

NEWSPAPER INSURER PRESS ISSUE №8 (30 April - 14 May 2008) WITH AN ACCENT PUT ON THE HIGHLIGHTS, HOT TOPICS AND COMMENTS

Dear readers, in the overview of issue №8 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!

We start our overview by the live issue with continuing relevance - the theme for the range of the Motor Third Party Liability (MTPL) insurance. In our column „Cross point“ (pages 2 and 4), **Slavimir Genchev** is trying to find answer of the question „The ghost of the deemphasized coverage - is it already embodied?“ and gives a ready answer „Europe is not swayed by tears, but data“.

Last few months one ghost is hovering over Bulgaria - the ghost of the deemphasized coverage of the compulsory MTPL insurance. The clue for the assessment of our country to the Multilateral Guarantee Agreement (MGA) was to reach a range of more than 90 percent of the registered motor vehicles.

The official information of FSC was that the range of the MTPL insurance decreased to 82% whereas according to the data from the end of the last (2007) year the coverage was 94%. There is a fall of 12% for the first four months of 2008. The Chairman of the Managing Board and CEO of the Guarantee Fund Mr Borislav Mihailov communicated „Insurance Press“ that towards 31st March 2008 the fund cumulated BGN 33,753 million. According to Mr. Mihailov the possible reason for the shrinkage of the coverage is the fact that the most of the policies with deferred payment of the premium installments are not renewed. In case the real coverage rate really and truly dropped under 90 per cent, special measures must be initiated to deal with the car owners and drivers who violated the obligations and drive without being insured, declared Mrs Again. Unfortunately the Law does not provide for such measures, including laying up vehicles which do not comply.

On page 2 you can find other important news, there included the invitation to tender for the Municipal Insurance Company. The 65.55% stake of the state in the registered capital of the company is subject to privatization. The sale shall if the major stake will be effected by open bidding public auction by block of shares. As we know, the biggest interest in the majority pack has the businessman Hristo Kovachki.

We inform you that on 12 April the Bulgarian Unit of Security Industry celebrated its first anniversary.

You make you acquainted with the Simulators of ING RENAULT F1 which reproduce the Formula 1 experience.

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

Some short reviews of interesting articles in similar editions treating the Insurance and Social Security issues, published within the period between the two issues of Insurer Press, start on page 2 and continue on page 19.

On page 3 **Veselin Tonev**, The third page is devoted to insurance and reinsurance company DZI. Veselin Tonev - director of „Actuaries“ and „Long-term life insurance“ departments in insurance and reinsurance company „DZI“ and **Hugo Vershaatse** - life insurance manager with DZI, present the new fund-linked life insurance product **DZI - LEADER+**.

On page 4, in the column „Analyses“, Toni Baicheva examines the Insurance Brokerage Business. There you can read what are the changes in the

rating. There are about 800 brokers who are entitled to make business in Bulgaria - there are 221 brokers registered in Bulgaria, and over 550 - in another EU country.

For the first time the insurance brokers are included in the summarized data provided by the Financial Supervision Commission, that gives idea about the activity of the insurance brokers and their share in the total premium income. There is a question about the activity of the insurance brokers in 2007, which is summarized on the base of the reports, submitted by the insurance brokers, registered in Bulgaria.

WHO ARE THE FRONT-RANKERS AMONGST THE INSURANCE BROKERS?

Sales show the same trend - just few brokers dominate the market, keeping the largest share thereon. The first five brokers are keeping 30,26%, and the rest of almost 70% is divided between 216 brokers.

There are some changes in the final positions of the first brokers challenging supremacy of the insurance market in Bulgaria. As before, at the first place is MARSH EOOD, but it makes impression on the negative difference in its 2007 market share which relatively small, compared to 2006. The previous year's share of the leader is 12,84%, and now it is cut almost by a half - 7,51% with realized annual premium income of BGN 30 203 667.

At the second place is „Reifaisen Insurance Broker“ EOOD that has premium income of BGN 29 345 552 which represents 7,29% market share. For consecutive year „ING Insurance Brokers“ OOD took third place - with BGN 24 995 and 6,21% market share.

On page 5 we are telling about the third exhibition-competition National Awards „Allianz Bulgaria 2008“ for Painting, Sculpture and Graphic Arts, opened on 23 April in the city of Pleven. The winners are Ivan Velchev, Kili Meskin and Plamen Penov. The initiative is a part of the long-term company's initiative for support of the Bulgarian society in different spheres.

On pages 6 and 7 is our column „To be continued - Fund-linked life insurance products“. George Momchilov, Executive Director of insurance company „Allianz Bulgaria Life“ shares the most risky funds of the company are subject to great demand and that it is recommended to buy just at the moment when the market is down, but not to sale. Mr. Momchilov answers questions of Yoanna Stephanova about the root of the matter of fund-linked life insurance products offered by „Allianz Bulgaria Life“ and the new product that will appear very soon on the market. Mr. Momchilov answered questions about the preferred, „in fashion“ product between the classic, fund-linked, life-insurances and the new „Allianz Index Extra“ and about the difference between the people who prefer one or another type of policy. He said that this depends on the type of the client and what he/she is looking for - highest security but low profitability or the client is ready to „sacrifice“ the security in order to get higher profitability.

The Fund-linked Insurance is suitable for clients who are security-oriented and want to take advantage of the profit potential of equity markets. They have to be well grounded in finances and acquainted with equity

investments to be able to structure their investments portfolio. People, whose daily round does not require any kind of information about changes, forecasts and scenarios, that influence the market indices, should better entrust to the institutional investors such as the insurance companies.

Further in the conversation there the most popular life insurance product is also discussed.

On page 8, under the regular heading „Look back, look forth“ we publish the conversation of Petar Andasarov with Zhanetta Dzhambazka, Deputy Chairperson of the Managing Board and CEO of insurance company Viktoria. Mrs Dzhambazka makes an analysis of the results of the company for 2007 per determinant economic indicators and the market positions of the separate types of insurance. Mrs Dzhambazka also shared that she is filled with pride that VICTORIA is partner of „F.A.T.A.“ part of „Generali“ and her impressions from the insurance market in Bulgaria in 2007 and the first quarter of 2008. She also emphasized that the company has a well developed service and distribution network. The data for 2006, 2007 and 2008 are presented in tables.

In the same column on page 12 Yoanna Stephanova is talking with Georgi Geogiev, Chairperson and CEO of UNIQA Life AD. Mr. Geogiev shared that the most priceless achievement of the company is its balanced portfolio development. The premium income of the company for 2007 is BGN30,685 million, and the registered growth is 93,99%. The year 2007. was considered as the most efficient year in the history of Uniqua Life with profit of BGN 1,397 million. Further in the conversation Mr. Geogiev answers questions about the new priorities and the insurance products and the goals of the company for 2008. Mr. Geogiev explained the motivation of a client

to select Uniqua Life in comparison to the other Life Insurance companies. He also shares his opinion about the Guarantee fund and discusses other live items in the field of insurance business.

On page 9 is the continuation of the last issue's theme for Risk Management. The publication of Slavimir Genchev is named „WILLIS RE can make catastrophic risk models for Bulgaria“. In the beginning of April Willis Re, the reinsurance division of global insurance broker Willis Group Holdings, hosted a risk management

seminar in Sofia, Radisson SAS Hotel „to highlight the growing challenges facing Bulgarian insurance companies and how risk management can help.“ Catastrophe risk management provides insurance penetration in depth across an array of business sectors and this theme is very discussed together with the insurance pool.

The article reflects in details the report „Insurance of risk of floods in Bulgaria“ delivered by Mr. Rashmin Gunasekera, talking in details about the flood risk modeling. The lecturer presented a model of possible flood in Maritza river valley, based on the data for the debit and rainfalls.

In the Gallery „Insurer“ (page 10) Petar Andassarov is talking with Anton Pironski, member of the Managing Board and CEO of the insurance company Euroins AD. Mr. Pironski is talking about his road of life and professional experience He shares his opinion about the situation on the insurance market, the trends in its development and the role of Euroins. He also touches the question about the relationships between the insurers. He answers questions about the catastrophic pool and the role of Bulgarian Insurers Association and Direction „Insurance Supervisory“ of FSC.

Our column **Legal Advisor** (page 11) is headed „Fast changes in the Trade Register are required“. The Lawyer Katya Spasova from the Lawyer's partnership „Antoanetta Dimilarova, Rozalina Gradinarova and partners“ attract the public attention to some problems, that must be resolved as soon as possible.



Page 13 is devoted to insurance and reinsurance company „Armeets“. On 14 April the Executive Director of the company Roumen Geogiev was awarded with the prize „Man of XXIst century“ bestowed by the organization „Made in Bulgaria“. The trade mark Armeets was pronounced „Business superbrand“ of Bulgaria.

On pages 14 and 19 is the continuation of the last issue article „The Risk Management - the guarantee for security and prosperity of the small companies“.

Especially for Insurer Press, the author - the reader doctor Ivanka Boneva commented: The need of specialized insurance market for regulation and support of the risk management, is getting more and more powerful. The reader doctor Ivanka Boneva is lecturer in Economics, Finances and Corporate risk management in the Economic faculty in the University of Forestry.

In the article dr. Boneva examines in details and theoretically substantiated the Risk Management Process in its stages/steps for timely and effective reactions.

On page 15 „Book shelf“ Prof. Dr. Econ. Sc. Hristo Draganov shares his reasonings on the books of Dr. Econ. Sc. Alexey Petrov „Corporate Active Security“ and „The Hole Trinity- vision, communication, action“.

Under the heading „Women in the insurance business“ (page 17) you can find the interview with Aneta Petrova, manager of the Consulting Insurance Center „Bulstar“ EOOD. Mrs. Petrova answers questions about the difficult profession of the insurer, the values in life, happiness, individual tastes and preferred things.

Page 20 is devoted to the new insurance broker - „Together Bulgaria“. Its Manager Ivan Sotirov declares that „Together Bulgaria“ will offer new level of consulting and that the client is the Boss.

On the same page we are making you acquaint insurance broker activity management system through internet.

What happens „In the word“? Low quality mortgages are the biggest of the disasters. This is the interesting start of the material of Iva Ivanova on page 16.

On the same page we find out that the Australian insurance giant in the field real estate and accidents QBE Insurance extends its takeover proposal for the local competitor Insurance Australia Group

to May 19. We finish by the curious article „The shrinkage of the economic gap of XXI century“ by Stephan Parente. According to the author the poor countries can overtake the rich ones provided they take out the barriers before the effective production. You can read about this challenge under the heading „In the world“ on page 21.

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ПО СВЕТА

Ст. н. с. II ст. д-р Димитър Шишков специално за в. „Застраховател прес“

ЗДРАВНОТО ЗАСТРАХОВАНЕ В ПОЛША

(Продължава от стр. 16)

Центровете са силни със стандарта на медицинските си услуги и значителното обхващане на страната. Както и с привлечените значителни чужди инвестиции. Застрахователите пък се нуждаят от такъв род здравни услуги и са несравнимо силни при оферирането, продажбите, оценката на рисковете, а не на последно място - и с капиталовия си ресурс. Затова първите стъпки вече се правят. PZU например е главният играч в търга за закупуване на CM CIM (14 клиники в най-големите градове). Цената е напълно по силите му - 250 млн. злоти.

Напреднала е работата по определяне на здравните услуги, гарантирани от публичното и от доброволното (доплащано или изцяло заплащано) осигуряване. Такова разделяне ще реши казуса на задължителни здравни вноски и доброволни по презумпция застраховки. Ще дефинира степента на персоналия и общественя ин-

терес от допълнително здравно осигуряване. Яснотата им ще даде възможност на застрахователите да изготвят по-прецизно своите пакети, да пресмятат точно поеманите рискове и ако трябва, да предлагат специализирани здравни застраховки, „кроени по мярка“.

Подготвя се закон (среща възражения от различни страни) - на застрахователните дружества да се предоставят правомощия да се разпореждат с частта от социалните фондове, предназначена за здраве. Тази част съответната фирма може да отдели за здравни застраховки. И досега имаше такава практика, но тя бе в ръцете на медицинските центрове, които правеха фирмените абонаменти. От тях идват главно критиките: става дума за колосална сума - 8 млрд. злоти. Ако се приеме такъв закон, което вероятно ще стане, той ще предопредели генерално водещата роля на застрахователните дружества в доброволното допълнително здравно осигуряване.