

# *Russian Revolution The market demands increased security*



## **Booming sales of foreign cars and pressure from the insurance industry means now is the time to respond to the security crisis in Russia**

It is likely that the rapidly expanding Russian market will adopt UK insurance requirements for vehicle security after 2008's 11 car security test to Thatcham's standards. This will place increasing pressure on vehicle manufacturers to adopt UK levels of security for the Russian market to maintain brand image and reduce the increasing costs of insurance to customers in Russia. **"Car theft and insurance in Russia ~ Thatcham shaping the future"** is a timely assessment of the status of the *Professional Association for Risk Prevention* star ratings for imported vehicles and gives an independent evaluation of the impact of this initiative on the automotive industry.

### *This report will help you to:*

- **Discover** how the Russian collaboration with Thatcham could shape the Russian insurance industry of the future
- **Gain** insight into the 11 car security test and why the testing was necessary
- **Understand** how you can keep ahead of the thieves and reduce the cost of ownership to your customers
- **Analyse** what it means to your business and what you can do to ensure competitive advantage



For additional information, please contact Juanita Appleby by e-mailing [jappleby@sbd.co.uk](mailto:jappleby@sbd.co.uk) or telephone Juanita on +44 (0)1908 305101.

## Know what's happening as soon as it happens...

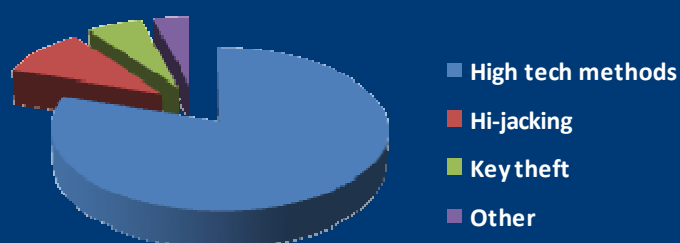
### ...the driving force in automotive technology

Russia is the fastest growing market in Europe for passenger car sales and SBD expect it to overtake the German market and hit the top spot by the end of 2008. Sales of foreign brands have been increasing at a rate of 60%+ for the past 3 years and this is expected to continue for the coming 3 years.

However, this boom in new car sales has also led to a boom in car thefts and whilst the domestic brand Vaz has the highest number of cars stolen, it is the more expensive foreign German and Japanese brands that are the highest theft risk and are causing the highest insurance losses.

In 2008, the anti-theft association, the Professional Association for Risk Prevention (PARP), formed by a leading insurer (Ingosstrakh) made an agreement with Thatcham to use their security criteria and test 11 of the highest theft risk cars in Russia. Testing was conducted by Thatcham in July 2008 and the results announced at the Moscow motorshow on the 2<sup>nd</sup> September 2008.

This report describes the market and insurance situation in Russia and provides a summary of the 11 car test results together with analysis and recommendations for vehicle manufacturers who are looking to expand their car sales in the Russian market.



Car theft methods used in Russia for theft of premium models

This report forms part of SBD's BRICs security reports that explain the market influences in each of these expanding territories:



#### Brazil

The introduction of surprising new legislation requiring the fitment of tracking systems on all new vehicles from 2009, will require significant design modification to vehicles and manufacturers will also have to develop new partnerships with service providers in order to meet the new requirements.



#### India

From October 2008, new legislation is being introduced in India which will increase the insurance requirements mandating immobilisers and create a new market opportunity for vehicle manufacturers and suppliers.



#### China

China is a very difficult market to try and understand because information is not open. SBD have researched the situation for theft and security to reveal exactly what is necessary, what the barriers are towards improving the situation and what the Chinese car buyers will and will not pay for.

## Protect sales and brand image in this booming market...

### ...about the report authors



#### David Bell – Managing Director

David graduated from Northumberland University with an honours degree in Electrical & Electronic Engineering. Prior to establishing SBD in 1995, David worked at a managerial level for a major vehicle manufacturer. He has 19 years direct experience in automotive design and development and for the past 11 years he has been closely involved in setting the strategic direction for vehicle manufacturers to help them understand the ITS, telematics and security landscape in Europe.



#### Paul Burnley – Security Specialist

Paul Burnley studied at the University of Surrey and gained a degree in Electronic Engineering. In his twelve years of working in the automotive industry, Paul has worked with engine management and smart key systems and is an expert in vehicle communication and tracking systems. Since 2005, Paul has been a chief researcher in European insurance requirements and theft statistics and is widely regarded as a leading authority on all aspects of the subject.

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