

# ISSUE NO18 OF THE NEWSPAPER INSURER PRESS 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.

In this overview of issue no18 (26 September - 10 October) we still put an accent on the highlights and hot topics news and events. The **Top News** reflects the amendments in the Insurance code, carried by the parliament. The **Cover story** takes an all-round view of the getting more and more popular leasing insurance products. We publish analyses of the broker business and the voluntary health insurance market. For the first six months of 2007. We consider the new details in the activity of the National Bureau of Bulgarian Motor Insurers (NBMMI) and the Guarantee fund. We make you acquainted with **Luka Dokov** and his long way to success. We make you more familiar with the pension system in France and the health insurance system in the USA.

On page 2 the newspaper informs about the creation of a specialised compensation fund which is to make payments on behalf of insurance companies gone bankrupt. This was adopted by the parliament at first reading, within the amendments to the Insurance code. Another important news is that the insurance companies of Generali changed their type of management from a single-tire (board of directors) to a two-tire management (managing and regulatory boards). Under **Cross Point** you can read the editor's story of Illeana Stoyanova - **The catastrophic pool - a blessing in disguise for the government**. For the last six months the newspaper *Insurer Press* has been bothering the press-centre of the Council of ministers, trying to understand what about the creation of Catastrophic Pool joint commission - this idea was inspired by the Prime Minister after the floods in 2005. The explicit answer is **no**. On 20th September the press centre confirmed their firm intent to inform the media provided the creation of such a commission. YES, that means NO. They do not inform us because of some intangible reasons. However, even as early as 20th August this year, Sergey Stanishev gave personal orders №P-54 to create a Joint departmental working group for national catastrophic programme development under the chairmanship of the deputy-minister of finance Liubomir Datsov, co-chairman Venelin Uzunov and some other key representatives of different ministries. This commission had to launch a large public discussion resulting in a developed programme for preventive actions when catastrophic event. Does this expert group work?

And one more news produced by *Insurer Press*. On 27 September in Bulgaria arrived Mr. Eugeni Gurenko, a distinguished risk management specialist working for World Bank who introduced the Bulgarian catastrophic pool idea to the management of the bank. Remember we were the

first to inform you that World Bank initiated the creation of our pool and allegedly is likely to donate 50 000 euro to start the initiative and give 500 mill euro as a stand-by loan payable within 15-17 years. The bank announced its intentions not only to finance the pool but also to be its reinsurer. In other words it will organise the insurance of the risk that is enormous indeed.

Why everybody keep mum about it? It is supposed to launch a large public discussion that would help people to understand the vital necessity of this pool that will pay money in case of disaster.

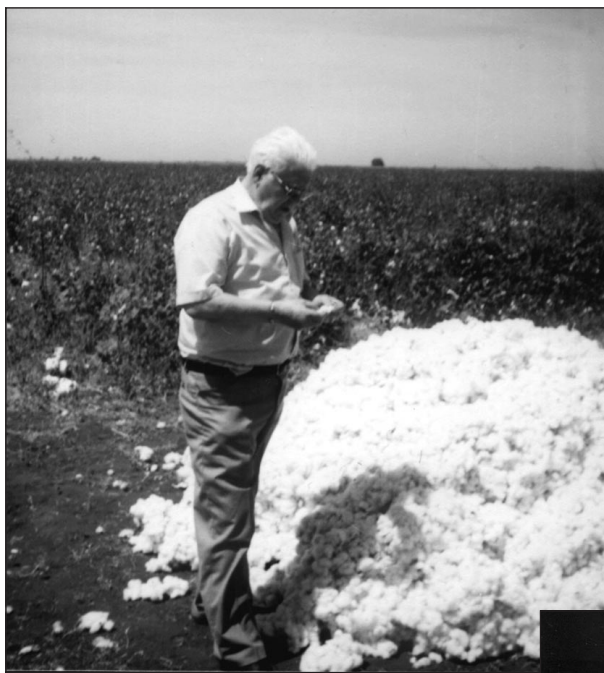
Bulgaria is an earthquake area and we are at God's mercy. According to the seismology experts of the Geophysical Institute of BASA about 1/3 of the territory of our country could be destroyed only for 20 seconds.

When we are talking the Catastrophic pool we cannot miss to mention **Luka Dokov** - one of the biggest partisans for the creation for such a pool, distinguished specialist, competent opinion and world class professional, citizen of the world. The newspaper devotes 3 pages (9,10,18) to this exceptional Bulgarian. It also carries the interview with Lidia Zlateva - film director of „**Luka Dokov. The long way to success**“. The way which is walked with gusto, with friends and shared goodness! Way of dedication! Way - mission! The beginning is in Pirdop and Koprivshitzta and it passes through the American College in Sofia and the Bulgarian national volleyball and basketball teams, through the Economic Institute. The way from Bulstrad Insurance and Reinsurance company to the cotton plantations in Sudan and after that to London - Lloyds brokerage house, and to more than 120 countries all over the world. The film has been created with love and as its director says Д...Luka Dokov is the builder of the present Bulgaria, one of the biggest builders of our country and a personality that we can take as a model!

Under the regular heading „**Between two issues**“ (page 2) you can find the last news from the Financial Supervision Commission for the period 12 September - 26 September.

Warm salutations and best wishes to all outstanding insurers who celebrated their birthdays in September - reliable friends and contributors of the „**Insurance press**“ newspaper (page 2). Here we also focus your attention to some materials, published by similar editions.

The Cover story for the leasing insurance, is on the pages 4 and 7. The article is named „**Sellers of expensive limousines insures themselves - get a cautious and poor answer from the insurers**“. Nowadays, when the insurance business is look-



**Luka Dokov. The long way to success**

ing for new markets, the financial insurance products became a hit. The essence of the insurance against financial risk is to become a guaranty for the insured to have liquid cash available at every single moment of the development of the leasing or credit contract when poor financial circumstances - delinquency or non-payment from the part of the client in credit or leasing contract.

The insurance products that cover Non-payments from clients which have bought goods on leasing conditions takes 75% of the group of Miscellaneous Financial Losses Insurances. The price of the financial risk under the leasing contract depends on many factors, but usually varies between 0,5% to 2% of the insurance sum. A very important factor is the term of the leasing contract. - from one to six years for car leasing contracts and 10 years for the agricultural equipment and property leasing contracts.

The leasing insurance products are offered by: Insurance and Reinsurance company „**DZI -General Insurance**“, „**Uniq**“ Insurance company, „**Generali**“ Insurance company, Insurance and Reinsurance company „**Allianz Bulgaria**“, Insurance and Reinsurance company „**Bulstrad**“, „**Euroins**“, etc.. The article gives details about the insurance products of these insurers. It also gives information about the problems of the leasing insurance market. „The top 5 autocredits“ are compared in a table.

Under its regular heading „**Live questions**“ the newspaper *Insurer Press* put an accent on the interviews with Borislav Mihailov - Guarantee Fund Managing Board chairman (page 8,15, 17), Tania Chonkova - General Secretary of the National Bureau of Bulgarian Motor Insurers (NBMMI) (pages 8,17).

Mr. Mihailov reassured us

regarding Motor Third Party Liability insurance range - it remains above the minimum of 90% , as required by EU. The Information Center of the fund is functioning normally, and the creation of the Compensation fund will not slow down the work of the Guarantee fund. Further in the interview Mr. Mihailov examines the work done by the fund during 2007 in the focus of our EU membership. There is a trend of increasing number of the legal proceedings against the fund compared to the same period of 2006. It is noted an uneven increase in the price of the claims laid against the Guarantee fund. The first claim for 1 mln BGN already became a fact.

From August 1st 2007 a new Border MTPL insurance is on sale on the Bulgarian market. In this connection we asked Ms. Chonkova to answer some questions, that



important both for the clients and the insurers. She specified in the details the requirements for the companies willing to offer this insurance and enumerated the licensed companies. Tania Chonkova mentioned one more time the type, the requisites and the elements and the term of the insurance. Except the border insurance there are some new changes in the activity of the National Bureau of Bulgarian Motor Insurers. , It started working as a Compensation body. NBMMI nominates foreign insurers correspondents. Some Bulgarian companies still not have appointed MTPL claims representatives within EU. They are to keep this engagement as soon as possible. A contract was signed with Confederation Switzerland for the appointment of representatives. The roles of the claims representatives and the correspondent were well distinguished to make pretty clear that they are different figures.

In this connection we are publishing **Our questionnaire** (page 11) asking the leading insurers which expressed their intention to sale the border MTPL, to give more details about the conditions the offer. Temenuga Nenova - CEO of Allianz Insurance and Reinsurance company, answered: „*The amount of the insurance premium is consistent both with the statistical information and the limitations regarding the place and the method the insurance is taken out.*“ The insur-

ance premia variations are given in a table.

It is interesting that the leading brokers are changing places for the last months. The first place is taken by Eurolife Bulgaria with 11,60% market share (23 mln BGN). The last year leader March Ltd. now is keeping the second place with 10,57 % market share and 21 mln. BGN premium income. The third place is for ING Insurance Broker with 5,52 % market share (11 mln BGN.), and at the forth place , with a narrow margin is Reifeisen Insurance Broker with 5.09% market share (10 mln lv).

There is an analysis of the „**Voluntary Health insurance market for the first six months of 2007.**“ There is a positive trend - the assets of the health insurance companies are growing up - 42,87 mln BGN. For the first half of 2007r having realised growth of 61.46% on an annual basis. Generali Zakrila Health Insurance is at the first place with 41% market share and 5,8 mln. BGN. Detailed date about the premium income and the aggre-

gated balance of the health insurance companies are given in tables.

In „**Backward glance, forward glance**“ Nikolay Logofetov, CEO of GRAWE Bulgaria Lifeinsurance is talking about the new life insurance with investment fund product.

Under the heading „**In the world**“, senior ass.Margarita Dakova from the Academy of Economics „D.A.Tzenov“ - Svishtov offers a highly readable story about the „**Pension system in France**“ and graphically demonstrates the factors that influence the pension system.

The interesting story by 2nd rank senior research associate dr **Dimitar Shishkov** was submitted exclusively to „*Insurer Press*“ - „**Even the USA Health insurers can be worried**“ (page „**In the world**“). It is revealing the curious fact that despite the common knowledge the American medicine is the most advanced in the world, USA keeps the humbling 37th place in the Public Health Services Quality chart of th World Health Organization.

We will finish this overview in expressing our gratitude to „Lev Ins“ for their highly humane activity as partner in the national campaign „Save the child“ targeting to decrease the number of the children - victims of traffic accidents. Full details can be found on page 20.

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