

## The FYR of Macedonia signed the Loan Agreement to Finance its Membership Contribution in Europa Re

**23 March 2012** – The Deputy Prime Minister and Finance Minister Zoran Stavreski of the FYR of Macedonia signed a loan agreement for the World Bank Southeast Europe and Caucasus Catastrophe Insurance Facility Project. The agreement was co-signed by Lilia Burunciuc, the World Bank Country Manager for Macedonia. The \$5million loan will finance Macedonia's membership contribution to Europa Re, thus allowing the company to complete its capitalization as a reinsurance company under the Swiss law.



Each year, Macedonia suffers damages from various natural disasters and climate change. These adverse events affect households, small and medium enterprises, financial institutions, farmers, and local communities.

To assist the country with the development of its insurance market for catastrophe perils, Europa Re will provide local companies with access to web-based insurance production and claims settlement technologies that support sales of complex catastrophe and weather risk insurance products. In addition, the program will enable the ISA, the country insurance regulator, to introduce a modern risk-based supervision for catastrophe risk. Participation in Europa Re will allow the country to: (i) considerably increase the level of catastrophe insurance penetration among homeowners, SMEs and farmers, and hence, reduce government fiscal exposure to natural disasters; (ii) reduce systemic risk to the insurance and banking industries posed by natural disasters to their balance-sheets in disaster prone economies; and (iii) facilitate the development of the local insurance market by jump-starting a new line of property insurance business.

FYR of Macedonia will become the third country shareholder in addition to Albania, and Serbia, which joined in 2010 and 2012, respectively. Europa Re is also open to include other countries interested in this initiative.



Europa Re plans to become operational by the end of 2013, subject to the completion of its capitalization. Macedonia is expected to become a full shareholder upon: (i) signing of the shareholder's agreement; and, ii) the disbursement of the total of \$5 million pledged membership contribution.

Europa Re looks forward to welcoming the FYR of Macedonia as a new shareholder in the very near future.