

# ISSUE N°17 OF THE NEWSPAPER INSURER PRESS 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 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.

report „4th Motor Directive“ of **Tania Chonkova** - General Secretary of the National Bureau of Bulgarian Motor Insurers (NBMMI), she read during the seminar in June, held in Hilton hotel. In this report Mrs Chonkova pauses upon the responsibilities and the obligations of NBMMI in accordance with the requirements of this

life insurance gross premia for the second three-month period of 2007 came to BGN 595 786 thousand, having realised growth of 17.97% on an annual basis achieving the greatest growth for the last 1-2 years. In comparison for the whole 2006 the non-life insurers' premia increased by 15.33%, and the first three-month period of 2007 the increase was 12.6%.

The leader in non-life insurance is the same as for the first three-month period - Bulstrad Insurance and Reinsurance Company. By June 30th 2007 the income of the company came to BGN 98.496 thousand making a market share of 16.54%. The company's premia have augmented by 16.82% as compared to last year. The good results are in view of the increase in motor insurance sales. Casco insurance alone brought BGN 12 million more as compared to last year. MTPL insurance sales are higher by BGN 2 million.

Last year's top performer - DZI Non-life Insurance Company - now comes second. In comparison with the 2006 results, the income of the company has dropped by BGN 7 million and its market share is reduced by around 4%. The decrease in the market position of the former state insurer is mainly in the sales of MTPL insurance which have brought BGN 1.689 million less. The company tried to compensate with the sales of casco insurance which brought BGN 7.2 million more but could not keep it on top. DZI, however, can also conclude the year with income of more than BGN 200 million.

Third comes Allianz Bulgaria. By June 30th 2007 the income of the company came to BGN 78.411 million registering 6.6% growth when compared to the results for the same period last year and making a market share of 13.17%.

**Mid-term Results Of Life Insurance Companies Are Quite Good.** (page 7) Here the leader, with the highest premium income from the beginning of the year, comes Allianz Bulgaria Life. By June 30th 2007 its income amounted BGN 28.239 million making a market share of 26.88%. The annual based growth comes to 33.8%. Ръстът на годишна база е около 33,8%. DZI is placed second on the life insurance market chart with income of BGN 20.098 million making a market share of 19.13%. In comparison with 2006, in 2007 the company generated at least BGN 1 million less income and had its market share reduced by around 6.7%. Uniqa Life comes third with premia amounting BGN 15.368 million registering 94.83% increase as compared to the same period last year. Life insurance policies and unit-linked policies make most of the company's portfolio and the former is the absolute most-selling product. The data for the achievements of some other companies are given in tables.

On pages 8 and 16 and under the same heading you can find an analyses of the Pension Insurance market. The drawn conclusion is **The net assets of the Pension business in the country kept on growing.** In the end of the first half of 2007 the net assets of the universal, professional and supplementary old age provision funds registered a 46.73% as compared to June 30th 2007. The total amount of the assets of the three types of funds amounted BGN 1 852 091 thousand. As compared to the last year the positive financial result reached a growth of 168%. The universal funds have the biggest share - 50,57% and BGN 936,658 mln. lv. The statistics show

that by the middle of the year the clients of the universal pension funds counted 2 528 391. On the whole, the distribution of the clients of the old age provision business shows that the market is quite concentrated. The three leading companies hold 73% of the market as the first two companies in the field generate 60% of the business. Dovereie is firm in the first place, 36.94% of all individuals who make old age provision instalments are clients of that very company. second comes Allianz Bulgaria with a market share of 24.36%. Third, far behind the leaders, comes Saglasie with its market share of 11.62%.

On the pages of „*Insurer Press*“, under the heading of „**HDI Sigorta“ is sure-footed on the Bulgarian market and is doing active business**“ Mr. Petar Andasarov is introducing to you Mr. **Ayhan Apak** - CEO of „HDI Sigorta“ - Istanbul, Turkey (page 12, continued on page 22) In their conversation Mr. Apak answers questions regarding the main problems faced by the Bulgarian Insurance business. The first of them is the compulsory MTPL. What is the situation with the MTPL on the Turkish market; MTPL supervisory body; how much it costs in Turkey? The second theme is the broadly discussed Catastrophe pool in Bulgaria. The Turkish Catastrophe Insurance Pool (TCIP) exists since 1998 and is owned by the state. It covers one and only risk - the earthquake disaster and has coverage for almost all buildings. Mr. Apak explains in detail the TCIP organizational structure, raising funds principles and the role of the insurance companies. Finally Mr. Apak shares some information about the achievements and the goals „HDI Sigorta“.

The interesting story by 2nd rank senior research associate **dr Dimitar Shishkov** was submitted exclusively to „*Insurer Press*“ - **The health insurance of the employee is a company's stability indicator** (page 18, „In the world“) It is talking about the health insurance in Poland. ABC Rynek I Opinia I Sodexho agencies' surveys, made last year, are showing that, in imitation of the Americans, the Polish employees do prefer as a bonus to the salary the so called „Medical care“ - medical expenses to be paid by the company. And this is of mutual interest for both employer and employee. The additional health insurance could be arranged as a Group Health Policy. Insurers can offer packages with different (as an amount) coverage. According to dr. Shishkov, the Polish experience is giving a hint by two successful ideas. First of them is to attract foreign investors to create chains of medical centers. And the second - to make these centers work together (in the same structure) with an insurance company.

We are ending again our overview with the heading „In the world“. On page 21 you can find the continuing from issue no15-16 story „Balkan collection of bonsai“, giving a vivid description of the situation on the insurance market I Kosovo and Montenegro. According the author - Iva Ivanova, the markets in the region are seized by some big companies from the neighboring republics, but are of great interest for Western strategic investors, whose number will rise for sure and they will become more aggressive. The foreign Insurance groups are the most likely to be buyers of every state insurer offered for privatization.

**Selection:**  
**VANIA PETROVA**  
**English version:**  
**ALBENA DIMITROVA**

notice of the insurers. The „**Cover story**“ - **School bell ringing time** - is spread over four pages (4,10-11,14) and examines in details the student's and children's insurance products, that are offered on the Bulgarian market. During the last years more and more directors and teachers accepted the idea about the insurance as a part of the responsibility they assumed regarding the life and health of the pupils. It is of more frequent occurrence for the School Boards of Trustees to require and initiate the take out of insurance - assert some insurers.

Their experience is showing positive trends towards a rising of the premium revenues from this kind of insurances. показват и положителна тенденция за увеличение на премийния приход по този вид застраховки. Интересно е какво представляват детските застраховки? - After the expiration of the insurance's term, when the child is 18, s/he will have entire disposal of money for future education, notwithstanding the claims, paid during the term of the contract. Throughout this term the parents can profit from the tax relief - a reliable investment before the tax to be put on. The insurance company assumes all risks and also gives a possibility to economize.

The child is not the only one to be insured (age between 0 and 13 years). It does not matter who is the one that made the insurance - parent, grand parent or another person.

The Sum Assured is transformed in scholarship and could be paid a single time as a lump sum or during 2, 3, 4 or 5 years, with all accumulated bonuses - a guaranteed interest - an explicit fixed percent, provided continued education of the child.

The insurance premium could also be paid as a lump sum (at the moment of taking out the insurance); on installment basis - per month or per year; or as a separate sum, agreed with the client

„*Insurer Press*“ carries on its pages details and examples for the main coverage and amounts of the payable claims upon the different school and child insurances, being on sale by „Armeetc“ Insurance and Reinsurance company; „Allianz Bulgaria Life Plc.“ Insurance company; „Uniqa Life“ Plc.; „Bulgarian property - Vienna Insurance group“ Life Insurance company; „DSK Guarance“ Insurance and Reinsurance company; „GRAWE Bulgaria Life insurance“ Plc and „Generali Life insurance“ Plc.

Under the heading „Life questions“ (page 9) you can read the



**Petar Avramov and Ayhan Apak**

Directive, and explains the role of the association as a Compensatory body, as well as the role of the correspondents and the representatives for the settlement of the claims.

On page 5 is published the Allianz Global Investors' research report on pension systems in 11 countries in Central and Easter Europe (CEE) drawing the conclusion that **the Bulgarian Pension Market is small but has an intelligent construction.**

In „**Analises: General insurance**“ (page 6), the author **Kalin Dimitrov** comes to the conclusion that The non-life insurance market analysis shows that the market is dominated by motor insurance - autocasco and MTPL including green card insurance - making 64.4% of all premia. The relative share of the compensation payments made in the field of motor insurance came to 88.9%.

Approximately 19.82% of the gross premia income were made by the sales of insurance against fire and natural disasters and property damage insurance. General liability insurance generated around 2.85% of total premia. Results from the sales of other insurance products are less than significant.

Autocasco realised greater premium income by 38.82%, general liability insurance - up by 34.9% and insurance against fire and natural disasters - 8%. The numerous sales of autocasco insurance are in view of the record import an sales of motor cars - used and new ones. The bigger number of vehicles, however, had almost no impact on the income from obligatory MTPL insurance - it is one and the same figure for the first half of 2006 and the first half of 2007 and that very fact should alert the insurance companies.

Interesting is the fact that during the first 6 months of 2007 insurance covering credits and guarantees registered a sales drop, while the insurance against various financial losses registered growth by the record of 97%.

The analysis shows that the non-