

## European Investors Council Monthly Newsletter



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Which were the main risks for the insurance sector during the peak of the pandemic here in Kosovo?

*Genond Mesareja: The unprecedented pandemic related to Covid-19 created sudden effects (short term) and for a relatively long period of time lasting consequences (medium term) for the insurance companies. This crisis started from March 12th, 2020 (state of emergency and borders closure). As the main, direct and immediate effects have been affected the compulsory line of businesses, i.e., MTPL (TPL, TPL+, Border Policies) and Travel Health Insurance as well. Because of the closure of technical control and vehicles registration centers the subsequent and causal effect was a drastic decrease of sales, which created temporarily liquidity problems for the insurance companies, because of the prompt change in working capital structure. On the other hand, voluntary products have not been more the first priority of citizens in the circumstances of an existential crisis. State's budget was reallocated to face the emergency and subsequently investments (direct relations to insurance products like guarantees) decreased to a minimum.*

*Shift to remote work, less face-to-face sales channels, interruption of business and activity of many clients or potential clients, made it difficult not only to manage and supervise the business overall but also the process of renewal of existing contracts and the arrangements for new business became something hard to deal with. Claims handling and payment, especially in health insurance, increased.*

*Additionally, digitalization needed to be improved focusing primarily not only in the support of remote work of staff members but also on the security protocols. Therefore, the main goal in that period was to respond to the situations that would threaten the ability of insurers to sustain their operations and would have impact on the value of assets to meet the obligations to policyholders.*

Most of insurance companies in Kosovo at the beginning of the pandemic did not cover expenses for Covid-19 treatment (a very high-cost treatment,) however, the post-Covid health damages are evident, how the insurance sector is coping with this?

*Genond Mesareja: The coverage of the direct costs related to Covid-19 health claims is a contractual issue and therefore an individual/specific problem of each company. Normally pandemics present extraordinary state of emergency, whereby their management is de jure a sovereignty domain of the State. Nevertheless, contractually their coverage could be included and extended with services offered by private health care institutions. Sigma as part of a well-known insurance groups, i.e., Vienna Insurance Group (the biggest insurance group in Eastern Europe) is committed to be reinsured for each product. The main terms and conditions of the individual contracts between Sigma and the respective customer derive from the contractual relationship between Sigma and the reinsurance companies. The reinsurance companies in business partnership with Sigma do not cover health problems directly linked to pandemics. This is a clear exclusion. On the other hand, the health's deceases causatively related to Covid-19 have not been clear from the beginning and appeared as normal claims contractually to be covered in the framework of the existing health contracts.*

The pandemic shed light to the fragile health system, as one of the leading insurance companies in Kosovo, does Sigma have plans to change insurance policy, by offering clients more favorable contracts?

*Genond Mesareja: As a matter of fact, many institutions, private companies, and embassies in Kosovo have chosen our Company as their insurance provider for their staff and employees thus continuously renewing coverage with us on regular basis. We offer favorable insurance cover and top-quality reinsurance support to our insureds to reduce their financial uncertainties related to health issues and to manage major medical costs arising out of serious illness/injuries.*

*As a private and leading company in the insurance industry in Kosovo, Sigma will soon present other health products, on a modular basis tending to cover the specific needs of different target groups in Kosovo. This will be a careful process taking certainly into account the capacities of the private medical sector in Kosovo and broader and the risk management criteria of Sigma. On the other hand, the dominant presence of Vienna Insurance Group in Eastern Europe and broader could facilitate this process.*

One of the positive aspects of the lockdown was the significant decrease in the number of traffic accidents. But recent figures are frightening, this creates unstable market for the sector, how do you see it from the perspective of the CEO of a large insurance company, such as Sigma?

*Genond Mesareja: It is true, that one of the positive aspects of the pandemic was the decrease of accidents during the peak of the pandemic, i.e., mid-March until end of May 2020. But referring to the terminology used in your question the accidents situation in Kosovo is a big concern for the whole industry. Some days ago, during a TV interview the General Director of Kosovo's Police declared, that the car's accidents in Kosovo in the period January-May 2021 increased by 45 % in comparison to the same period of 2019. This could be directly related to consequences of the pandemic, which supposedly could be of a cognitive or social nature. On the other hand, adding to the high accident's incidence the particularity of Kosovo, i.e., the very high level of no-material claims and relatively low prices of TPL policies, put the TPL line of business to the limits of profitability and predictability.*

A common concern of the insurance industry is the approach of the justice system towards compensation of damages from insurance companies. How relevant it is for the sector, this issue to be regulated by the law?

*Genond Mesareja: In Kosovo there is a big gap between the amounts of reserves for different claims categories, defined in the respective Central Bank of Kosovo (regulator of the insurance industry in Kosovo) regulations and the decisions of the courts. These decisions are different from court to court or from judges to judges of the same court. These court's decisions varying too much from the standards of Central Bank expose the insurance companies in Kosovo in an unpredictable profitability and liquidity situation. Every legislative initiative, which contribute to the harmonization of the above-mentioned standards and court decisions is very important for the stability of the insurance industry. Another aspect, which could improve the financial situation of the insurance industry in Kosovo is the rule of law. There are so far some positive signs, which should be followed by more concrete and substantial steps to decrease fraud, the number and severity of accidents and the number of unregistered vehicles (causing a relatively high number of accidents not covered from valid policies).*

A decision taken by the Central Bank-BQK over two years ago to put a threshold on the car insurance policy, has challenged the free market and competition. After two years of being in force, what is the impact of such measure?

*Genond Mesareja: I began to work for Sigma in Kosovo in January 2020 more or less at the same time, when the new regulation of CBK has been issued. For my perception it has been issued as a temporary regulation, aiming to improve the chaotic MTPL market situation before entering in force of the new regulation. This*

*regulation has primarily affected the commissions to the sales agents and has contributed to the improvements of the profitability of MTPL line of businesses and to the decrease of the negative effects of the other above-mentioned factors.*

Sigma Inter-Albanian Vienna Insurance Group Sh.A is a member of the European Investors Council. How would you evaluate EIC's engagement in addressing issues that concern the European investors?

*Genond Mesareja: European Investor Council has been and is so far an open door for its members to address concerns and to lobby for their legitimate business interests to the state institutions in Kosovo and to the EU Delegation Office in Kosovo. I have been very well impressed for the strong and ongoing support of Mr. Emrush Ujkani in his quality as CEO of European Investor Council for addressing and lobbying in an effective way to the decision-making persons and institutions in Kosovo and EU for the principal problems of the insurance industry in Kosovo.*

The pandemic has changed many aspects of life, including the way we work and do business, what is a lesson learned for you and what is your message for our readers?

*Genond Mesareja: The first lesson of a philosophical nature at the decline phase of the pandemic is the strong belief that, everyone's life is precious. Deriving from this, at the individual level, everyone should rethink/reconsider life's priorities hierarchy and the interactional behavior toward the others (tolerance and building trust in relationships). Remaining at the health level another lesson is self-care matters, be preventive is the best option. At the business level a gradual switch to online ways of doing business is to be considered. On the other hand, it is evident that risks are part of our life, therefore every individual /every business should prepare a good strategy for facing risks, i.e., some risks should be faced personally and others referring to the level of the potential damages and incidence should be hierarchically outsourced.*



Mr. Genond Mesareja - CEO at Sigma  
Inter-Albanian Vienna Insurance Group Sh.A.



## The EIC reps meet with the Minister of Economy to address difficulties of foreign investors

- *The law on electronic signatures the law on renewable energy were in the focus of the meeting*



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The Minister of Economy, Mrs. Artane Rizvanolli met with EIC representatives to discuss challenges and problems that foreign investors in Kosovo are facing. In this meeting the Executive Director of the EIC Mr. Emrush Ujkani was accompanied by the CEO

of IPKO, Mr, Robert Erzin, the CEO of Asseco Mr. Ardian Shehu, and the CEO of ProCredit Bank Mrs. Eriola Bibolli. During this meeting both sides agreed that the law on electronic signature and the law on renewable energy should not be prolonged and should be adopted and implemented by Kosovo institutions. The meeting pointed out the need for strengthening the cooperation between the EIC and the Ministry of Economy. The EIC showed their readiness to offer recommendations to the Ministry of Economy that would improve the legislation and easing the process for the Foreign Direct Investments- FDI. The EIC continues to work closely with Kosovo institutions in addressing issues that are of high importance for foreign investors, and it continues to serve as a liaison between investors and state institutions.

## The TAK achieved its goals even during the COVID19 crisis!

- *The TAX General Director Mr. Murtezaj assures businesses to take in consideration and address their concerns in a senior level.*

In a regular consultative meetings with stakeholders the Tax Administration of Kosovo representatives confirmed that TAK is in the right track and despite the crisis caused by the pandemic, this tax authority has exceeded its objectives. The General Director of TAK Mr. Ilir Murtezaj, in his speech said that *“organizations that represent the interests of businesses, are an important engine in moving forward many key processes, which are directly related to taxpayers, as taxpayers themselves are the best scanner of the work done by the institution of tax administration.”* In this meeting was present as well the deputy Minister of Finance, Labor and Transfer, Mr. Ilir Kapiti who answered questions and concerns received mainly from business companies. EIC representatives raised concerns mainly related to circumstances created as a result of the COVID 19. While they expressed their gratitude to TAK for the regular communication and cooperation with businesses by taking in

consideration their requests and proposals in addressing issues related to tax collection. TAK presented many of its activities, such as revenues, debts, business turnover, refunds, remission of penalties according to the Decision of the Government of the Republic of Kosovo, as well as the results of the reforms, which were implemented during the period January-May of this year. These regular meetings serve well for stakeholders to discuss and receive recommendations which help increase the quality of services to taxpayers, as well as to improve the legal infrastructure.

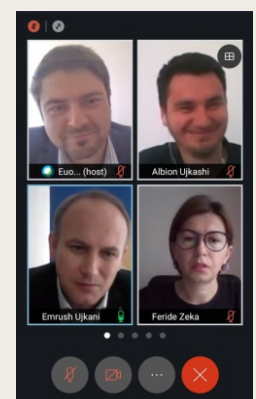


The TAK achieved its goals even during the COVID19 crisis

## The EU continues its support for Kosovo in improving environment for trade and business

- *The EU office in Kosovo organized in June a meeting with stakeholders to discuss about SAA Subcommittee Meeting in Trade, Industry, SMEs, Free Movement of Goods, Customs and Taxation.*

The European Investors Council was part of a discussion offering its contribution as a partner organization. In the focus of discussion there were four main topics: the trade, the freedom of movement of goods, Industry and SME's and customs and taxation. The trade balance and perspective, trade integration and policies are aimed in addressing trade barriers and reduce trade deficits. For the freedom of goods it was mentioned that there should be more on standardization, methodology and accreditation and conformity assessment. The latest developments in improving the business environment and industrial support were considered an advantage for the industry and SME's, however there is a need for more support for the private sector, alternatives in resolving commercial disputes, reducing administrative burdens in order to attract investments. Another relevant topic of this meeting was taxation and customs, and it was underlined the need for legal and institutional enforcement, to address problems such as informal economy, tax evasion, administration integrity on tax collection, improving business processes for tax collection and compliance, debt collection management, and introducing risk compliance in high risk sectors. EIC was happy to share their input related to the topics raised in the meeting, and will continue to work closely with every institution to improve the legal framework and conditions in the economic sector.



The EU continues its support for Kosovo

## The French embassy praises to help in attracting French investors

- *The European Investors Council continues cooperation with European embassies.*

The representatives of the EIC met with the French Ambassador to Kosovo, Mrs. Marie-Christine Butel, with the aim to continue the institutional dialogue and commitment to improve the climate for European investors. The European Investors Council aims to expand cooperation with the French Embassy and the French Ambassador Mrs. Butel promised that they will support initiatives which contribute in creating a better environment with legal and economic facilities that would improve the climate of doing business in Kosovo. The EIC and the French Embassy to Kosovo agreed in enhancing the cooperation and the communication, to support European businesses operating in Kosovo.

## NEWS OF THE MONTH

### *The approved a budget of over €14 billion for IPA III Brussels, June 2nd, 2021*

The European Parliament and the Council agreed on the new Instrument for Pre-accession Assistance (IPA III), with a total budget of over €14 billion, for the 2021-

2027 Multi-annual Financial Framework period. This instrument supports candidate countries and potential candidates on their path towards fulfilling the EU accession criteria through deep and comprehensive reforms. The move was welcomed by the European Commission. Commissioner for Neighbourhood and Enlargement, Olivér Várhelyi, said this long-awaited agreement on

the ambitious financing assistance is a positive, and it is a strong signal for the Western Balkans and Turkey. "The agreed package is a solid investment in the future of the enlargement region and the EU, supporting the implementation of key political, institutional, social and economic reforms to comply with EU standards and progressively align with its rules and policies. It will provide funding for the Economic and Investment Plan

for the Western Balkans, a key tool to underpin the economic recovery of this priority region," he said. The IPA III will increase investments in key sectors including connectivity, infrastructure, environment and climate, as well as energy and digital, and it will boost the convergence with the EU and bring tangible benefits for citizens. In comparison to IPA I and IPA II, the new instrument will provide support to Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia and Turkey with an overall budget of €14.162 billion in current prices for 2021-2027, starting retroactively from 1 January 2021. (Source: The European Commission)

## The parliament of Kosovo removes the homologation of imported vehicles

*Prishtina, June 21th, 2021*

Members of the Parliament of the Republic of Kosovo, with 70 votes in favor, approved changes in the automobile draft-law, canceling the homologation process. The chief of the parliamentarian group from the majority, Levizja Vetevendosje, the MP Mrs. Mimoza Kusari-Lila said that since 2009 when the regulation for homologation was put into force, it was applied unfairly and against trade rules. There were remarks and reactions from the European Union as well against this rule, considering the decision of 2009, a violation of consumers rights, as there was a tendency of creating monopoly in this particular service. The draft-law opens the way to repeal the homologation applied for all vehicles imported from the European Union, Switzerland and Norway. The decision was supported by the Prime Minister Mr. Altin Kurti who said that "this is the beginning of the end of extortion through homologation" (source: telegrafi.com)



*The parliament of Kosovo removes the homologation of imported vehicles*



*The approved a budget of over €14 billion for IPA III*

**THE OPINION***Personalizing Healthcare Together in Kosovo*

- *Covid19 demonstrated the value of data-enabled health systems*
- *This is a crucial time for the future of healthcare*
- *Roche's vision is ensuring the right treatment for the right patient at the right time.*

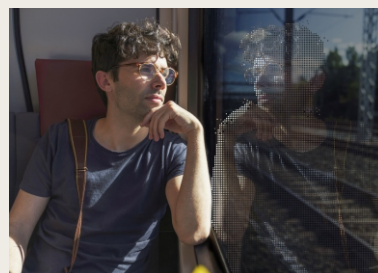
Although our health is highly personal, the treatment and care we receive is often not. Medicines and care pathways have been designed based on evidence from large populations and, whilst clinicians do their best to tailor this to the needs of individuals, we still have a broad spectrum approach to treatment. However, this is changing and, over the next decade or so, will completely change. Treatments will often be designed around the needs of specific individuals, tailored to the unique genetic characteristics of the patient. Decoding a person's genome will be as standard as taking their blood pressure. Advances in science and technology have the potential to transform services and health outcomes in Kosovo Health system in the coming years, fundamentally changing the way we interact with clinicians, how data is used to inform decisions about our health, and how we understand, prevent, diagnose, treat and manage ill health.


What patients need, what we all need, is the best chance science and technology can offer at treating and managing disease, so we can focus on leading healthy lives doing the things we love with the people that matter for as long as we possibly can. And just like each of us is different, so is the way disease affects us or works in our bodies. -This is where "Personalized Healthcare" can make a huge difference, ensuring the right care, the right treatment is given to the right patient at the right time.


Roche is a global pioneer in pharmaceuticals and diagnostics focused on advancing science to improve

people's lives for the past 125 years. The combined strengths of pharmaceuticals and diagnostics under one roof have made Roche the leader in personalized healthcare – a strategy that aims to fit the right treatment to each patient in the best way possible. - Roche vision is to ensure that the screening, diagnosis, treatment and even prevention of diseases will more quickly and effectively transform the lives of people everywhere - ensuring the right treatment for the right patient at the right time.

We are at a pivotal moment in healthcare history. An unprecedented convergence of medical knowledge, technology and data science is revolutionizing patient care. Roche is spearheading the next generation of healthcare with partners around the globe. We are bringing together a unique understanding of human biology with new ways to analyze health data. The science of medicine has allowed us to make incredible advances in diagnosing and treating diseases. Every person is unique and in many ways, so are diseases. Yet the digital revolution in healthcare provides new ways to both collect high-quality data from each patient and connect it to data from large pools of other patients for analysis with artificial intelligence based algorithms. This enables us to arrive at a deeper understanding of how to treat an individual. Further more current COVID19 pandemic showed us the benefits of data enabled healthcare systems. Real-world evidence, molecular information generated from next-generation sequencing, data from wearable devices and mobile apps and novel clinical trials are transforming the future of care. (This represent the opinion of our member Roche)



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