

# NEWSPAPER INSURER PRESS ISSUE №24

## (26 december - 16 january 2008) WITH AN ACCENT PUT ON THE HIGHLIGHTS, HOT TOPICS AND COMMENTS

The management of FSC and the leading insurance companies address their best wishes for good health, best of luck, life of happiness and prosperity, to all their clients, partners, colleagues and readers of „Insurer Press“ newspaper (pages 12 and 13)

Dear readers, in the overview of issue no24 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.

We start by our congratulations to **Rumen Yanchev**. The chairman of the Board of Managers and CEO of Bulstrad Insurance and Reinsurance Company personally received the award „Insurer of 2007“ of the Romanian Press Group Media XPrimm. The award has been bestowed on him during the Romanian Insurance Market Awards Gala, on 3rd December last year, at the Throne Chambers, Royal Palace in Bucurest. The award has been bestowed for every of the last eight years, on people who contributed for the development of the insurance and pension security market on the Balkans. Some pictures and details for the event - on page 13.

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 some news from the Financial Supervision Commission (FSC) giving the information about the newly approved members of the managing bodies of the insurance companies and the new companies, entered in the Insurer Brokers Register. Here you can read about the newly adopted documents and regulations, issued by 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 2 you can find the article (continued on page 23) by **Ileana Stoyanova** „Losses in MTPL“, covering the last for 2007 journalists' briefing, held on 19th December by FSC. There RALITSA AGAINE - deputy chairperson in charge of the Insurance Supervision Division announced that losses were found in MTPL.

On the same page the article „The market is not ready for individualized premium“ reflects the thoughts of **Dimitar Zhelev**, CEO of Allianz Bulgaria Holding, regarding some MTPL hot issues.

Dimitar Zhelev emphasized that the average MTPL net premium should amount BGN 130, and its present amount is way low. Mr Zhelev also said that the malpractice of accruing 40%-commissions on the compulsory insurance policy. He stated that a 10-15%-commission is a price high enough for the intellectual labor of selling insurance policies,

Asked to share the impressions from the reaction of the market on the new individual risk profile approach for the calculation of the premium, Allianz Bul-

garia was the first to introduce. Mr. Zhelev admitted that the Bulgarian market is still not ready to apply this individual approach for the calculation of the premium on the mandatory MTPL.

The Cover Story is devoted to the live discussion about the creation of the Catastrophic pool. The theme is developed on three whole pages by Joanna Stephanova, and is of interest for everyone asking the question about the form under which the money should be collected. Mandatory insurance or a new tax? The answer of this question can be found on page 4.

The creation of a National Program for Disaster Risk Management - the new modern name of the Catastrophic pool, entered again the schedule of the society. The national round table on catastrophic risk management, which has taken place on December 10th in the Bulgarian capital Sofia, under the patronage of the Prime Minister Mr Sergei Stanishev, has focused the attention of the experts and the authorities, involved in the matter, as well as the attention of the media. The event, organized by Insurance.bg and National Program for Catastrophic Risk Management Initiative. This time all cards were shown - the adherents of the different scheme models made concrete proposals which are to be discussed in details from now on. It is obvious that the actual discussion is yet to come, aiming to finally find the best disaster risk management for Bulgaria.

The model, presented by the CEO of Mr Roumen Galabinov, CEO of the National Program for Catastrophic Risk Management Initiative, places most of the importance on the state participation in the suggested public-private partnership between the government, the insurance and reinsurance companies and the World bank. In this model the biggest part of the catastrophic events risk will be transferred to the international reinsurance market. All owners of homes in Bulgaria should insure their property on the base of type of construction and the seismic and hydrologic zone, the property is situated within. With the money collected this way, the pool should pay damages caused by earthquakes, floods and landslips and should be also looking for reinsurance coverage by the international reinsurance market. This will base the model on the solidarity principle and thus allowing for the premium to be the lowest possible and „acceptable for the public“. Meanwhile the pool will conduce to a lower share of the budgetary resources, required to bridge the damages caused by catastrophic events, emphasized Galabinov.

Two more solutions for managing the catastrophic risk were offered by the Orlin Penev, Chair of the Association of Bulgarian Insurers (ABZ) has proposed 2 s. The first model is the establishment of National Catastrophic Pool exclusively controlled by the state, that should cover only the earthquake risk. A special State Insurance company, as the Bulgarian Insurance Agency of Exports (BAEZ) should be created.

According the second solution, the pool should be public-private partnership between the government (BAEZ) with a stake

of 50% and licensed private insurance companies (50%). This model offers the amount of a supplementary dwellings tax, covering Nat Cat risk, to be 1/1 of the taxation assessment of the immovable property. The collected revenue will insure the homes against earthquakes as well as against floods. All registered for tax purposes properties are to be insured, the supplementary tax to be collected by the National Tax Collection Agency alongside the other taxes. There will be an option for voluntary insurance for the difference between tax assessment and market price. The smaller pressure on the state treasury gives a certain advantage to this model. Mr Orlin Penev, the chair of the Association of Bulgarian Insurers, has estimated that the new tax collections will accumulate BGN 20-70 million

**Eugene Gurenko**, lead insurance and risk management specialist in the World Bank, answered the question about the better solution between compulsory insurance or a new tax. He also answered the question about the necessity to use sanctions for people that missed to take out the compulsory insurance of their property. Mr. Gurenko was also asked about the workability of the half compulsory model in Spain and France and how good is it for Bulgaria. He stated that „E This scheme will not work in Bulgaria...“

**Alfonso Najera Ibanez**, Research Manager in the Spanish Consorcio de Compensacion de Seguros (Catastrophic risk consortium) stated that „There is not a wholly compulsory property insurance in EU“.

On the same page you can also find the conversation with Ismet Gungor, Coordinator of the Turkish Catastrophic Pool, vice president of Eureko Sigorta, who thinks that „The politics must explain the help after disaster has price“.

This conversation makes also clear the legislative frame in Turkey for the Catastrophic pool, the reached range of coverage, the difficulties the Pool is running into while functioning and the pros and cons the sanctions for people that missed to take out the compulsory insurance of their property

On page 8 you could read the conversation with Mr Venelin Uzunov, Chair of the Parliamentary Commission of State Policy for Accidents and Disasters. He answers the question which option between compulsory insurance and new tax is better for Bulgaria this way:

*„The best option is the one that provides a higher degree of consensus between the legislative power, the executive power and the insurers. Let them decide witch is the best model and I will support it.“*

Here follow the views of the leading insurers:

**Kosta Cholakov**, CEO of Insurance and Reinsurance company „Interamerican“: „The best choice is the money to be collected as a tax“.

And Todor Kazandzhiev, CEO of Insurance company „DSK Guarantee“ Plc.

On page 7 is our theme with continuation „The holiday abroad runs risks“, started by Ileana Stoyanova in the last issue. The author talks about the Christmas and New Year tourist travel insurances, offered by the Bulgarian

insurers. You can find details about already known and some new products and offers. The insurance companies offer package insurance „Help during travel with medical expenses“ (in some companies it is known only as „medical expenses“), designed for travelers abroad.

On page 9, under the regular heading „Forum“ is carried the material Fourth Insurance Conference „Competitiveness of Bulgarian Insurance Companies on the European Market“.

The forum met lecturers from among the Bulgarian financial, insurance and scientific circles and gave them the possibility to discuss and also to make public their views about the development of the Bulgarian Insurance branch under the conditions of the United European market.

How the Bulgarian Insurance market is adapting itself to the European rules and requirements? Will Bulgarian insurers succeed to display their potential? What is the way to update and reorganize the corporative structure to keep in step with the regulations? What is the meaning of the successful risk management as an important competitiveness operator? What is the role of innovations in the European insurance? These were some of the questions, being discussed during the forum and finally answered by competent experts.

On this page (continued on p. 17) is published the speech Yurii Todorov, Chair of the Insurance Security Association, „The insurance risk factor in MTPL risk assessment“.

On page 10 you can read how Eurohold celebrated their twelfth birthday and also Eurohold Bulgaria made its first year - the company which came into being with the merger of Starcom Holding and Eurohold. „Everything in the company is developing against the time, we have already entered some countries on the Balkan peninsula“, emphasized Mr Assen Christov.

On page 11 we announce the latest news from Finances High School (VUZF). The school conferred for the very first time the degree Doctor Honoris Causa. More details - in the next issue.

On this page continues the material which started in the last issue „The professional financial consulting“ to finally give answer of the question about the mission of the „Universal financial consultant“ - possible or not. Here is published the introductory report, made by Liubomir Hristov, Chairman of the Chartered Financial Consultants Institute „High time for professional financial consultancy in the country“.

On page 14 (continued on p. 19) you can read about the Third National conference of the companies in Bulgarian private security sector „Quality of the services in the private sector: reality and prospects“, hold on 5th December 2007 in House 2 of Boyana Residence, Sofia and organized by the Bulgarian Union of Security Industry (BUSI). There were three main issues, discussed by the participants: the responsibilities, assumed by the private



security industry and the reality, European and social aspects of the quality, and the legal frame of the private security services. The forum was attended by managers of European and Bulgarian associations in the field of Security and state organizations.

On page 15 is the interview of Petar Andassarov with Mr. **George Dedopoulos**, General Manager of „AIG Life Bulgaria Georgios“, given for the newspaper „Insurer Press“. According to his opinion „The insurers are becoming more and more aware about the fact that the professionalism is the one and only possible working model“.

On page 16 prof. dr **Hristo Draganov** is expressing „One more opinion about the classification in insurance“. This is the continuation of the last issue material. In this article Mr. Draganov is making a critical analysis of the offered classification in insurance and presents his own point of view. He suggests this issue to be a subject of discussion that should result in some legislative changes. This is the only way to be in the clear about the main points and the particularities of insurance products in the every single branch of the insurance business.

Under the heading „One to One“ we publish the interview, given by **Roumen Galabinov**, CEO of the National Program for Catastrophic Risk Management Initiative, before bTV, recorded by Petar Andassarov (page 17). There Mr. Galabinov stated that „Our main goal is to make popular the idea for property insurance in Bulgaria“.

On page 19 is the conversation of Slavimir Gentshev with Snejana Kostova, Chair of the Bulgarian Actuarial Society, which became a regular member of the International Actuarial Association (IAA) in last October. Mrs. Kostova is talking about the road gone by BAS, the problems and the future plans.

And we finish the overview of issue 24 of „Insurance press“ newspaper by the regular heading „Gallery“ on page 20.

This time you will find there the conversation of Petar Andassarov with **Roumen Georgiev**, Chairman of the Board of Managers and CEO of Insurance and reinsurance company „Armeets“. Mr. Georgiev is talking about his professional experience and path of life, his successes, and disappointments, the lessons he received and his masters. He is talking openly about his attitude to the Security Fund and the Catastrophic Pool. Mr Georgiev also shares his expectations the tomorrow insurance market and its new „European format“, and also addresses his best wishes to the management team and his colleagues - the insurers

**Selection: VANIA PETROVA**  
**Translation: ALBENA DIMITROVA**