

NEWSPAPER INSURER PRESS ISSUE №3 (13 - 27 February 2008) WITH AN ACCENT PUT ON THE HIGHLIGHTS, HOT TOPICS AND COMMENTS

Dear readers, in the overview of issue no 3 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, you can find also information about the latest events in the field of insurance: „AIG Life awarded its 8th annual prizes for Quality and Efficiency“;

On 6th February, in sumptuous ceremony at Sheraton hotel in Sofia, AIG Life awarded for eight time in Bulgaria its international insurance prizes for quality and efficiency LIMRA. George Dedopoulos - General Director of the Bulgarian company and Andreas Vassiliou - Regional President for Central and Eastern Europe for ALICO and Vice President of AIG Worldwide, in person, awarded the prizes to the professional consultants from the Star League of the company. Yoanna Arsova was awarded for portfolio quality and highest premium volume from Life insurance for 2007. Nadia Krasteva received prize for highest premium volume from Accidents insurance. Best AIG Life Team Manager for 2007 became Vessela Kolarova, and Agency Best Manager - Yordanka Karoleva. Both ladies received two prizes each.

The ceremony was attended by guests from UBB, representatives of the Board of Directors of „UBB - AIG Life Insurance companies“, journalists, business partners and employees of AIG Life Bulgaria.

Our editor Yoanna Stephanova reflected the event. You can find more details in our next issue..

On page 2 you can read that „Insurance and Reinsurance Company „Bulstrad“ buys Bulgarski Imoti Insurance Company and Bulgarski Imoti Life Insurance Company“, „ING Life Insurance reported exclusively good results for 2007“ and „International Finance Exhibition 'Banks Investments Money“.

On page 3 you will find the interview of **Petar Andasarov** with **Evgeny Ignatov**, director of Motor Insurance section in Insurance and Reinsurance company „DZI - General Insurance“.

DZI Insurance & Reinsurance Plc. Sofia announced that Mr. Rick Jos Giust Jansen has been appointed as Co-Chief Executive Officer and Member of the Management Board of the Company.

The **Cover story** is **Agricultural Insurances**. The author Yoanna Stephanova named her material „With Insurance against Elements“ (page 4 and 6). Main conclusion is: for the last 6-7 years the

market has shrunk 6-7 times upcoming comprehensive contracts and quality damages coverage.

Global climate shifts are felt in Bulgaria mostly because of the calamities that became more frequent. During the last years our country has been constantly hit by storms, hails and floods, and their force even broke the centenary records. These calamities caused damages mostly to the agricultural producers as far as their production is under the influence of the elements for long months. Repeatedly the hard work of entire cooperations is wasted after just one downpour that is accompanied by hail or flood. At this situation, it makes sense that people look for protection of their work. In the civilized world, this is usually done through mass purchase of insurance products. Bulgarian insurers do also offer good products targeting the agricultural producers. However, according to experts, for the last 6-7 years the agricultural insurance products market has shrunk about 10 times. There is not any official statistics reporting such data. The information that are usually sent by the insurance companies to Financial Supervision Commission do never contain a specified row for the Agricultural insurance products. They are included in the general Property Damage premia income. Thus, the official Agricultural insurance market snapshot seems to be much unfocused. This is at least at first sight. However, through the sight of the people, working on this market, the situation looks different.

Most of Bulgarian agricultural producers do not insure their production because of lack of money and our experts are explicit on this point. According to Stanimir Niagolov from Generali Plc, only 25-30% from Bulgarian framers have the money required to make good farming. This is the only group of voluntary insured farmers.

For instance, the insurance companies in Bulgaria offer coverage for different risks for year's crops. Main of them are both hail and storm. For some crops, fire is also covered. Except these, so called, main risks, farmers may opt for voluntary risks to be covered at a little bit higher price of the premia. This way the farmers may protect the crops against sludge, freezing and Drawing out of the underground parts. It is not obligatory all these risks to be covered. Farmers usually know what the risks for their specific fields are and opt for coverage accordingly.

Agricultural insurance products are not limited to crops insurance only. Provided farmer is aware about the need of

insurance. He is also buying insurance for the agricultural technique, livestock, farm buildings, staff, and even the personal house and property. This is the practice in the well-developed countries. Sure, there are also some Bulgarian farmers and co-operations that are embracing this comprehensive offer for years. These clients are happy because in poor years, they are secured with serious indemnities provided by the insurers and they manage to preserve their financial stability.

The trend is for more products, covering quality losses. Now only „Victoria“ Insurance&Reinsurance Company offers this insurance coverage.

The article examines the agricultural products, offered by „Bulstrad“, „Allianz Bulgaria“ and „DZI - General Insurance“.

On page 5 we read that „Allianz Bulgarian Holding manages assets of more than BGN2,7 billion.“

Our column „Hot topic“ is on page 7. There is the conversation of Slavimir Genchev with Nikola Abadjiev - Chairman of Bulgarian Association of Supplementary Pension Security Companies (BASPSIC).

BSPIA was nominated in „Mister/Miss Economics 2007“ competition. Mr. Abadjiev answered questions in connection with this nomination, and also expressed his opinion regarding the Allianz's proposal that the pension insurance companies are to be able to invest up to 15% of their assets in projects approved by the Council of Ministers.

According to him, the investment in infrastructure projects will wind faster the „wheel of fortune“ in the country.

Mr. Abadjiev answered the



question „Do you think this is the right time for minimum profitability calculation technique's update?“ this way:

„Our association is explicit on the point that minimum profitability technique is bound to exist because this is the mechanism which is protecting the interest of the insured persons. On the other hand, it stimulates the companies for better results and higher profitability.“

On the same page you can read the preliminary supplementary pension insurance business results for 2007.

On page 8, under „Conference“, we are still publishing materials from Forth Insurance Conference: „Competitiveness of the Bulgarian Insurers on the European

market“. In this issue we gave place to the first part of the report of reader dr. Irena Misheva, holder of a chair in „Human Resources and Social Protection“ in the University of National and World Economy. The report is entitled „The distribution policy of Bulgarian Insurers“.

Page 9 is devoted to the social security. Here you can read the conversation of **Ileana Stoyanova** with Milen Markov, CEO for Saglasie Pension Insurance Company and chairperson for the Investments Committee of BASPSC. According to Mr. Markov: „There is no crisis on the Bulgarian Stock Exchange thus we will finish this year at positive levels“. Further in the conversation Mr. Markov is speaking about the purchase of Saglasie Pension funds on BSE, the results for 2007 and the profitability of the funds for 2007. You can also read the thoughts of Mr. Markov about the start of the multifunds and the expectations for the development of the voluntary insurance market.

On page 11 **Vladimir Todorov**, Chairman of Bulgarian Association defending insured and harmed in accidents (ADIHA), makes Analysis of **Road Traffic Accidents in 2007**.

On the same page, under „Bookshelf“ we are making review of the original marketing manual „Marketing“. Its authors are reader dr. **Boyan Durankov** (also Science Editor) and senior assistant dr. Hristo Katrandzhiev.

Under the heading „We introduce to you“ on page 12 we make you acquaint with **SMARTCLAIMS** - the system designated for operating and managerial servicing of the activity for processing vehicles' crash claims of the Insurance Company.

last issue „Discussion forum „Professional financial consulting“. In his report dr. **Rumiana Sotirova** - CEO of „ING Pension Insurance“ is talking about the distribution channels of pension products and the important role of consulting.

Under „A look behind and ahead“, we are talking with Zlatolina Mukova, Vice Chairperson and vice CEO of Euroins Insurance Company. Mrs Mukova is talking about her professional fulfillment with the results for 2007 and expressing her optimism for 2008. She marked the milestones in the activity of the company, product policy and the strategic goals for development in 2008.

On page 16 is the name of the winner of kid little chair from the raffle of ADIHA and „9 months magazine“.

In our regular heading „In the world“ on page 17 there is a curious material entitled „The credit crisis „hit“ on unexpected place“. The author **Iva Ivanova** is telling a story about the insurers of municipal securities and their dwindling funds in parallel with the problems with the realization of collateralized debt obligations (CDOs), structured investment vehicles (SIVs), and now a \$4.9 billion loss due to fraud at Societe Generale.

Once again „In the world“, this time on page 21, we will find the details about „Lloyd's of London - beacons in the fog“. The investments on the international insurance market Lloyd's of London are again the order of the day. Rich individual investors are trying their luck in personal insurances.

On page 19 is our „To be continued“ theme: „Motor Third Party Liability (MTPL)“, with author prof. dr.Econ. **Hristo Draganov**. The article is entitled „One and only question standing before the insurers: „Is MTPL insurance cheap?“

In his article, Mr. Draganov gives a just evaluation of the situation on the insurance market and answers some of the live questions.

On page 20, under our regular heading „Women in the Insurance Business“ you can read the conversation of Petar Andasarov with **Svetla Nestorova** - CEO of „Bulstrad Life“ Insurance&Reinsurance Company. Mrs Nestorova answers questions about the difficult profession of the insurer, the values in life, happiness, individual tastes and preferred things.

In „Insurance and Personalities“ on page 23 you can find the interview of **Vania Toshevskva** with the beloved actor **Liubomir Mladenov**. Besides the standard questions about the achievements and the roles of the actor, the author asks the rhetorical question could one be insured against envy and malice?

We are finishing with the words of Liubomir Mladenov: „One must strive to do good“

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On pages 13 and 16 you can find the publication „The enlightener's side of the business“, which reflects the award of the first **Interamerican Bulgaria's** prizes for Contribution to Bulgarian Society Insurance Awareness.

The ceremony took place at Radisson Hotel - Sofia, on 29th January, and was attended by Kosta Cholakov, CEO of the insurance company, Bozhidar Bozhinov, the chairperson of Bulgarian Chamber of Commerce and Industry (BCCI), the Dean of Finances High School (VUZF) read. Georgui Nikolov and almost all other members of the Jury. The list of winners may be found on the pages of the newspaper.

On page 11 is the continuation of the material from our