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“RCA Data” in need of improvement



It will be soon four months of the launch of the “RCA Data” system. Making a trip back in time, we remember that the advantages of the new system presented then were: automation of the process, bonus-malus calculation in an automated way owing to the connection of the system to the register of the border police of the Ministry of the Interior. Another major advantage presented was the exclusion of frauds in insurance such as cases of issuing policies after the occurrence of accidents.

We aim to find out further what was achieved and what drawbacks the “RCA Data” system has.

Cristina Dolghi, director general of the insurance-reinsurance company Moldcargio, said that it is only four months of the launch of the “RCA Data” system, but they can say that owing to the very simple design, the users were very receptive as regards the utilization of the program. Thus, the new software didn't create problems to the companies that use it and work could be done from the very first days of the launch.

The quoted source said that during the utilization there were identified a number of problems concerning the installation/use, but all these shortcomings were removed as a result of the cooperation between the users and engineers-programmers who deal with the installation of software at the CNPF and Moldcargio. Many of the arising problems are solved operatively by online consultations too. Currently, there are a number of problems that depend on those who designed the “RCA Data” program and on persons responsible for its management, which are related to the termination of insurance contracts, etc.

Cristina Dolghi underlined that the implementation of this system didn't greatly affect the activity of the company, which owns its own modern software.

Asked if the problems that were

projected to disappear after the implementation of the “RCA Data” system have been dealt with, Dolghi said: “A large part of the problems concerning frauds, discounts and disloyal competition have been surely solved after the implementation of the “RCA Data” system, but the implemented program needs to be improved as it still has weak points. For example, after the bonus-malus system was implemented, the “RCA Data” system started to work imperfectly and there are cases when the bonus and malus classes are not delimited and the discounts are offered automatically, regardless of the creditworthiness of the insured person. “As a solution, the specialists of SAR Moldcargio proposed that the mentioned problems and the mistakes that appear should be solved more quickly by persons responsible for the management of the “RCA Data” system.

Eugen Slopac, of Asito, said that the things that went bad when the “RCA Data” system was launched have not been yet dealt with. It looks as if everything was done defectively.

“Currently, even if we continue to have problems, there are no personnel for managing this system. For example, no difference is made between the legal entities that have a number of units of transport and private individuals. The bonus-malus system is not applied appropriately so as to make the drivers

more disciplined. And this is only an example. In general, it was done unprofessionally”, considers Eugen Slopac.

The quoted source said: “From the discussions with specialists of the company, I realized that the problematic aspects can be solved easily. It should be yet noted that this system was created and implemented without consulting and involving specialists of companies, who generally know this system and are to use it. Everything was done unilaterally.”

Eugen Slopac believes that the problems that existed in the system before the implementation of the “RCA Data” system, and which were expected to disappear when the system was put into practice, haven't been removed. They include disloyal competition, dumping, frauds in the system and registration of certificates. All these drawbacks have financial consequences for the market operators.

“In such a situation, a working group with specialists in the field of RCA should be constituted to identify the shortcomings and work out solutions to them. This should be done by a time limit”, said Slopac.

Veaceslav Cernica, executive director of the insurance broker ERVAX Grup, said the idea is good, the system works and he met with no problems.

“My only demand is to ensure greater speed, while the program should not be loaded on the user's computer, but should be on the website. I can say that the problem of frauds was solved, but the system allows certain discounts and thus certain price schemes are employed. The bonus-malus program is not working yet, but I know that steps are taken in this respect”, said Cernica.

Veaceslav Gamurari, director of BAR “Coverins”, said it is premature to highlight achievements, but one thing is for sure – the insurance policies are no longer written ‘on knees’, in the street. Secondly, the possibility of fraud is excluded as the policy data such as the insurance period and the size of the insurance premiums cannot be modified.

“Currently, certain operations cannot be performed owing to the Kerio VPN Client connection, such as the saving of data about a vehicle that cannot be found in the Register by the number of the temporary technical passport”, said Gamurari, explaining certain problematic aspects.

The implementation of this system brought positive changes in the work of companies because the insurance policies are validated and issued quicker, on condition that all the data needed to legalize the policy is available in the Register. On the other hand, the volume of documents issued on paper has increased and this is a negative aspect.

Asked if the problems that were projected to disappear after the implementation of the “RCA Data” system have been dealt with, including the frauds, discounts and disloyal competition, Gamurari answered: “I'm not a person with investigation powers and duties, but as my colleagues working in the field and clients said, there are insurance companies on the market that offer other tariffs than those calculated by the system, the tariffs for “RCA” and Green Card been lower than they should. Thus, the problem of disloyal competition continues to exist”.

Veaceslav Gamurari suggested that the insurance premiums should be calculated without payment and should represent exclusively an approximated figure in lei, while the date of issuing the insurance policy and contract must coincide with the date of paying the insurance premium, not with the date of filing the application for signing the contract. “There should exist the possibility of modifying in the system the date of paying the premium when the premium is paid before the date when the system is accessed (this is the case of legal entities when they are issued with the invoice for payment and information about the transfer is available one- or two days later). Now that the missing data were introduced in the system (for example the number of the permit, the issuing date; most of the times it is indicated only the date of issuing the first permit), these data are saved in the system so that they do not have to be introduced again in the future”.

Vladimir Stirbu, director of the general insurance supervision division of the National Financial Commission Market, considers that the launch of the “RCA Data” system and its functioning in the first months has been a success of all the sides involved, especially of the insurers and intermediaries in insurance. Though most of the professional participants used own information systems until 01.02.2013, the connection to a national system was a premier for everyone. More than 5,000 users were registered in the system and almost 3,000 computers were connected in online regime by secured channels.

“As at the initial stage an information system of such a scale cannot be perfect, with our users being rather ‘inventive’, we already aim to modify the application as

regards the manual processing of the information about insurance of the vehicle or there were cases when the processing of exact information from the state registers was avoided abusively and it was processed manually with a view to diminishing the insurance premium that was to be paid”, said Stirbu.

According to him, the risk of frauds by issuing the insurance premium after the occurrence of the road accident was definitely minimized, at least in this period. The CNPF wasn't informed about such cases. “Also, those who offered unessential discounts were put in a difficult situation as it is now very risky to register a certain insurance premium through the cash register and in the system, but to levy other sums in reality as the fiscal legislation provides harsh penalties for such actions. An unexpected ordinary inspection will discover inconsistencies in the balance of money in the cash register and the information from the system about sales, which cannot be modified or erased, as it is well-known”, said Stirbu.

As to the application of the bonus-malus system, Vladimir Stirbu said that this is a very complex mechanism that can work well as a special component integrated into the general information system. In order to apply the malus part particularly, increased accuracy in the database on road accidents and the damages cases is needed. This is rather hard in our conditions. The bonus-malus system can work perfectly in an automated way only in several years of the implementation of the “RCA Data” system. Until then, we will have to explain to the persons on whom the malus coefficient was imposed why they were taxed and where the data about the accidents were taken every time when necessary. The unclear aspects will have to be dealt with.

Asked if there are other aspects within the “RCA Data” system that should be improved, Vladimir Stirbu answered: “Yes, there are and not few. For example, the insurers encounter difficulties in managing the whole portfolio of contracts through the system, when validating or terminating the existing contracts registered in the system. It is hard to monitor such operations. Not less important is the launch of the option for verifying online the validity of the insurance policy. The monitoring of the damages cases should be improved. I admit to the existence of drawbacks in our communication with the system operators and in intervening swiftly to provide assistance to them”.

Stirbu said the solving of all the problematic aspects in the functioning of the “RCA Data” system depends on the finalization of the difficult, but obligatory procedures for purchasing services to maintain the information system. When these procedures are completed, the CNPF will build another model of communication with the administrators from the central offices (IT and operational personnel) who are delegated by insurance companies. “Why with the administrators? Because they play a very important role in communicating with the users for which access to this information system was asked. I will take this opportunity to thank first of all the delegated administrators for the huge effort made to develop modern infrastructure on the insurance market of the Republic of Moldova”, stated Stirbu.

Tatiana SOLOARI

“Hunting” for debts

Most of the companies with debts to the business partners, service or goods providers and creditors are usually small companies working in the field of trade. Specialists in debt recovery say the risks are most of the times assessed incorrectly.

Though the market of debt recovery companies started to develop in the Republic of Moldova three-four years ago, a part of the companies found a market segment and some specialized in the collection of debts from private individuals, while others from legal entities. However, many companies say that the market in the Republic of Moldova is small and the debts are also small owing to the country's economy that is developing and to the people's purchasing power.

“There are five large companies on the Moldovan market that collect debts from private individuals, banks, and telecoms carriers, which are mainly small debts. We deal with the recovery of commercial debts larger than 10,000 lei, which are usually without pledge, and of debts from abroad as well as with the investigation of fiscal frauds”, said Serghei Baragan, director of Global Credit Solutions Moldova.

He also said that there is no maximum sum set for the recovery, but the larger the debt and the collection period, the more difficult it is to get them back. For example, in the case of a debt of 4 million lei, it is rather improbable that it will be recovered as the debtor usually changes the company's name and continues to work on the market given that in the Republic of Moldova they pay not much attention to the brand and the market position.

Serghei Baragan said the debtors in the Republic of Moldova are mainly shops and trading companies. “Private individuals' debts vary between €4,000 and €5,000, while of legal entities – between €20,000 and €25,000. The largest debt that we managed to recover for a Moldovan company from a legal entity was 360,000 lei, while for a Slovenian company – about €45,000”, he said.

The recovery of debts depends on how old the debt is. If the debt is only several months old, it is very easy to work as the assets haven't been sold and can be recovered. When the debt is older than three years, the recovery chances can be rated as nil. The debts are usually divided into those before

trials and after them, which for their part are classified into debts of private individuals and debts of legal entities. For every case apart, the approach is different”, stated Baragan.

For private individuals and legal entities, the debt recovery rate before trials is 60-75%, while after trials – 30-40%. We frequently recommend the clients to go to court or not to go in order to recover the debt. We also file lawsuits against the debtors if we see prospects of recovering the debt by court. The costs in the case of debt recovery before trials start from 10%, while in the post-trial cases amount to over 35% as it is rather hard to get the debts when there are not many instruments for influencing those with debts.

As regards the recovery of debts from abroad, the director of Global Credit Solutions Moldova said that the client signs a contract with the company and the collection of debts is then facilitated with the assistance of foreign partners according to the same principle “No collection – no payment!”. But, if a foreign or national company wants to sign a contract with another company, we offer the so-called ‘credit report’ for a sum of about €400 in two weeks. It represents exhaustive information about the client with which they want to sign the contract – if it's involved in trials or fiscal frauds, who the shareholders are and other economic and juridical data about the company. The Moldovan entrepreneurs typically inquire about companies operating in such eastern countries as China, Malaysia, and Indonesia, where there are the greatest frauds.

“Not many foreign companies inquire annually about the market of the Republic of Moldova because it is very small. As to the national companies, they have more questions concerning the markets of the Commonwealth of Independent States. The western companies usually cooperate with Moldovan partners in the supply of apparatus and equipment, while the Asian companies – in the export of chemicals, vegetables, fats, etc.” added Serghei Baragan.

The company dealt with cases of debt collection from Chile, Brazil, the U.S., Indonesia, and Malaysia towards Moldovan companies that didn't receive the goods according to the contract clauses.

Anatol Hotineanu, director of the debt collection company Consult Grup, said: “Most of the debtors are usually from the area of trade, but there are also large companies from industry that pay for the merchandise in installments. As regards the sums, they are not very large as our entrepreneurs do not have money. If we refer to statistics, the number of debtors among legal entities in 2012 rose compared with a year before. The debts are owed mostly to national companies, though there are cases when the foreign companies also have debts to national economic entities.”

“As to the debt recovery rate, the problem is that having the court decisions in hand is one thing, while implementing them is another thing as the company may have no fixed means or financial resources and thus we are put in the situation of being unable to recover the debts and have to accept the debt recovery method when the client pays a case examination charge, not a success honorarium as earlier. In this case, the costs decrease significantly”, stated Hotineanu.

The director of the debt collection company also said: “The commissions for recovering debts for private individuals and legal entities are of 2,000 to 3,000 lei when signing the contract and, afterward, depending on the number of meetings and the client, can rise to 3,000 lei”.

The debt recovery company Incasso provides services to companies that sell services for which payment is made post factum, libraries, oil companies, banks, microfinance organizations, leasing and insurance companies. “From a relatively small sum of 1,000 lei, the debts rise because the debtor allows the costs for court and execution services to increase and can amount to 3,000 lei”, said the representatives of Incasso.

The overdue payments on loans,



public utilities or leasing are usually recovered outside court. The debtor is announced by the debt collector about the obtaining by them of the so-called reminder or debt reversing right. If the debt cannot be cleared, the company files an application to court so as to obtain a court decision and transmits it afterward to the bailiff.

All the financial resources used in the debt collection process are covered by the debtor. “All the costs of services are paid by the client only after a positive result is achieved. But the price differs in the case of large portfolios”, said the company's representatives. The clients come mainly with portfolios of debtor with debts of under €5,000. We work more with small sums as such debts are greater in number, even if the risks are higher”, said the representatives of Incasso.

“If we analyze things according to the money owed, we see that the winemakers and agricultural producers are the largest debtors. However, most of them represent small and medium-sized businesses. Even if they experience financial problems, the winemakers have merchandise, i. e. wine, and a part of them clear the debt with it. Some of the wine companies are creditors, for their part, and we take over the debt of our debtors”, said Radu Balan, executive director of the debt recovery company Imperialex. According to him, there are founders interested in the bankruptcy of the business. They borrow money from a certain company and then forget or simply refuse to return it.

Thus, the business goes bankrupt and the debt is ultimately recovered only from the founders. If the debtor

has no property with which to pay the debt and no money, the debt collector can ask imposing restrictions on the private individual who has debts or the founders of the indebted company, such as refusing issuing the foreign passport to them so that they cannot leave the country. In the case of private individuals, bankruptcy is often the only solution so that the business could be afterward sold and the money recovered. According to the director of Imperialex, the private individuals have most of the debts to leasing companies.

Surprisingly, the lowest number of debtors is recorded in the case of mortgage loans. This is due to the better assessment of risks. “It happens that for a debt of 1,000 lei the person is obliged to pay in the end 3,000 or even 4,000 lei”, said Balan. In order to recover the debt, the client pays only the state tax in court.

The company's honorarium consists of the penalty and the overdue interest. The portfolio of a debt collection company differs from company to company. Some of them have debtors from agriculture, who are ready to clear the debts in exchange for raw material. The large number of arrears in this field is mainly due to the high risks. At the same time, leasing is among the main sources of debts in the companies' portfolio.

The average costs of debt recovery vary from 20% to 35%, deepening on the size of debts or the specific features of the case. In the Republic of Moldova, there are over 15 debt recovery companies. The collection mechanism is generally identical, but the costs differ from firm to firm.

Victor URSU

One more proof of necessity of implementing Corporate Governance Code

More than 30 representatives of joint stock companies from Soroca, Drochia, Floresti and Soldanesti were familiarized with the best international practices and the principles of corporate governance as well as the latest amendments to the normative documents on the securities market in an informative seminar held at the branch in Soroca of the Chamber of Trade and Industry of Moldova at the start of April.

The seminar was staged by the Chamber of Trade and Industry of Moldova within the Project of Partnership with the International Finance Corporation (IFC), in cooperation with the National Financial Market Commission, the local office in Balti.

IFC expert Merima Zupcevic told the representatives of economic entities about the role and importance of corporate governance in the development of businesses, including family businesses. “Most of the times the business fails because of inappropriate governance. The decision-making and implementation process is concentrated in the hands of one and the same player. This is not right and this has been proven for numerous times. Corporate governance gains popularity because it increases transparency, competitiveness and investment attractiveness of the company, and reduces risks in business, which is very important at the moment. For the foreign backers, corporate governance became an appreciation criterion, when they want to invest in a company.



As to the current theme discussed, Ina Glavan, a representative of I.M. “Sudzucker-Moldova” S.A., said given that it is a foreign capital company, this joint stock company is already implementing a number of corporate governance elements. This way, they ensure equity among the shareholders, correctness in decision making and implementation process.

The agenda of the seminar included such subjects as the procedure for convening and holding the annual general assembly of shareholders, the disclosure of information on the securities market and the ensuring of shareholders' access to the main documents of the joint stock company.

Vitalie Nogali, head of the local office in Balti of CNPF, presented information about the amendments made to the process of calling and holding general assemblies of shareholders, the method of electing the council of the joint stock company, the work of the executive bodies and the method of managing a large-scale transaction and/or with a conflict of interests. The practical part of the seminar centered on the method of drawing up the annual report on joint stock companies' securities and the method of publishing the report, afferent to the publication in the media outlet.

Within the seminar, the participants had an interactive dialogue on the discussed issues, giving the representatives of S.A. “Alfa-Nistru”, S.A. “Marculesti-Combi”, S.A. “Holda Argintie”, S.A. “Hidroinpe”, and S.A. “Fabrica de unt din Floresti” answers to their questions.

Appraising the event, the participants said that the subjects raised in the seminar are very useful and topical.

Translation by Rodica Cerlat