

# NEWSPAPER INSURER PRESS ISSUE №4 (27 February - 12 March 2008) WITH AN ACCENT PUT ON THE HIGHLIGHTS, HOT TOPICS AND COMMENTS

**D**ear readers, in the overview of issue №3 of the newspaper „Insurer Press“ we put an accent on the highlights and hot topics news and events. We make you acquainted with the analyses and thoughts expressed by the leading insurers and also keep you informed about all that happened within the period between the last two issues of the newspaper.

Happy new returns and best wishes to all who celebrate their birthday! Let's wish all lots of love, good health and happiness to our contributors, friends and well-wishers!

Under the regular heading „Between two issues“ on page 2 a place is given to the news from the Financial Supervision Commission (FSC).

On the same page, you can read all the latest insurance news stories. There you can find out how Euroins Insurance Group acquired the Macedonian Macosped Osiguranje in a deal worth EUR 7 mln, why Nuredin Kafelov parted from the insurers and left the FSC's structure, you will get to know that SiBank started a new specialized program „Eurohorizons“ and a new insurance product has been launched - „ING One“. **There are also some notes from „Banks Investments Money“** International Finance Exhibition and also information for the National **Competition** for a child drawing „Road Safety“, organized by the Association defending insured and harmed in accidents (ADIHA).

The **Cover Story** is developed on page 4 and is devoted to Animal insurance. The author, **Yoanna Stephanova**, put a very telling headline: „I love you, animal!“

Alienation in social relations has reached new heights. What does this mean concretely? Individuals increasingly feel themselves cut off from their fellow beings and there are even some Bulgarians who love their pets more than all relatives and friends put together, and also even more than themselves. Their worst nightmare is connected with disease, accident or, God forbid!, death of their four-legged mate. This kind of people is ready to give their heart's blood in order to insure their pet, but they would never agree to insure their house or even their own life, though. However, the final insurance can be taken out only provided the pet's owner is feeling inclined to agree with the assessment of the pet, made by the impartial insurer. Usually it is quite lower than the insurance sum, required by the owner.

There is also another class Bulgarians - for then the animals are just means for living. Increasingly, people living in the smaller towns and villages use to make **SMALL FARMS**. They are breeding full flocks of sheep and goats, or 10 cows per family, etc. The money they get from the milk, meat and wool, is their only thing to live on. That is why they are often willing not only to pay the veterinarian, but also to buy insurance for their livestock. The companies insure such farms without problems.

There is also another type of people who are fond of animals, for instance, the people who are breeding pythons, iguana and other similar exotic creatures.

They use them in different show programs or in the resorts they offer to take your picture „with an exotic animal“ for souvenir. In both cases, the animals are means for living for their owners and these owners are usually looking for insurance coverage for their pets. Not all of the insurance companies are ready to risk with these „too exotic“ representatives of the fauna. Particularly in the cases when the animals are under extreme stress. There are some companies who insured snakes and frogs, but only in the case, they are bred in terrariums. For example, in some zoo. Policies are taken also for the dolphins in the dolphinariums. Insured against all risks are the bears of Brigitte Bardot. They are bred in the region of Belitsa.

On page 5, we can read about the new challenge of Trade Bank Allianz Bulgaria. They offer special promotion for credit cards for women - 2 years without annual tax.

Page 6 is assigned to the Theme with continuation - Agricultural insurance. The article answers the question could we use the **INSURANCE AGAINST THE ELEMENTS**.

Global climate shifts are felt in Bulgaria mostly because of the calamities that became more frequent. During the last years our country has been constantly hit by storms, hails and floods, and their force even broke the centenary records. These calamities caused damages mostly to the agricultural producers as far as their production is under the influence of the elements for long months. Repeatedly the hard work of entire cooperations is wasted after just one downpour that is accompanied by hail or flood. At this situation, it makes sense that people look for protection of their work. In the civilized world, this is usually done through mass purchase of insurance products. Bulgarian insurers do also offer good products targeting the agricultural producers. However, according to experts, for the last 6-7 years the agricultural insurance products market has shrunk about 10 times. There is not any official statistics reporting such data. The information that are usually sent by the insurance companies to Financial Supervision Commission do never contain a specified row for the Agricultural insurance products. They are included in the general Property Damage premia income. Thus, the official Agricultural insurance market snapshot seems to be much unfocused. This is at least at first sight. However, through the sight of the people, working on this market, the situation looks different.

We offer you the comments of three leading insurers on this theme (pages 6 and 14): Pavel Petkov, Director, Agricultural Insurance, Victoria Insurance company: „We give re-

sponse even to specific requests“; **Stanimir Nyagolov**, Senior Expert, General Insurance, Generali Insurance AD: „Generali Insurance understands and respects the clients“, and **Iliana Ilcheva**, Senior Expert, Agricultural Insurance, Insurance and Reinsurance company Lev Ins AD: „We do not have unpaid claims, we do not insure at any price“.

The information „**The World's Security Business Elite held a reunion in Sofia**“ is on page 7. The 15-th jubilee exhibition, SECURITY 2008 was held February 12 - 15, 2008 at the National Palace of Culture - Sofia under the auspices of the Minister of Interior. The forum integrated all sectors, activities and services related to the safety and protection and which has proved itself to be the most dynamic and developing forum in the field of the security technologies.

On the same page, live information is available for all candidate-students. Finances High School (VUZF) presented in **Plovdiv Conditions of Enrolment and Admission of students**.

On pages 8 and 9, **reader Dr.Ec.Sc. Neno Pavlov presents especially for Insurer Press newspaper „The European approaches to the co-ordination of the social security systems“**. Reader Dr. Pavlov emphasizes that in principle the social security is an area within the preserved national territorial scope of the member-states and EU is engaged to intervene only as coordinator of the harmonization of social security regulations with directives; the co-ordination of the social security activities in the field of



cross-border relationships while free movement of people by regulations that shall bring closer the results from the insurance practices and policies in the countries by use of Open Method for Co-ordination (OMC).

On page 10, under the heading **Consultation**, the author **Tea Baycheva** makes us acquainted with details from the promulgated on 12th February Directive for the deposits that shall be made by the insurers to the Guarantee fund.

On pages 11 and 14, under „**Analyses**“ **Ani Dimitrova** is treating Pension Insurance and makes the conclusion that the „Market reported stable increase and about 53% assets growth“. The article is illus-

trated by tables with data about the profitability of the pension funds for the last three years - 2005, 2006 и 2007.

Page 12 is fully dedicated to the **Ball of Success** - the well-turned headline of the article of Yoanna Stephanova. The author reflects the sumptuous event at which AIG Life awarded for eight times in Bulgaria its international insurance prizes for quality and efficiency LIMRA. AIG Life Bulgaria concluded 2007 with premiums increase of 45%.

On page 13, under the heading „**A look behind and ahead**“, we meet you with Mr. Dancho Danchev, Chairman of the Board and CEO of VICTORIA Insurance and Reinsurance Company. Being interviewed by Mr. Petar Andassarov, Mr. Danchev answers questions related to the partnership between „VICTORIA“ and „F.A.T.A.“ and shares his impressions from the insurance market in Bulgaria, the MTPPL insurance and also discover the goals of „Victoria“ in 2008.

Under „**Conference**“, we are still publishing materials from Forth Insurance Conference: „**Competitiveness of the Bulgarian Insurers on the European market**“. In this issue we gave place to the first part of the report of reader dr. **Irena Misheva**, holder of a chair in „Human Resources and Social Protection“ in the University of National and World Economy. **The report is entitled „The distribution policy of Bulgarian Insurers“**.

On page 16, you can find the continuation of the material from our last issue „Discussion forum „Professional financial consulting“. In his report, Dr Rumiana Sotirova - CEO of

An informal meeting was held last September in Warsaw, dedicated to the long-term prospects of the innovations in the field of insurance business. Host of the meeting was our near to kin Gazeta Ubezpieczeniowa. In non-standard atmosphere, the leading IT experts from the biggest Polish insurance companies - Allianz, PZU, Signal Iduna, Generali и Commercial Union, together with representatives of IBM Polska, discussed the contemporary trends in the insurance branch and the upcoming innovations that shall be inevitably imposed. The discussion was grounded on the report „Insurance 2030“, prepared by IBM Institute for Business Value.

Norbert Dick, General Manager of IBM Global Insurance Industry made all participants to the meeting acquaint with some details of the research and the possible future scenarios for the development of the insurance business. The „Insurance 2030“ report was prepared on the base of wide range interviews of the top managers of third biggest insurance companies in the world and their views about the development of the insurance sector in this too far than usual prognosis.

Another curious material „The debt crisis reached the US taxpayers“ is carried under another regular heading **In the world** (page 21). The author **Iva Ivanova** is relating the story about the insurers of municipal securities and their dwindling funds in parallel with the problems with the realization of collateralized debt obligations (CDOs) and structured investment vehicles (SIVs) (see more details in issue 3/2008 of Insurance Press). These problems went worse when on St. Valentine day Moody's Investors Service has downgraded by six levels, to A3, from Aaa, the insurance financial strength ratings of the operating subsidiaries of FGIC Corporation.

Moody's is also likely to downgrade some bonds insured by FGIC, the agency said, because the company's insurance provided a pillar for them that is now less sturdy. FGIC insures \$315 billion in debt.

Moody's is still mulling whether to downgrade MBIA and Ambac, but said they are „better-positioned from a capitalization and business franchise perspective.“ The decision will be announced by the end of this month.

Ambac, FGIC, SCA and the biggest U.S. bond insurer, MBIA Inc., collectively insure \$1.7 trillion in debt, mostly bonds issued by the government.. If the loose their top rating this will reflect the rating of thousands of schools, hospitals and local managements on the territory of USA.

Under „**Persons and Insurance**“ on page 23 you can read the emotional interview of Vania Toshevska with the beloved folk singer **Guna Ivanova**.

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„ING Pension Insurance“ is talking about the distributional channels of pension products and the important role of consulting.

On page 17 under our regular heading „**Women in the Insurance Business**“, you can read the conversation of **Petar Andassarov** with **Tzenka Bozhilova**, CEO of Lev Ins Insurance and Reinsurance company. Mrs. Bozhilova answers questions about the difficult profession of the insurer, the values in life, happiness, individual tastes and preferred things.

In our regular heading „**In the world**“ on page dr. **Dimitar Shishkov** presents his information, entitled „**Insurance is doomed to innovations**“.