

FEATURES OF BANKINSURANCE IN THE RUSSIAN FINANCIAL MARKET

Julia Tarasova*

Abstract: This paper described the mainstream of bankinsurance. Bankinsurance, as a new product, illustrates the development of the Russian financial market. In the Russian market relations between insurance companies and banks can be assessed approximately. Following methods are used: the coefficient analysis, the ranking. The results obtained suggest that the Russian bankinsurance market is developing rapidly and intensively. In developed countries, convergence of insurance companies and banks in the key issues are similar with the ones in the largest Russian cities. Such integration is represented by various types of association: mergers, acquisitions, strategic alliances, financial supermarket. Moreover, we support a suggestion that combination of insurance and financial-banking technologies is often a cause for creation new risk-management methods.

Keywords: Banking-Insurance Product, Russian Bankinsurance, Alternative Risks Transfer (ART)

1. Introduction

The concept of convergence appears to be due to the spread of the convergence theory in the second half of the twentieth century. This term was meant rapprochement of different economic systems. Nowadays the term "convergence" is used to describe the integrative processes in world financial markets (Sakharov, 1990; Sorokin, 2007; Grigorieva and Tarasova, 2010).

The process of mutual penetration of banking and insurance organizations in the world started with 80 years of XX century, when Britain's Lloyd's Bank has announced the development of "bankassurance" as their own innovation policies. In 1988, the Bank has bought Abbey Life and was consolidated with the Black Horse Life Assurance.

In a situation of crisis, many financial institutions were in a difficult position. The exit of it was not only in the merging of capital, but also in offering innovative services (products). There is an incorporation of various forms of companies operating in one market (such as insurance, banking, stock) and / or in various markets (the financial convergence). The last one was diversified and strategically corrects process, especially in the interaction of insurers with banks - the so-called bankassurance.¹ The article is a study of this new activity for Russia. A certain development of cooperative relations between banks and insurance companies has been distinguished in Russia recently. These organizations offer a wide range of investment-banking-insurance product. The research of such relations is the main objective of this paper. We argue that these relations are hardly consistent within the boundaries of regulatory frameworks, which in practice lead to mutual claims of the parties.

Following Cipra (2010), alternative risks transfer (ART), which is implemented, both by captive companies and by establishing different kinds of risk limits. For example: finite reinsurance, securitization through the issue of Insurance Linked Securities (ILS) by different organizations, pools, etc. Cooperation relations between insurance companies and banks, including the will to establish a financial conglomerate, have several advantages and disadvantages for development, both insurance and banking presented here.

Alongside with competition between insurance companies, there is strong competition with external agents, including combined industrial, banking and insurance capital. Thus,

* National Research University Higher School of Economics, City of Saint-Petersburg (HSE – Saint Petersburg), Saint-Petersburg, Russia. E-mail: tarasova@hse.spb.ru, tarasova72@mail.ru

¹ In various sources, such model is called bankassurance, bancassurance, bankinsurance, bancinsurance. The paper will use the word "bankinsurance".

there is a redistribution of the market with a shift in focus from traditional products to mixed ones: The banking-insurance, investment-insurance or investment-banking characterized in Margolin and Tsyganov (2007). Bankinsurance has great potential for expanding the insurance market, revealed that presented in the study.

2. State of the Russian financial market

An important direction of interaction between banks and insurers is buying and selling the protection against risks. Types of insurance protection that can be used in the banking sector can be divided into two forms: obligatory and facultative protection. Obligatory form is distributed mainly in the sphere of protection of the interests of bank depositors. The second form is also necessary and protects the interests of the bank: it gives the protection from unscrupulous depositors and partners, from losses in the various risky projects and more (Fedороva, 2009).

International practices have been developed the standard terms of insurance in the banking sector. The most common types include: deposit insurance, insurance of bank loans, insurance of electronic and computer crime, insurance of emitters plastic cards. Interest is the policy of comprehensive insurance involves criminal risks of the bank - BBB (Bankers Blanket Bond) (Garmash, 2002).

Experts say that the share of insurance premiums risk banks in the Russian market increased from 5% to 6.7% in the period 2007-2010 (Veliyeva et al. 2008; Basova et al. 2011).

An additional type of insurance to the BBB is an insurance policy on electronic and computer crimes (ECC). Insurance of banking risk is a very specific type of insurance, which in its pure form is almost never used. Perhaps this is due to the fact that risks of banking activities have distinct traits business (financial) risks, implementation of which can contribute to profits. This type of insurance in Russia has a weak legal support, which creates claims between an insurer and an insured.

Kuznetsova and Chernova (2001) noted that the modern world financial market is represented by several options of integrated financial services: the full integration or a universal bank (allfinance or allfinanz), the headquarters is a bank or insurance organization (bankinsurance), holdings or financial-industrial groups. Penetration into the insurance and financial-industrial capital and creation of financial conglomerates involving banks in Russia corresponds to global processes (Kuznetsova and Pisarenko, 2011). In the insurance market we are seeing a financial convergence (the interpenetration of the industrial, banking and insurance capital). It is realized in the form of a large association (insurance group), within which there are captive and insurance companies (affiliate relations). Captives work not only within the organizations that created them, but also provide services to other clients, which seriously affects the current (prevailing) competition.

There is development of non-profit segment in the financial space, which under certain conditions can become a competitor to commercial organizations. These non-profit organizations in the Russian market are consumers and credit cooperatives, mutual insurance societies. Their development was supported by adoption of the Law "On Credit Cooperation" (from 18.07.2009 № 190-FL) and of the Law "On microfinance activity and microfinance institutions" (from 02.07.2010 № 151-FL) (Seregin, 2011).

Non-profit organizations enter the financial market with a more favorable offer of universal banking and insurance products that represent a form of protection against risk (Grigorieva and Tarasova, 2010).

Moreover, combination of insurance and financial-banking technologies is often a cause for creation new risk-management methods. For example, alternative risks transfer (ART), which is implemented, both by captive companies and by establishing different kinds of risk limits. For example: finite reinsurance, securitization through the issue of Insurance Linked Securities (ILS) by different organizations – Risk Retention Group (RRG), Special Purpose Vehicles (SPV), co-insurance and reinsurance pools, etc.

Such methods of redistribution of risk between the insurance and capital markets are partially used and planned to use on the Russian financial market. Nowadays it is necessary: to put in place ILS to create; the legal framework of co-insurance, reinsurance and pools on their basis, to enlarge the capacity of the reinsurance market and improve the efficiency of the activities of captive organizations. Russia did not have insurance coverage for more than 80% of all risks and to the 2020 the level of protection it should be increased to 100%. The increase capacity of the insurance market should be in accordance with the Concept of financial market development in Russia (Expert Rating Agency, 2008).

ILS has not yet received legislative support: there was no established mechanism for its implementation in practice through a trust company (SPV), which would be involved in their assessment and sale. Co-insurance and reinsurance is regulated by two articles: 953 of Chapter 48 of the Civil Code in Russia and 12 of the Law "On organization of insurance business in Russia", 967 and 13, respectively. There is no legal regulation for pooling. Captives in Russia having been created by financial-industrial (or financial) groups and have not consolidated supervision. The main problem is the distortion of information on their solvency. In addition to above outlined methods, the Russian financial market introduces a new type of derivative financial instruments. These securities are tied to life expectancy and allow pension funds to reverse the unnecessary risks, especially with an aging population (Basmanov, 2010).

3. Mergers and acquisitions in Russia

Cooperation relations between insurance companies and banks, including bankinsurance, have several advantages and disadvantages for development both insurance and banking. The most important positive aspect appears synergistic effect, and negative aspect is the dominant position of the corporation and the problem of calculating the solvency of the insurance company (Tarasova, 2010).

Advantages may also include:

- Expanding the range of services, leading to additional income, effectiveness of the agent network, reduction of sales channels, competitiveness, receiving detailed information about clients,
- Attraction and prevention from the outflow of capital from the cooperating companies by association of capital non-insurance companies (banks, finance-investment, leasing, consulting, legal, trading companies) with funds of insurance companies

These relationships also have disadvantages:

- Falling into dependence on more powerful organization, conflict of interest between the partners, emergence of new risks, rise in price and doubling of new financial services
- Problems of calculating the solvency of insurance companies, the increased volume of work will lead to overwork of the agents, a lack of control by government surveillance.²

According to research group Datamonitor (2010), insurance market in Russia is segmented between three major insurers: Rosgosstrakh, Ingosstrakh, AXA holding (owns 36.7% shares of "RESO-guarantee" and has the option to purchase shares of the main owners of the company). We can add the insurance group "ROSNO", which is controlled by Allianz AG. Insurance products are differentiated enough by Russian insurers; virtually there is lack of competition in the insurance market. Companies that have their own website and use the latest achievements of IT-technologies (example, direct-insurance) seem to obtain competitive advantages. This situation is caused, firstly, with the price unattractiveness of insurance services; secondly, with some non-price factors. These include: a possible bankruptcy of the company, a lack of capacity of the insurance and reinsurance market for

² Part of the problem in Russia has tried to solve by joining the Federal Insurance Supervision Service of the Federal Service for Financial Markets the Decree "On measures to improve government regulation of the financial market of Russia" № 270 from 04.03.2011.

certain types of risks, standardized insurance products, non-sensitive to the needs of individual clients.

Market leaders due to various factors were able to retain and strengthen their positions. Rosgosstrakh specific competitive factors are expansion of agent network in the regions, of serious work with small banks, of poaching successful agents due to high commission (bonus). Ingosstrakh with the expense of old connections, a long history of work, experienced professionals. RESO-Garantia and Military Insurance Company are working together. They use the following factors: a wide range of insurers, a record number of accreditations from banks, active position in the market of insurance services, significant amount of auto insurance in credit programs (extensive factor), and the active use of the agent network.

The convergence between insurance companies and banks in developed countries is embodied several key ways, which are alike in major Russian cities:

- Banks of the large holdings go to the insurance market by creating their own insurance company (Deutsche Bank, Credit Agricole); in Russia -Energogarant, Region, SOGAZ. The latter began to work as a captive company. Today it is the insurance group, which recently merged another insurance group – “Sheksna” - and is working closely with joint-stock banks: Gazprombank, Russia.
- Banks are buying shares in existing insurance companies (Lloyds Bank); in Russia - Renaissance-Insurance is a part of the investment group "Sputnik" in which a unit - Sputnik Investment Banking is engaged in the investment-banking operations. It recently acquired the insurance company "Progress-Neva". In addition, it also may include the following associations: RESO-Garantia³ and Yunistrum Bank, Moscow Insurance Company and the Bank of Moscow, Alfa Insurance and Alfa Bank, the company Guta-Insurance is included in the group “Guta” - Investment Industry Corporation. In 2004, the group “Guta” sold Guta Bank with a conservation of the right to Vneshtorgbank⁴ brand.
- Banks "exchange shares" with insurance companies or merge them completely, in Russia, for example, - Kit Finance Insurance. Rosgosstrakh is the largest organization of Troika Dialog. Recently, the leadership of the insurance company decided to purchase one of the largest insurance companies - Russian World. In autumn 2009 a strategic alliance between the Troika Dialog and Standard Bank was established.

Such interaction is represented by various types of association: Mergers, acquisitions, included bankinsurance, strategic alliances and financial supermarket.

4. Characteristics of the Russian market of bankinsurance

In Russia insurance of bank operations in the following areas: insurance of bank loan, insurance mortgage, insurance hypothec credit, insurance real estate borrower (mortgage of hypothec), liability insurance for a borrower to a third party (operating room), life insurance and disability of the borrower, insurance consumer credit is implemented. Russian banks are in most cases require insurance of retail loans when buying a car and housing (hypothec), voluntary medical insurance for employees of banks, insurance fleet of banks, real estate.

In the Russian market bankinsurance can be assessed approximately. The study's start with the retail bankinsurance, corporate insurance (automobile insurance, consumer credit in the field of personal and property insurance) also consider the insurance banking risks and their clients. The tables present (are) leaders of the Russian market. Each number denotes the type of insurance: 1 - risk insurance of banks and their customers, 2 - the retail insurance risk of bank customers, 3 - car insurance, 4 - retail mortgage bankinsurance (title insurance, mortgage, life and health of the borrower), 5 - corporate insurance deposits, 6 - life and health insurance the borrower's consumer credit, including accident, 7 - the corporate

³ Group RESO-Garantia includes savings fund, bank, insurance and leasing company.

⁴ Vneshtorgbank - VTB – The bank for foreign trade.

risk insurance of bank customers, 8 - complex insurance risks banks. Data were analyzed for these species.

Initially, we calculated the percent payments (Table 1). Coefficient (percent) payment was calculated by dividing the volume of payments for premiums, expressed as a percentage. Its main purpose is to show the extent to which the insurers carry on their liabilities to policyholders. Coefficient can be following: for large companies from 5 to 55%, for medium and small companies - from 70 to 90%. In this case, it is reported that the insurance company used all of the collected premiums to settle the claims. In other words, it was respected the main principle of financial equivalence between the insurer and the insured. A feature of the calculated indicator is that premiums are taken for the current period, and payments are usually made under contracts which have been signed in the prior periods. The result is that the coefficient is covered by a sufficiently large time span activity of the insurance company. For the relative ratios premiums were divided by all contracts and then payments (also in Table 1).

Companies that did not take part further research are showed in bold. This will remove from the research companies that do not interest to us. Then, I developed the ranking⁵ according to several criteria: the absolute (table 2) and relative (table 3) parameters were taken (premiums, the quality of contracts and the rates of payment). In this case, the following points: similar figures adjusted to tenths; companies that didn't submit data or they were minor were excluded from the analysis.

Absolute indexes for premiums and payments to the species differences have been adjusted for the quality of concluded contracts. As a result, we have two ranking tables (2 and 3) that show the following: number one indicates the best company, 18 – shows the worse one accordingly. Then 6 groups were identified, which can be grouped in two ways: the absolute values of all 8 types of banking risk insurance (premiums, payments, quality of contracts) and relative figures (coefficient payment, premiums at contract, payments at contract).

In each group, the leader was determined by the average index of the place - the points were summed up and divided by their quantity. Thus, ranking insurance companies enables to make the correct order. Then the following organizations such as Rosgosstrakh, Czech Insurance Company, Military Insurance Company, Alfa Insurance and Russian World.⁶ The data for these companies are either absent or not significant. Then, those leaders who have occupied the first three positions were compared with the leaders who got the remaining three places (table 4).

It is observed that the leaders in absolute terms have changed their positions because of the relative indicators. Only Ingosstrakh has maintained its position. In absolute and relative terms it keeps the best place. This company is not only good at making up insurance premiums, but also carries liabilities to policyholders and seeks to create a homogeneous structure of risks. The other two leaders, according to our studies, were RESO-Garantia and URALSIB. The remaining leaders got mixed, depending on the types of carried out insurance. Military Insurance Company and ROSNO, despite the advantage of performance in absolute terms, in relative ranking take a more modest place. Conversely, Standard Reserve, who had poor position in absolute terms, is in a better position in relative terms. In addition, some large companies aren't transparent in their activities - for example, Rosgosstrakh and Russian World.

⁵ Companies were ranked in descending order of magnitude previously calculated parameters.

⁶ It should be noted that at that time began negotiating the purchase of Rosgosstrakh insurance company "Russian world".

Table 1. The calculation of ratios by type of insurance

№	Insurance company	Coefficient payment (%)								Premium at contract (thousand rubles)								Payment at contract (thousand rubles)							
		1	2	3	4	5	6	7	8	1	2	3	4	5	6	7	8	1	2	3	4	5	6	7	8
1	Rosgosstrakh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	MIC	-	26	40	10	-	9.8	-	44	-	13	36	158	-	1	-	3.6	-	3	14	2	-	0.1	-	2
3	Ingosstrakh	48	53	60	6	10	6.7	10	26	76	79	93	37	47	120	47	16	37	42	55	2	6	81	5	4
4	RESO-Garantia	27	28	29	7	-	16	16	-	40	40	72	15	-	4	38	-	11	11	21	1.1	-	0.6	6.1	-
5	ROSNO	48	65	76	4	0	8	0.3	2	24	19	50	13	52	3.2	51	217	12	12	38	0.4	0	0.3	0.1	4
6	URALSIB	36	44	49	13	-	3	20	63	24	18	32	12	-	3.5	41	90	8	8	16	1.5	-	0.1	8	57
7	Czech insurance company	-	-	-	-	-	-	-	-	1	1	-	-	-	0.9	-	-	-	-	-	-	-	-	-	-
8	Renaissance Insurance	34	33	43	0	4	3.8	1.4	96	28	25	66	29	57	11	80	17	10	8	28	0.1	2	0.4	1.1	16
9	SOGAZ	28	30	55	0	23	10	23	53	42	27	26	51	92	0.8	92	199	12	8	15	85	21	0.1	21	105
10	Moscow Insurance Company	53	60	63	17	2	34	2.7	0	21	19	44	8	38	2.2	38	16	11	12	28	1.4	1	0.7	1	0
11	Ugoria	44	49	66	4	8	6.5	16	11	16	15	31	12	37	4.2	38	23	7	7	20	0.5	3	0.3	6	3
12	MAX	2	24	35	4	2	2	1.6	31	11	10	23	11	25	1.5	29	10	3	2	8	0.4	0	0	0.5	3
13	Alfa Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Standard-Reserve	41	42	41	52	1	31	2.9	43	41	41	58	30	43	3.6	39	5	17	17	24	16	0	1.1	1.1	2
15	Oranta	34	31	32	27	0	2.9	0.1	88	23	20	36	30	76	28	52	10	8	6	11	8	0	0.8	0.1	9
16	Spassky gate	39	41	53	8	4	3.9	3.4	36	12	12	24	5	33	5	29	1	5	5	13	0.4	1	0.2	1	1
17	Russian World	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Capital Insurance	4	7	13	0	4	9.6	1.2	0	23	14	72	9	85	15	94	2	1	1	9	0	3	1.4	1.1	0

Note: MIC is Military Insurance Company. Source: Author's calculation.

Table 2. Ranking in absolute figures by type of insurance

№	Insurance company	Premium								Payment								The number of contracts							
		1	2	3	4	5	6	7	8	1	2	3	4	5	6	7	8	1	2	3	4	5	6	7	8
1	Rosgosstrakh	1	1	1	2	-	10	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	MIC	2	4	4	1	1	3	2	1	-	5	5	1	-	2	-	1	-	2	2	1	-	2	-	1
3	Ingosstrakh	3	2	3	3	3	18	5	3	1	1	1	3	2	14	3	5	8	10	4	6	1	15	2	3
4	RESO-Garantia	4	3	2	14	-	11	7	-	3	3	2	9	-	6	4	-	3	4	1	12	-	8	4	-
5	ROSNO	5	6	5	7	4	6	8	2	2	2	3	8	9	4	12	9	4	5	8	5	4	4	7	9
6	URALSIB	6	9	7	9	-	14	3	5	5	7	7	4	-	11	1	3	5	7	5	4	-	12	1	12
7	Czech insurance company	7	5	-	-	-	1	-	-	-	-	-	-	-	-	-	-	1	1	-	-	-	1	-	-
8	Renaissance Insurance	8	7	9	8	9	4	11	7	7	9	8	12	5	5	9	2	9	9	12	9	8	7	10	6
9	SOGAZ	9	14	14	5	2	17	4	4	9	11	11	13	1	10	2	6	11	12	10	8	2	10	3	13
10	Moscow Insurance Company	10	8	6	16	5	8	13	9	4	4	4	7	4	1	6	12	7	8	7	10	3	5	8	7
11	Ugoria	11	11	11	6	7	9	10	10	6	6	6	6	3	8	5	10	6	6	6	3	6	6	6	8
12	MAX	12	10	10	15	8	7	12	6	10	10	10	11	7	9	7	7	2	3	3	11	5	3	5	4
13	Alfa Insurance	13	13	12	4	-	2	6	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Standard-Reserve	14	12	8	11	12	13	17	14	8	8	9	2	10	7	11	11	12	13	9	13	10	11	13	10
15	Oranta	15	16	13	17	10	16	15	8	12	13	13	10	11	13	13	4	13	14	13	14	9	14	11	5
16	Spassky gate	16	15	15	10	11	15	16	12	11	12	12	5	6	12	10	8	10	11	11	2	7	13	12	2
17	Russian World	17	17	16	12	6	12	14	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Capital Insurance	18	18	17	13	13	5	9	15	13	14	14	14	8	3	8	12	14	15	14	7	11	9	9	11

Note: MIC is Military Insurance Company. Source: Author's calculation.

Table 3. Ranking in relative figures by type of insurance

№	Insurance company	Coefficient payment								Premium at contract								Payment at contract							
		1	2	3	4	5	6	7	8	1	2	3	4	5	6	7	8	1	2	3	4	5	6	7	8
1	Rosgosstrakh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	MIC	-	12	10	5	-	5	-	5	-	11	7	1	-	13	-	12	-	9	9	4	-	12	-	10
3	Ingosstrakh	2	3	4	8	2	8	5	9	1	1	1	3	7	1	6	6	1	1	1	4	2	1	5	6
4	RESO-Garantia	9	11	13	7	-	3	3	-	4	3	2	6	-	7	9	-	4	4	5	7	-	6	3	-
5	ROSNO	2	1	1	11	10	7	12	2	6	7	5	7	6	10	5	1	3	3	2	9	10	9	12	5
6	URALSIB	6	5	7	4	-	12	2	3	6	8	8	8	-	9	7	3	6	5	7	5	-	11	2	2
7	Czech insurance company	-	-	-	-	-	-	-	-	12	14	-	-	-	13	-	-	-	-	-	-	-	-	-	-
8	Renaissance Insurance	7	8	8	12	6	11	10	1	5	5	3	5	4	4	3	5	5	5	3	12	5	7	8	3
9	SOGAZ	8	10	5	13	1	4	1	4	2	4	10	2	1	14	2	2	3	5	8	1	1	12	1	1
10	Moscow Insurance Company	1	2	3	3	7	1	8	13	8	7	6	11	9	11	9	4	4	3	3	6	7	5	9	12
11	Ugoria	3	4	2	9	3	9	4	11	9	9	9	8	10	6	9	4	7	6	6	8	4	8	4	8
12	MAX	11	13	11	10	8	14	9	8	11	13	12	9	12	12	10	10	9	10	14	11	8	13	11	7
13	Alfa Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Standard-Reserve	4	6	9	1	9	2	7	6	3	2	4	4	8	8	8	11	2	2	4	2	9	3	6	9
15	Oranta	7	9	12	2	11	13	13	2	7	6	7	4	3	2	4	9	6	7	12	3	11	4	13	4
16	Spassky gate	5	7	6	6	5	10	6	7	10	12	11	12	11	5	10	14	8	8	10	10	6	10	10	11
17	Russian World	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Capital Insurance	10	14	13	12	4	6	11	13	7	10	2	10	2	3	1	13	10	11	13	13	3	2	7	12

Note: MIC is Military Insurance Company. Source: Author's calculation.

Results of the study can be compared with the table (see Table 5). It was calculated by insurance professionals. As can be seen Ingosstrakh holds a leading position as the RESO-Garantia.

Table 4. Ranking of leading companies bankinsurance

No	No in the group	Name of organization	Premium	Payment	Contracts	Coefficient payment	Premium at contract	Payment at contract
1	2	MIC	2.3	2.6	1.3	7.4	8.8	8.8
2	3	Ingosstrakh	5	3.8	6.1	5.1	3.3	2.6
3	4	RESO-Garantia	6.8	4.5	5.3	7.7	5.2	4.8
4	5	ROSNO	5.4	6.1	5.8	5.8	5.9	6.6
5	6	URALSIB	7.6	5.4	5.8	5.6	7	5.4
6	8	Renaissance Insurance	7.9	7.1	8.8	7.9	4.3	6
7	9	SOGAZ	8.6	7.9	8.6	5.8	4.6	4
8	10	Moscow Insurance Company	9.4	5.5	6.9	4.8	8.1	6.1
9	11	Ugoria	9.4	6.3	5.9	5.6	6.4	6.4
10	12	MAX	10	8.9	4.5	10.5	11.1	10.4
11	14	Standard-Reserve	11.4	8.3	11.4	5.5	6	4.6
12	15	Oranta	13.7	11.1	11.6	8.6	5.3	7.5
13	16	Spassky gate	13.8	9.5	8.5	6.5	10.6	9.1
14	18	Capital Insurance	13.5	10.8	11.3	10.4	6	8.9

Note: Values in bold indicate better results.

Table 5. Leaders of Bankinsurance

The name of the company	2008	2009	2010
Ingosstrakh	1	1	2
SOGAZ	2	7	6
Standard-Reserve	3	-	-
RESO-Garantia	4	3	3
URALSIB	5	-	-
MIC	11	2	1
Generally PPF	-	4	-
Zurich	-	5	13

Source: <http://raexpert.ru> and <http://www.st-rez.ru>

5. Conclusion

It should be noted that actually in Russia there has been marked a certain development of cooperative relations between the bank and insurance company from the elaboration of a separate contract on the service (for example, mortgage insurance) through a permanent agency relationship to a mutual beneficial cooperation on sales of services to each other and clients. Complete or partial integration of insurance and banking activities into a single organization or continuous cooperation of the insurance company with several banks results to the appearance of new forms of cooperation. These organizations offer a wide range of products that become a new integrated type. The Russian insurance market is developing rapidly and intensively. Latter feature is achieved initially by increasing the types of insurance, including pseudoinurance scheme, and a number of insurance companies. Today, changes occur in accordance with the worldwide process - the penetration of financial institutions in related areas of work. This creates a fundamentally new product that combines the services of different kinds of insurance and non-insurance activity. Such modernization entails both positive and negative aspects for the parties involved. Features of these processes in Russia are examined in this article.

Distribution channels for financial products and services, capturing related sectors of the financial market, are expanding, which in turn helps to diversify risks, reduce operating costs,

expand customer base. Thus, there is a redistribution of the market with a shift in focus from "pure" (traditional) products to mixed: The banking-insurance, investment-insurance or investment banking. Convergence of financial products on the market blurs the boundaries between the functions performed by the participants, and actually creates a new organization (institute), combining elements of insurance companies and banking institutions - bankinsurance. In the Russian market segment of bankinsurance is growing several times faster than the banking and insurance sectors separately, which also characterize the positive development of this process. According to estimates of Expert RA, from 2007 to 2010 the market for bankinsurance has risen slightly: from 70 billion rubles to 94 billion rubles. Bankinsurance has great potential for expanding the insurance market, which is revealed in this research.

References

- Basmanov, E., 2010. *Bankers and insurers are bringing to market a new product*. RBC Daily. Available at: <<http://www.insur-info.ru/press/41367>>
- Basova, O., Iarin, A., and Samiev, P. 2011. *The market for bankinsurance: Reset (reboot)*. Available at: <http://raexpert.ru/editions/bulletin/bankostrah_peregruz.pdf>
- Cipra, T., 2010. *Financial and Insurance Formulas*. Prague: Phisica-Verlag, p.269-271.
- Datamonitor, 2010. *Industry Profile - Insurance in Russia*.
- Fedorova, T.A. ed. 2009. *Insurance (Handbook)*. Moscow: Master,
- Garmash, D., 2002. *Banks and insurance companies: Edge interaction at the present stage*. Available at: <<http://www.afm.ru/content/view/155/376>>
- Grigorieva, E.M. and Tarasova, Y.A., 2010. *Financial business organizations: The transformation under the influence of market conditions*. St. Petersburg: Petropolis.
- Kuznetsova, N.P. and Chernova, G.V., 2001. *Convergence in the financial services*. Journal of St. Petersburg State University. 4(29), pp.129-138.
- Kuznetsova, N.P. and Pisarenko, J.V., 2011. *Financial convergence and financial conglomerates in the world economy*. In: S.G. Mitin, ed. St. Petersburg: Publisher: AIC. p.101-110.
- Margolin, A.M. and Tsyganov, A.A., eds. 2007. *World and domestic experience in the organization of joint provision of insurance and banking services*. Moscow: Publishing House of the RAGS, 186.
- Sakharov, A.D., 1990. *Anxiety and hope*. Moscow: Inter-Verso.
- Sorokin, P.A., 2007. *Russia and the United States (with new introduction by Edward A. Tiryakian)*. New Jersey: Transaction Publishers.
- Tarasova Y.A., 2010. *Convergence as an innovative strategy of financial institutions*. In: L.G. Simkina, P.D. Shimko, Y.V. Miachin, T.M. Pachina, T.A. Selitcheva, I.G. Zvereva, and O.A. Kuzakova, eds. *Innovative economy: The experience of developed countries and lessons for Russia*. Saint-Petersburg: SPbGIEU. pp.360-364.
- Seregin, O., 2011. *To the crisis of the public seriously do not want to*. Available at: <<http://www.hse.ru/news/recent/14430802.html>>
- Veliyeva, I., Komardin, O., and Samiev, P., 2008. *Game on the big*. Available at: <<http://raexpert.ru/editions/panorama2008-2/part1/>>