



ANNUAL REPORT 2006
ASIROM

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I. GENERAL DATA REGARDING THE COMPANY

1.1 The name, legal form, headquarters

The trading company “Asigurarea Romaneasca ASIROM’ SA was set up in base of the Government’s Decision no. 1279/ 1990 and carries out its activity of insurance and reinsurance in base of the Articles of Incorporation, of Law no. 31/1990- republished regarding the trading companies, of Law no. 136/1995 regarding the insurance and reinsurance in Romania and of Law no. 32/2000 regarding the insurance companies and the monitoring of the insurance activity. The company was authorized by the Board for insurance monitoring by means of Decision no. 16 of November 7th 2001. ASIROM is registered with the Insurers’ Registry with number RA-023/ 2003 and has the Headquarters in Bucharest, Bulevardul Carol I no. 31-33.



1.2 The structure of the shareholders

On December 31st 2006 the consolidated synthetic structure of the shareholders was:

Name	Number of shares	Percentage %
INTERAGRO SA	318,923,242	49,99
BROADHURST INVESTMENT LIMITED	95,256,191	14,93
QVT FUND LP	81,106,217	12,71
A.V.A.S	40,676,672	6,37
Other legal entities	95,352,555	14,94
Natural persons	6,541,446	1,02
TOTAL	637,865,323	100%

The nominal value of one share is of 0.10 lei.

1.3 The management of the company:

The Management Board ensures the administrative management, through:

- mr. Iliuta Nicolae – The President of the Board of Directors
- mrs. Adriana Guta - member
- mr. Gheorghe Lazar - member

The executive management is ensured by:

- mr. Boris Schneider – General Manager
- mrs. Mariana Diaconescu – Vice General Manager
- mr. Ion Bratulescu - Vice General Manager
- mrs. Daniela Meghea - Vice General Manager

Apart from the General Manager, whose contract is concluded for three years, the term for the rest of the persons which are part of the executive management is indefinite.

There is no agreement, understanding or family connection between the managers, that is the persons who are part of the management and any other person owning a participation to the capital of the trading company and due to whom the respective person was appointed manager, respectively member of the executive management. The managers do not participate in the share capital of the trading company and can not be considered persons affiliated to the trading company.

During the year 2006 one of the significant shareholders of the company began legal action in court for liability and damage against some of the managers of the company. The action was rejected as non admissible.

II. THE REPORT OF THE MANAGERS

II.1 The activity of the trading company

During the financial activity of 2006 one obtained a turnover of 569,596,772 lei and obtained a net profit of 14,044,333 lei. One has not carried out significant activities regarding mergers or reorganizing of the company, assets purchases or alienation.

At the end of the year the company held a global market quota of 10.47% thusly: 11.15% of the market of general insurance (diminishing in relation with the quota of 14.5% held one year before), respectively 7.73% of the life insurance market (quota maintained constant in relation with the preceding year). The diminishing of the quota of the general insurance market was due to the reduced commissions policy practiced by ASIROM with its main brokers who conclude exclusively mandatory auto third party liability insurances, which caused both the diminishing of the gross premiums subscribed with this form of insurance, and also the diminishing of the expenses with the purchases and the management.

The liquidation coefficient was throughout the year 2006 over the minimal limit stipulated by the legal provisions. On December 31st 2006 the value of the liquidity coefficient was of 7.17 for the life insurance, respectively 1.79 for the general insurances.

The minimal solvency margin on December 31st 2006 was of 9,015,080 lei for life insurances, respectively 76,080,790 lei for the general insurances. The available solvency margin available on December 31st 2006 was of 15,509,736 lei for the life insurances, respectively 116,662,789 lei for the general insurances.



II. The development of the importance of subscriptions per each insurance class out of the total subscriptions

Regarding the last financial activities:

lei

Class	Name	December 31 st 2004	%	December 31 st 2005	%	December 31 st 2006	%
	Life insurances	89,001,039	17.2%	82,569,433	14.4%	88,037,154	14.7%
	General insurances	426,986,159	82.8%	491,001,257	85.6%	511,945,831	85.3%
1	Accidents and illnesses	9,441,256	1.8%	7,556,415	1.3%	6,683,761	1.1%
2	Health	3,130,759	0.6%	3,728,889	0.7%	3,428,926	0.6%
3	Motor Hull CASCO	151,124,100	29.3%	176,779,537	30.8%	210,705,073	35.1%
4	Train means of transportation	0	0.0%	0	0.0%	0	0.0%
5	Plane means of transportation	1,349,541	0.3%	468,859	0.1%	313,269	0.1%
6	Sea means of transportation	3,814,080	0.7%	3,340,058	0.6%	2,693,385	0.4%
7	Goods in transit	2,184,019	0.4%	2,139,228	0.4%	3,139,097	0.5%
8	Fire & allied perils	41,155,460	8.0%	46,219,868	8.1%	55,298,057	9.2%
9	Property damage	10,859,315	2.1%	14,297,523	2.5%	16,443,778	2.7%
10	MTPL	193,340,031	37.5%	225,551,673	39.3%	200,507,553	33.4%
11	Aircraft TPL	9,144	0.0%	651,972	0.1%	676,578	0.1%
12	Ship TPL	0	0.0%	0	0.0%	0	0.0%
13	Liability	6,238,788	1.2%	7,220,318	1.3%	9,802,556	1.6%
14	Credits	3,495,447	0.7%	1,810,819	0.3%	1,367,281	0.2%
15	Guarantees	0	0.0%	-130,165	0.0%	-9,183	0.0%
16	Financial loss	844,219	0.2%	1,366,263	0.2%	895,701	0.1%
17	Legal protection	0	0.0%	0	0.0%	0	0.0%
18	Assistance of the persons in difficulty	0	0.0%	0	0.0%	0	0.0%
		515,987,198		573,570,690		599,982,985	

II.3 The main activities carried out in 2006, related to the main activity

The main activities carried out in the field of sales focused on promotion campaigns for the insurance products, focusing on the non auto more profitable sector, on a more efficient management from the point of view of sales, of the portfolio of the company, on the qualitative and quantitative improvement of the sales force, having as goal the reinforcing of the proactive attitude on the market, on the transmitting of an unitary message to clients and public regarding the activity of ASIROM, the organizing of some specific marketing and publicity activities, of protocol meetings with the representatives of other insurance – reinsurance and brokerage companies from the country and abroad, press conferences etc, the establishing of partnerships with the financial-banking institutions.

The number of contracts for life insurances valid at the end of the year 2006 was 1,589,941 policies, of which active contracts 500,916. Throughout the year 2006 one concluded a number of 110,768 new insurance contracts. Throughout the year 2006 one paid insured sums and indemnities amounting to the total value of 76.45 million lei of which: 46.05 million lei expiries, 18.21 million lei exceeding, 5.96 million lei additional risks (deaths due to accidents, permanent disabilities, work incapacity), 5.41 million lei recovery sums and 0.81 million lei deaths due to other causes. The life insurance activity registered a gross profit of 3.38 million lei. The positive results obtained for the life insurances were mainly due to a sustained training program of the sales force, the imposing of some special procedures for the conclusion of life insurances continuing after the ones that expired, of internal norms and procedures in accordance with the changes operated to the legislation in the field or for the modernizing and development of the existing products.

One drew up and launched the new medical insurance product for surgical interventions – Medical Select. One developed new general insurance products: the transporters third party liability insurance, in its capacity of transporter, for the merchandise transported in international traffic on the roads, the TRANSPORTER insurance agreement, the third party civil liability insurance of the managers of the hunting funds, the optional insurance of snails, the optional insurance of thorough breed horses, the “Buchetul rural” insurance package, the “BUSINESS IMM” insurance package, the professional third party liability insurance of architects and construction engineers.

One changed, updated or improved: the insurance for third party liability of the companies specializing in security services, the third party liability insurance of legal entities, the optional insurance for animals, the optional insurance of agricultural crops, the optional insurance of agricultural crops at a fixed value, the optional insurance against fires and other natural disasters, the optional insurance of buildings/ apartments, the PHOENIX optional insurance against fires and other natural disasters, the addition of floods risks caused by neighbors, the covering of the financial losses due to loss of profit – Business Interruption.

One drew up a frame agreement regarding the relationship with the bank regarding the risk of payment failure to the credits granted to natural persons. Also, one paid additional attention to the activity of analysis and development of the methodology and the procedures for the implementing of the computer applications for the products with great importance in the ASIROM portfolio.

At the same time one carried out a strict control of the costs regarding the indemnities paid and the creation of the damage reserves, as well as to the diminishing of the time allotted to the liquidation of the damage files, in order to increase the degree of satisfaction of the clients and of their loyalty.

One drew up procedures regarding the recruitment, selection and employment offer of the staff, the management of the human resources, the filling of the vacant positions in the headquarters and branches, the circuit of the interval documents of the company, the assessment of the performances of the employees. One restructured the management of the company and drew up a new Operation and Exploitation Regulation. One also enforced the Internal Regulations.

The professional training aimed to ensure the increase of the professional competence and of the efficiency of the staff, the increase of the level of knowledge regarding the insurance products by the employees, by means of perfecting and updating the information necessary for the carrying out of the activity, the development of the specific skills for each category of staff (managerial skills, sales and negotiation skills etc), the assimilation of new knowledge in the financial banking and insurance sector by means of the active participation of the ASIROM employees in courses and seminars organized by institutions from the country and abroad, the encouragement of the attitude of the employees with a maximal orientation to the satisfying of the requirements of the clients.

In the year 2006 one aimed to improve the integrated system of the company, drawing up the reports requested by the technical departments, the development and implementing of applications for the insurance products changed or launched by ASIROM, for this purpose the updating of the application depending on the legislative requirements being a propriety. For the better management of the legislative updating in the field of the division of work one optimized the wages module. The launching by the Insurance Monitoring Board of the CEDAM database regarding the centralized registration of the insurance contracts for auto third party liability and the follow up of the reclamations (received by the Insurance Monitoring Board regarding the updating of the database. One of the solutions regarding the solving for these problems is the implementation of a new IT system of “Business Intelligence”, that is the carrying of the current application of “core insurance” in technologies which would allow an efficient exchange of data between the systems.

The control activity aimed at knowing the problems ASIROM faced in its activity of contracting and managing the insurance, the proposing of measures for the removal of the causes and conditions generating patrimonial losses, the prevention and discovery of frauds in insurances and the fight against the financial accounting and managerial irregularities. One carried out background controls in all 45 ASIROM branches and 16 thematic controls per various activity domains, by means of which one found insurance and insured sums payments which were not owed amounting to 0.34 million lei, insurance premiums charged less than the ones set by the valid norms amounting to 0.25 million lei, the taking of insurance premiums and management missing items amounting to 1.03 million lei, staff and commissions illegally paid, amounting to 0.07 million lei and indemnities for which one has not started actions in arrear amounting to 0.98 million lei.

The actions carried out by The Control Body – of a great complexity and variety – contributed, together with other measures taken by the Board of Directors, to create the necessary environment for the carrying out of the economic and financial activities, for the defense of the company patrimony and to the increase of the ASIROM credibility in the relations with the clients and the business partners.



II.4 The litigations

In the year 2006 the company was represented in a number of 4,561 litigations (10.8% less in relation with the year 2005), among which those solved by means of definitive or irrevocable decisions has the following concrete results:

- the total value of the sums earned by ASIROM through definitive court decisions was of 7.89 million lei (35.5% more in relation with the year 2005),
- the total value of the sums claimed by third parties by means of legal actions and solved by means of the rejection of these claims through definitive or irrevocable decisions was of 6.06 million lei and 37,449 euro.
- the total value of the sums which the company was forced to pay in base of writs of execution issued in the year 2006 was of 3.14 million lei.

In 2751 litigations pending in the year 2006 definitive and/or irrevocable decisions were not yet given.

II. 5 The certification of the quality management

In the context of the European integration, of the intense preparations of the company in order to cope with the new requirements of the competition market, throughout the year 2006 one carried out the process of drawing up and implementation of a Quality Management System in accordance with the requirements of the SR EN ISO 9001:2001 standard.

All the phases of the process, beginning with the commitment of the ASIROM management in the implementation of the system and in the defining of the policy and of the goals in the field of quality, continuing with the identifying of the processes, the drawing up and the control of the documentation, the allotment of the necessary resources and of the assessment, the analysis and improvement of the results were successfully carried out, fact certified by the auditors of the certification process and the granting by Moody International under the DAR-TGA accrediting mark of a ISO 9001 certificate issued by the German specialized body.

II. 6 The international cooperation

Throughout the year 2006, ASIROM consolidated its traditional relations with the first degree reinsurers and brokers of the international market, within the reinsurance program for its own risks. Also it continued to develop the cooperation within the international programs of insurance-reinsurance with the Royal & SunAlliance (England), Zurich Financial Services (Switzerland), the International Insurance Network (INI), which includes companies with great international prestige like St. Paul Travellers – USA, Victoria Versicherung – Germany, Covea Risks – France, Fortis Insurance- BeNeLux, Gothaer – Germany etc). In base of the cooperation contracts ASIROM issued local policies of fronting type for the clients of these groups, policies which were assigned in optional insurance by them.

II.7 The acknowledgement of the company activity

The proof of the reputation which ASIROM enjoys is the fact that for the second consecutive year, the readers of the renowned publication Reader's Digest voted for ASIROM as the winner of their trust in the category of insurances. In the year 2007 ASIROM received 32.4% of the expressed votes in relation to the preceding year when it was voted with a percentage of 22.2% which represents a significant increase of confidence in the company. Moreover, in accordance with the White Book of the IMMs – the 2006 edition, ASIROM is the insurer preferred by contractors (34.5% of the companies) being by far the first in this classification.

II.8 The management of the risk

The company took steps for the management of the following significant risks: the risk for subscription, the market risk, the operational risk and the reputation risk and will supply a systematic monitoring of the consistency with the procedures established for the significant risks following the systematic solving of the possible noted deficiencies.

II.9 The market of chattels issued by the company

The shares issued by the company are tranzactioned on the BVB- RASDAQ market. By means of the Decision of the Extraordinary General Assembly of the Shareholders no. 3 of March 27th 2006 one decided the withdrawing from tranzactioning of the shares of the company, in base of the Measures Decision of CNVM no. 2/ February 6th 2006, in this case a number of 154,808 shares with a total value of 52,774.16 lei being bought.

II.10 The financial statements

One strictly enforced the accounting regulations specific for the field of insurance in accordance with the European Directives approved through The Order of the Insurance Monitoring Board no. 3129/ 2005 and of the specifications regarding some measures referring to the conclusion of the financial activity of the year 2006 with the companies in the field of insurances, approved by means of the Order issued by CSA no. 2/ March 6th 2007.

PATRIMONIAL ELEMENTS	December 31 st 2005	December 31 st 2006
I. Non corporeal assets	465,886	208,710
II. Investments- TOTAL, out of which	420,200,262	400,563,163
Pieces of land and constructions	130,491,708	154,192,405
Advances and investments in corporeal immobilizations being carried out	899,847	23,803
Other investments in financial immobilizations	57,293,055	60,274,027
Bonds and other securities with fixed income	12,218,538	23,675,182
Other loans	8,414	2,008
Deposits with credit institutions	219,288,700	162,395,738
III. Technical ceded reserves, appertaining to the ceded reinsurance contracts	26,532,466	25,237,166
IV. Debts, out of which	153,380,990	211,533,485
Insured persons	141,408,393	161,045,781
Insurances intermediaries	0	0
Debts from reinsurance activities	0	23,849,953
Other debts	13,972,597	26,637,751
V. Other assets items, out of which	50,513,175	55,382,592
Technological equipment, devices, means of transportation etc	9,164,035	6,685,390
Stocks	2,517,083	6,685,390
The cash register and bank accounts	38,832,057	3,698,494
Other assets items	0	44,996,708
VI. Expenses in advance	7,625,206	0
TOTAL ASSETS (I+II+III+IV+V+VI)	660,717,985	9,854,245
i. Capital And reserves – TOTAL, out of which:	90,811,126	702,779,361
Subscribed paid share capital	63,786,532	63,786,532
Reserves from reassessment	36,016,592	61,812,626
Legal reserves	3,495,390	4,185,479
Reserves not representing the surplus obtained from reassessment	937,517	958,183
Other reserves	47,472,583	47,472,583
Its own shares	0	52,774
The reported result- debtor's balance	24,794,281	73,872,812
The result of the activity		
LOSS	36,103,207	0
PROFIT	0	14,044,333
The division of the profit	0	690,089
II. Technical reserves, out of which:	471,007,027	483,071,240
Reserves for life insurance	240,972,975	243,421,673
Technical reserves for general insurance	230,034,052	248,649,567
III. Technical reserves appertaining to the contracts in account units		
IV. Provisions for risks and expenses	93,189	0
V. Provisions for taxes	150,002	150,002
VI. Provisions for LITIGATIONS	0	154,700
VII. Debts from insurance operations	462,735	546,570
VIII. Debts from reinsurance operations	1,685,855	2,051,408
IX. Other debts	28,210,113	37,275,393
X. Incomes in advance	68,297,938	61,885,987
XI. Total liabilities (row I to row X)	660,717,985	702,779,361

THE LOSS AND PROFIT ACCOUNT – December 31st 2006

I. The technical account of the general insurance

THE NAME OF THE INDICATORS		The financial activity		
			December 31 st 2005	December 31 st 2006
0	1		2	3
1	Net income from insurance premiums			
	a) income from net subscribed premiums (+)	1	491,001,257	511,945,831
	b). reinsurance ceded premiums (-)	2	37,515,844	38,184,251
	c) the variation of the premium reserve (+ or -)	3	34,332,311	28,426,002
	d). the variation of the reinsurance ceded premium (+ or -)	4	-449,853	3,626,441
	TOTAL (rows 01-02-03+04)	5	418,653,249	448,962,019
2	The quota of the net income (the difference between the incomes and the expenses from investments) of the investments, transferred in the non technical account (+)	6	9,974,755	6,514,673
3	Other technical net incomes from reinsurance (+)	7	16,048,432	22,491,651
4	Expenses with the net reinsurance damage			
	a). paid damage (rows 9-10)	8	288,306,955	293,774,736
	- gross sums	9	291,612,854	322,535,583
	- the part of the reinsurers (-)	10	3,305,899	28,760,847
	b). the variation of the damage net reinsurance reserve (+ or -)	11	2,283,714	-1,241,937
	TOTAL (rows 08-11)	12	290,590,669	292,532,799
5	The variation of other technical net reinsurance reserves, out of which			
	a). the variation of the reserve for non expired risks (+ / -)	13	0	0
	b). the variation of the natural disasters reserve (+ / -)	14	-3,028,601	1,356,054
	c). the variation of other technical reserves (+ / -)	15		
	TOTAL (rows 13+14+15)	16	-3,028,601	1,356,054
6	The variation of the reserve for the participation to benefits and restornos (+ or -)	17		
7	Net operation expenses			
	a). purchase expenses	18	46,628,615	53,248,753
	b). the variation of the sum of the expenses for reported purchases	19	18,932,581	12,434,291
	c). management expenses	20	105,858,330	97,609,225
	d). commissions received from reinsured persons and participations to benefits (-)	21	2,807,915	3,525,981
	TOTAL (rows 18+19+20-21)	22	168,611,611	159,766,288
8	Other net technical reinsurance expenses	23	12,395,453	7,808,071
9	The variation of the equalizing reserve (+ or -)	24	0	0
10	THE TECHNICAL RESULT OF THE GENERAL INSURANCE			
	PROFIT (rows 5+6+7-12-16-17-22-23-24)	1		16,505,131
	LOSSES (rows 12+16+17+22+23+24-05-06-07)	2	23,892,696	

THE LOSS AND PROFIT ACCOUNT – December 31st 2006

II. The technical account of the life insurance

THE NAME OF THE INDICATORS	The financial exercise		
		December 31 st 2005	December 31 st 2006
1	2	3	
Income from net reinsurance premiums			
Net income from insurance premiums			
a) income from net subscribed premiums (+)	1	82,569,433	88,037,137
b). reinsurance ceded premiums (-)	2	0	0
c) the variation of the premium reserve (+ or -)	3	2,181,538	1,960,210
TOTAL (rows 01-02-03)	4	80,387,895	86,076,943
Income from investments:			
Income from participations in companies where there are participation interests, out of which:	5	0	0
a) income from investments in affiliated companies	6	0	0
b). income from other investments:	7		
- Income from pieces of land and constructions	8		
- Income from other investments	9		
c). values from regulations for devaluation/ loss of investments value	10		
d). net income from investment earnings	11	19,598,636	11,718,041
TOTAL (rows 05+07+10+11)	12	19,598,636	11,718,041
Plus values not realized from investments	13	0	0
Other technical net reinsurance incomes,	14	172,612	4,665
Expenses with the net reinsurance damages			
TOTAL (rows 16+19)	15	68,519,832	76,232,592
a) sums paid (rows 17-18)	16	68,386,571	76,445,772
- the gross sum	17	68,386,571	76,445,772
- the part of the reinsurers (-)	18	0	0
b). the variation of the damage reserve (rows 20-21) (+ / -)	19	133,261	0213,180
- the gross sum	20	133,261	-213,180
- the part of the reinsurers (-)	21	0	0
The variation of the technical reserves regarding life insurances (+ / -)		X	X
a). the variation of the mathematical reserve (rows 24-25)	22	1,046,166	-8,298,331
- the gross sum	23	14,961,281	6,317,645
- the part of the reinsurers (-)	24	14,961,281	6,317,645
b) the variation of the participation to benefits and ristornos (+ or -) rows 27-28	25	0	0
- the gross sum	26	-13,913,179	-14,615,452
- the part of the reinsurers (-)	27	-13,913,179	-14,615,452
c) the variation of other technical reserves (rows 30-31)	28	0	0
- the gross sum	30	-1,936	-14,615,452
- the part of the reinsurers (-)	31	-1,936	-14,615,452
The variation of the mathematical insurance appertaining to life insurances for which the exposure to the investment risk is transferred to the contractant ceded for reinsurance (+ / -)		0	0
TOTAL (rows 33-34)	32	0	0
- the gross sum	33	0	0
- the part of the reinsurers (-)	34	0	0
Net operation expenditures		0	0
a). acquisition expenditures	35	11,197,089	13,479,585
b). the variation of the sume of the reported acquisition expenditures (+ or -)	36	4,584	99
c). management expenditures	37	13,821,301	11,928,829
d). commissions received from reinsurances and participations to benefits (-)	38	0	0
TOTAL (rows 35+36+37-38)	39	25,022,974	25,408,513
Investment expenditures			
a). expeditures for the management of investments including expenditures with the interest	40	0	0
b). expenditures regarding the creation of provisions for investments	41	5,437,215	517,830
c). losses from the earnings of the investments	42	0	0
TOTAL (rows 40+41+42)	43	5,437,215	517,830
Minus the values non realized from investments	44		
Other net technical reinsurance expenditures	45	926,080	48,559
The ration from the net income of the investments transferred in the non technical account	46	0	
The profit of the technical result (rows 4+12+13+14-15-22-32-39-43-44-45-46)	47	0	3,890,486
The losses of the technical result (rows 15+22+32+39+43 +44 +45 +4-4-12-13)	48	793,124	0

THE LOSS AND PROFIT ACCOUNT – December 31st 2006

III. The non technical account - December 31st 2006

THE NAME OF THE INDICATORS		The financial activity		
			December 31 st 2005	December 31 st 2006
0	1		2	3
1	THE RESULT- GENERAL INSURANCE			
	Profit	1	0	16,505,131
	Loss	2	23,892,269	0
2	THE RESULT- LIFE INSURANCE			
	Profit	3	0	3,890,486
	Loss	4	793,124	0
3	Income from investments:		0	0
	a). Income from participations :	5	0	0
	Out of which income from investments in affiliated companies	6	0	0
	b). income from other investments:	7	9,974,755	6,514,673
	- Income from pieces of land and constructions	8	1,464,752	1,517,382
	- Income from other investments	9	8,510,003	4,997,291
	c). values from regulations for devaluation/ loss of investments value	10	0	0
	d). net income from investment earnings	11	0	0
	TOTAL (rows 5+7+10+11)	12	9,974,755	6,514,673
4	Plus values not realized from investments	13	0	0
5	The percentage of the net income of investments transferred from the technical account of the life Insurance	14	0	0
6	Expenditures regarding the investments TOTAL (rows 16+17+18)	15	10,619,194	133,518
	a). expenditures for the management of investments, including expenditures with the interest	16	101,645	83,774
	b). expenditures regarding the creating of the regulation of the value of investments	17	9,326,913	49,744
	c). losses from the investment earnings	18	1,190,636	0
7	Minus values non realized from investments	19	0	0
8	The percentage of the net income of investments transferred in the technical account of the life Insurance	20	+9,974,755	6,514,673
9	Other non technical incomes	21	3,666,047	5,246,618
10	Other non technical expenditures including the provisions and the value regulations	22	+4,464,240	11,449,642
11	The current result		0	0
	Profit	23		14,059,075
	Loss	24	36,103,207	0
12	Extraordinary incomes	25	0	0
13	Extraordinary expenditures	26	0	0
14	The extraordinary result		0	0
	Profit	27	0	0
	Loss	28	0	0
15	TOTAL INCOMES	29	591,629,142	640,061,209
16	TOTAL EXPENDITURES	30	627,732,349	626,002,134
	THE GROSS RESULT		0	0
17	Profit	31	0	14,059,075
	Loss	32	36,103,207	0
18	INCOME TAX	33	0	14,742
19	Other taxes which are not registered in the rows above	34	0	0
20	The net result of the activity		0	0
	Profit	35	0	14,044,33
	Loss	36	0	0

THE SITUATION OF THE TREASURY FLUXES
on the date of December 31st 2006 for the general insurances

The indirect method

lei

THE NAME OF THE INDICATORS	December 31 st 2005	December 31 st 2006
Treasury fluxes from operation activities:		
- the net result	-35,284,166	12,706,547
- the circulating capital changes during the period	-30,991,990	-25,931,520
- regulations for the non monetary elements and for other elements included in the investments or financing activities	49,640,805	18,799,258
Net treasury from operation activities (A)	-16,635,351	5,574,285
Treasury fluxes from investment activities		
- the payments in cash for the acquisition of pieces of land, constructions and other long-term corporeal and non corporeal assets	-2,046,480	-382,062
- the cashing up from the sale of pieces of land, constructions and other long-term corporeal and non corporeal assets	0	14,285
- the payments in cash for the acquisition of its own capital instruments and the debts of other companies	-281,665	-2,512,676
- the cashing up from the sale of its own capital instruments and the debts of other companies	0	0
- the cash advances and the loans granted to other parts	-263,819	0
- the cashing up of the repayments of advances and the loans granted to other parts	0	477,841
- the cashing up of dividends, interest and assimilated items	9,974,755	7,276,147
Net cash from investment activities (B)	7,382,791	4,873,535
Cash fluxes from financing activities		
- cash incomes from the issuing of shares and other instruments of its own capital	0	0
- the cash payments to shareholders for the purchase or repayment of the shares of the company	0	-36,720
- the cashing up of some loaned sums	0	0
- the cash repayments of loaned sums	-334,249	-565,918
- the cash payments of the dividends to shareholders	0	0
Net cash from financing activities (C)	-334,249	-602,638
The net increase of the cash and cash equivalents (A+B+C)	-9,586,809	9,845,182
- cash and cash equivalents at the beginning of the period	91,411,922	81,825,113
- cash and cash equivalents at the end of the period	81,825,113	91,670,295
The differences	-9,586,809	9,845,182

THE SITUATION OF THE TREASURY FLUXES
on the date of December 31st 2006 for the life insurances

The indirect method

lei

THE NAME OF THE INDICATORS	December 31 st 2005	December 31 st 2006
Treasury fluxes from operation activities:		
- the net result	-819,041	1,337,786
- the circulating capital changes during the period	-21,194,243	38,048,832
- regulations for the non monetary elements and for other elements included in the investments or financing activities	-15,734,454	-30,083,670
Net treasury from operation activities (A)	-37,747,738	9,302,948
Treasury fluxes from investment activities		
- the payments in cash for the acquisition of pieces of land, constructions and other long-term corporeal and non corporeal assets	0	-102,267
- the cashing up from the sale of pieces of land, constructions and other long-term corporeal and non corporeal assets	0	0
- the payments in cash for the acquisition of its own capital instruments and the debts of other companies	-3,500,000	-727,069
- the cashing up from the sale of its own capital instruments and the debts of other companies	0	
- the cash advances and the loans granted to other parts	0	
- the cashing up of the repayments of advances and the loans granted to other parts	299,425	267,444
- the cashing up of dividends, interest and assimilated items	19,518,636	10,908,465
Net cash from investment activities (B)	16,318,061	10,346,573
Cash fluxes from financing activities		
- cash incomes from the issuing of shares and other instruments of its own capital	0	
- the cash payments to shareholders for the purchase or repayment of the shares of the company	0	-16,054
- the cashing up of some loaned sums	0	
- the cash repayments of loaned sums	-63,809	-170,776
- the cash payments of the dividends to shareholders	0	
Net cash from financing activities (C)	-63,809	-186,830
The net increase of the cash and cash equivalents (A+B+C)	-21,493,486	19,462,691
- cash and cash equivalents at the beginning of the period	44,830,684	23,337,198
- cash and cash equivalents at the end of the period	23,337,198	42,799,889
The differences	-21,493,486	19,462,691

III. THE INSURANCE CATEGORIES AND CLASSES

ASIROM has in its portfolio the following insurance products:

III.1 Life insurance products

Appertaining to class I – life insurance , annuities and additional life insurances

- 1 The insurance of the holders of credit / loan contracts
- 2 The optional insurance of the personal who take out loans in currency – CREDIT PLUS
- 3 The re-assessable optional life insurance - PATERN
- 4 The mixed life insurance
- 5 The mixed life insurance and the additional accident insurance
- 6 The mixed life family insurance
- 7 The mixed life family insurance and the additional accident insurance
- 8 The insurance of managers in cases of accidents
- 9 The re-assessable mixed life insurance – Hard currency
- 10 The re-assessable mixed life insurance – Global
- 11 The re-assessable mixed family life insurance – Global Plus
- 12 The insurance for additional private pension, with the cumulation of capital and reassessment – PROSPERA
- 13 The insurance for economy and permanent disability due to accident

III.2 Insurance products for persons, other than life insurances

Appertaining to classes I and II – general insurances

- 1 The insurance against accidents
- 2 The family insurance against accidents
- 3 The “Turist” insurance against accidents
- 4 The complex insurance of pupils and students
- 5 The optional insurance for travelers in case of accident – AROTRANS
- 6 The optional insurance for cases of passenger accidents
- 7 The optional insurance for hunters
- 8 The optional additional insurance for the cases of temporary disability in cases of accident
- 9 The mixed optional insurance for accidents of the management staff
- 10 The optional insurance for accident cases with some special risks
- 11 The optional insurance for accident cases of employees (members) contracted by legal entities – “Profesional Asig”
- 12 The optional insurance for accident cases of tourists
- 13 The optional insurance for trips abroad
- 14 The optional insurance for trips in the neighboring countries of Romania - AROSAN
- 15 The insurance for the temporary illness disability cases - AROMED
- 16 The medical insurance for surgical interventions – MEDICAL SELECT

III.3 General insurance products

Appertaining to classes III, respectively V-XVI – general insurances

- 1 The insurance of agricultural crops
- 2 The insurance of forests
- 3 The insurance of animals
- 4 The insurance of bees
- 5 The insurance of birds
- 6 The insurance of fish
- 7 The insurance of emu birds and ostriches
- 8 The insurance of pets
- 9 The insurance of snails
- 10 The insurance of thoroughbred horses
- 11 The BUCHET RURAL insurance

-
- 12 The insurance for the cases of fires and other disasters of buildings and other constructions as well as of their contents – PHOENIX
 - 13 The APARTAMENTUL Insurance (the buildings, apartments, goods inside them as well as for the third party liability towards third parties for damage causes in buildings / apartments)
 - 14 The BUSINESS – IMM Insurance
 - 15 The insurance of equipment and installations for the cases of accidental damage
 - 16 The insurance of constructions, assemblages and of the liability of the constructor
 - 17 The insurance of the electrical equipment
 - 18 The insurance of the construction equipment and of other special equipment and installations
 - 19 The third party liability insurance of legal entities
 - 20 The third party liability insurance of in base of the legal provisions, of natural persons towards third parties
 - 21 The third party liability insurance of and the liability of the producer
 - 22 The third party liability insurance of the employer towards its own employees
 - 23 The third party liability insurance of companies specializing in the supply of security services
 - 24 The third party liability insurance resulting from the medical practice Malpraxis
 - 25 The third party liability insurance of the managers of the hunting funds
 - 26 The third party liability professional insurance of attorneys
 - 27 The third party liability professional insurance of notaries public
 - 28 The third party liability professional insurance of the authorized operators of the Electronic Archive of Real Estate Guarantees
 - 29 The third party liability professional insurance of insurance brokers
 - 30 The third party liability professional insurance of judicial managers and liquidators
 - 31 The third party liability professional insurance of persons exercising activities in the financial fiscal and assessment fields
 - 32 The third party liability insurance of the Shipment Houses
 - 33 The third party liability professional insurance of veterinary doctors, technicians and assistants
 - 34 The managerial liability insurance of the managerial staff
 - 35 The insurance of the credit granted for goods sold in leasing system – FELIX
 - 36 The insurance regarding the repayment of the repatriation expenditures and/or of the sums paid by the tourist in case of insolvency or bankruptcy of the tourism agency
 - 37 The insurance for the guaranteeing of the financial capacity of the road transportation operators
 - 38 The insurance for vehicle theft and damage – CASCO
 - 39 The insurance against accidents of vehicle drivers and of the transported persons
 - 40 The third party liability auto insurance with validity only outside the territory of Romania – the Green Card
 - 41 The mandatory third party liability insurance for damage caused to third parties for vehicle accidents – RCA
 - 42 The optional infractional auto third party liability insurance
 - 43 The CASCO insurance of planes
 - 44 The CASCO insurance of ships
 - 45 The insurance of ships under construction
 - 46 The insurance of goods during transportation
 - 47 The insurance of cash during transportation
 - 48 The insurance of new vehicles during transportation- TR 7 53
 - 49 The insurance of the transporter’s liability in its capacity of transporter for the goods transported in domestic road transportation – CMR INTERN
 - 50 The insurance of the transporter’s liability in its capacity of transporter for the goods transported in international transportation on highways – CMR
 - 51 The TRANSPORTATOR agreement
 - 52 The insurance of ships liability
 - 53 The insurance of the harbor operator liability
 - 54 The insurance of valuables during courier transportation
 - 55 The insurance of harbor premises
-

IV. THE DEDUCTIONS STIPULATED IN THE FISCAL LEGISLATION applied to the insurance contracts

The following are considered deductible:

- the expenses with the insurance premiums which regard the assets of the tax payer or which appertain to the object of activity (the expenses with the insurance premiums for the insurance of professional risks, accidents etc):
- the expenses with the voluntary health insurance premiums within the limits of a sum representing the equivalent in lei of 200 euro in a fiscal year for each participant.

The sums cashed from life insurances are not taxable, representing insured sums as well as any other rights, except the earnings received as consequence of the amortization withholdings.

The indemnifications in cash or in kind for one's own insured assets as well as the ones received as a consequence of a suffered material prejudice, including the indemnifications representing moral damage are not taxable income.

The insurance operations (including the insurance premiums) are exempt from VAT.

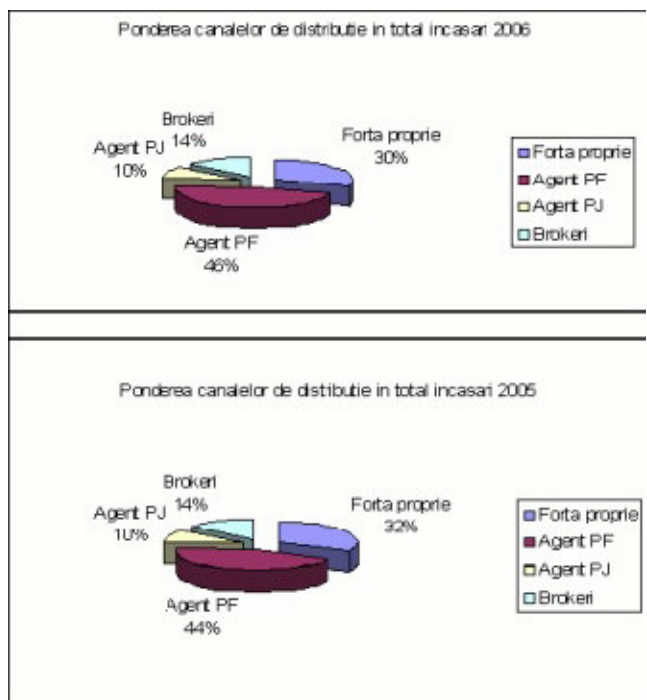
V. THE NETWORK AND DISTRIBUTION OF THE INSURANCE PRODUCTS

The company has a territorial network comprising 46 branches, 85 representing offices, 86 agencies and on December 31st 2006 had on the pay roll 2,301 employees and 10,130 collaborators, legal and natural persons.

The sales volume was mainly obtained through insurance agents natural persons (46%, an increase in relation to 44% in 2005), its own staff obtaining 30% (in relation to 32% in 2005) and the rest of 24% (the same as in 2005) being intermediated through brokers (14%) and insurance agents legal entities (10%).

The importance of the distribution channels for the total earnings of 2006

The importance of the distribution channels for the total earnings of 2005



VI. THE MANDATORY THIRD PARTY LIABILITY AUTO INSURANCE

SC Asigurarea Romaneasca – ASIROM SA managed to maintain its leader position on the market of third party liability auto insurances for damages caused due to car accidents, this being the consequence of the enforcing of some long-term strategies, of active promoting, first and foremost based on professional behavior and promptness in the supply of services.

This way ASIROM maintained its credibility in the conditions of an increasingly powerful competition, manifested mainly at the level of the purchase commission and other facilities granted at contracting. ASIROM did not allow itself to be drawn in the exacerbated increase of the level of the commissions of the main brokers who conclude exclusively mandatory third party liability auto insurance policies, which led to the diminishing, in 2006, of the gross premiums subscribed for this form of insurance with 12.2% in comparison with the year 2005, but also the diminishing of the acquisition and management expenditures.

Beginning with the year 2007, the total liberalizing of the fees and the merging of RCA with The Green card created an additional challenge. The company calculated actuarially fundamented fees in base of the statistics data, which were submitted to the Board for Insurance Monitoring for approval.

In 2006 ASIROM appointed representative offices for indemnifications in each UE member state (the permanently updated list can be seen on the web site of the company). These representative offices for indemnifications are empowered with full powers to instrument the damages on behalf and for the insurer and to represent the insurer as part of the indemnification agreement, concluded with the insured party and with the prejudiced party.

Also, in order to facilitate the indemnification process, ASIROM has concluded agreement for direct payment with the main service units in the country, agreements by means of which one creates the possibility that the person who suffered the damage could repair his/her car without having to make a financial effort. The list of the units, as well as the ascertaining program, permanently updated, can be consulted on th web site of the company.



VII. THE REPORT OF THE EXTERNAL FINANCIAL AUDITOR

1. We were employed to audit the financial statements of SC Asigurarea Romaneasca – ASIROM SA, concluded on December 31st 2006, comprising: the accounting balance sheet, the profit and loss account, the situation of the change of its own capital and the situation of the treasury fluxes for the financial activity finished at this date, annual financial statements which are enclosed with this report.

Total of its own capital: 117,644,061 lei
The net result of the activity- profit: 14,044,333 lei

The enclosed financial statements were drawn up on the responsibility of the Management of the company. Our responsibility consists of expressing an opinion regarding these financial statements in base of the carried out audit.

2. Except those presented in paragraphs 3 and 4, the audit was carried out in accordance with the National Audit Standards issued by the Chamber of Financial Auditors of Romania and any limitation in the area of coverage or of any other type are presented below. These Standards require that the audit should be planned and carried out so that we should obtain a reasonable certainty that the financial statements do not contain significant errors. The audit includes the examination in base of tests both of the sums as well as of the other information comprised in the financial statements. The audit also includes the assessment of the used accounting principles and methods and of the significant estimations done by the management of the company as well as the assessment of the overall presentation of the financial statements. We believe the audit we carried out offers a reasonable basis for the expressing of our opinion.

3. We did not audit the balances of the activity concluded on December 31st 2005 and in base of the audit tests carried out subsequently we were not able to obtain sufficient evidence in order to express an opinion regarding the initial balances and the comparative information included in the financial statements concluded on December 31st 2006.

4. We did not participate in the factual inventory of the company as it was presented on the date of December 31st 2006, because this date was previous to the period when we employed as auditors of the company. However we used alternative procedures which allow us to state that this activity was carried out in accordance with the legal norms.

5. With the exception of the incidents which may be caused by the aspects presented in paragraphs 3 and 4, the financial statements to which we referred above were drawn up in an appropriate manner, from all the significant points of view, in accordance with the International Audit Standards fully adopted by the Chamber of Financial Auditors of Romania, with the provisions of Law 82/1991, republished with the provisions of the accounting regulations in accordance with the European Directives specific for the field, approved by means of the Order of the President of the Insurance Monitoring Board no. 3129/2005 as well as the norms of the Insurance Monitoring Board.

6. The company complied with the legal provisions and the internal policies and norms, regarding the methodology for calculation and the recording of the technical reserves, the allowed categories of assets for the covering of the technical reserves and the rules for the dispersion of the investments, with the following exceptions:

-
- We were not able to obtain sufficient evidence regarding the integral character of the data comprised in the calculus of the mathematical reserve on December 31st 2005, because the current computer system did not allow such an approach
 - We were not able to obtain sufficient evidence due to the lack of statistic data for a sufficient period, regarding the calculation of the unapproved damage reserve which were created in accordance with the internal norms presented in the explicative notes (Note no. 2, letter-m, paragraph 4) to the financial statements.

7. The company complied with the internal regulations regarding the solvency margin of the insurer.

8. The company complied with the internal regulations regarding the reinsurance program for the financial activity of 2006.

9. As a consequence of the assessment of the control systems applied to the audited financial activity one found that the company is correctly applying the legal provisions regarding the organizing and exercising of the preventive and management financial control, that is one issued the decisions for the exercising of these forms of internal control, by means of which one appoints the persons in charge and the attributions allotted to them.

The tests we carried out in the assessment of the control systems did not discover violations of the legal provisions in the field (for the preventive financial control and the management control) and from the internal procedures adopted by the company.

Regarding the organizing and carrying out of the internal audit, activity obligatory for the legal entities which apply the accounting regulations in accordance with the European directives and the International Accounting Standards, the company has organized a internal audit department which carries out its activity in accordance with the Methodological Norms regarding the organizing and exercising of the internal audit activity approved by the general manager of the company.

These Methodological Norms are consistent with the Methodological Norms drawn up by the Chamber of Financial Auditors of Romania.

10. This report is drawn up exclusively for the purpose of the foiling of the financial statements of the company appertaining to the financial activity concluded on December 31st 2006 with the Romanian fiscal bodies, at the Office of the Trade Registry and with the Insurance Monitoring Board and can not be used for any other purpose and by no other third party without our previous agreement.

11. In accordance with the provisions of article 5, paragraph (3), point (e) in base of the Order of the Insurance Monitoring Board no. 113,105/2006, we analyzed the report of the manager, although this report does not form part of the financial annual statements. Our opinion is that this report does not contain financial accounting information which would differ significantly from the information supplied in the enclosed financial statements.

By: Miu Constantin
Independent Financial Auditor

SC Elite Consulting SA
Bucharest April 23rd 2007

VIII. THE REINSURANCE PROGRAM

The level of the ASIROM exposure to the risks of natural disasters

By means of the reinsurance activity one aimed to protect the company from large individual damages and the cumulation of damage from natural disasters, the increasing of the capacity to subscribe and maintain the financial stability within the limits imposed by the law and by means of the norms of the Insurance Monitoring Board.

For this purpose one concluded reinsurance contracts for the following insurance portfolios: assets (buildings and contents) belonging to legal and natural persons, casco auto, constructions-assemblages, accidental damages, electronic equipment, internal third party liability auto insurance and with validity outside the territory of Romania (green card), transport of merchandise, CASCO ships, agricultural crops, leasing, commercial credits, general and professional third party liability, medical for trips abroad, medical insurances for surgical interventions. These contracts contributed substantially to the maintenance of the solvability margin within the limits required by the regulations of the Board for the Monitoring of Insurances. Also, by placement in optional reinsurance, the excedent over the automatic reinsurance contracts, one was able to subscribe large and very large industrial risks.

In the reinsurance activity ASIROM mainly collaborated with the following reinsurers: Munich Re (Germany), Swiss Re (Germany), Scor Re (France), Gen Re (Austria), XL Re (France), Hannover Re (Germany), Converium (Germany), Sirius (Germany), Transatlantic Re (France), Syndicate Lloyd's (Great Britain) which took part in the reinsurance contracts. These are the main profile companies worldwide, with a very strong level of financial security, certified by the international rating agencies (Standard & Pools, AM Best etc).

Throughout the year 2006 the total volume of the premiums assigned for reinsurance amounted to 38.18 million lei and the total of reinsurance commissions and of the participations of reinsurers to the paid damages amounted to 32.29 million lei. The participation of the reinsurers to the technical reserves amounted to 25.24 million lei.

The maximal exposure – the maximal possible damage

The insurance class	The maximal damage appertaining to the valid contracts	Of which:	
		The damage for which the reinsurer is liable	The net damage
AG – CLASS 1			
AG – CLASS 2			
AG – CLASS 3	378,692,045.24	387,692,045.24	0.00
AG – CLASS 4			
AG – CLASS 5	396,872.00	377,028.40	19,843.60
AG – CLASS 6	864,075.33	187,735.33	676,340.00
AG – CLASS 7	458,903.15	120,733.15	338,170.00
AG – CLASS 8	2,093,680,664.28	2,092,205,664.78	1,474,999.50
AG – CLASS 9			
AG – CLASS 10			
AG – CLASS 11			
AG – CLASS 12			
AG – CLASS 13			
AG – CLASS 14			
AG – CLASS 15			
AG – CLASS 16			
AG – CLASS 17			
AG – CLASS 18			
Total	2,474,092,560.00	2,471,583,206.90	2,509,353.10

IX. THE INVESTMENTS

On December 31st 2006 the total volume of the ASIROM financial investments consisting of bank deposits, treasury certificates, bonds and participations to the share capital of other trading companies amounted to 250 million lei of which the banking deposits cumulated 152.7 million lei and the Treasury certificates amounted to 19.6 million lei.

Bonds and other securities with a fixed income

	December 31 st 2005	December 31 st 2006
In USD	-	-
In EUR	3,712,850	3,381,700
In ROL	8,505,688	20,293,482
Total	12,218,538	23,675,182

Out of which:

a). General insurance

	December 31 st 2005	December 31 st 2006
In USD	-	-
In EUR	3,712,850	3,381,700
In ROL	264,259	187,500
Total	3,977,100	3,569,200

b). Life insurance

	December 31 st 2005	December 31 st 2006
In USD	-	-
In EUR	-	-
In ROL	8,241,438	20,105,982
Total	8,241,438	20,105,982

On December 31st 2006 the state securities in lei has a yield ranging between 7.25% and 8% per year. The municipal bonds had a interest rate of 8.5% and 10% per year and the corporeal ones denominated in EUR has an interest rate of 5%

The deposits with the credit institutions

	December 31 st 2005	December 31 st 2006
In USD	22,108,573	9,930,781
In EUR	622,561	10,937,344
In ROL	196,557,566	141,527,613
Total	219,288,700	162,395,738

Out of which:

a). General insurance

	December 31 st 2005	December 31 st 2006
In USD	22,108,573	9,930,781
In EUR	622,561	10,937,344
In ROL	80,030,717	60,012,995
Total	102,761,851	80,881,120

b). Life insurance

	December 31 st 2005	December 31 st 2006
In USD	-	-
In EUR	-	-
In ROL	116,526,849	81,514,618
Total	116,526,849	81,514,618

The deposits in USD had an interest ranging between 3.5% and 55 per year and those in EUR an interest ranging between 2% and 3% per year. Throughout the year 2006, the average yield obtained by ASIROM from the interest appertaining to the banking deposits and the treasury certificates invested in lei was 8.18%, with 68% above the inflation rate of 4.87%.

The value of "other immobilized debts" on December 31st 2006 represented 2,756,331 lei and on December 31st 2005 their value amounted to 2,714,793 lei. These represent the banking deposits created in favor of the clients, for guarantee letters appertaining to the participation to the tender for the contracting of the insurance policies, for the bail appertaining to some litigations as well as the guarantee created in favor of the Office for the Insurance of Vehicles of Romania amounting to the sum of 225,000 EUR.

Other investments of financial immobilizations

	Field of activity	Owned percentage	Balance on December 31 st 2005	Owned percentage	Balance on December 31 st 2006
Participation to:					
Complex Carmen	Tourism	99.64%	982,635	99.64%	982,635
Bankcoop	Financial services	1.70%	1,483,280	1.70%	1,483,280
SC Group Bianca	Production	11.79%	320,000	0	0
SC Group Bianca Brasov IFN SA	Leasing	0	0	11.79%	256,000
SC Group Bianca Brasov TRANS SA	Transport	0	0	11.79%	64,000
Mara Investments SA	Tourism	37.09%	286,522	37.09%	286,522
Eurom Bank	Financial services	0.04%	17,751	0.04%	17,751
The Romanian Goods Exchange	Financial services	0.53%	20,000	0.53%	20,000
Banca Internationala a Religiilor	Financial services	0.93%	66,470	0.93%	66,470
Mercur Trading SA	Production	4.86%	210,000	4.86%	210,000
Rafinaria ASTRA Romana	Oil processing	21.89%	27,566,526	21.89%	27,566,526
SC Zaharul SA	Production	35.00%	35,000	35.00%	35,000
ASIROM Leasing	Leasing	40%	20,000	40%	284,000
Club ARO Bucuresti	Tourism	52.00%	31,200	52.00%	31,200
Intercereal Fetesti	Trade in cereals	99.99%	30,854.651	99.99%	30,854.651
GALAXY TOBACCO	Production	1.88%	770,138	1.88%	770,138
Cerealcom Alexandria	Trade in cereals	9.99%	7,006,784	9.99%	7,006,784
ASIROM Concordia	Insurances	98.80%	10,856,045	98.80%	13,856,045
Cicalex	Production	4.99%	281,664	4.99%	281,664
Compa Sibiu	Production		0	0.0001	500
			80,808,666		84,073,166
Provisions for devaluation			-25,987,896		-26,555,468
Total participations			54,820,770		57,517,696

X. THE LAW APPLICABLE TO THE INSURANCE CONTRACTS

The applicable to the insurance contract is the Romanian law. As an exception, through the agreement of the parts, one may set forth as applicable law the law determined in accordance with the criteria stipulated by the Norms approved through the Order of the Board for the Monitoring of Insurance policies no. 3/ 2007.

XI. STRATEGIES AND PERSPECTIVES FOR ACTIVITY DEVELOPMENT

In order to establish long-term relations with the business partners, relations based on mutual trust and respect, the company's development strategy for the year 2007 aims at the continuous extension and diversifying of the insurance portfolio, the rendering flexible of the contracting system, the permanent adapting to the dynamics of the insurance market and to the specific requirements of the Romanian economy.

For this purpose, in the sector of sales and marketing, one priority is the focus towards the client, the carrying out of a "healthy" growth by means of increasing the importance of the products with high profitability, the stopping of the cancellations, an increased efficiency of the sales force, the redefining of the relation with the brokers, the adapting to the tendencies of the market.

In what regards the life insurance policies, one will carry out: the updating of the norms for the calculation of the technical reserves, the perfecting of the norms for the payment of the insured sums and of the indemnifications, the updating of the insurance requirements and implicitly of the premium fees as well as that of the internal ASIROM norms and the definitive establishing of the technical documentation for the UNIT LINK product.

In what regards the general insurance policies, one will draw up the requirements and the fees for the legal third party liability insurance of the suppliers of medical services, medical devices and pharmaceutical services, the mandatory professional third party liability insurance of doctors, pharmacists and other persons in the field of medical assistance, the insurance of the circulation equipment, the "All risks" goods insurance for trading companies, the professional third party liability of the management staff, the professional third party liability of the insurance agents as well as the revising of the optional insurance requirements for the cases of vehicle theft and damage – CASCO, the insurance of electronic devices, the insurance of forests.

The reinsurance policies will aim at the stabilizing of the results of the company (the covering of the fluctuations caused by large damages, by the distribution of the frequency of the damages, by natural disasters), the improving of solvability, the supplying of extended subscription capacity.

The controlling and actuarial activity will aim at the development of the set of instruments for the qualitative and quantitative analysis used in coordinating information and in making managerial decisions, in the updating and optimizing of the calculation and registration methodologies of the technical reserves appertaining to the general insurance policies, tests for adequacy of the premium fees and their regulation, the updating of documentation of actuarial fundamentals of the premium fees, the drawing up of the methodology for the calculation and registration of the reported acquisition expenditures.

In what regards the activity of regulation of damage liquidation, one will carry out procedures for the sale of the wrecks of the damaged vehicles, for the reducing of the duration of the solving of damages by simplifying the work system by means of bank transfers, the limiting of competences regarding the approval of payments for indemnities at the ASIROM subsidiaries, the conclusion of agreements for direct collaboration with the importers of spare parts, the continuing of the policy for the extension of the collaboration with as many service units as possible, but with the conditioning given by their use of a system of the Audatex, DAT or Eurotax type, the revising and the updating of the procedures and methodology for the registration of the damage reserves, the increase of the quality of the services supplied to the insured parties by means of opening together with the traffic police and some service units of some centers for common ascertaining within the limits of the city of Bucharest, the improving of the damage means in the SIIA computer program.



In what regards the human resources, one will aim at the establishing of an optimal relation within the staff members: the sales staff in relation with the management staff (subsidiaries), the implementing of the new wage system, the assessing of the staff, the updating of the computer database regarding the company staff.

The control activity will focus on the checking of the way to organize and carry out the strategy for company development and the checking of the way to correctly and to day organize and manage the accounting, the carrying out of controls and financial management checkings, the periodic carrying out of controls and analyses regarding the activity of collaboration and co-work with legal entities agencies and brokers, the control of the way in which the employees of the subsidiaries comply with the methodologies for the instrumenting of the damage files, the investigation of the occurrence of the insured events which imply the payment of large indemnities, the checking of the accuracy and dynamic of the occurrence of the insured risks, of the honesty and authenticity of the submitted documents for the establishing of the damage, the prevention and fight against the illegal indemnity payments.

The development of the IT system and of the telecommunications will focus on the increase of the efficiency of the use of the computer system as well as of the equipment for the calculation technique, the drafting of the SIIA module – Reinsurances and the implementation of the fixed and mobile phone project.

The logistics of the company will aim at the management with extreme efficiency of the material resources of the company by means of valorifying the excedentary spaces, the reduction of costs for matter and materials by means of organizing of centralized acquisitions, the renewal of the car pool and the permanent arrangement of its own premises.

The strategic objectives approved by AGA ASIROM are a priority for the management and the satisfaction of the ASIROM clients represents the concern of the entire company.

Boris SCHNEIDER
GENERAL MANAGER
