks based on amount surplus;
- A flood in Poland in May 2010. A partial payment of USD 40,000 was made; a final payment of an additional USD 40,000 is planned for the first half of 2011.
- Another large loss was claimed in 2010 for the amount of USD 166,000 under the Company's share as a result of an earthquake in Chile.

3. Incoming reinsurance of mass retail operations

The amount of reinsurance premium received in this area in 2010 was RUB 88 million of which 58% was for travel risks, 37% was for auto comprehensive and collision insurance risks and voluntary MTPL, and 5% was for accident, property and liability risks.

More than RUB 55 million in compensations was paid. Most of the payments were effected for travel and property risks.

The growth of the travel market enabled Ingosstrakh Insurance Company to strengthen its leadership positions as a re-insurer in Uzbekistan, Azerbaijan and other CIS

countries. Broad access to healthcare infrastructure abroad, strict control over medical care service costs, and flexible reinsurance tariffs enable the Company to present competitive offerings to reinsureds and strengthen Ingosstrakh Insurance Company's positions on local markets.

Confidence is the result

of reliable protection!



03

REINSURANCE PROTECTION

THE MEDITERRANEAN TORTOISE (*Testudo graeca*) is one of the four European members of the land tortoise family. It lives in semi-deserts, plains and mountainsides, on dry sea coasts. It subsists on juicy greens and sometimes fruits and berries. It spends winter in dormancy. Young tortoises appear from July to mid-September.

Reinsurance protection

Portfolio protection is a priority for Ingosstrakh Insurance Company. The main parameters of Ingosstrakh Insurance Company's reinsurance contracts as of December 31, 2010 are specified in the following table.

Itemization	Features
Marine risks	
Marine hull reinsurance. Scope of cover: hull risks, including builders' risks, war risks, drilling equipment during their transportation. River going vessels older than 30 years are excluded.	Excess of loss, limit USD 30 million for each event; priority USD 2.5 million.
Cargo reinsurance. Scope of cover: all cargo risks, including exhibition risks.	Excess of loss, limit USD 152.5 million for each event; priority USD 2.5 million.
P&I reinsurance. Scope of cover: all shipowners liability risks, including crew members and third parties liability, cargo liability, damage to movable and fixed objects, sea pollution, collision liability, liquidation of ship wrecks, penalties, etc.	Excess of loss, limit USD 500 million for each event; priority USD 3 million.
Rolling stock reinsurance. Scope of cover: all hull risks, including terrorism risks.	Excess of loss, limit USD 12 million for each event; priority USD 1 million.
Aviation risks	
Aviation hull reinsurance includes the following: 1. Aviation Hull Quota Share Treaty. No geographical limitations or limitations on aircraft types. 2. Aviation Hull Risk Excess Treaty. No geographic limitations, sums insured in respect of aircraft built outside CIS and Eastern Europe is limited by USD 5 million.	1. Treaty's limit of USD 10 million, net retention of 30%. 2. Treaty's limit of USD 30 million in excess of USD 10 million. Net retention is 10%.
Aviation Hull War Reinsurance. The contract covers risks excluded by the War, Hijacking and Other Perils Exclusion Clause AVN48B. No geographic limitations or limitations on types of aircraft.	Contract's maximum limit up to USD 50 million for each aircraft and up to 450% of the maximum contract limit in aggregate.
Aviation Liability Excess of Loss Reinsurance. Reinsurance of legal liability risks related to ownership and operation of aircrafts, airport and products liability. Geographic limitations: worldwide, excluding commercial passenger flights to the USA, Canada and related territories with passenger liability not exceeding USD 300 thousand.	Excess of loss, EUR/USD 72 million in excess of EUR/USD 3 million, each and every loss.



Itemization	Features
Aviation Excess Liability Reinsurance. Reinsurance of legal liability risks related to aircraft operation.	Excess of risk, USD 875 million in excess of USD 75 million each event each aircraft, including a sublimit of USD 150 million with respect to coverage granted under the Extended Coverage Endorsement (Aviation Liabilities) AVN52E.
Aviation Excess War Liability Reinsurance related to ownership and operation of aircrafts risks excluded by the War, Hijacking and Other Perils Exclusion Clause AVN48B.	CAT, USD 750 million in excess of USD 150 million.

Itemization	Features
Space risks	
Proportional reinsurance of space risks (foreign interest).	<ol style="list-style-type: none"> 1. A foreign individual or corporation is the policyholder. 2. Risks of loss or damage at the manufacturing stages of space equipment, its delivery to a launch site, pre-launch preparations, launch and subsequent in-orbit exploitation. 3. Agreement limit is up to USD 15 million for each insurance object. 4. Ingosstrakh Insurance Company's share: up to USD 5 million.
Non-marine risks	
Property risk reinsurance The contract provides wide coverage, including fire and allied perils, business interruptions, energy risks, control of well, all risks insurance.	Excess of loss, priority USD 3 million, EUR 2 million, or RUB 90 million; limit USD 225 million, EUR 150 million, or RUB 6.75 billion.
Engineering risks reinsurance The coverage includes construction and erection risks, construction plant and equipment, breakdown of machinery and equipment, breakdown of electronic equipment (including refrigerators), loss of profits resulting from machinery breakdown, etc. ALOP, CECR risks (roads, bridges, etc.) and Wet risks are covered within the limit of EUR 20 m.	Excess of loss, priority EUR 2 million; limit EUR 75 million.

Itemization	Features
General Third Party Liability and Professional Indemnity Reinsurance Scope of coverage: General Third Party Liability (including public liability, products liability, employers' liability, hydrotechnical constructions owners' liability and workmen's compensation), and Professional Indemnity for Auditors, Lawyers, Valuers, Surveyors, Notaries, Doctors, Real estate Agents, Stock Market Professional Operators, Architects, Insurance Brokers with operations in Russia and former USSR countries other than local offices of major international groups and project managers (building industry) Constructors and Liquidators	Excess of loss, priority USD 1 million, RUB 30 million, or EUR 800,000, limit USD 20 million, RUB 600 million, or EUR 16 million for each event, but USD 15 million for professional liability risks for each event. Limits can be extend for hydrotechnical constructions owners' liability risks up to USD 30 million; and for professional liability risks up to USD 20 million.
Motor hull reinsurance Scope of coverage: all motor hull insurance policies.	Cat Excess of loss, limit USD 25 million.
Terrorism risk reinsurance Scope of coverage: all terrorism risks insured within Property and Engineering lines of business.	Excess of loss, priority USD 3 million, limit up to USD 103 million.



Every little thing

is a great beginning!



INVESTMENT ACTIVITIES

04

THE MOUNTAIN BISON (*Bison bonasus montanus*) is a large mammal; males weigh about 600 kg on the average, and its height at the crest is up to 2 meters. It has short, thick, but sharp horns, a high, curved crest, a slanting back, and a thick mane and beard of long hairs. The females are much smaller. The Caucasian herd is about 1,500 head, some of which are of hybrid origin.

Investment activities

When creating a securities portfolio, the quality of investments is significant.

In 2010, Ingosstrakh Insurance Company traditionally followed a conservative policy in terms of investment of its own assets and funds from insurance reserves. This policy is aimed at risk minimization, security and recoverability while obtaining a planned rate of return. One of the main goals of short-term investment is accumulation of highly fluid assets sufficient to cover liabilities and capable of providing a specified rate of return.

When investing in bank instruments, the Company uses a two-level limitation system aimed at improving investment reliability and minimizing credit risks. When setting a limit for each particular bank, the Company takes the financial stability and reputation of the contractor bank into account. As a consequence, Ingosstrakh Insurance Company's investments in credit instruments are represented by leading Russian banks whose financial reliability has been proven by leading international and Russian rating agencies.

With respect to investment in the securities market (bonds, promissory notes, stocks, etc.) the Company uses the same principle of setting limits both on a group of instruments and to separate issuers. When creating a securities portfolio, the quality of investments is significant.

In the conditions of Russia's macroeconomic situation and the foreign market environment, the main investment activities of Ingosstrakh Insurance Company in 2010 were:

- Credit risk management;
- Increasing the Company's investment portfolio credit rating;
- Management of the Company's current liquidity in the conditions of a liquidity crisis in the banking market;
- Foreign exchange risk management in the conditions of high volatility of major currency rates.

The following measures were taken to achieve these goals:

- Sharply decreasing funds invested in banks with an international credit rating of less than BB and increasing funds invested in banks with a high international rating and state participation in their capital (Sberbank, Gazprombank, TransKreditBank, Rosselkhozbank);
- Decreasing the share of risk exposure for the short-term financial investment portfolio;



- Increasing the share of instruments with a fixed return rate and high credit quality (promissory notes and bonds issued by banks with state participation in their capital, as well as leading Russian companies) in the securities portfolio;
- Hedging of exchange risks with rouble capital and Company reserves;
- Real-time monitoring of limits for investment in banks and types of instruments.

Overall for 2010, the investment portfolio volume was about RUB 32.2 billion. The share of bank instruments is 58%, and the share of securities market instruments is 42%

of the total amount of investments, i.e., RUB 18.7 billion and RUB 13.5 billion, respectively.

Overall for the year, the profitability of the investment portfolio was at the level of 11.1%, or RUB 3.266 billion in absolute figures.

Investments in securities market instruments are mostly represented by low-volatility debt securities, which are equivalent to deposits in terms of reliability. The percentage of stocks, as the most risky assets in the total short-term financial investment portfolio, was just 1.7%, or RUB 562 million at the end of 2010. Overall for 2010, the profitability of the securities market financial instrument portfolio was 11.2% or RUB 1.327 billion in absolute figures.



Integration

with the environment!

05



REGIONAL NETWORK

THE CAUCASIAN OTTER (*Lutra lutra meridionalis*) is a rare, poorly-studied carnivore. Its body is 70 to 75 cm long, and its tail is 50 cm long. It lives in the foothills and the forest belt of the Caucasian Mountains, and prefers fast-flowing foothill and mountain rivers, wooded banks and plentiful fish. There are about 260 animals in the Krasnodar Territory, mainly in the Caucasian conservancy area.

Branch network

The volume of direct sales in the retail business during 2010 was RUB 3.1 billion. Agent sales for the period were RUB 5.5 billion.

In 2010, Ingosstrakh Insurance Company's regional network included 8 regional centers, 83 branches and 102 additional offices. Separate structural units of Ingosstrakh Insurance Company have been opened in all the constituents of the Russian Federation and are present in 189 cities and towns (including agency offices). In early 2010, measures were taken to close 15 ineffective additional offices of Ingosstrakh Insurance Company branches.

As of the end of 2010 the agent network of Ingosstrakh Insurance Company's regional units included almost 7,500 agents.

Last year, premium for the Company's regional units amounted to RUB 11.7 billion, which is 9% less than in 2009. This is connected with the Company's policy of optimizing loss rate and improving the quality of its insurance portfolio.

The main part of the insurance portfolio in the regional network consists of various types of insurance: their share in the total accruals for 2010 was 73%, and their volume was RUB 8.6 billion. The largest share in the retail portfolio structure is for voluntary auto comprehensive and collision insurance, with a share of 58% and RUB 5.0 billion in absolute figures. The share of auto comprehensive and collision insurance in the retail insurance portfolio of Ingosstrakh Insurance Company's regional network decreased by 7% compared to 2009. The second place in the regional network's retail insurance

portfolio is for CMTPL, with a share of 37% and RUB 3.2 billion in absolute figures. In 2010, CMTPL's share in Ingosstrakh Insurance Company's regional network insurance portfolio increased by 7% and reached 37% in the retail business.

Ingosstrakh Insurance Company's Siberian regional center is the retail leader by volume of premium. Its branches accrued a total of RUB 1.9 billion during 2010. The second largest accrual volume, RUB 1.2 billion, was made by Ingosstrakh Insurance Company's Volga regional center, and the Southern regional center was third with accruals of RUB 1.1 billion.

The leader by percentage increase was Ingosstrakh Insurance Company's Far East regional center, which increased its receipts by 7.5%.

The volume of direct sales in the retail business during 2010 was RUB 3.1 billion, while agent sales for the period amounted to RUB 5.5 billion.

The Company implemented the following initiatives in its regional network in order to increase sales and improve customer service quality and client loyalty during 2010:

- The Premium Region product was diversified depending on vehicle lifecycle and selection of an auto body shop for repairs in case of non-monetary damage compensation;



The leader by percentage increase was Ingosstrakh Insurance Company's Far East regional center, which increased its receipts by 7.5%.

- Agency agreements with large insurance agents were concluded and the agent sales office network was expanded in order to increase CMTPL receipts;
- The VIP services program was expanded to include the St. Petersburg and Krasnoyarsk branches;
- Optimization of relations with car dealers was continued with regard to review and unification of repair pricing indicators and agent fees. Cooperation with regional VAZ dealers was revitalized: new agency agreements were signed, and repair conditions were reviewed;
- In order to introduce unified standards for interaction with clients and auto body shops on the matters of loss settlement, the branches were switched to a centralized loss settlement scheme. Agreements have been concluded with several independent expert bureaus with the goal of implementing unified standards of vehicle damage assessment for CMTPL losses.

Overall, during 2010 the centralized scheme of loss settlement under motor hull insurance was implemented in 12 branches, and centralized CMTPL settlement was rolled out in 19 branches.

- A new product called Rental Express Regional was introduced especially for realtors as a part of personal property insurance in the regions. A new insurance product, Platinum Collateral Regional, was developed for collateralized property;
- Calculation of premiums for personal property insurance products in the regions was made available at www.ingos.ru.
- Renegotiation of agreements with auto body shops that perform repairs of suitable quality. Overall for 2010, 755 agreements with auto body shops were renegotiated on unified conditions with respect to standard hourly rates;
- Development of business processes for settling motor insurance losses and implementation of an automated system for loss settlement task setting and assignment (WorkFlow).

In order to decrease loss rate in 2010, the process of switching the branches to a centralized loss settlement scheme for various insurance types was launched, including the following measures:

- Unification of damage and repair assessment standards (CMTPL loss calculation is conducted with the participation of an independent expert, and motor hull insurance loss calculation is conducted by employees of the head office);
- Conclusion of agreements with independent auto expert bureaus for conducting CMTPL loss evaluations;

Overall, during 2010 the centralized scheme of loss settlement under motor hull insurance was implemented in 12 branches, and centralized CMTPL settlement was rolled out in 19 branches.

As a result of these measures, the actuarial loss rate of the regional network in motor hull insurance and CMTPL decreased compared to 2009. In 2010, the motor hull insurance actuarial loss rate was 83% (a decrease of 9 percentage points compared to 2009), and for CMTPL the level was 70% (a decrease of 10 percentage points).

Offices abroad

The insurance market situation in the countries where Ingosstrakh Insurance Company offices were present in the reporting year varied. For example, in China and Kazakhstan, significant revitalization of the insurance market was observed, which enabled the Company to increase premium receipts through local insurance companies by 32% in China and by 25% in Kazakhstan. On the other hand, in Azerbaijan, Ukraine and India, the decline continued, which was a consequence of the 2009 crisis.

This insurance market situation in neighbouring and distant foreign countries was reflected in the volume of reinsurance premium collected by Ingosstrakh Insurance Company with the participation of its offices in these countries. Despite the abovementioned difficulties, the total volume of gross premium

with the participation of 5 offices abroad was RUB 411.1 million, an increase of 4.3% year-over-year.

The best results in terms of premium collection, RUB 184.1 million, were shown by Ingosstrakh Insurance Company's office in China (an increase of 17% compared to 2009), and by the office in Kazakhstan (RUB 86.9 million, an increase of 50%). The decrease in the volume of premium collected by the offices in Ukraine (RUB 79.8 million), Azerbaijan (RUB 31.4 million) and India (RUB 28.8 million) is a result of a general reduction in the number of reinsurance agreements, as well as to toughened requirements from underwriters for conclusion of new agreements and renewal of existing ones due to the consequences of the world financial crisis.

As a result of measures taken in 2010, the actuarial loss rate in the regional network for motor hull insurance and CMTPL decreased compared to 2009. In 2010, the motor hull insurance actuarial loss rate was 83%.

Our employees

are our wealth!

06

PERSONNEL

THE BLACK SEA BOTTLENOSE (*Tursiops truncatus ponticus*) is the most famous and the largest Black Sea dolphin. It measures 2.3 to 3 meters long and weighs 150 to 300 kilograms. Dolphins are considered the cleverest animals. In Russia, hunting of the black sea bottlenose has been banned since 1966. About 7,000 bottlenoses live in the Black Sea. The dolphin is included in the Red Book.

Personnel

As of 31.12.2010, the headcount of the Moscow office was 2,702 persons, and 3,015 persons in the regional network. Employees aged up to 35 are 65% of the headcount. More than 75% of the staff has higher education.

Due to insurance market growth in 2010 and active development of labor market competitors led an aggressive labor policy. This was reflected in buying over specialists of the Company with inadequately high salary proposals.

Company's HR policy consists of the following elements of personnel management system:

- implementation of the career development plans;
- human resources planning and staffing;
- training and personnel development;
- incentive system development;
- personnel monitoring;
- corporate culture development.

Ingosstrakh Insurance Company "Ethical Code" is implemented with the goal to form the Company loyalty as the highest standard of ethical conduct. The main principles of the Code are fair business principles and mutual respect between employees, business partners, and clients.

The corporate culture, principles and traditions formed in the Company during its existence have to be fulfilled by all the employees. In 2010, the Company broke labor contracts with 33 employees for failure to stick to these principles.

In 2010, staffing and searching of specialists for different lines of business was performed. Profile specialties, experience, foreign language knowledge, active life position, task orientation, desire for personal and professional development were main criteria for selection. By joining the group of professionals, new employees have the possibility to gain new unique experience in Russia's largest insurance company, practical knowledge of the insurance market, as well as prospect of professional development and promotion.

In 2010, a career management system was implemented. As a result of joint activities by the employees, managers and HR specialists, the Company has created career development plans for employees for the nearest 3 years. The career management system is a unique system developed for Ingosstrakh Insurance Company with consideration of the Company specifics, corporate culture and traditions.

The availability of the career management system allows the Company to:

- provide transparency of the career path for each employee;
- effectively influence the process of attraction, retention, promotion for the most professional employees
- keep the best practices inside the Company;
- use the human capital potential of the Company to satisfy the need in personnel;
- raise the attractiveness as an employer and ensure strategic competitive advantage in the area of human capital management.



The professional training of the personnel is carried out to increase the level of employee competitiveness for implementation of strategic goals of the Company. The training is conducted under corporate programs of the Corporate University.

In 2010, 8,785 Company employees took part in various training events: 2,485 participated in seminars and trainings, 6,300 had a distant learning course.

Corporate developmental programs were created and implemented to increase the skills level in management and time management, sales and client relationship, distant courses on insurance products and claim handling.

Achieving new strategic goals, much attention was given to the selection and training

of Ingosstrakh Insurance Company insurance agents. In 2010, more than 800 agents were attracted and trained in the head office, and more than 700 agents — in the regional network. Corporate University invented special program design to improve the quality of agents training with an emphasis on sales skills development and mastering product knowledge in the following directions: car insurance, car owner liability, voluntary health insurance, property and liability insurance, and development of basic sales skills.

HiPo pool for management positions was formed in the Company. In 2010, 46 participants took part in special programs for HiPo, such as distant MBA, Innovative thinking, Leadership development and other courses.

Serenity

is found in confidence!



07

RISK MANAGEMENT

THE CAUCASIAN LYNX (*Lynx lynx dinniki*) is a fairly large predator with long legs, thick fur and tufts of hair on the tips of its ears. The lynx's body is up to 104 cm long, its tail is up to 30 cm long, and it weighs 12 to 24 kg. It leads solitary and predominantly nocturnal life. In the Caucasus it prefers to live on or near rocky areas at an altitude of 900 to 2,500 meters.

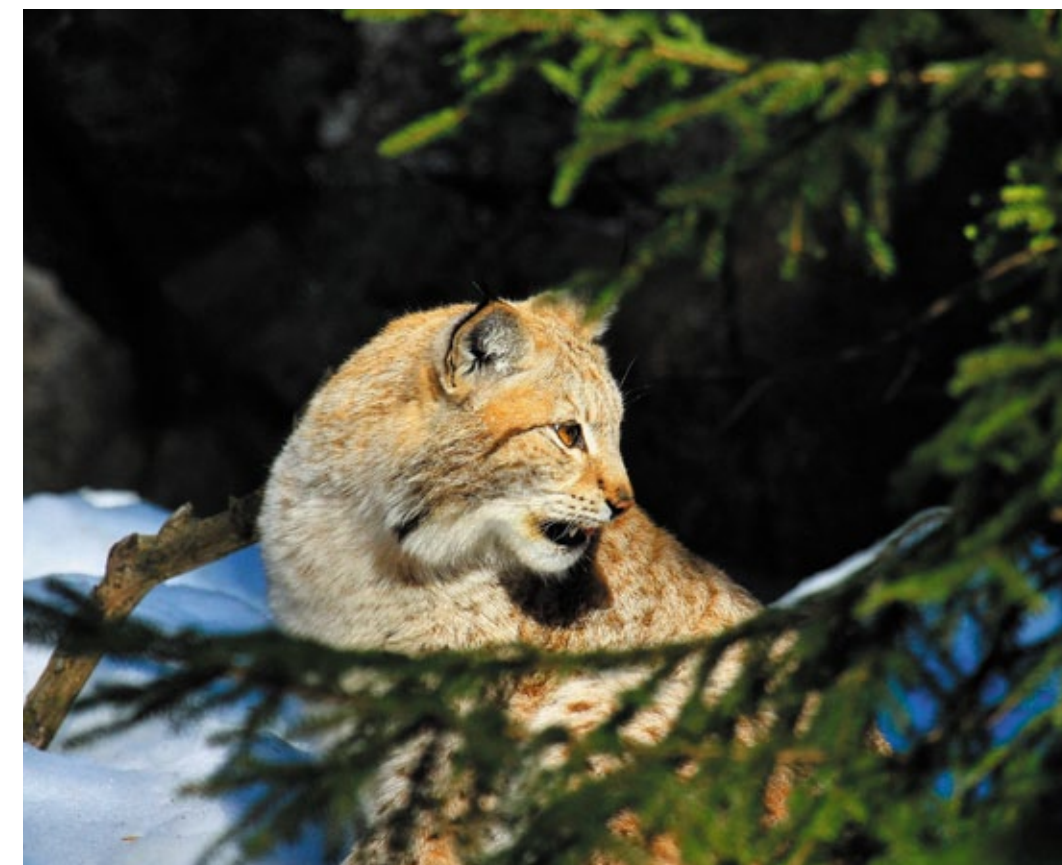
Risk management

Continuous development of an effective risk management system in accordance with changes in the risk landscape is one of Ingosstrakh Insurance Company's priorities. Risk management is an ongoing process that involves all employees, departments and executives of the company. This approach allows us to respond promptly to the changing risk landscape and take effective actions to manage emerging risks.

In 2010, in the conditions of the global economy recovery after the financial crisis, Ingosstrakh Insurance Company continued its extensive efforts to identify and assess the risks to which the Company had been exposed. The model for assessing the acceptable risk level and matching emerging risks to this model, created and maintained by the Company's experts, allows the management of Ingosstrakh Insurance Company to monitor the dynamics of risks, make appropriate management decisions and implement an effective business development strategy.

A special place in the Risk Management System of Ingosstrakh Insurance Company is occupied by structures and departments responsible for direct management of specific risks, as well as for monitoring the effective functioning of the Risk Management System as a whole. These are, first and foremost, the following Committees:

- The Insurance Committee, which makes decisions on establishment of net retention limits; the structure of reinsurance protection; the limits of authority for departments, branch offices and executives of the Company; and on the conclusion of major insurance contracts;
 - The Finance and Investment Committee, which is responsible for management of financial risks: approval of investment policy and establishment of limits for investment transactions;
 - The Audit Committee of the Board, which oversees internal control and risk management systems.
- In addition to the Committees, risk management and monitoring is also included in the responsibilities of the following Ingosstrakh Insurance Company units:
- The Insurance Activities Evaluation and Control Division, which is responsible for analysis of insurance risk and control of decisions on insurance of major exposures, as well as of the soundness of major insurance claims;
 - The Internal Control Division, which monitors operational risks;
 - The Internal Audit Division, which assesses the effectiveness of the internal control and risk management systems and proposes recommendations for their improvement;
 - The Engineering Center, which performs pre-insurance examination of technically complex facilities, and also participates in settlement of the corresponding losses;
 - The Information Analysis and Protection Department, which ensures protection of Ingosstrakh Insurance Company's interests through identification and suppression of fraud and clearance of employees, clients, partners, financial and financial organizations.



Risk classification

The Company identifies four major categories of risks:

Insurance risks:

- risk of inadequate tariffs;
- risk of improper reserves;
- reinsurance risk;
- risk of major and catastrophic loss.

Insurance risk management in the Company is performed by means of tariff control, annual checks of the adequacy of insurance reserves, development of annual reinsurance programs in cooperation with highly reliable international partners, and constant monitoring of their effectiveness.

Investment risks:

- risk of asset depreciation;
- risk of reduction of the liquidity of assets;
- risk of asset-liability mismatch;
- interest rate risk;
- risk of incorrect investment estimates;
- currency exchange risk.

Investment Risks are managed using the tools and methods laid down in the Company's investment policy, which is primarily aimed at compliance with the legally established principles of diversification, repayment, profitability and liquidity when investing the Company's own funds and insurance reserves.

External risks:

- risks related to changes in the macro-economic and/or sociopolitical situation;
- the consequences of the global financial crisis (loss of household income, reduction of costs of businesses, increase in insurance fraud cases);
- dumping by insurance market players;
- a growing number of minor losses claimed due to the unwillingness of policyholders to renew insurance policies;
- risks of changes in insurance and related legislation.

As the economy recovers from the consequences of the world financial crisis, the Company is taking the necessary measures to reinforce and develop its competitive advantages. The Board of Directors has approved a number of strategic projects aimed at developing long-term competitive advantages which will allow the Company to increase its market share and raise the

effectiveness of its activities. In addition, the Company is taking measures aimed at improving accounts receivable management, and continues to implement fraud prevention systems.

External risk management is also effected through continuous monitoring of the macro-economic situation in the country, active participation in professional organizations such as the All-Russian Union of Insurers and the Russian Association of Motor Insurers, and participation in the preparation of proposals to amend insurance legislation.

Operational risks:

- inefficient internal business processes;
- fraud;
- IT risks;
- an increase in overdue receivables;
- risk of labor shortage and/or increased labor cost.

External risk management is also effected through continuous monitoring of the macroeconomic situation in the country, active participation in professional organizations such as the All-Russian Union of Insurers and the Russian Association of Motor Insurers, and participation in the preparation of proposals to amend insurance legislation.

Improvement of the internal control and audit system

In 2010, initiatives to increase the effectiveness of the corporate governance and internal control system continued to develop.

Currently, internal audit in the Company is an independent function aimed at increasing the effectiveness of the risk management and internal control systems; this function expresses an objective and unbiased assessment of the Company's activities. The assessment is performed in the following areas:

- effectiveness and efficiency of financial and economic activities;
- safety of assets;
- reliability of reports;
- compliance with the laws of the Russian Federation, the Code of Ethics, and the Code of Corporate Behavior.

The Internal Audit Department is functionally subordinate to the Audit Committee of the Board of Directors and regularly reports to it on the results of audit projects. In order to ensure independence, the Audit Committee of the Board of Directors appoints the Head of the Internal Audit and defines audit areas. In its work, the Department is guided

by International Standards for the Professional Practice of Internal Auditing published by the International Institute of Internal Auditors (IIA).

Among other things, in planning its activities the internal audit function uses a risk-oriented approach, i.e., it pays attention first and foremost to the areas with the highest risk. In 2010, the Company's internal audit unit assessed a number of key business processes and developed measures aimed at improving the effectiveness of the internal control and risk management system. Special attention was given to the processes of determining, setting and applying insurance rates, which is especially relevant considering dumping by certain market players and the pressure they place on insurance companies' rates and financial stability.

It is also worth noting that improvement of the Company internal control system is performed not only by the internal audit unit, but also by all other Company units, which makes this process continuous and much more effective. An example is last year's significant work toward automating control functions as a part of the risk acceptance process for insurance and loss settlement. In 2011 this work will continue, encompassing even more Company units and business processes.

Improvement of insurance risk management

In 2010, as part of measures taken toward industry and insurance risk management, the Company actively monitored the financial condition of the international financial institutions that suffered most from the world financial crisis and performed operational control of the residual volume of risks transferred to such institutions. In addition, the system of territorial binding of objects in mass types of insurance is being implemented in order to analyze possible risks of catastrophic and cumulative losses for the Company, the system for controlling the effective setting of rates in mass insurance, and the system for monitoring the risks of accumulation in agricultural insurance are being established in the Company.

The Company continuously monitors loss rates both for its entire portfolio and for separate segments, modifying rates based on the monitoring results. For example, for auto collision and comprehensive insurance, reduction and mark-up factors change depending on the vehicle make/model, the driver's age, how many years he has been driving, etc.

In 2010, we started implementation of a unified rate calculation platform, which makes it possible to quickly adjust the current rates. Based on the unified platform, the second version of the automated agent's workstation (Agent ARM 2.0) was created, with a user-friendly interface and powerful features for selecting individual solutions for personal insurance protection.

Also in 2010, implementation of projects aimed at strengthening Ingosstrakh Insurance Company's position in terms of non-price-related competitiveness as a countermeasure against rate dumping on the part of competitors was begun.

The Company continues to develop a system of measures for pre-insurance examination of personal property accepted for insurance in the Moscow region as a part of measures aimed at decreasing fraud risks, as well as increasing customer service quality.

Insurance risk management comes under the competency of the Insurance Committee and the Insurance Activity Assessment and Control office.

The main tasks of the Insurance Committee are to regulate the authority of units and executives of the Company in the area of acceptance of insurance or reinsurance risks and to review claims under insurance and reinsurance policies and matters related to risk management at the level of the entire insurance portfolio of the Company, in particular the susceptibility of the portfolio to catastrophic or cumulative risks and the use of adequate portfolio protection methods. The Insurance Committee manages the process of the Company's reinsurance coverage and assesses reinsurance program options (including defining the optimum amount of net retention for the Company with regard to particular types of insurance) and indicators of the financial stability of the Company's reinsurance partners.

During 2010, the Financial Investment Committee of Ingosstrakh Insurance Company reviewed the matter of investment in bank and stock market financial instruments, matters related to guarantees (suretyship) to Ingosstrakh Insurance Company contractors, and various points connected with reviewing drafts of the Company's internal documentation.

Financial risk management

The Financial Investment Committee is a key structure responsible for managing financial risks. The main functions of the Financial Investment Committee are shaping risk management strategy (risk classification, making decisions on these types of risks, defining critical risks for the Company by their types, etc.) and shaping the Company's investment policy. The Committee is also responsible for development and approval of analysis methods and financial risk assessment.

As a part of current investment activity management, the Financial Investment Committee is in charge of preparing drafts of the Company's internal documentation establishing procedure for analysis, control and reporting by risk types, including format and periodicity of obligatory management reporting on risks and limit control; monitoring of current aggregate operational risk indices; assessment of the possibility of conducting

financial investment operations which are significant for the Company in terms of their volume, urgency and profitability; reviewing the matter of establishing internal limits on financial operations in order to optimize assets and liabilities in terms of to urgency, profitability and liquidity; and coordination of the analytical activities of structural subdivisions in terms of management of assets and liability, liquidity, investment earnings and costs.

During 2010, the Financial Investment Committee of Ingosstrakh Insurance Company reviewed the matter of investment in bank and stock market financial instruments, matters related to guarantees (suretyship) to Ingosstrakh Insurance Company contractors, and various points connected with reviewing drafts of the Company's internal documentation related to investment activity, liquidity management, etc.

IT risks

The company has a reliable high-tech information system, which is one of its main competitive advantages on the market. The automated information system (AIS) provides the full cycle of insurance, reinsurance and economic agreement accounting, as well as accounting of related losses. The insurance module is integrated with an accounting module, which makes it possible to automatically generate and receive reports, including those related to reserves, which conform to normative acts and instructions.

In 2010, all branches which had previously used third-party software for accounting migrated to the AIS, which made it possible to standardize accounting in the branches and the head office.

In order to keep its information system up to date, Ingosstrakh Insurance Company continuously develops and improves the risk protection and management methods which arise in the process of operation. Management of the risk of sensitive data theft is a priority goal for the Company; therefore special attention is paid to the security of information contained in the system. Access to critical information is restricted in accordance with the needs and functions of the employees who use the system.

The Company's IT departments continuously work to improve the fault-tolerant architecture of the information system. Ingosstrakh Insurance Company has its own staff of qualified system administrators who monitor AIS parameters on a daily basis. Maintenance and expansion of communication channels is of utmost importance. All the Company's Moscow offices are linked by a redundant fiber-optic

channel and are incorporated into a unified corporate network, which allows all users to work on a centralized database and use shared information resources. Regional divisions are connected to the information system through dedicated secure broadband lines.

In order to decrease hardware failure risks and improve the productiveness of operations, an IT service availability monitoring system called SMARTS was put into operation to provide real-time monitoring of the insurer's IT infrastructure, a new data storage system was rolled out, and the Company's central mailing system was modernized.

In order to raise the effectiveness of operational activities, work was continued on the automation of acquisition business processes in retail insurance using WorkFlow technology (a technology for full or partial automation of business processes, including functionality for automated document flow as a part of the business process, role separation and report generation); the second stage of this project has been implemented. In addition, functional adjustments were made and the scope of implementation of the rate calculation system was broadened.

In order to decrease the Company's risks, connection of new technical service stations to an automated account checking process was continued, and automation of policy limit compliance control was implemented.

In 2010 the Company's information resources were also prepared for certification for the right to process personal data under the Law of the Russian Federation dated July, 27, 2006 No. 152-FZ "On personal data".

Overall for 2010 as a result of our measures we saved more than RUB 658 million for the Company, and the largest part of the amount is prevented insurance payments against losses that have signs of insurance fraud.

Fraud

Practice and analysis of specific attempts to unlawfully use the Company's material assets show that the number of attempts at insurance fraud increased significantly during 2010. The situation was aggravated by increased instances of dishonesty on the part of insurance agents, as well as by problems caused by the disloyalty of individual Company employees.

In 2010, significant efforts were made in the area of work with overdue receivables.

As a result of measures taken, a significant portion of the debts owed to the company was repaid. In some cases charges were filed with law enforcement agencies against the management of large debtor companies.

Overall for 2010 as a result of these measures we saved more than RUB 658 million for the Company; the majority of this amount is due to preventing insurance payments against losses showing signs of insurance fraud.

Seek

in order to find!



08

MARKETING

THE RED ADMIRAL (*Vanessa atalanta*) is a diurnal butterfly with a wing span of up to 30 mm. It dwells both on the sea coast and in the mountains up to a height of 2,000 meters. The adult butterflies have very distinctive wing coloring: a bright red stripe on a black background spanning from the front to the rear edge of the upper wings, and several white and blue spots.

Marketing

The Company worked actively on the unification and standardization of its sales offices throughout the Russian Federation. Over the last year, more than 40 offices throughout the country were brought up to corporate standards.

Due to implementation of direct loss indemnification (DLI), which means a car owner can make a claim for a car accident insurance compensation to the insurance company that sold the policy, a PR and advertising campaign called "Open your eyes to CMTPL" was implemented in order to bring the legislative changes to car owners' attention. This campaign, which is close to social advertising, is relevant primarily because of the unfair behaviour of some market participants who strive for "loss selection" through under-declaration of payment amounts and delays in claim processing. Such ATL tools as the Internet, including banner ads and blogs, were used. A TV ad was made that was rotated on regional stations. The campaign covered the entire Russian Federation.

In 2010 the Company continued working on modification of existing product offerings for car insurance, property insurance and voluntary health insurance of adults and children. Specifically, new products were launched for children's insurance in Moscow, including a project on the basis of Ingosstrakh Insurance Company's own children's clinic, Be Healthy. New conditions for additional car insurance services were offered in Moscow and other regions of Russia, and changes were made in the existing

Premium, Autoprofi, and Platinum motor insurance products, as well as in the Platinum and Platinum Express personal property insurance products.

The Company worked actively on the unification and standardization of its sales offices throughout the Russian Federation. Over the last year, more than 40 offices throughout the country were brought up to corporate standards.

In 2010, the insurer organized monitoring of perceptions of various aspects of services and loss settlement among clients of the largest insurance companies. The survey was conducted among motor hull insurance users who have experienced a loss settlement. Client satisfaction was assessed in several categories: individual approach, speed of document issuance during settlement, loss settlement time, satisfaction with repairs or the volume of compensation, etc. In all these categories, motor hull insurance users rated Ingosstrakh Insurance Company's work much more highly than the average appraisal for main competitors. Specifically, the speed of document issuance exceeds the market average speed by 9%, and the quality of repairs and completeness of monetary compensation exceeds



the same parameters of major competitors by 8.1%. Many clients particularly noted the individual approach, as Ingosstrakh Insurance Company exceeds the average market values by 7.1% for this parameter. Overall, the research showed that Ingosstrakh Insurance Company clients are more satisfied than other companies' clients.

In 2010, Ingosstrakh Insurance Company sponsored Bavaria Moscow City Racing. The event made it possible to divide the target audience and promote the Ingosstrakh Exclusive brand during the Monaco Weekend luxury goods exhibition and the Ingosstrakh Insurance Company brand during the racing itself.

A unique prize was raffled off for booth guests: a lap around the Kremlin with the only Russian Formula 1 pilot, Vitaly Petrov.

As a part of the Ingosstrakh Exclusive brand promotion, the company supported such events as the Governor's Cup for dressage and the Governor's Cup for show jumping. Ingosstrakh Insurance Company has become the traditional sponsor of a classic car rally. In addition, Ingosstrakh Exclusive became a sponsor of the Elizabeth Petrovna and Moscow exhibition at the State Tretyakov Gallery. A thematic evening and an exclusive showing before the exhibition's official opening were organized for Ingosstrakh Exclusive clients in the Engineering Building.

Everybody knows

that we know!



09

COMMUNICATIONS

THE BLACK SEA LONG-SNOURED SEAHORSE (*Hippocampus guttulatus microstephanus*) is a small fish with a body shaped like a chess knight. The seahorse's body is covered with long spines and ribbonlike growths of skin. The maximum size is 15 cm. The seahorse can change the color of its body to match the color of the surrounding environment. It is included in the International Red Book.

Relations with state and non-governmental organizations

2010 was a rather complex year for the development of the insurance market. The consequences of the financial crisis revealed shortcomings in a number of legislative and normative acts regulating insurance activities. Increased attention to the market has been revealed by the Federal Insurance Supervision Service, the President and the Government of the Russian Federation. Under these circumstances, relations with the state authorities gained even more significance and became one of the key areas in maintaining the Company's stability and creating an advantageous legislative environment.

To achieve these goals, special attention was paid to analysis of current legislation, working out the suggestions as to its improvement and reimbursement of negative aspects on the insurance market. Upon the results consultations with supervisory authorities were held and the suggestions were put to public discussion for subsequent promotion as legislative initiatives.

In 2010 the Company experts and specialists participated in the development of legislative and regulatory acts now in effect, as in particular: "On the amendments to the Federal Law 'On compulsory legal liability insurance for vehicle owners'" (with regard to clarification of the group of losses refundable under compulsory insurance policies, and supplying insurers with the forms of compulsory insurance), "On amendments to the Federal Law of the Russian Federation 'On the organization of the insurance business in the Russian Federation' and certain legislative acts of the Russian Federation" (with regard to regulation of insolvency procedures and measures to prevent bankruptcy of financial organizations), "On the compulsory legal liability insurance for hazardous facility owners for damage as a result of accident on such

hazardous facilities", as well as Orders of the Ministry of Finance of the Russian Federation that regulate the structure and composition of assets accepted for the coverage of insurers own funds, as well as the procedure for investment of insurance companies' insurance reserves.

Company representatives took an active part in developing legislative and regulatory acts. In the frames of expert consultation and recommendation structures created by the state authorities (expert committees and workgroups with the Ministry of Economic Development, the Ministry of Finance, the Federal service of insurance supervision, the Audit Chamber, committees of the State Duma and the Federation Council, etc.). In this respect the amendments to the following legal acts could be mentioned: the Law of the Russian Federation "On the organization of the insurance business in the Russian Federation" in regards to the requirements for the quality of the capital structure of insurers, defining a procedure for insurance portfolio transfer in the case the insurer changes in an insurance policy, and improvement of accounting and reporting by insurance business entities, as well as creating a foundation for an internal control and internal audit system in insurance organizations in order to increase the effectiveness of risk management, improvement of control and supervision procedures in insurance activities, improvement of the protection of policyholders' rights and legal interests, creation of self-regulated insurer organizations, establishing unified approaches to the legislative regulation of compulsory insurance, regulation of the professional activities of insurance actuaries); drafts of the federal laws "On amendments to certain legislative acts of the Russian Federation on the matter of replacing licensing with compulsory legal liability insurance", "On amendments



to certain federal laws in connection with establishment of self-regulated hauler organizations", "On agricultural insurance with state financial support", and the Tax Code of the Russian Federation.

During the reporting year Ingosstrakh Insurance Company continued active participation in the activities of professional organizations. Currently, Ingosstrakh Insurance Company is a permanent member of more than 60 professional non-governmental organizations in Russia and abroad. Among them are the All-Russian Union of Insurers, the Russian Association of Motor Insurers, the National Union of Liability Insurance, the Russian Union of Industrialists and Entrepreneurs, the Chamber of Commerce, the Russian Grain Union, the International Union of Marine Insurance (IUMI), the International Road Transport Union (IRU), the International Association of Engineering Insurers (IMIA), etc. Participation in these organizations

is an effective mechanism for the development and alignment of the viewpoints of professional market participants on the matters that define the main directions for the development of insurance in Russia.

On September 18, 2010 the general director of Ingosstrakh Insurance Company Alexander Grigoryev and the President of the Sochi 2014 steering committee Dmitry Chernyshov signed preliminary agreements granting the Company official status as a Partner of the XXII Olympic Winter Games and the XI Paralympic Winter Games which will be held in 2014 in Sochi. Simultaneously, Ingosstrakh Insurance Company became a Partner of the Olympic and Paralympic Committees of Russia (through 2016), as well as a Partner of the Russian Olympic and Paralympic teams (for each team for the Olympic Games in 2012, 2014 and 2016) in the Insurance category.

PR activities

Ingosstrakh Insurance Company's main tool in the area of public relations is communication activities in the media. Relations between the Company and the media are built on the principles of informational openness, partnership and mutual respect.

In 2010, the most significant part of public relations activities was increasing citizens' trust in the institution of insurance. Despite crisis events in the economy, Ingosstrakh Insurance Company retained its stability and financial strength. The main emphasis in the area of media relations was placed on the results of the Company activities and the insurer's commitment to fulfilling its obligations to clients and partners. Efforts to increase insurance culture among the population continued. In particular, special attention was paid to informing policyholders about the principles of insurance company selection, on what a claim is, what exceptions to insurance coverage may exist, etc.

As part of work toward popularization of insurance services, during the reporting period Ingosstrakh Insurance Company continued to produce the program Risk Factor on the radio station Ekho Moskvy; the program has been on the air for five years. The Company's top managers and experts participate, and members of the business community, rating agencies, and the state authorities have been among the guests and analysts in the studio. They answer questions from listeners and participate in discussions. Materials in Q&A format were also published in the Q&A column of Argumenty i Fakty, one of the most widespread periodicals.

Ingosstrakh Insurance Company took part in thematic reviews in the central and the regional media, as well as in radio and

TV broadcasts; Company experts were key speakers on various insurance matters.

Today, Ingosstrakh Insurance Company is one of the main newsmakers in the insurance media field. According to the Medialogia information and analysis system, in 2010 the Company held the leading position among insurers with regard to favourable informational index.

Ingosstrakh Insurance Company conducted active information work not only in Moscow, but also in various Russian cities, thanks to which more articles on the topic of insurance were published in the regional media. In November 2010, Ingosstrakh Insurance Company held its traditional seminar for regional media on the topic "The Insurance Market in 2010: Lessons of the Crisis". 17 journalists from 14 Russian cities took part in the event: from St. Petersburg, Voronezh, Lipetsk, Yekaterinburg, Chelyabinsk, Tyumen, Perm, Krasnodar, Rostov-on-Don, Ufa, Nizhniy Novgorod, Yaroslavl, Samara and Penza. In addition, for the first time in the five-year history of such seminars, Ingosstrakh Insurance Company organized a webcast, and more than 40 journalists from various Russian cities joined it. For participants who for technical reasons could not join the webcast, workstations in the Company branches in Perm, Chelyabinsk, Nizhniy Novgorod, Tyumen, Vladivostok, Novosibirsk, Kemerovo and Krasnoyarsk were organized. Journalists could watch the seminar online, ask questions and get answers from the speakers along with the journalists present in the conference hall. During the event, representatives of the leading business and sociopolitical media discussed topical problems and preliminary results of the year in the insurance industry with key market participants and representatives of state and industry associations.

The president of the All-Russian Union of Insurers, A. S. Kigim; the president of the Russian Association of Motor Insurers, P. B. Bunin; and the president of the National Union of Liability Insurers, A. V. Yuriev spoke at the seminar, among others. A regular round-table meeting took part during the event, where federal and regional journalists discussed the issues of covering the topic of insurance in the media and shared their professional experience.

Overall in 2010, more than 10,500 materials were published in information agency news lines, newspapers and magazines, and radio and TV broadcasts with the participation of Ingosstrakh Insurance Company; among them, 1,500 were published in the federal media, and more than 7,100 appeared in the industry media.

Ingosstrakh Insurance Company's activities in 2010 were marked by many prizes and awards. In May 2010 the Company won the Golden Salamander Award in two major categories: Company of the Year 2009 and Informationally Open Organization of the Year. In June 2010, Ingosstrakh Insurance Company won the Russian Financial Elite Award Grand Prize for Insurance Company of the Five-Year Period, as well as the Financial Olympus 2009 Award in the category Largest Insurance Company of the Year, subcategory Results and Success.

Charity and sponsorship

Ingosstrakh Insurance Company's concept of charity and sponsorship has the following priority directions: direct, targeted help to people in need; support for science, education, physical culture and sports; and assistance for cultural institutions. The Company's main principles in organizing sponsorship and charitable assistance are the maximally

Additionally, the Company received a Golden Diploma 2010 for informational openness and impeccable reputation. In April 2010 the Company became a winner of the BRAND OF THE YEAR/EFFIE 2009 Award and the National IT Leader 2010 Award in the Insurance Company category. In October 2010, Ingosstrakh Insurance Company was included in the list of Russia's largest companies, Expert 400. For the fifth consecutive year the Company is a winner in the Expert 400 rating in the Informational Openness category. A month earlier, the insurer won four Expert RA awards: for leadership in insurance of people travelling abroad, motor hull insurance, water transport insurance, and professional liability. The awards were given as a part of the annual top-management forum "The Future of the Insurance Market". Additionally, the Company became a winner of the third international annual social award (prize) the Financial Pearl of Russia 2010 (Best Financial Services for Consumers) organized by Semeyny Budzhet magazine. In 2010, Ingosstrakh Insurance Company took 17th place in the list of the 40 most valuable Russian brands in various spheres of business. According to the method published by Interbrand international consulting company, the rating organizer, the insurer's brand value is 4.775 billion.

specific and targeted nature of charity campaigns, as well as strict control over targeted use of funds.

A priority in Ingosstrakh Insurance Company's social activities is work toward helping seriously ill children. This is possible thanks, among other things, to the Company's close cooperation with

social and charitable organizations and funds. In particular, Ingosstrakh Insurance Company and the Kommersant Russian Aid Fund have been cooperating since 2004. During 2010, Ingosstrakh Insurance Company allocated RUB 6 million for treatment of children with serious diseases.

For 12 years, the Company has been rendering charitable assistance to children with diseases of the musculoskeletal system, students of sanatorium/boarding-school No. 25. During that time, more than 2,000 children have received treatment.

Since 1998 Ingosstrakh Insurance Company has been collaborating with the Free School charity fund. In 2010, the Company donated funds to buy medicines and textbooks for children from poor and lower-income families. In addition, the fund helps a Moscow hospice, for which it bought needed medicines.

In 2010 Ingosstrakh Insurance Company participated in a UNESCO project called "Illustrated books for small blind children". For more than 10 years the insurer has donated funds for publishing illustrated embossed books for children with vision impairments. Thanks to the Company's help, over 200 small children received a subscription to Illustration Perception Atlas books.

Ingosstrakh Insurance Company organized discounted subscriptions for disabled people to the newspaper Nadezhda, the periodical of the All-Russian Society of the Disabled.

During the reporting year, the Company continued to render assistance to lonely and lower-income pensioners, member of the Veterans' Council of the Tverskoy District, Central Administrative District of Moscow.

Last year, Ingosstrakh Insurance Company also helped the Moscow Psychoneurological Hospital by transferring funds for organization of children's holiday and purchase of developmental games for children.

The cultural sphere also receives the insurer's attention. The Company traditionally renders aid to the Hermitage and the State Tretyakov Gallery. In particular, in December 2010 the State Tretyakov Gallery and Ingosstrakh Insurance Company organized a unique exhibition called "Elizabeth Petrovna and Moscow". True admirers of art could get an eyeful of the treasures of Russian history and fully immerse themselves in the atmosphere of the times of the great empress and learn more about the twists and turns of Elizabeth Petrovna's life. For the first time, exhibitions from the largest funds of Moscow and St. Petersburg were collected in one place and unified by one conceptual idea: reflecting all the facets of the empress's life. The part of the exposition devoted to Elizabeth Petrovna's cultural and educational work attracted visitors' particular interest: Moscow University and the Academy of Art were opened during her reign, and the first Russian theater was created.

In 2010 the Company cooperated with the Culture and Law fund. As a part of this project, the fund used Ingosstrakh Insurance Company's financial support to organize and implement a series of sponsorship and charity events.

During the reporting period Ingosstrakh Insurance Company acted as an official partner of the National TV competition TEFI 2010 organized by the Academy of Russian Television Fund. TV content producers participate in the national TEFI TV competition, including TV companies, TV channels, studios, producer centers, unions, etc. 623 works were submitted for the contest in 2010, which is 114 more than in 2009.

As a leader in the Russian insurance business, Ingosstrakh Insurance Company has set the goal of facilitating the establishment of insurance education standards in Russia, as well as supporting and promoting achievement by young professionals. Ingosstrakh Insurance Company financially supports the

Financial University under the Government of the Russian Federation.

Since 1997, the Company has been holding the I. V. Shcherbakov Competition for papers on the topic of insurance among students of Russian economic universities. Over the course of 13 years, 392 students' papers were examined in the industry divisions of the Company; 37 grants and 69 prizes were awarded; 18 winners became Ingosstrakh Insurance Company employees, and many of them still remain with the company. In 2010, the 13th Shcherbakov competition for student papers on insurance took place at the insurer's Moscow head office. More than 40 students from 23 leading universities of Moscow, Yekaterinburg, Omsk, Rostov-on-Don, Novosibirsk, and other Russian cities took part in the contest that year. A meeting of the contest's expert panel took place in November 2010, where the best papers on the topic of insurance were determined. The expert panel selected 6 papers whose authors received diplomas, and three winners were awarded prizes for the total amount of RUB 90,000.

As a part of sponsorship and charity programs, the insurer consistently supports different kinds of sports in Russia. The Company implemented dozens of projects in the area of supporting and strengthening national sports.

Key values promoted by sports, including a healthy lifestyle, the effort to win and achieve results, and strength of will and spirit are shared by Ingosstrakh Insurance Company team.

The signing of the latest partnership agreement between the Company and the Russian Hockey Federation (RHF) was a significant step in the five-year hockey history of Ingosstrakh Insurance Company. Ice hockey, as the most popular winter sport in Russia, occupies a special place in the Company's sponsorship activities. Ingosstrakh Insurance Company contributes

to establishing national hockey and believes that there are a lot of unforgettable matches and great wins waiting for our ice warriors.

Ingosstrakh Insurance Company has the statuses of RHF Official Partner, Official partner of the national Russian hockey team, Partner of the Russian youth national team, and the Official insurer of the Russian Hockey Federation. The Company traditionally supports matches as a part of the Euro Hockey Tour.

For the sixth consecutive year Ingosstrakh Insurance Company has been collaborating with the V. G. Kuzkin Fund for the support and development of amateur hockey in Russia in a project called "Olympic Hopes". In 2010, the Company supported a children's hockey competition in Moscow, which was held from April 30 to May 4, 2010, as well as sports training meetings for young hockey players.

The Company took its traditional role as a general partner of the XXI International Kremlin Cup 2010 Tennis Tournament, which took part in Moscow on October 16–24, 2010. The insurer supported the first "Tennis Legends in Moscow" tournament, as well as 1/8 matches of the Davis Cup, Russia/India, and 1/4 Final of the Davis Cup, Russia/Argentina. It is worth noting that Ingosstrakh Insurance Company has been successfully collaborating with the Russian Tennis Federation for ten years.

In 2010, Ingosstrakh Insurance Company continued its cooperation with the Volnoye Delo social innovation fund and supported Russia's Olympic sportsmen, as well as implementing projects in the area of education and science. In particular, the Company takes part in the projects "Computers for schoolchildren" and "Robotics: the engineering and technical resources of an innovative Russia", and supports programs of the Moscow School of Economy and the Higher School of State Governance at Lomonosov Moscow State University

Go high

and stay high!

10

KEY FINANCIAL AND ECONOMIC INDICATORS

THE CAUCASIAN CHAMOIS (*Rupicapra rupicapra caucasica*) is a typical mountain animal. Due to the special structure of its hooves, the chamois can travel the narrowest paths and very steep hills. The chamois is 70–80 cm high, its body is 125–135 cm long, and it weighs 12 to 24 kg. Females and males have rather small horns, 20 to 25 cm, which are almost straight; only their tips are bent backwards like hooks.

Performance results

The volume of gross written premiums collected by Ingosstrakh Insurance Company in 2010 amounted to RUB 44.6 billion, which is 8% less than in 2009. The Company's net profit in 2010 grew more than 1.6 times according to Russian accounting standards and reached RUB 2.6 billion. Due to positive financial result the Company's equity grew 18% in 2010, to RUB 16.1 billion.

Financial strength ratings

Rating agency	Ingosstrakh Insurance Company rating	Rating scale	Updated on
Standard & Poor's	BBB-, Stable	International	27.09.2010
	ruAA+	Russian	
Expert RA	A++	Russian	27.09.2010

High financial and economic indicators and Ingosstrakh Insurance Company's transparency are confirmed by international and Russian rating agencies.

In 2010, the international rating agency Standard & Poor's revised Ingosstrakh Insurance Company's rating outlook from Negative to Stable. At the same time, the BBB- long-term counterparty credit rating



and insurer financial strength rating and the ruAA+ Russian national scale rating were affirmed.

The key factors that define the rating:


- The management team's positive track record;
- Good liquidity;

- A sufficient level of reserves and satisfactory quality of reinsurance protection;

- Good competitive position stemming from Ingosstrakh Insurance Company's more than 60 years in business, brand recognition, expertise, good distribution network, and relatively low acquisition costs.

In 2010, the Russian rating agency Expert RA once again confirmed an exclusively high reliability level of A++.

Accounting Audit Report

	<p>Ernst & Young LLC Sadovnicheskaya Nab., 77, bldg. 1 Moscow, 115035, Russia</p> <p>Tel: +7 (495) 705 9700 +7 (495) 755 9700 Fax: +7 (495) 755 9701 www.ey.com</p>	<p>ООО «Эрнст энд Янг» Россия, 115035, Москва Садовническая наб., 77, стр. 1</p> <p>Тел.: +7 (495) 705 9700 +7 (495) 755 9700 Факс: +7 (495) 755 9701 ОКПО: 59002627</p>
---	--	---

Independent auditor's report
(Translation of the original Russian version)

To the shareholders of Ingosstrakh Insurance Company, Board of Directors
of Ingosstrakh Insurance Company

Details of the audited entity

Name: Ingosstrakh Insurance Company

Information about the State Register of Legal Entities Concerning a Legal Entity:
No. 1027739362474 of 11 October 2002.

Address: 115998, Moscow, Pyatnitskaya, 12, bldg 2.

Details of the auditor

Name: Ernst & Young LLC


Main State Registration Number 1027739707203

Address: 115035, Russia, Moscow, Sadovnicheskaya nab., 77, bldg 1.

Ernst & Young LLC is a member of a Non-profit Partnership "Audit Chamber
of Russia" (NP APR). Ernst & Young LLC is registered in the register of auditors
and audit organizations of NP APR, number 3028, and also included in the control
copy of the register of auditors and audit organizations, main registration number
10201017420.

3

A member firm of Ernst & Young Global Limited



We have audited the accompanying financial statements of Ingosstrakh Insurance
Company which consist of the balance sheet as at 31 December 2010, income
statement, statement of changes in equity, statement of cash flows for 2010,
other appendices to the balance sheet, income statement and explanatory notes
(inclusive of sections 5-27, 29-31).

Audited entity's responsibility for the financial statements

The management of Ingosstrakh Insurance Company is responsible for the preparation
and fair presentation of these financial statements in accordance with rules on the
preparation of financial statements established in the Russian Federation and for the
internal control system relevant to the preparation of financial statements that are free
from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the fairness of these statements based
on our audit.

We conducted our audit in accordance with the federal standards on auditing and
International Standards on Auditing. Those standards require that we comply with
ethical requirements and plan and perform the audit to obtain reasonable assurance
that the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts
and disclosures in the financial statements. Audit procedures selection depends
on our judgment based on the assessment of the risks of material misstatement of the
financial statements, whether due to fraud or error. In making those risk assessments,
the auditor considers internal control system relevant to the entity's preparation and
fair presentation of the financial statements in order to design audit procedures that
are appropriate in the circumstances, but not for the purpose of expressing an opinion
on the effectiveness of the entity's internal control system. An audit also includes
evaluating the appropriateness of accounting policies used and the reasonableness
of accounting estimates made by management, as well as evaluating the overall
presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate
to provide a basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects,
the financial position of Ingosstrakh Insurance Company as at 31 December 2010,
its financial performance and its cash flows for 2010 in accordance with rules
on the preparation of financial statements, established in the Russian Federation.

4

 ERNST & YOUNG

Other matters

The accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Russian Federation. Accordingly, the accompanying financial statements are not designed for those who are not informed about accounting principles, procedures and practices in the Russian Federation.

Maxim Deev
Manager
Ernst & Young LLC

22 March 2011

Balance sheet

Thousand RUB			
ASSETS	Line code	At beginning of the reporting year	At end of the reporting period
1. Assets			
Intangible assets	110	5,030	2,575
Investments	120	38,529,030	40,144,689
of which:			
land plots	121	–	–
buildings	122	2,015,341	2,018,314
Financial investments in subsidiaries, associates and other entities	130	13,606,243	16,777,672
of which:			
shares of subsidiaries and associates	131	4,830,250	7,330,250
debt securities of and loans granted to subsidiaries and associates	132	320,000	651,818
contributions to charter (pooled) capital of subsidiaries and associates	133	–	–
shares of other entities	134	677,224	599,103
debt securities of and loans issued to other entities	135	7,778,769	8,196,501
contributions to charter (pooled) capital of other entities	136	–	–
Other investments	140	22,907,446	21,348,703
of which:			
state and municipal securities	141	–	–
bank deposits	142	22,052,290	19,870,786
other investments	145	855,156	1,477,917
Funds deposited with ceding reinsurers	150	162,070	135,001
Reinsurers' share in life insurance reserves	160	–	–
of which:			
mathematical reserve	161	–	–
case reserve	162	–	–
other insurance reserves	163	–	–

Thousand RUB

ASSETS	Line code	At beginning of the reporting year	At end of the reporting period
Reinsurers' share in non-life insurance reserves	165	7,118,929	8,414,702
of which:			
unearned premium reserve	166	3,433,761	3,014,626
loss reserves	167	3,685,168	5,400,076
Receivables under insurance and co-insurance	170	4,950,022	4,319,459
of which:			
policy holders	171	4,564,116	3,842,991
insurance agents	172	385,867	476,464
other debtors	175	39	4
Receivables under reinsurance	180	1,577,255	1,146,064
Insurers' receivables under direct settlement	185	-	565,703
Other accounts receivable (where settlement is expected in over 12 months after the reporting date)	190	58,375	353,890
Other accounts receivable (where settlement is expected within 12 months after the reporting date)	200	2,289,883	2,144,958
Fixed assets	210	3,960,718	4,067,680
Construction in progress	220	664,053	765,213
Deferred tax assets	230	1,614,069	1,548,963
Inventory	240	253,604	224,594
of which:			
materials and other similar valuables	241	91,960	76,454
prepaid expenses	242	161,644	148,140
other inventory and costs	245	-	-
Value added tax on purchased assets	250	-	-
Cash	260	1,526,669	1,239,849
Other assets	270	-	-
Total for Section I	290	62,709,707	65,073,340
BALANCE	300	62,709,707	65,073,340

Thousand RUB

LIABILITIES	Line code	At beginning of the reporting year	At end of the reporting period
II. Capital and reserves			
Charter capital	410	2,500,000	2,500,000
Treasury shares	415	-	-
Additional capital	420	1,786,392	1,786,392
Reserve capital	430	1,000,000	1,000,000
of which:			
reserves established in accordance with legislation of the Russian Federation.	431	1,000,000	1,000,000
reserves established in accordance with the constituent documents.	432	-	-
Retained earnings (uncovered loss)	470	8,288,031	10,766,056
Total for Section II	490	13,574,423	16,052,448
III. Insurance reserves			
Life insurance reserves	510	-	-
of which:			
mathematical reserve	511	-	-
case reserve	512	-	-
additional payments (insurance bonuses) reserve	513	-	-
other insurance reserves	515	-	-
Non-life insurance reserves	520	45,473,946	45,122,089
of which:			
unearned premium reserve	521	19,745,098	18,127,455
loss reserves	522	18,821,482	20,860,650
other insurance reserves	523	6,907,366	6,133,984
Reserves for obligatory medical insurance	550	-	-
Total for Section III	590	45,473,946	45,122,089

Thousand RUB

LIABILITIES	Line code	At beginning of the reporting year	At end of the reporting period
IV. Liabilities			
Payables under deposits of ceded reinsurance premiums	610	–	–
Long-term loans and borrowings	615	–	–
Deferred tax liabilities	620	972,553	1,057,831
Short-term loans and borrowings	625	–	–
Payables under insurance and co-insurance	630	242,967	293,656
of which:			
payables to policyholders	631	–	–
payables to insurance agents	632	188,721	230,248
payables to injured parties under direct settlement	634	–	11,116
other creditors	635	54,246	52,292
Payables under reinsurance	640	1,274,179	921,508
Other accounts payable	650	172,321	477,544
of which:			
accrued payroll	651	4,103	6,708
payables to state non-budgetary funds	652	2,319	2,758
tax and levies payable	653	55,923	54,734
payables to policyholders under direct settlements	654	–	293,875
other payables	655	109,976	119,469
Dividends payable	660	1,599	1,730
Deferred income	665	34,592	33,666
Reserve for future expenses	670	925,919	1,075,660
Preventive measures fund (reserve)	675	37,208	37,208
Other liabilities	680	–	–
Total for Section IV	690	3,661,338	3,898,803
BALANCE	700	62,709,707	65,073,340

Thousand RUB

LIABILITIES	Line code	At beginning of the reporting year	At end of the reporting period
Leased fixed assets	910	2,194,300	2,287,296
of which capital leases	911	70,715	82,105
Inventory items accepted into custody	920	–	–
Bad debt written-off to losses	940	6,443	6,886
Assets received as collateral for liabilities and payments	950	782,414	520,805
Assets pledged as collateral for liabilities and payments	960	796,346	297,208
Depreciation of housing assets	970	–	–
Depreciation of land improvements and other similar assets	980	–	–
Intangible assets obtained for use	990	–	–

Income statement

Thousand RUB

Indicator	Line code	For the reporting period	For comparable period of previous year
1. Life insurance			
Insurance premiums — net of reinsurance	010		
insurance premium (payments) under insurance, co-insurance and reinsurance, — total	011		
ceded reinsurance	012		
Insurance premiums under insurance, co-insurance and reinsurance — total	020		
of which:			
interest income	021		
earnings from equity participation	022		
changes in the cost of financial investment value as a result of adjustment	023		
Claims paid — net of reinsurance	030		
claims paid under insurance, co-insurance, reinsurance, — total	031		
reinsurers' share	032		
additional claims (insurance bonuses)	033		

Thousand RUB

Indicator	Line code	For the reporting period	For comparable period of previous year
Changes in life insurance reserve — net of reinsurance	040		
of which:			
mathematical reserve	041		
reinsurers' share in the mathematical reserve	042		
case reserve	043		
reinsurers' share in case reserve	044		
reserve for additional claims (insurance bonuses)	045		
other insurance reserves	046		
reinsurers' share in other insurance reserves	047		
Insurance operating costs — net of reinsurance	050		
acquisition costs (insurance, co-insurance)	051		
other insurance operating expenses	052		
remuneration and profit sharing under reinsurance agreements	055		
Investment losses	060		
of which:			
changes in financial investment value as a result of adjustment	061		
Life insurance operating result	070		
II. Non-life insurance			
Insurance premiums — net of reinsurance	080	38,320,298	41,151,126
insurance premium under insurance, co-insurance and reinsurance, total	081	44,601,643	48,540,583
ceded reinsurance	082	(6,281,345)	(7,389,457)
Change in unearned premium reserve — net of reinsurance	090	1,198,508	113,239
change in unearned premium reserve — total	091	1,617,643	404,430
change in reinsurers' share in the reserve	092	(419,135)	(291,191)
Claims incurred — net of reinsurance	100	(28,492,958)	(31,579,881)
Claims paid — net of reinsurance	110	(28,168,698)	(29,632,484)
payments under insurance, co-insurance, agreements accepted for reinsurance, total	111	(30,313,265)	(33,198,569)
reinsurers' share	112	2,144,567	3,566,085

Thousand RUB

Indicator	Line code	For the reporting period	For comparable period of previous year
Change in loss reserves — net reinsurance	120	(324,260)	(1,947,397)
change in loss reserves — total	121	(2,039,168)	(428,379)
change in reinsurers' share in the loss reserves	122	1,714,908	(1,519,018)
Changes in other insurance reserves	130	773,382	(521,839)
Deductions from insurance premium under insurance and co-insurance	150	(185,371)	(176,549)
of which:			
deductions to guarantee reserve	151	(123,581)	(117,699)
deductions to reserve of current claims payments	152	(61,790)	(58,850)
other deductions	153		
Insurance operating costs — net of reinsurance	160	(9,442,286)	(9,107,473)
acquisition costs (insurance, co-insurance)	161	(8,431,782)	(8,529,142)
other insurance operating expenses	162	(1,401,672)	(1,340,718)
remuneration and profit sharing under reinsurance agreements	165	391,168	762,387
Non-life insurance operating result	170	2,171,573	(121,377)
III. Other income and expenses not classified in Sections I and II			
Investment gains	180	20,511,973	19,893,134
of which:			
interest income	181	2,556,402	2,712,945
earnings from equity participation	182	36,781	27,280
change in financial investment value as a result of adjustment	183	438,969	2,499,148
Investments losses	190	(17,443,852)	(16,081,203)
of which:			
change in financial investment value as a result of adjustment	191	(222,782)	(383,208)
Administrative expenses	200	(2,251,141)	(2,355,030)
Other income, except investment-related gains	210	4,586,483	3,852,846
of which:			
interest receivable	211	19,960	25,016

Thousand RUB

Indicator	Line code	For the reporting period	For comparable period of previous year
Other expenses, except investment-related losses	220	(3,942,718)	(3,001,891)
of which:			
interest payable	221	(5)	(10)
Profit (loss) before taxation	250	3,632,318	2,186,479
Deferred tax assets	260	(65,106)	376,681
Deferred tax liabilities	270	(85,278)	(502,038)
Current profit tax	280	(615,902)	(397,008)
Profit tax on foreign profit, on securities, at other rates	290	(258,007)	(49,016)
Net profit (loss) for the reporting period	300	2,608,025	1,615,098

Thousand RUB

Indicator	Line code	For the reporting period	For comparable period of previous year
Reference			
Permanent tax liabilities (assets)	301	47,179	90,618
Basic earnings (loss) per share	305	1.04	0.65
Diluted earnings (loss) per share	306	-	-

Analysis of specific gains and losses

Thousand RUB

Indicator	Line code	For the reporting period		For comparable period of previous year	
		Profit	Loss	Profit	Loss
Fines, penalties and forfeits recognized or imposed by a court (arbitration court) ruling	310	-	28,237	-	6,506
Profit (loss) brought forward	320	187,329	-	-	715,489
Indemnity for losses incurred due to non-fulfilment or improper fulfilment of obligations	330	-	-	-	-
Exchange gains/losses from foreign currency transactions	340	-	264,307	1,246,551	-
Deductions to valuation reserves	350	x	-	x	-
Accounts receivable and accounts payable written off upon expiration of the recovery period	360	26,385	82,951	17,605	36,200

Made

for each other!

AFFILIATED COMPANIES

THE WHITE STORK (*Ciconia ciconia*) is a large migratory bird of the stork family. The height of the white stork is 100–125 cm, and its wingspan is 155–200 cm. The weight of a mature bird can reach 4 kg. The average lifespan of the white stork is 20 years. Various kinds of beak clicking have almost replaced voice communication for the stork.

Affiliated companies in Russia

Compulsory health insurance companies: Ingosstrakh-M and EMESK

Throughout 2010, compulsory health insurance (CHI) retained its dominant position in the structure of gross insurance premium (46%); that is why this type of activity remains attractive for the largest insurance groups. Redistribution of CHI markets and market concentration is in progress.

In the 2nd half of 2010, a deficit of means in the CHI system became noticeable and resulted in reduced amounts of the differentiated per capita norm and operating expenses in some regions.

In the 4th quarter, Federal Law No. 326-FZ "On Compulsory Health Insurance in the Russian Federation" was adopted by the State Duma and signed by the President of Russia. Of all the proposals from health insurance companies, only one was adopted — they retained the liability for payment of the accounts of healthcare organizations.

In comparison with the previous law "On Medical Insurance of Citizens in the Russian Federation", the basic functions of health insurance companies (HICs) remained almost unchanged under the new law; they include the issuance and exchange of CHI policies, maintenance of a register of policies, examination and payment of healthcare organizations' accounts, economic examination of treatment quality, and provision of information to the insured. However, while HICs previously performed these functions based on the Law of the Russian Federation and license, since 2011 HICs have lost the status of insurers (the Federal CHI Fund has been appointed insurer) and act only on the basis of a financing agreement

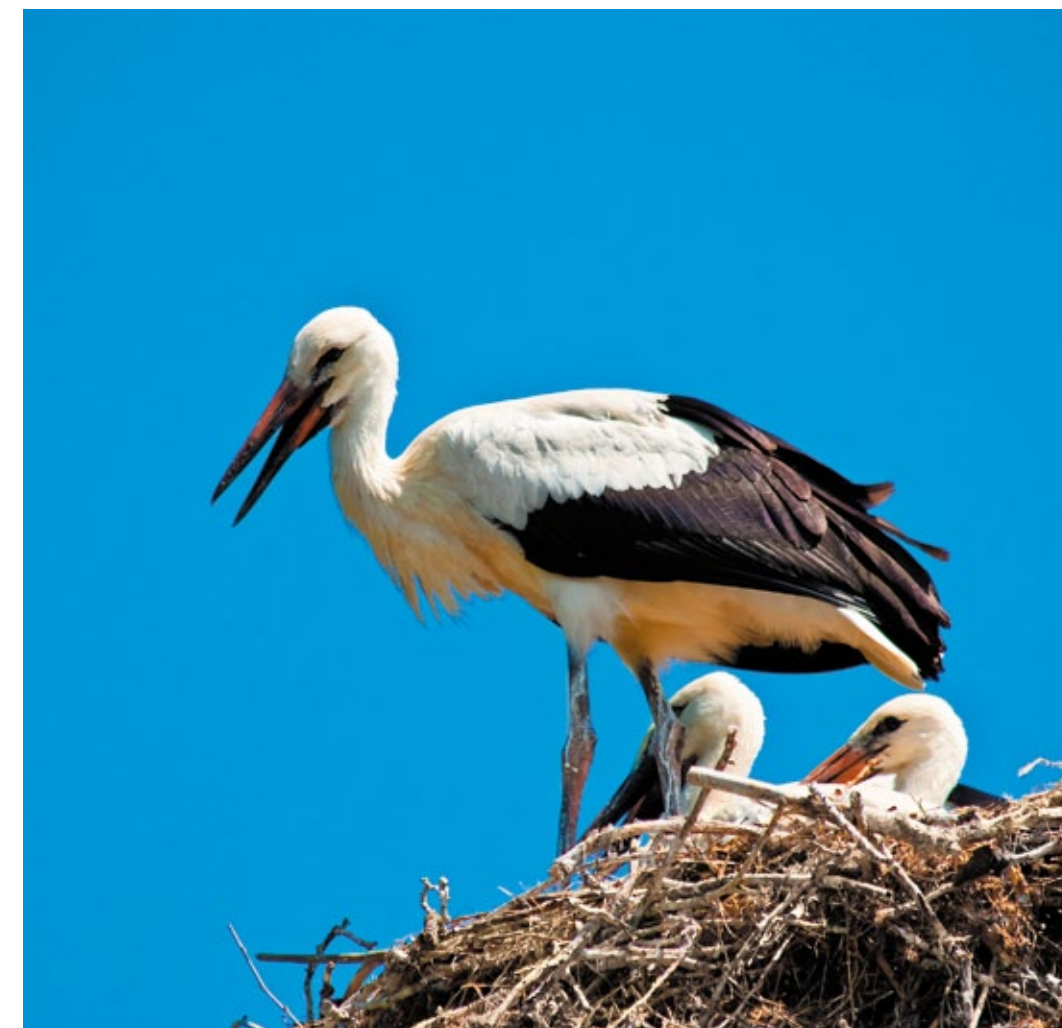
concluded with the regional CHI funds. The concept of "insurance premiums" provided for by the Federal Law "On insurance premiums" is replaced by the concept of "allocated funds" in Law No. 326-FZ, which equates them with the budgetary funds and deprives HICs of the possibility to establish insurance reserves for the purpose of risk management.

Thus, HICs have changed from being major participants of CHI to being intermediaries with no rights; however, their responsibility has increased to include the responsibility to pay healthcare organizations' accounts at their own expense in the absence of means in the CHI funds. Only two advantages of Law No. 326-FZ from the viewpoint of HICs' operation may be named:

- Cancellation of CHI tenders, which will reduce dependence on the arbitrary behaviour of regional authorities and corruption;
- A gradual increase in CHI funding (subject to due implementation of the provisions of Law No. 326-FZ by the regional authorities).

The most important bylaws governing the activities of participants of the CHI system (CHI rules, standard contract forms) have not yet been adopted.

Over the last five years, Ingosstrakh-M has consistently been among the ten major health insurers in Russia and takes 9th place in the FSSN ranking. According to 2010 data, EMESK ranks in 21st place. Conjointly, both companies would rank in 8th place.



In 2010, these companies collected RUB 18.5 billion in CHI premiums (RUB 13.6 billion of which are Ingosstrakh-M premiums). CHI payments in 2010 amounted to RUB 18.4 billion (RUB 13.2 billion are the payments of Ingosstrakh-M). Means from insurance premiums exceeding insurance payments, except the means for business expenses, were channelled to replenish insurance reserves. The net income of the companies amounted to RUB 25 million.

For the purpose of its insurance portfolio, Ingosstrakh-M is actively cooperating with the largest Russian enterprises: Ural Automobile Plant OJSC (8.4 thousand insureds), Kondopoga OJSC (7.8 thousand insureds), Izh-steel OJSC (6.2 thousand insureds), Gaisky Mining Processing Plant OJSC (6 thousand insureds), and others.

Life insurance — Ingosstrakh-Life

In 2010 the Russian life insurance market returned to its pre-crisis state. By the end of 2010 its volume amounted to RUB 22.7 billion, which is higher than the 2009 volume by 44%. Recovery is observed both in the segment of companies dealing with long-term accumulative life insurance and in the segment of companies focused on banking and credit insurance.

According to 2010 data, Ingosstrakh-Life ranks in 13th place by life insurance premium volume among life insurers.

The company's total revenue in 2010 from all lines of business, including revenues of the Ingosstrakh Non-State Pension Fund, amounted to RUB 624 million (93% of the 2009 result). Of this amount, RUB 329 million was collected from life insurance and pension plans, and RUB 295 million roubles from insurance against accidents and diseases. Life insurance premiums increased by 7% compared with the previous year.

In 2010, the share of life insurance in the company's portfolio continued to grow; for the first time in the history of Ingosstrakh-Life, this share exceeded 50%. At the same time, growth of the share of individual insurance and sales through partners' distribution channels were observed. During the first half of the year, corporate accident and sickness insurance showed a negative trend, but since the third quarter this trend was overcome by attracting new corporate clients from the market.

In 2010, moderate growth and retention of business, along with improving its efficiency and profitability, were company priorities.

The company followed a consistent policy of improvement in customer service quality and maintenance of the client portfolio.

A number of new insurance products for individual clients were brought to the market: Sprint, an insurance policy against accidents for amateur sportsmen; Express Coverage, a convenient and quickly-issued insurance program against accidents for a wide range of clients; Axiom, a universal packaged product which is a complex solution comprising accumulative life insurance and accident insurance.

The package programs Business Standard and Sport Standard were developed for group insurance; they simplify interaction with the insured, providing a prompt and efficient insurance solution. These programs make it possible to offer the client a solution "on-site" using ready-made insurance plans and rates, and thus quickly provide insurance coverage.

At the beginning of 2010, a pilot project for sales of accumulative life insurance for the VIP-clients of Sberbank of Russia was launched. By the end of 2010 the commercial geography of this project had been expanded, and in 2011 service to VIP-clients of Sberbank will be implemented throughout the territory of Russia.

The company's corporate portfolio includes more than 2 thousand organizations with about 500 thousand insureds. Among them there are 21 clients with over 1,000 insureds, 5 clients with over 3,000 insureds, and 6 clients with over 10,000 insureds. Clients of Ingosstrakh-Life are the largest

Russian and international companies, the leaders in their sectors of the economy; most of them have trusted the company with the insurance of their personnel for several years already. Clients of Ingosstrakh-Life include Sovkomflot, Kimberly Clark, Sharp, DHL, LG and others.

During 2010, Ingosstrakh-Life has rigorously fulfilled its obligations to customers, carefully following the procedures and terms of insurance loss settlement. 5,149 losses from direct insurance policies were examined and settled, of which 4,427 were paid for a total

of RUB 204 million; 1,449 losses from incoming reinsurance were examined and settled, of which 1,402 were paid for a total of RUB 17.0 million.

18 insurance payments exceeding RUB 1 million were made. The largest insurance amounts — USD 130,000 and RUB 3.7 million — were paid to the families of clients, who died of cardiovascular diseases; RUB 3.8 million, RUB 1.7 million and RUB 1.7 million were paid in connection with the death of clients in road accidents.

In 2010, moderate growth and retention of business, along with improving its efficiency and profitability, were company priorities. The company followed a consistent policy of improvement in customer service quality and maintenance of the client portfolio.

Affiliated companies abroad

Having consolidated their positions in the national markets under conditions of the economic crisis, these companies took advantage of the signs of stabilization for their further development. In 2010 the gross premiums of foreign INGO Group companies amounted to RUB 2.5 billion.

In 2010 the work on the implementation of Company's plans aimed at strengthening its presence in strategically important regions and the highest-priority segments of the insurance business continued.

The past year has in general been successful for the foreign affiliates of Ingosstrakh Insurance Company. Having consolidated their positions in the national markets under conditions of the economic crisis, these companies took advantage of the signs of stabilization for their further development. In 2010 the gross premiums of foreign INGO Group companies amounted to RUB 2.5 billion.

The leaders in growth rates of gross premiums among affiliated companies were Bellngostrakh CJSIC and INGO ARMENIA CJSIC, which demonstrated an increase in this indicator in comparison with 2009, by 55% and 13%, respectively. The premium growth of Bellngostrakh CJSIC was achieved for the most part due to the development of retail insurance in the banking sector, the insurance of property interests of corporate

clients, and an increase in branch network activity.

INGO ARMENIA CJSIC worked under the conditions of preparation for the introduction of Compulsory Motor Third Party Liability insurance in the country effective January 2011. In preparation for this event, a network of regional representative offices was established, work with agents was organized, their training was arranged, and contractual relations with service centers were established. A large volume of preparatory work was done, which has already come to fruition; sales of CMTPL policies inspire confidence that INGO ARMENIA CJSIC will occupy a considerable share of this segment of the Armenian insurance market.

INGO-Uzbekistan CJSIC's gross premium grew by 7% in comparison with the previous year, which allowed the company to secure its position among the top four leaders in local insurance market. A major share of the company's activity, as before, was accounted for by aviation and property insurance of corporate clients. At the same time, retail

types of insurance demonstrated higher rates of development, which contributed to a significant diversification of the company's portfolio.

Gross premium collection of INGO Ukraine JSIC remained at the level of the previous year (RUB 1.7 billion) which, taking into account the downward trend of classic insurance volumes in the Ukrainian market noted by experts, proves the consolidation of the company's position in this segment. In these circumstances the particular attention was paid to the quality of the insurance portfolio, optimization of business processes, and introduction of modern IT technologies. Establishment of the company's own medical assistance service turned out to be a significant step, which is intended to improve the quality of customer service under health insurance programs. The company's profit for the year amounted 33.2 million roubles.

The company Kyrgyzinstrakh JSIC in the Kyrgyz Republic operated in a complex political environment. Nevertheless, it has once again proven its leadership in the market, having increased the volume of gross premiums and finished the year with positive results.

Following the strategy of achieving leadership in the markets of presence, during 2010 Ingosstrakh Insurance Company has consistently pursued the policy of assisting its affiliated companies in the implementation of modern insurance technologies, cooperation in the field of development and implementation of insurance products, and coordination of investment and reinsurance policy.

In 2010, investments totalling RUB 147.5 million were made, aimed at increasing the registered capitals of Kyrgyzinstrakh JSIC, INGO ARMENIA CJSIC and INGO Ukraine JSIC.

Following the strategy of achieving leadership in the markets of presence, during 2010 Ingosstrakh Insurance Company has consistently pursued the policy of assisting its affiliated companies in the implementation of modern insurance technologies, cooperation in the field of development and implementation of insurance products, and coordination of investment and reinsurance policy.

The flight

continues!



12

HISTORY OF THE COMPANY

THE BEARDED VULTURE (*Gypaetus barbatus*) is a large bird of the hawk family with a wingspan of up to 3 m. Its total length is 95–125 cm, and it weighs 4.5–7.5 kg. It has red eyes and a tuft of black feathers which sticks out under its beak like a beard. It dwells in the mountains at an altitude at from 1,500 to 3,000 m; it nests in the crevices of rocks. For the most part, it is a scavenger.

History of the company

- November 16, 1947** Date of Ingosstrakh Insurance Company's founding. On that day decree No. 3819-1281 с "On the establishment of the Foreign Insurance Administration of the USSR (Ingosstrakh) on the basis of the Foreign Operations Administration (FOA) of Gosstrakh of the USSR" was signed by the Council of Ministers of the USSR.
- June 2, 1948** The "Regulation on Administration of Foreign Insurance in the USSR (Ingosstrakh)" was approved by the resolution of the Council of Ministers of the USSR.
- 1948** Ingosstrakh Insurance Company launched 5 types of insurance: cargo insurance, marine hull coverage, fire insurance, liability insurance and reinsurance.
- 1952** The representative office of Ingosstrakh Insurance Company in Finland started operation.
- 1953-1971** Representative offices were established in Pakistan (1953), Egypt (1954), Afghanistan (1955), Algeria (1963), Mali (1963), and Cuba (1971).
- 1956-1964** An affiliated company of Ingosstrakh Insurance Company, Blackbalsea (Great Britain), opened its branches in France, Egypt (1956), Syria (1958), Lebanon (1961) and Sudan (1964).
- 1958** Garant Insurance Society was established in Austria.
- 1967** A semipublic Indian-Soviet insurance bureau was founded in Bombay (Mumbai).
- July 20, 1972** The Council of Ministers of the USSR issued a decree according to which Ingosstrakh Insurance Company was awarded the status of the central administration of foreign insurance in the USSR. At the same time, Ingosstrakh Insurance Company was assigned a new legal form: it gained the right to act abroad, and, if necessary, domestically in the capacity of an insurance joint-stock company.
- 1972** Ingosstrakh Insurance Company started to conduct operations in liability insurance for vessels owners, building and installation insurance and aviation insurance. In the same year the list of insurance types was expanded to twenty.
- 1980** The company proceeded to conduct operations in space risks insurance, credit insurance, joint ventures insurance, and various types of civil and professional liability insurance.
- 1991** Ingosstrakh Insurance Company was registered as a closed joint-stock company.
- 1993** Ingosstrakh Insurance Company was reformed into an open joint-stock company.
- 1994** The company received its first license to conduct insurance and reinsurance activity.
- 1996** The version of the Company's Charter with the new name "Открытое страховое акционерное общество «Ингосстрах»" was registered, in English — Ingosstrakh Joint Stock Insurance Company Ltd., abbreviated name in English is Ingosstrakh Insurance Company Ltd.
- 1997** An agreement on the establishment of the Ingosstrakh transnational group was signed.
- 1998** Under the conditions of crisis, Ingosstrakh Insurance Company showed positive momentum, having retained the most important thing — the trust of clients and one of the most professional Russian teams in the field of insurance. Paid-up registered capital of the Company increased from RUB 30 to 80 million.
Ingosstrakh Insurance Company became the first Russian company to offer its clients complex insurance coverage of banks (BBB), commercial insurance of export credits and guarantees, and a number of programs of professional liability insurance. A representative office of company was founded in China. Ingosstrakh Insurance Company's network included 42 structural units on the territory of Russia, as well as 10 affiliated companies and representative offices in Europe, Asia and America.
- 1999** Ingosstrakh Insurance Company exceeded its pre-crisis level of operations. The number of types of insurance offered reached 66.
- 2001** Registered capital of the Company was increased to RUB 100 million.



- 2002** By this time Ingosstrakh Insurance Company held licenses to conduct 77 types of insurance operations, and the regional network of the Company included 140 structural units. The registered capital was increased to RUB 500 million.
A new agreement on Ingosstrakh Transnational Group (TNG) was signed.
Ingosstrakh Insurance Company received the top reliability rating of A+ from the independent rating agency Expert RA.
- 2003** For the first time in Ingosstrakh Insurance Company's history, insurance premium receipts exceeded USD 500,000,000. Representative offices of Ingosstrakh Insurance Company were opened in Ukraine, Azerbaijan and Uzbekistan. Insurance companies Ostra-Kiev (Ukraine) and Efes (Armenia) entered Ingosstrakh TNG. The number of licensed types of insurance increased to 87.
- May 12, 2004** The international rating agency Standard & Poor's officially announced the assignment of long-term ratings to Ingosstrakh Insurance Company: financial strength and counterparty credit ratings at the level of "BB", outlook "Stable". At the same time the Company was assigned the rating "ruAA" according to the national scale.
- August 2004** An additional emission was conducted and the registered capital of Ingosstrakh Insurance Company was increased to RUB 2 billion. An agreement on the establishment of the INGO International Insurance Group was signed in Helsinki.
- August 27, 2004** (INGO IIG). The Group included insurance companies and companies providing support services to insurance and reinsurance activity. Ingosstrakh Insurance Company manages their control stakes.

- June — July 2005** Amendments to the Charter of Ingosstrakh Insurance Company were made which increased the registered capital to RUB 2.5 billion. In 2005 the international rating agency Standard & Poor's announced an upgrade in the outlook for the rating assigned to Ingosstrakh Insurance Company from "Stable" to "Positive" in connection with a revaluation of risks associated with the structure of the Company's investment portfolio.
- December 2005** Ingosstrakh Insurance Company was issued the new licenses C No. 0928 77 and П No. 0928 77, under which the Company gained the right to conduct operations in all types of insurance (taking into account the insurer's specialty) stipulated in Art. 32.9 of the Law of the Russian Federation "On the organization of insurance operations in the Russian Federation", as well as reinsurance operations. In 2005, Ingosstrakh Insurance Company's insurance premium receipts exceeded USD 1 billion for the first time in the almost 60-year history of the Company.
- 2006** The international rating agency Standard & Poor's upgraded Ingosstrakh Insurance Company's financial strength rating and counterparty credit rating to the level of "BB+", outlook "Stable". The Company's rating according to the Russian scale was "ruAA+". In Rome, memorandums on cooperation between Ingosstrakh Insurance Company and companies belonging to the Italian SACE Group, SACE Spa and SACE BT, were signed. The concluded agreements provided for the active cooperation of the parties in maintaining and developing trade relations between Italy and Russia by means of insuring the credit risks of national exporters.
- April 2006** Ingosstrakh Insurance Company became a shareholder of Chrezvychainaya Strakhovaya Kompaniya OJSC and acquired 71.25% of its shares from Guta Group. The transaction was carried out under the conditions of a capital concentration process in the national insurance market in anticipation of Russia's accession to the WTO.
- June 2006** The registration processing procedure of a deal for the entry of the Belgian Export Credit Agency ONDD into the capital of an affiliated company of Ingosstrakh Insurance Company, Garant JSIC. For the first time, a Russian-European equal partnership was established in the international credit insurance market.
- 2007** Ingosstrakh Insurance Company became a two-time winner of the "Financial Elite of Russia" award. The Company won the prize for the first time in 2006. It was the best in the category of "Most Reliable Insurance Company of the Year". In 2007 Ingosstrakh Insurance Company won a prize in the category of "Best Insurance Company of the Year". In addition, as part of the competition, a prize for "Man of the Year" in the insurance sector is awarded annually. In 2006 Alexander Grigoriev, General manager of Ingosstrakh Insurance Company, was declared the winner, and in 2007 it was Vyacheslav Shcherbakov, president of the Company. For the second straight year Ingosstrakh Insurance Company was recognized as the "Best insurance company of Russia". Company was again awarded the main Russian professional prize, the "Golden Salamander". The award was established in 2004 and is a public professional award supported by the Federal Insurance Supervision Service, the Committee on Credit Organizations and Financial Markets of the State Duma of the Russian Federation, and the Ministry of Economic Development and Trade of the Russian Federation. The international rating agency Standard & Poor's upgraded the long-term counterparty credit rating and financial strength rating of Ingosstrakh Insurance Company from "BB+" to "BBB-", outlook "Stable", and confirmed the Company's ruAA+ rating according to the national scale.
- April 2008** The rating agency Expert RA once again confirmed the reliability rating of Ingosstrakh Insurance Company at the level of "A++". Ingosstrakh Insurance Company entered into transactions stipulating the acquisition of a 76% share of the registered capital of Uzbek insurance company Standard Insurance Group JV LLC SK. The transaction was concluded as part of the strategy of Ingosstrakh Insurance Company on increasing its presence in the priority insurance markets of CIS countries.
- September 2008** On September 3, 2008 the Closed Joint-Stock Insurance Company Ingo-Uzbekistan was registered by the Ministry of Justice. On the September 16 the State Inspectorate for Insurance Supervision attached to the Ministry of Finance issued a license to Ingo-Uzbekistan CJSC for 16 classes of insurance.

- November 2008** The international rating agency Standard & Poor's confirmed the long-term counterparty credit rating and financial strength rating of Ingosstrakh Insurance Company at the level of "BBB-", but assigned an outlook of "Negative". The Company's rating according to the national scale was "ruAA+". The revision of the outlook to "Negative" was a result of deterioration in the quality of the investment portfolio in connection with the unstable situation in the world and Russian stock markets.
- 2009** Despite the consequences of the global financial crisis and a development slowdown in the domestic insurance industry, in 2009 Ingosstrakh Insurance Company attained good results. Invaluable experience and team potential accumulated for many years made it possible to increase profits and strengthen the Company's leadership position in the insurance market in this difficult period. Ingosstrakh Insurance Company continued its successful implementation of a project for establishing its own network of health institutions under the brand Be Healthy, launched in 2007. The main objective was to further expand the business in the field of voluntary health insurance. In spring 2009, clinics were opened in St. Petersburg and Saratov; in autumn another multi-specialty clinic for adults began to operate in Moscow.
- April 2009** Ingosstrakh Insurance Company announced the launch of a new line of activity, Ingosstrakh Exclusive, for service of clients insuring property in the premium price segment.
- September 2009** Ingosstrakh Insurance Company and the largest medical insurer of expats in Europe, Vira International, launched a joint international health insurance program.
- December 2009** Ingosstrakh Insurance Company, together with the Belgian Export Credit Agency Office National du Ducroire (ONDD), established the company INGO-ONDD, which specializes in providing coverage against credit risks for domestic and international commercial entities operating in the Russian market. Ingosstrakh Insurance Company has accumulated vast experience in the field of credit insurance; in Soviet times the Company was a pioneer in the insurance of foreign operations risks. Key personnel of the new organization consisted of Ingosstrakh Insurance Company specialists in managing commercial credit insurance.
- September 2010** On September 18, 2010, the General manager of Ingosstrakh Insurance Company, Alexander Grigoriev, and the chief executive of the Sochi 2014 Steering Committee, Dmitry Chernyshenko, signed preliminary agreements, which allowed the Company in March 2011 to obtain the official status of Partner of the XXII Olympic Winter Games and the XI Paralympic Winter Games to be held in 2014 in Sochi. At the same time, Ingosstrakh Insurance Company also became a Partner of the Olympic and Paralympic Committees of Russia (through the end of 2016) and Partner of the Russian Olympic and Paralympic teams (for each of the teams for the 2012, 2014 and 2016 Olympics) in the "Insurance" category. The agreements amounted to a total of USD 40,000,000. On September 27 the international rating agency Standard & Poor's confirmed the long-term counterparty credit rating and financial strength rating of Ingosstrakh Insurance Company at the level of "BBB-", as well as the national scale rating of "ruAA +", outlook "Stable". According to the agency experts, the ratings of Ingosstrakh Insurance Company reflected the positive track record of the management team and the Company's high level of competitive capacity in the market of the Russian Federation, as well as good liquidity. On September 28 the rating agency Expert RA confirmed the reliability rating of Ingosstrakh Group (consisting of Ingosstrakh Insurance Company and Ingosstrakh-M LLC) at the level of "A++" — "Exceptionally high level of reliability".
- November 2010** Ingosstrakh Insurance Company completely settled a loss related to the destruction of the World Trade Center towers in New York as the result of terrorist attack on September 11, 2001. Allianz Global Risks U.S. Insurance Company was the insurer on this particular risk. Ingosstrakh Insurance Company participated in its settlement under a reinsurance agreement with a retrocedent, the French insurance company SCOR. In 2002, Ingosstrakh Insurance Company paid the first tranche of reinsurance indemnification, totalling more than \$1 million. In November 2010, the second and final tranche was transferred, which amounted about \$937,000. Thus, the total amount of Ingosstrakh Insurance Company indemnification on this loss amounted USD 1,977,000.

Let the world know

that there is a guidepost!



CONTACTS AND DETAILS

THE COMMON KESTREL (*Falco tinnunculus*) is a bird of prey of the falcon family with a wingspan of about 75 cm. It often hovers, fluttering its wings, at an altitude of 10–20 meters, but seeing prey, swoops down and grabs it, slowing down near the ground. The acuity of the kestrel's vision is 2.6 times higher than that of human vision. In addition, it can see in the ultraviolet range.

Contacts and details of Ingosstrakh Insurance Company

Full name Ingosstrakh Insurance Company
Abbreviated name Ingosstrakh Insurance Company
Registered address 117997, Moscow, Pyatnitskaya St., 12, bldg. 2
OGRN 1027739362474
INN 7705042179
KPP 775001001

Postal address of head office: 127994, Moscow, GSP-4, Lesnaya St., 41

Telephone numbers for information: +7 (495) 956-55-55, 232-32-11

Fax: Lesnaya St., 41: +7 (495) 959-45-18, 234-36-00;
 234-36-01, 234-36-02;
 Pyatnitskaya St., 12, bldg. 2: +7 (495) 959-44-05

Fax server: + 7 (495) 641-41-14

E-mail: ingos@ingos.ru

Company's site: www.ingos.ru



Foreign representative offices of Ingosstrakh Insurance Company

Representative office in the Republic of Azerbaijan Republic of Azerbaijan, AZ 100, Baku, A. Zeynaly St., 31-33
 Tel.: +994 (12) 497-03-31, 497-18-48;
 E-mail: ingos@ingos.az

Representative office in the Republic of Kazakhstan Republic of Kazakhstan, 050040, Almaty, Timiryazeva St., 28v, Alatau Grand business centre
 Tel.: +7 (7272) 58-82-88; Fax: +7 (7272) 58-45-54
 E-mail: ingos@ingos.kz

Representative office in Ukraine Ukraine, 04050, Kiev, Pimonenko St., 13, office 6a/16
 Tel./fax: +380 (44) 247-69-66, 247-69-67
 E-mail: ingosstrakh@ingos.com.ua

Representative office in India Ingosstrakh Mumbai Representative Office, Stock Exchange Building, 20th floor, East Wing
 Dalai St., Mumbai, 400023, India
 Tel.: +91 (22) 22-72-19-59; Fax: +91 (22) 22-72-19-06
 E-mail: ingoind@mtnl.net.in

Representative office in China Ingosstrakh Beijing Representative Office, Suite 0405, Guangming Building, Liangmagiao
 Road, Chaoyang District, Beijing, 100016, China
 Tel.: +86 (10) 64-68-58-52; Fax: +86 (10) 64-68-58-53
 E-mail: alex1371@inbox.ru

Affiliated companies abroad

INGO Ukraine Joint-Stock Insurance Company	Ukraine, 01054, Kiev, Vorovskogo St, 33. Tel.: +380 (44) 490-27-44, 490-27-45; Fax: +380 (44) 490-27-48 E-mail: office@ingo.ua, www.ingo.ua
INGO Ukraine LIFE Joint-Stock Insurance Company	Ukraine, 01054, Kiev, Vorovskogo St., 33 Tel.: +380 (44) 390-57-47; Fax: +380 (44) 390-57-44 E-mail: life@ingo-life.com.ua, www.ingo-life.com.ua
INGO ARMENIA Closed Joint-Stock Insurance Company	Republic of Armenia, 0010, Yerevan, Tpagrichneri St., 8 Tel.: +374 (10) 54-31-34, 54-31-35; Fax: +374 (10) 54-75-06 E-mail: info@ingoarmenia.am, www.ingoarmenia.am
Bellngostrakh Closed Joint-Stock Insurance Company	Republic of Belarus, 220050, Minsk, Myasnikova St., 40 Tel.: +375 (17) 203-58-78; Fax: +375 (17) 217-84-19 E-mail: office@belingo.by, www.belingo.by
Kyrgyzinstrakh Joint-Stock Insurance Company	Kyrgyz Republic, 720000, Bishkek, Pr. Chui, 219 Tel.: +996 (312) 61-45-88, 61-46-34; Tel./fax: +996 (312) 61-46-45 E-mail: kinstrakh@ingo.kg, www.ingo.kg
INGO-UZBEKISTAN Closed Joint-Stock Insurance Company	Republic of Uzbekistan, 100128, Tashkent, Shaihontahursky district, Zulfiyahonim St., 112 Tel.: +998 (71) 150-99-99; Tel./fax: +998 (71) 150-01-01 E-mail: info@ingo.uz, www.ingo.uz

Affiliated companies in Russia

Ingostrakh-Life LLC Insurance Company	115191, Moscow, B. Tulsкая St., 10, bldg. 1 Tel.: +7 (495) 921-32-23; Fax: +7 (495) 725-73-40 E-mail: life@ingos.ru
TIM Assistance LLC	115191, Moscow, B. Tulsкая St., 10, bldg. 9 Tel.: +7 (495) 232-34-89; Fax: +7 (495) 232-34-89 E-mail: mail@timassist.ru, www.timassist.ru
Ingostrakh-M LLC Insurance Company	Registered address: 117997, Moscow, Pyatnitskaya St., 12, bldg. 2 Physical address: 117105, Moscow, Nagatinskaya, St., 1, bldg. 1 Tel.: +7 (495) 232-34-91, (499) 611 -52-78; Fax: +7 (495) 232-34-91 E-mail: ingos-m@ingos.ru
Chrezvychainaya Strakhovaya Kompaniya OJSC (Emergency Insurance Company)	127473, Moscow, 2nd Samotechny pereulok, 7 Tel.: +7 (495) 780-50-05 E-mail: chsk@chsk.ru, www.chsk.ru
Ingostrakh — Investments OJSC Management Company	119146, Moscow, Komsomolsky prospect, 28. Tel.: +7 (495) 782-88-82 E-mail: 7828882@mail.ru, www.7828882.ru
Clinic LMS LLC (Be Healthy network of clinics)	119146, г. Москва, Комсомольский пр-т, д. 28 Tel.: +7 (495) 782-88-82 E-mail: 7828882@mail.ru, www.7828882.ru
OJSC MSK EMESK	355035, Stavropol, Pervaya Promyshlennaya St., 3 Tel.: +7 (8652) 56-06-72; Fax: +7 (8652) 56-06-71 E-mail: emesk@statel.stavropol.ru, www.emesk.ru/modules/news/
CJSC InWest-Policy	127994, Moscow, Lesnaya St., 41 Tel./Fax: +7 (495) 959-59-11

Other affiliated companies

Ingostrakh ONDD Credit Insurance LLC	Russia, 115054, Moscow, Paveletskaya sq., 2, bldg. 1 Tel.: +7 (495) 795-25-72; Fax: +7 (495) 795-25-73 E-mail: info@ingo-ondd.ru, www.ingo-ondd.ru
---	--

