

# OVERVIEW OF ISSUE No14 OF THE NEWSPAPER PRESS INSURER WITH AN ACCENT PUT ON THE HIGHLIGHTS AND HOT TOPICS

**D**ear readers, due to the increasing interest in the newspaper **Insurer Press** - the special edition for insurance and social security, we start publishing an English overview of the of the most important articles in the previous issue, in order for our partners from the other member countries of EU to be given the right and full idea of the contents and the topics and problems treated therein.

First of all we would like to congratulate warmly and sincerely **Petar Andasarov** - the director and creator of the newspaper, on the occasion of his 70th jubilee and to wish him the best of health, creative longevity, youthful spirit and initiative! Many years!

Some particular details from the rich creative biography of Mr. Andasarov can be read on page 20. An evidence of his significant social contribution is the fact that the President of Republic of Bulgaria Georgui Parvanov sent the jubiliarian a Congratulatory Address.

In our issue no14 overview (25 July - 15 august) we put again an accent on the most important and hot topics, news and events. We are publishing analyses of the insurance market and the voluntary health insurance; broker business review 2006. The newspaper goes on reflecting the problems discussed during the forums in Veliko Tarnovo, Svishtov and Sofia. It carried also the report of Nikolay Petkov (Financial Supervision Commission) on the Fifth Motor Directive.

Under the heading of „Cross point“ and the headline „The insurers „demand the floor“ on the matter of the amendments in the Insurance Code“ (page 2 and 19) the attention is called to the fact that on 12 July the Cabinet carried a draft for decision for the adoption of the Draft Law on supplements and amendments of the Insurance Code. The project provides for a Security Fund that will be making compensation payments on the obligatory MTPL, Accident insurance, Disease and all life insurance products in the cases when the insurer goes bankrupt. The project has been made by the Financial Supervision Commission. However, the apprehensions and the offers given by the Bulgarian Insurers Association (we already published their position in our issue no13) did not find place within. A firm promise was given for this to happen during discussions before the vote in the Plenary Hall. This matter was considered at some length in our previous issues.

On the same page a special report for Insurer Press from Varna is bringing to our knowledge some foreign tourists' dodgy tricks for draining the insurance companies they are insured in. However, the competent authorities will inform the insurers in due course.

Page. 2 starts the analysis of the broker business in 2006, provoked by the sizable premium income accounted for through the mediation of the brokers - it comes to one fourth of the total premium

income realized by all types of insurances that is a token of their tangible presence on the insurance market. They realized insurance sales amounting about BGN 300 million. The data tables with premium income, by type of insurance, of the 186 brokers, are shown on pages 10-15 and 12-13. The newspaper reports the news, that Marsh is ranked Number One Broker for 36th consecutive year by Business Insurance revue (page 19), as

Financial supervision commission, is „Insurance market and voluntary Health insurance market in 2006“. The charts are showing the market concentration of the voluntary health insurance, which is gradually decreasing as a result of the appearance of new market players. They are 13 at the moment. The realized premium income showed a 27.17% rise on an annual basis. There are also the analyses of the structure of the paid claims and both Life insurance and Health Insurance companies' portfolios. Some data tables are giving information about the passive and active reinsurance and retention ratio in total and life insurance companies

aiming the health care improvement in the country.

This issue's cover story „The Catastrophe Insurance Pool in our country is dangerously late and is still a dilemma with many unknowns“ fills two whole pages (8 and 9). According to the insurers' data, 5% of the Bulgarian property is covered by insurance, while only 2% earthquake cover. Things being so provided the last years' down-pours and floods, the tempestuous and even now active fires and the persisting warnings of the seismologists.

At this stage 49 countries have catastrophe pools. Last to introduce such pools were Romania and China. In our country this matter was seri-

Dokov for the pool to be a separate legal entity, controlled by the state and assessing the claims on the base of the researches of the seismologists and the experts from BAS. The World Bank allegedly is likely to donate 50 000 euro to start the initiative and give other 500 000 euro as a loan payable within 15-17 years. The state shall automatically transfer the money to the pool's account. The idea is supported by the mayors and Policy on Natural Disasters and Accidents Parliamentary Committee. However there are too many contradictory opinions within the Insurers' guild and nobody knows who will be participating and there will be difficulties during the first few years before the accumulation of the funds in the pool. The first year total amount is expected to be BGN 140 million, while BGN 20 min. insurance premium and 100% collection of receivables, which seems to be quite unrealistic.

In this connection on page 11 we continue publishing the contribution of the experts of the National Institute of Meteorology and Hydrology **Petio Simeonov** and **Ilian Gospodinov** - „Up-to-date approaches for risk assessment for disastrous phenomena of meteorological origin with regard to climatic variations and fluctuations“, made during the discussion forum „Insurance Culture in time of Disasters and Accidents“ (18-20 April 2007, Veliko Tarnovo). Charts are used to illustrate the monthly and yearly distribution of the hailstorm and flood rain days.

On page 14 under the heading of „Regulation of Insurance Intermediaries activities: A balance between professional rules and consumer protection“ is published the speech of **Victor Rod** - Director, Insurance Commission, Luxembourg, before the XIX Pan European conference „Effective mechanisms for consumer protection“ (7-8 June, 2007 Sofia), which explains the main issues of the European legislation in the field of Insurance Agency and the regulating Directive.

We will finish our overview by something curious. Under the heading „In the world“ (page 18), the story named „Let the spirits stay in the bottles“, gives us some interesting details about the Islamic Insurance. By difference of the western insurances that are profit oriented, the main principle of the Islamic insurance is the mutual help, confraternity, taking the burden of the other one.

On page 21, under the same heading - „In the world“, we are reading information about pension insurance in Europe, to be more specific - in Switzerland, where the pension actualization happens every two years according to the changes in salaries and prices.



well as that the financial state assessment of the Municipal Insurance company has been approved (page 9).

„The hot questions of the hot summer“ further in „Live questions“ (page 4). „Fifth Motor Directive - main points and challenges“ is the subject of the report of **Nikolay Petkov**, delivered at the seminar in Hilton hotel in Sofia. The Directive was adopted already in May, 2005 and was able to be fully transposed to the newly carried Insurance Code with respect to its Security Fund Structure and Activities Regulations The Directive regulates the new MTPL limits. Bulgaria will make the most of the time before the postponed date of these limits coming into force - 1 January 2010 when a half of the final limits will become effective.

Under the heading of „Forum“, on page 6 and 17, Insurer Press still continues publishing the printed matters of the VI National Insurance and Social Security Conference in Svishtov (3 and 4 May 2007). The topic of the analysis made by **Stefan Stoilkov** - Director of „Regulation Policy and Analyses“ in Insurance Supervision Department of the

in 2006.

The topical problems of the voluntary health insurance are shared by d-r **Stefan Taralejkov** - Secretary General of the Association of the licensed companies for voluntary health insurance ALCVHI (pages16 and 19). He states that the main problems of the health insurance system are the incomplete funding of the basic package of health care services and the ineffective spending of the financial resources. The voluntary health insurance is regulated by the law since 1998 while inadequately enough because it tolerates a poor development, caused by multifold and complex reasons. More than once ALCVHI posed the problems both before the National Assembly's Health Care Committee and the Ministry of Health, though in Mr. Taralejkov's opinion, the association has never been regarded as a partner. And the voluntary health insurance funds have the practical function of substituting, additional or supplementary health insurance. Further in this publication you can read about the steps and measures which ALCVHI finds necessary to be taken by the end of 2009

ously discussed last April at the specialized expo and discussion forum **INS expo & forum** in Veliko Tarnovo (18-20 April). At that time the discussions were showing promises that by the end of 2007 a Draft Law on Catastrophe Risk Insurance Pool would be introduced in the National Assembly and a compulsory real estate insurance would be enforced. Insurer Press has already published in few consecutive issues some printed matters from this forum. Here again we reflect the opinion of one of the biggest zealots of the creation of such a pool - **Luca Dokov**, undeniable authority, nowadays head of Interior Audit for BEIA. Mr. Dokov emphasized once again that we are launching the pool undertaking late but there is still not any progress. The only thing done is the foundation of a non-profit association which will promote the development and popularization of this idea and will raise funds as well. This association represents a team of experts who will elaborate the Draft Law on the pool. This is to remind you the idea of Mr.

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