

NEWSPAPER INSURER PRESS ISSUE №9 (14 - 28 May 2008) WITH AN ACCENT PUT ON THE HIGHLIGHTS, HOT TOPICS AND COMMENTS

Dear readers, in the overview of issue no 9 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! We start our overview by the big news on page 2.

After a momentary pause DZI is a leader again. The analysis of the year 2007 showed that the top performer of the last year is **DZI Non-life Insurance Company „LEV INS“** gained the confidence of the world re-insurers. The results that were reported before the General meeting of the shareholders of „LEV INS“, DENONSTRATED THE SUSTAINABLE DYNAMIC DEVELOPMENT OF THE COMPANY. In 2007 LEV INS Insurance and Reinsurance Company was assigned initial local rating by the National Credit Rating Agency (NCRA), an affiliate of Moody's Investors Service. The long-term rating of financial stability is bgA3 and the short-term rating is bgP-2. The perspective is positive (pages 2 and 6). „Armeets“ Insurance and Reinsurance Company and the newspaper „24 Hours“ have the high-minded idea to give the Bulgarian a reminder about the rules for traffic on roads or just to make him acquaint with. The risk prevention is under the form of free Driver's test.

Under the regular heading „Between two issues“ on page 2 a place is given to the news from the Financial Supervision Commission (FSC).

There you can read that, according to the financial report for the first quarter of the fiscal 2008, the premium income of Insurance Company „Euroins“AD came to BGN18,7 million. The company registered a growth of 47% of this indicator, compared to the same period of the year 2007.

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 7.

Due to the great interest in the product **DZI - LEADER+ , Veselin Tonev** - director of „Actuaries“ and „Long-term life insurance“ departments in insurance and reinsurance company „DZI“ and **Hugo Vershaatse** - life insurance manager with DZI, give more information about the newly launched fund-linked life insurance product **DZI-LEADERS** (page 3).

On page 4 we follow up our last issue's theme concerning the **Risk Management**. The publication by **Slavimir Genchev** is headed „The reinsurance broker **WILLIS RE** hosts a catastrophic risk modeling seminar“.

In the beginning of April Willis Re, the reinsurance division of global insurance broker Willis Group Holdings, hosted a risk management seminar in Sofia, Radisson SAS Hotel „to highlight the growing challenges facing Bulgarian insurance companies and how risk management can help.“ Catastrophe risk management provides insurance penetration in depth across an array of business sectors and this

theme is very discussed together with the insurance pool.

The national pools lecture was delivered by **Matthew Twilly** - leader of business group in **Willis Re-London** and expert in national catastrophe pool. Mr Twilly outlined the catastrophe pool, and also examined some of the common advantages and shortages of the catastrophe pools and dwelled upon the problems and some „confusing“ areas, as he described them, which are to be considered even before to promote the simple idea about the catastrophic pool in some country.

The **Cover Story** is carried on pages 5 and 9 - Motor Third Party Liability Insurance (MTPL).

Plamen Yalamov, member of the Board of Directors and CEO of **Allianz Bulgaria Insurance** and Reinsurance Company, is thinking that some companies save themselves the trouble to make the contributions to the Guarantee Fund and also that the biggest problem with the MTPL insurance is its law price.

Mr. Yalamov shares the prognosis that the MTPL insurance prices were to go up with even a small rate, because of the very high competition. He also expressed his view about the measures that must be initiated by FSC aiming to increase the range of this insurance and higher contribution to the Guarantee Fund.

Plamen Yalamov answered the question about the delay of the official statement for the dropped range (under the critical 90% minimum) of the MTPL insurance and touched upon the question about the small charges for MTPL compared to the high liability limits, as what as what were the submitted claims and the compensation payments. He explained the role of the competition.

This theme is also subject of the article „**Play cat and mouse**“ by **Yoanna Stephanova**. The author is trying to find the answer of the question: *Is it really coming the time to restore the rate of the contribution to the Guarantee Fund?* Who is the mouse and who is the cat, you can read about that on pages 5 and 9.

In the column „**Analyses**“ (pages 6 and 7) **Albena Alexieva** and **Kalin Dimitrov** explore the results gained by the insurers in 2007. Towards the end of 2007 the gross premium income, generated by the Bulgarian insurers came to BGN 1 246 949 thousand. This fact means an impressive growth of 20,7% on annual basis.

This is what the results, officially announced in the end of April by the Financial Supervision Commission (FSC), show.

Under the heading „**Analyses: non-life insurance**“ on page 6 you can read the analysis of the economic indicators. We would like to remind you that the last year's top performer amongst the non-life Insurance companies was **DZI Non-life Insurance Company**, with premium income of BGN 186

728 903 making a market share of 14,72%.

Second in the top list came **Bulstrad Insurance and Reinsurance Company**, even being a leader in the end of November. The company generated a premium income of BGN 177 576 318 and market share of 14%.

Third place came to „**Allianz Bulgaria**“ with premium income of BGN 149183447 and market share of 11,76 per cent.

The gross premium income, generated by the life-insurers towards the end of 2007, is reflected in „Analyses: Life Insurance“ on page 7. It reached reportedly BGN235524 thousand and registered a growth of 26,5 % on annual basis.

THE LAST YEAR BROUGHT SOME CASTLINGS IN THE INDIVIDUAL POSITIONS Insurance and Reinsurance Company **Allianz Bulgaria** went to the top with its premium income of BGN67 684 063 and the 26,88%

THE SECOND PLACE IS FOR **E DZI Insurance and Reinsurance Company** - with premium income of BGN44 839 982 and market share of 17,81 per cent.

INSURANCE COMPANY **UNIQUA LIFE** CAME THIRD with premium income of BGN30 685196 and market share of 12,19%.

On page 8 **Pavel Petkov**, Director, **Agricultural Insurance, Victoria Insurance** company, is giving details about the products of the company in this area. Mr. Petkov announced that **Victoria Insurance** company plans to develop new insurance products that cover the fruit-trees loss of quality. Recently the company launched a new similar product for the wine grapes sorts.

Petko Petkov explained what is the reason for the lack of desire in some agricultural producers to insure their perennials, what type of damages are covered by the traditional insurances and also expounded what does that mean - the coverage of crop quality damages.

On page 9 you can find our „**Theme to be continued**“ devoted to invest **fund-linked life-insurance products**. **Nikolay Logofetov**, Executive Director and Chair of **GRAWE Bulgaria Non-life Insurance Company AD** и and of **GRAWE Bulgaria Life Insurance Company EAD** answers the question of Mr. Petar Andasarov „Is it coming, the end of the classic Life-insurance?“. Mr. Logofetov prognosticated that the boom of the investment fund-linked life-insurance products is expected in about two years.

On pages 10 and 14 you can read the interview of **Slavimir Genchev** with **Atanas Tabov** - Chairman of the National Bureau of Bulgarian Motor Insurers (NBBMI). Mr. Tabov shares details for the activities of the bureau during 2007. He also answers one of the most discussed questions - what is the truth in the persistent reports about the companies that sale cars with foreign registration with MTPL insurance instead of Border insurance?

On pages 11 and 14 you can read the continuation of the last issue article „**The Risk Management - the guarantee for security and prosperity of the small companies**“. The need of specialized insurance market for regulation and support of the risk management, is getting more

and more powerful. The author - the reader **doctor Ivanka Boneva** throws light upon the **CLASSIFICATION AS A FOUNDATION OF THE EFFECTIVE RISK MANAGEMENT**.

Under the heading „**Apropos**“ **Petar Andasarov** is talking **Siebert Schutzenhofer**, President of „OC Occident Holding“ and with **Mr. Drajko Achimovich**. The occasion is the announced parting of **Achimovich** with „**Eurolife**“.

Mr. Schutzenhofer shared that this is a positive change for **Eurolife** and explained the pros. He answered the burning question: „Does „Grawe Group“ exercise an owner's influence upon „Eurolife“? and stated that „Grawe“ has considerably strengthened its position within and influence upon „Eurolife“. There is an agreement for „Grawe“ to take upon itself some spheres of the activities of „Eurolife“. Mr. Schutzenhofer also touched upon the theme for the successful relationships between „Grawe Bulgaria“ and „Eurolife Bulgaria“. Having answered few more questions Mr. Schutzenhofer declared that there is a drive for „Eurolife“ to be always number one in the field of life-insurance (page 12).

During the conversation with Mr. Achimovich (page 13) was mentioned his with „Eurolife“ he was connected long years, dedicatedly working for its successes. „He presented the new structure „**Eu Life Group**“, its scope of activities and the new moments that make this broker different from „Eurolife“. He shared who will be the partners, the strategy, the aims and the working conditions for the consultants. In conclusion Mr. Achimovich expressed his gratitude and best wishes to everybody in „Eurolife“.

On page 14 and on the „**Bookshelf**“ you can find a presentation of the book „The Willis worldwide directory of directors' and officers' liability“.

On page 15 you can find information about **M-Tel Masters International Chess Tournament 2008** that took place in the Central Military Club - Sofia, between May 7 and 18. As a tradition the event was preceded by a ceremony during which the Executive Director and Chair of the Board of **Bulstrad Insurance and Reinsurance company** - (official sponsor of the tournament)



SVETLA NESTOROVA delivered policies to the chess-players.

In our column „In the world“ on pages 16 and 18 **Senior Research Associate - second degree Dr. Dimitar Shishkov** was submitted exclusively to the newspaper „Insurer Press“ an overview the Health Insurance system in Poland. It sounds a little bit fantastic the advertisement of a Polish Insurer „YOU

DON'T HAVE TO WAIT FOR A DOCTOR, HE IS WAITING YOUR VISIT“. On the basis of sociological surveys dr. Shishkov notices that that more and more Poles are using private medical services. Some charts are giving a clear impression about what exactly the Poles are paying out of their pockets for medical treatment, what kind of private medical services do they prefer, as well as the range and the prices of the health insurances. Further, the material reveals the essence of the health insurance and the prospective for its future development.

In page 17 is the conversation of **Marieta Firkova** with **Roumen Georguiev** - Chair of the Board and Executive Director of insurance and reinsurance company „**Armeets**“ in connection with two impressive events - Mr. Georguiev was awarded with the prize „**Man of XXIst century**“ bestowed by the organization „Made in Bulgaria“ and trade mark **Armeets** was pronounced „**Business superbrand 2008**“ of Bulgaria.

Not at the last place, the combined insurance policy „motor car casco“ and „casco with prolonged guarantee“ of the insurance and reinsurance company **Armeets** was pronounced **Financial Product of 2007** in the motor insurance category of the Sixth International Financial Fair „Banks, Investment, Money“, that has taken place two months ago in the city of Plovdiv. Mr. Georguiev shares that these achievements are due to the whole team of „Armeets“ and are consequence from the strategy of the company's strategy that includes product development, as well as clients relationships management, as well as strengthening of the brand name of „Armeets“. On the same page you can read that the company is one of the eighteen partners who will support the „Bulgarian symbols“ campaign.

Again „**In the world**“ on page 19, we are meeting you with the **Soldier of Fortune Coskun Ulusoy**, the **Warren Buffett** of Turkey.

In the same column, but on page 21, **Stephan Parente** develops one solution how to shrink the economic gap of 21st century.

On page 20 in his article „**EFFECTIVE MANAGEMENT THROUGH BALANCED MONITORING OF THE INDICATORS**“

Emil Dimitrov, manager of „@uto3p“, attracts our attention to the contemporary and proven effective instrument for management of the real application of the company strategy - the **Balanced Scorecard** approach.

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