

ISSUE N°15-16 OF THE NEWSPAPER PRESS INSURER WITH AN ACCENT PUT ON THE HIGHLIGHTS AND HOT TOPICS

Dear 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 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.
In this issue no 15-16 (15 August - 12 September) we are still putting an accent on the highlights and hot topics.

Even on the second page the newspaper conveys that new important changes in „Generali Bulgaria“ Holding JSC are coming into view and announces that the supplementary pension insurance achieved a volume growth of 47%. The regular heading „Between two issues“ covers the last news from the Financial Supervision Commission. Breaking news - „KBC Finalized The Acquisition of 70% of DZI Insurance And Reinsurance Company“ is on page 3. A little bit history - yet on 30 January 2007, KBC and Contract Sofia announced that an agreement had been reached for KBC to acquire 70% of DZI Insurance and Reinsurance Company, the Bulgarian leader on the general and life insurance market services. On 3rd August KBC was granted the needed approval from the regulatory authorities and successfully closed the deal acquiring the 70% stake. KBC is planning on organizing a public bidding for the other 30% of DZI Insurance and Reinsurance Company. The same page contains also the short presentations of the financial - insurance companies themselves - „KBC“ Group and „DZI“ Insurance and Reinsurance Company. Some more live news found place on page 10 - The deal between „Generali“ an Victoria Insurance Company has been finalized; „Euroins“ achieved 35,2% premium income growth for the first six months of this year. „Euroins“ insured the Discovery Channel shooting team that came in Bulgaria to shoot a production dedicated to the ancient Thracians; „Eurohold Bulgaria“ concluded the half-year 2007 period with profit of BGN 3 451 thousand; „Armeets“ Insurance and Reinsurance Company doubled its capital to the amount of BGN 30 million.

Under the heading of „Cover story“ we take an all-round view of „The whims of the nature in Bulgaria“ (pages 4, 6, 23). We carry on the page 7 the comments of **Tania Chonkova** - General Secretary of the NBBMI (National Bureau of Bulgarian Motor Insurers) upon the Border MTPL insurance, and on page 15, under the heading „Document“ you can find the whole text of the Ordinance No. 24 of March 08, 2006 on the Compulsory Insurance pursuant to Items 1 and 2 of Article 249 of the Insurance Code and on the Procedure of Settlement of Claims for Compensation of Damages Caused to Motor Vehicles.

Under the topic of „Live questions“ (page 9) **Borislav Mihailov** - Guarantee Fund Managing Board chairman went into the new tasks and responsibilities of the fund evolving from the new amendments of the legal framework. They are in the following general lines: managing bodies and management; settlement of claims; regulation of the recipro-

cal actions between the compensation authorities and the guarantee funds when accident happened on the territory of member countries of EU.

Under the topic „Forum“ *Insurer Press* is still publishing abstracts from VI National Insurance and Social Security Conference in Svishtov (3rd and 4th May 2007). This time the subject is „General insurance market and voluntary health insurance market in 2006“ - an analysis made by **Stefan Stoilkov** - director of „Regulatory Policy and Analyses“ directorate within the Insurance Supervision Division of the Financial Supervision Commission. The same topic also covers a report from the forum in Varna - „The reform in Mexico resulted in better economic development“ (page 22).

Insurer press rewarded with two full pages the high-minded initiative of „Bulstrad“ and „Bulstrad Life“ to take care for the young talents by lending financial support to the teams of the Mathematics' College in Sofia while their participation in the International Mathematics Olympics (IMO) in Hong Kong on 31 July, that resulted in silver medals for the Bulgarians. The same company distinguished two winners of the children painting competition, organized within the frame of the International Ethno Jazz Festival in Smolian (page 17). Two of the big little champions - **Daniel Dobrev** and **Victor Valov** visited the editorial office at the invitation of the director.

„Book shelf“ (page 24) presents three books - the theoretical „Introduction to the Insurance“ of the reader doctor **Radoslav Gabrovski**, the theoretic-practical work „Insurance fraud in Bulgaria. Detection and exposure“ by **Yuryi Todorov** and the new clever book of the insurer **Yordan Kachorov** „A land enlightened by the cross“. And two more pages for culture with an essay by Boris Georgiev - „Fear and business - VII“ or „good job, but ... „made in Bulgaria““ - a critical review of some aspects of the insurance legislation (page 12-13). The results from the survey Interamerican Bulgaria Insurance Company commissioned to Gallup are more than disturbing, saying the practices and attitudes of the Bulgarian citizens towards insurance. It turns out that the activities of the insurers and the insurance products are of low public awareness: „Two thirds Bulgarians did not buy an insurance“ (page 20).

Even this summer the whims

of the nature did not bypass Bulgaria. Meteorologists would have us believe that from now on the Mother Nature will take revenge for our profligate ways. To our regret „The Bulgarian insures his property and living only provided an accident has befallen him“. This is the heading of the „Cover story“ of **Ileana Stoyanova** (page 4, 6, 23)



Victor Valov and Daniel Dobrev

From time immemorial the farming is the main means of living for the Bulgarian population. Crop disasters happen from time to time: dry, slush, hail, flood, fire. Unfortunately the farmers and house owners do not insure the crop and the houses against possible accidents. 4000 cases of fire were registered this July and this fact was considered unprecedented for the last 17 years. The damages by the fires that broke out until 31 July, are presently calculated to come up to BGN 3.132 mln, reported the Ministry of Agriculture and Food Supply. This amount covers the predictive value of the burned timber and the fires extinguishing expenses as well. The Ministry did not comment the aroused suspicion for malicious cause. It is alleged the arsons were made to the set purpose of exporting the burned timber and this is in view of the fact the statistics reported mostly deciduous forests destroyed. Since the beginning of the year 350 thousand decare of forests have been affected, but 250 thousand of them were reported hit by the fires that broke out the last month. Fire damages even only for July are reported to be as much as BGN 2,1 mln. This made the Government to prohibit the exportation of burned timber.

According to **Stanimir Nyagulov**, Senior Expert in „Generali insurance“, at the present situation the company „Generali insurance“ did not find any crop damage. On principle the insurance „Fire on root“ covers the time the agricultural crops are on the tract. In accordance with the conditions of the insurance, no claims are paid for damages caused by eventual fire

on the stubbles after having the crop reaped and put under cover. That's why this insurance is called „Fire on root“ - that means the plant is still on the field. The grain that is put under cover is subject to property insurance.

The insurance „Fire on root“ is made according to farmers' requirements and as an optional cover in addition to the main insurance. The rate is between 9 and 16 percent of the main cover and depends on the type of the crop. The share of the „Fire on root“ insurance income differs in the total agricultural insurance portfolio depending on the type of the crop and its fire vulnerability. The maize and sunflower crops are considered as the most fire vulnerable but they are still unripe and there are no burned crops reported. For this market, the prices of the maize and sunflower insurance is from BGN 0,30 up to BGN 0,50 per decare. The prices for the cereals fields, vineyards and fruit gardens is from BGN 1,50 up to BGN 1,89 per decare. The forest massifs insurance exists in other countries but not in Bulgaria. This product is still not registered here because the owners are not interested in, - alleged the insurers.

The forest plots owners are striving to cut the wood as much as they could and sell it as it as a timber after all. The worst thing is that to all appearances there are some persons with interests at stake, making money by the fires broke in the deciduous forests.

The last fires spread over almost all regions in the country. There are also some buildings reported damaged by the fire. The lack of money is not the only reason for low interest of the Bulgarian citizens in the home property insurance. Sometimes people are not well acquainted with the offered products, the price rates and even the meaning of insurance. An organization of the insurance process is missing. Evgenia Dimova, Property Insurance Director in DZI Insurance and Reinsurance Company, shared for „Insurer Press“, that the general feeling of the insurers, got on the base the warnings and information from all around the country, is that the majority of those properties - villas, bungalows, temporary inhabitable constructions and agricultural buildings that burned out during the last July fires, were not insured. How will be compensated the damages of the affected buildings? The Property Insurance nomenclature includes the products „Fire and calamity“ and „Property damages“ as well. Last years trend is toward a higher coverage range of the insurances. Let's take the advice of the insurers: **Stanimir Nyagulov** - „The fires set on the stubbing fields caused the conflagration

and I consider that this has to be stopped“; **Evgenia Dimova** - „I unhesitatingly advise everyone of you to take care of the property which one is building for long years and that will be the inheritance of one's children. With respect to your standard of living we will offer you an adequate risk coverage that would help you to meet the first and urgent needs in case of calamity damages“. A relation to the subject can be found in the report of the experts from NIMH/BAS **Petyo Simeonov** and **Ilyan Gospodinov** - „Modern approaches for risk assessment for calamities with meteorological origin in relation with climatic changes and fluctuations“ read before the discussion forum in Veliko Tarnovo (18-20 April 2007) „Disasters Insurance culture“ and published in few consecutive issues of „Insurance Press“. (page 11 and 20).

In her comments regarding the readiness of the Bulgarian Insurance market to meet the new challenge of the Border „Motor Third Party Liability Insurance“ (MTPL), **Tania Chonkova** precises that the „Green Card“ certificate to the Border MTPL is an integral part of the policy and certifies the presence of a valid policy. This is only because the fact the insurance policy is issued for the cars that are usually out of the EU or EEA territory and enter the Bulgarian territory without a valid „Green Card“ insurance. The companies that sell the new insurance are to provide it with additional reinsurance coverage. Up to now only five-six companies expressed a desire to sell it. Another interesting point is the fact that this insurance cannot be sold by agents - the insurance companies and their offices in the country and at the cross-border points are the solely entitled. In conclusion Mrs Chonkova emphasized that the National Bureau of Bulgarian Motor Insurers (NBBMI) made all necessary arrangements for the unhindered sale of the new insurance (page 7).

The story „Pension reform and equality of rights of men and women“ by **Zoya Slavova** - head of division in the National Social Security Institute (NSSI), ranged some interesting subjects. It reflected the survey made by a team from the NSSI and the Center of Women's Studies and Policies (CWSP), made with the support by (ЦИПЖ), извършено с подкрепата на International Labor Organization (ILO), studying how men and women are influenced by the pension reform. (page 14 and 18).

In „In the world“ you can read about the health insurance in Slovenia and Poland - interesting information by the senior research associate d-r **Dimitar Shishkov** (page 21). The Insurance sector in Eastern Europe (page 27) and South Africa (29).

We are finishing this overview by something interesting - „G4S Security Services Bulgaria“ JSC are the one and only company on the Bulgarian market to offer a modern European solution of the car theft problem (page 30).