

NEWSPAPER INSURER PRESS ISSUE NO 19 (15 - 29 OCTOBER 2008) WITH AN ACCENT PUT ON THE HIGHLIGHTS, HOT TOPICS AND COMMENTS

Dear readers, in the overview of issue no 15-16 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 we publish the directions of FCS regarding the insurance compensation payment liability in case of a vehicle covered by two or more mandatory MTPL insurances. According to the adopted directions, the insurers that have concluded MTPL insurance contracts as about one and the same vehicle shall be jointly liable.

In the column «*Forums*» you can read the material about the Regional Conference on insurance markets in South-Eastern and Central Europe and their regulation, held in Sarajevo on 29 September this year. The forum was attended by **Apostol Apostolov**, Chair of FSC, and **Raltsa Againe Guri**, Deputy Chair of FSC, Head of Insurance Supervision Directorate, as well as other experts from FSC.

Following close and continuous monitoring of developments in financial markets, CESR members decided, at the meeting held in Paris on September 30th, to announce the new steps taken following actions to address key aspects of the financial crisis that fall under the competence of EU securities regulators. These new steps will cover banking, insurance and pensions.

On page 3 **Evgenia Dimova**, Director, Property Insurance Directorate, DZI-Generai Insurance AD (Plc.), explains the necessity of advertising campaign for. She is also giving more details about the property insurance products, newly launched by DZI-Generai Insurance AD (Plc.).

The cover story of this issue is the *school insurance*. The headline of the article by **Yoanna Stephanova** is self-explanatory „At school bell ring and in case of broken window“. The school insurance products' share is almost invisible in the insurance companies' portfolios. In the bottom of this is the fact that the parents in an amass are choosing the minimum price, that is to say the minimum coverage. Translated in figures this should be described this way: BGN2-3 annual premium per kid and BGN 1,000 insurance sum. This way, in case of eventual accident, the student shall receive about BGN 50,- of compensation for his/her broken arm put in plaster. The group policies, taken out in the schools are renewed each October-November. The contribution to the recently created Guarantee Fund has made some of the products being non-competitive on our market. To our regret nobody is keeping statistics about the percentage of Bulgarian students, provided with insurance protection coverage.

On pages 16 and 19 we carry the lecture of Reader Dr. **Jordan Hristoskov**, Governor of the National Social Security Institute (NSSI), delivered before the Seventh National Conference with international participation: «Social Security and Insurance in Bulgaria under the conditions of eurointegration: challenges before the yet continuing adaptation».

The lecture was entitled «European dimensions of social security systems modernization in Bulgaria». At the beginning, Dr. Hristoskov emphasized that his presentation shall not be considered as scientific study with the relevant theses and subtheses, rather than an overview of the European practice in the field of social insurance. In addition, that he would not be speaking about the achievements rather than the challenges before the Bulgarian social security systems in the light of EU official documents. He shared that we face two ways laying before Bulgarian social security systems in the context of the European trends. The first way of development of the social security systems in Central and Eastern Europe is autonomous, i.e. the independent way, i.e. out of the context of the European

Insurance with 23% followed Uniqa Life and DZI with above 16%.

Private health insurance market reported a 10,1% YoY rise in premium income to BGN 21,220 thousand in January-August 2008. The number of Bulgarians with active contracts for voluntary supplementary health coverage was 338 760, according to the statistics.

On page 10 you can read the interview of **Petar Andassarov** with **Svetla Nestorova** - Chair of Managing Board and CEO, Bulstrad Life. Mrs Nestorova emphasized «*Bulstrad Life*» is a company with explicitly clear goals that are following their natural course in short, average and long term plan. We are company, which is oriented to the individual clients and the small and average business - with allowable conditions and flexible behavior. In the world the classic risk insurance «*Life*» is a constant simply because it is required by customers who are constant. Meanwhile, in the long-term products, the classic «*Life*» insurance with saving element is and will be fundamental and «base determinative».

Furthermore, Mrs Nestorova shared that the insurance market is growing with the estimated rates and will keep growing with variable velocity. The best thing, which happened lately, and which is of great importance for the customers' security, is the accrued reserves.

Pages twelve and thirteen are devoted to EuroLife Bulgaria. The material, entitled «With firm steps toward the top» reflects the holiday seminar held by the largest life-insurance broker and attended by more than 350 persons. The seminar was held under the auspices of Allianz Bulgaria Life Plc., at the hotel complex Miramar, near Obzor.



policies. To a great extent these processes of reforms and modernization throughout Central and Eastern Europe got ahead of the development and modernization of the social security systems in Old Europe. In line with the autonomous, we are also following the European ways of social security systems modernization and the interaction is based on the „focus“ or „object of coordination“. Further, in his lecture Mr. Hristoskov clarified the principles, the goals and the challenge of this modernization.

On pages 8 and 9 we carry our column «Analyses». In this issue you can find the figures from the General Insurance and Voluntary Health Insurance results for the period January-August, 2008.

Bulgarian general insurers collected BGN 953,544 thousand in gross written premiums in the eight months through August, up 22,4% year-on-year (YoY), as showed data of the Financial Supervision Commission. Motor insurance generated almost half of the premiums in the aggregate insurance portfolio, with largest share of the Automobile insurance 47,1%, followed by Motor third party liability insurance which accounted for 22,2% of gross written premiums and 26% of the payments.

Bulstrad (16.7% market share), DZI (13%) and Allianz Bulgaria (12%) remained market leaders, while Euroins ranked 8th with 5.4%.

Life insurance market reported a 23,8% YoY growth in premium income to BGN 171,058 thousand in January to August 2008. The largest relative share in premium revenues of the life insurance companies as of end-August, 2008, have the „Life“ and „Rent“ insurances. The revenues from this insurance amount to BGN124,861 thousand, and form 73% of the premium revenues, generated in the sector.

Market leader is Allianz Bulgaria Life

On page 14 you could read the interview with **Georgi Georgiev**, Chairman of the Board and CEO of UIQUA Life AD insurance company.

Mr Georgiev commented the achievements of the company for the first half of FY2008 which ranked UNIQA Life AD at the top second place among the life insurance companies on the Bulgarian market. He also expressed his fears for the recently arisen global financial crisis and his expectations for negative influences on the business in the fourth quarter of the next financial year. Mr Georgiev shared that the fast restructuring of the financial portfolio of the company appeared to be a challenge. During this year the efforts are channeled toward the increase of the sales of Long Term Insurances with Saving Element, i.e. the compound insurance, kids insurance, pension insurance and investment-linked life insurance products. UNIQA Life offers four investment programs with different level of financial risk. The investments are made simultaneously in up to 30, both Bulgarian and foreign mutual funds, and 9 more investment funds including a fund offering protection against devaluation of its shares' market value.

Further in the conversation Mr Georgiev shares that the main 2008 goal of UNIQA is Retail business development. Moreover, along with the general insurance business UNIQA is also developing the new form of «cross sales».

On page 15, in the regular column «*Look back, Look forth*» **Slavimir Genchev** is talking with **Stephan Stephanov**, General Director, KD Life, about the results, achieved by the company. «Fondopolitsa» (Fund Policy) is the main product, offered by the company. It has two options - depending on the type of fund - based in Bulgaria or abroad. According to Mr Stephanov, the Investment Fund - linked insurance is the product of the future. As he announced at the very start of the business, the goal of KD Life for the next 10

years is to achieve 10% market share.

As regards the risks for Bulgaria, arisen from the global financial crisis, Stephan Stephanov considers that at moment we are facing mostly crisis of the trust. The insurance business in Bulgaria is growing fast. As regards the life insurance, the thing are going according to the expectations □ the growth rate for the first six months is 27 per cent, and by the end of the year it will reach a growth of 30%.

Mr Stephanov took the view that the financial consultants must be specialized. Further in the conversation he told in details the project, realized in the social area. In conclusion he shared that he is backing up the opinion of Svetla Nestorova for for equal treatment of all insurers on the Bulgarian Market with regards of the contributions to the Guarantee fund, because he considers that the principle of equality is very important for the business.

On page 21 in the column „*Theme to be continued*“, we carry the last part of the material we are publishing in the few later issues - «*The Risk Management - the guarantee for security and prosperity of the small companies*» by reader doctor Ivanka Boneva, exclusively for *Insurance Press*. It is entitled «*Treatment of the risk, Monitoring and Review - the last steps of the process*».

We will finish our overview with the curious material by **Iva Ivanova** «In the world» (page 17). The enormous tremors at the financial markets all over the world, originating from the low quality mortgages sector in USA, claimed new victims. Many emblematic credit institutions on both sides of the Atlantic are not existing anymore and the idea about independent investment banks likely will stay in the past. The cataclysms did not have mercy on the insurance branch.

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ИЗСЛЕДВАНЕ ЗАЛАГА НА ИКОНОМИЧЕСКИ...

(Продължава от стр. 2)

Положителното е, че квалификацията на заетите се повишава, а инвестициите с тенденция към растеж остават непроменени.

✓ Германия и Франция ще отбележат ръст от 0,7% през 2009 г., представляващо средния ръст за Европа.

За Италия и Англия растежът ще бъде 0,5%, а за Испания - 0,4%. Натрупването на икономическия растеж в големите европейски държави компенсира силните структурни различия, които ще се откроят при повторно динамично развитие на пазарната конюнктура в Европейската общност.

Ключови препоръки:

✓ Въз основа на очакванията за намаляване на инфлацията би следвало Европейската централна банка

да е готова да намали още лихвения процент. Предложението е намаление до 3% през следващите шест месеца.

✓ Страните с малки бюджетни дефицити (като Германия, Холандия, Австрия, Финландия и Швеция) трябва да въведат с цел стимулиране на икономиката заплануваните данъчни и социални реформи и да предложат инициативи за стимулиране на инвестициите.

✓ Нужно е Европа да се ангажира с промени в глобалната регулаторна рамка за финансовите пазари и банковия сектор. Изискванията по отношение капитала трябва да бъдат актуализирани и е наложително да се увеличи прозрачността.

✓ Фрагментирането на финансовите и банковите пазари (ипотечни

пазари, застрахователни пазари) трябва да бъде преодоляно. Кризата на финансовия пазар предоставя възможността да се премахнат интеграционните дефицити.

Проф. д-р **Михаел Хайсе** - главен икономист в Allianz SE и главен автор на изследването, сподели: „При тази криза е важно да не се забравят множеството фундаментални предимства на Обединена Европа, например конкурентоспособният корпоративен сектор и високата квота на лични спестявания. Ако правителствата продължат с ефективните мерки за преодоляване на финансовата криза, вярвам в положителното развитие на Европа през 2009 г.“

„ЗП“

ПРЕГЛЕД

СРОДНИ ИЗДАНИЯ - ЗА ЗАСТРАХОВАНЕТО И ОСИГУРЯВАНЕТО

(Продължава от стр. 2)

Освен основният материал, са поместени още коментарът „Подчертават се негативите, а потенциалът се изпуска“ от Милен Марков, главен изпълнителен директор на ПОД „Съгласие“, и интервюто с Николай Стойков, главен изпълнителен директор на ПОД „Ай Ен Джи“ - „Системата е много стабилна“. Има още: позиция - от Даниела Петкова - „Всеки ден сме като на война“ и мнение на Кирил Червенков, изпълни-

телен директор на ПОД „Лукойл Гарант“ - „Ситуацията ще покаже колко сме добри“. Поместени са и таблици за нетните активи на пенсионните фондове у нас от септември 2007 г. до юни 2008 година.

А на здравното осигуряване е посветено цяло фолио с участието на д-р Илко Семерджиев - „Липсват финансови разчети“, на д-р Стефан Константинов - „Контролът ще се промени, когато се позволи на пациента да изисква и да следи“. И още на д-р Мими Виткова, председа-

тел на Асоциацията на лицензираните фондове за доброволно здравно осигуряване - „Управляващата коалиция няма яснота за здравноосигурителната система“, и на д-р Атанас Кундурджиев - „Демонополизацията на касата и фондовете остават в мъгла“. Всички тези материали са в бр. 42 от 17 октомври 2008 г. на в. „КЕШ“.

Прегледа направил
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