

NEWSPAPER INSURER PRESS ISSUE N°1 (16 - 30 January 2008) WITH AN ACCENT PUT ON THE HIGHLIGHTS, HOT TOPICS AND COMMENTS

Dear readers, in the overview of issue N°1 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 the words of **Petar Andasarov**, director of the newspaper, who retraces the difficult path that was covered by the Bulgarian insurers during the last, 2007 year - the first European year for Bulgaria: **„This is the one and only destiny we have - hand in hand to follow our new and European paths“**...The newspaper **Insurer Press** keeps fulfilling its mission - to monitor everything that happens on this market, to survey its growth and the growth of every single insurance company, insurance brokers and agents. To be a biographer of all of them as well as an historiographer of the contemporary Bulgarian Insurance business. (pages 2 and 20)

Under our regular heading „Meetings“ you can find our special interview with **Rumen Yanchev** - Chairman of the Board of Managers and CEO of Bulstrad Insurance and Reinsurance Company, **„Business prognoses has to be very close to realities“** is the name of the article that starts on page 10, and continued on pages 14 and 17. Mr. Yanchev answers some live questions, asked by Petar Andasarov and Slavimir Genchev - about the past 2007, the priorities discussed during the meeting of the Board of Managers on 7th January 2008, he also explains why the prognoses are coming true and how important for the employee is to be loyal to the company they work with. Further Rumen Yanchev emphasizes the difference between the Insurance and Reinsurance Company „Bulstrad“ and the other insurance companies; he also provides some information about the meeting of the Bulgarian insurers, held in hotel „Rila“, Sofia, last year. Regarding the compulsory MTPL, Mr. Yanchev said:

„...MTPL is compulsory, there are strict regulations, as a state we entered into engagements for the range to be not less than 90%... By the same token this insurance covers damages caused to third party and not to the holder of the policy. At the time being the easiest way to get a market share, some presence on the market and to earn „fresh money“, turns to be the sale of MTPL insurance at prices, that are unreasonable in many ways, notwithstanding the contentions of the colleagues going on the statistics. I have serious reservations regarding the trustworthiness of the data that are delivered to FSC, and the way the reports are made, all this being source for an individual or general statistics of the market... We asked ourselves the question who is the liar and who is the misled in this specific situation, and who is found cleverer in the end. The Statute of the Association of Bulgarian Insurers (ABZ) states that every member should

not provoke conflicts by any action, by contrary - they should aim at interaction and development of a real market behavior. In other words - nobody should act to the detriment of the other members of the association.“

In the interview Mr. Yanchev shares his views on the creation of the catastrophic pool, the merger between Insurance and Reinsurance Company „Bulstrad“ and Bulgarski Imoti Insurance Company, discloses



his expectations for 2008.

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) and the information that FSC started a new information system.

On the same page, under **„Cross point“** is the material by Slavimir Genchev **„The Motor Third Party Liability insurance as Paragraph 22“**. The article ranges the hot questions: are there some cartel agreements on the insurance market and what turned the MTPL insurance into an apple of discord that challenges the insurance companies and makes the customers against the insurers, the theoreticians against practitioners into the insurance business, the state in the person of the Commission for the Protection of Competition - against the companies?

The **„Cover story“ - Mountain insurance. The Rescuer in the... snow** is developed by **Ileana Stoyanova** on page 4, 6 and 17. It is continued in the next issue. Only few companies have been granted with license for this insurance - Insurance company „UNIQA Life“ Plc, Insurance and Reinsurance company „DZI - General Insurance“ Plc, QBE Insurance (Europa) Limited and „HDI-Insurance“. The author advises: **„Never go on vacation unless insured“**. Unfortunately people are not now disposed to buy in advance an insurance against accidents in the mountain and they buy this insurance after their arrival. Usually the Western-European foreigners are coming here secured by a fully paid package insurance they bought in their country. The Mountain insur-

ance, offered by few insurers here, is designed mostly for foreign tourists from the neighboring countries - Serbia, Macedonia, Greece.

It came to be known that one year ago the prices of the rescue operations raised by almost 100%, same did the prices of the hotel services due to the fact they have been set to be equal for Bulgarians and foreign visitors. The most expensive is the rescue operation following an avalanche - BGN 955.

The „Mountain insurance“ is included in the group of Health insurances. This product is designed to provide insurance coverage during tourist or sport activities in the mountain, ski facilities included since the Bulgarian national health insurance fund does not reimburse them.

On the Bulgarian market only the Insurance company „UNIQA Life“ Plc. offers „Mountain Insurance“ in pure form. The rest of the insurers offer this product in different forms but with similar content.

On page 7 (and continued on page 9) is the publication about the annual report of the Financial Supervision Commission (FSC), named **„2007 was found successful for the non-banking sector“**.

The insurance sector is „under the red line“ - a deficit, caused by the low prices of the MTPL insurance. This fact was announced by Ralitsa Aguin, in charge of the Insurance Supervision Division, at the last for 2007 briefing for journalists held on 19 December by FSC. The annual report for 2007 was presented at the press conference by Apostol Apostolov, Chair of FSC, Biser Petkov, Head of The Social Security Department and prof. Milcho Stoimenov in his capacity of FSC spokesman and acting on behalf of Dimana Rankova for investment supervision issues. In general the experts qualified 2007 as a very successful year for the non-banking financial sector. In the end of 2007 the nine licensed pension insurance companies manage in total 28 pension funds and more than BGN 2 billion assets.

On page 8, under the regular heading **„Forum“** you can read the continuation of the materials of the Forth Insurance Conference: **Competitiveness of the Bulgarian Insurers on the European market“**.

The forum brought together lecturers from the Bulgarian financial, insurance and scientific circles. They discussed and made public their views about the future development of the Bulgarian insurance branch under the conditions of the united European market. Yurii Todorov, Chair of the Insurance Security Association, shared his thoughts about the individual insurance risk factor in MTPL risk assessment which is to be based on the behavior of each driver on the road.

The question we ask in „Our quiz“ is: Can we talk about cartel agreements on the Bulgarian Insurance market and in particular for the MTPL insurance? (page 9)

On 20th December 2007 г. The Commission for Protection of Competition (CPC) started legal procedures by its own reference entertaining suspicions for cartel agreement on the insurance market.

In response to the question asked by the newspaper „Insurer Press“, the state antitrust commission announced that an evidence collection process has been started and some insurance companies are under prosecution.

In this connection we addressed some insurance companies and asked them to comment the casus. Could we talk at this very moment about cartel agreement on the Bulgarian Insurance market, in particular, for the MTPL insurance? What measures shall be adopted in order to avoid the dumping of the prices which can endanger the financial stability of some insurers, while retaining the free competition between the companies? Do you see a real danger for the CPC to impose new sanctions on some insurers for their attempt to make a cartel?

The answers given by **Rumen Yanchev** - Chairman of the Board of Managers and CEO of Bulstrad Insurance and Reinsurance Company and **Tsvetanka Krumova**, CEO and member of the Board of Managers of „Armeets“ Insurance and Reinsurance company - on page 9.

On page 11 is the material for the Bulgarian Association defending insured and harmed in accidents (ADIHA), named **„In 2007 we realized many of our projects for prevention of Road Traffic Accidents (RTA)“**. These are the words of Vladimir Todorov - Chairman of the association, who shared: „The past 2007 was extremely successful and very dynamic for the job of ADIHA. We realized many successful projects for prevention of RTA and we are convinced that we assisted for the drop of the number of victims on the road.“



On the same page you can read the article by **Boycho Kamenov**, founder and member of the club „Economist“ within the Union of the Economists in Bulgaria **„The insurance culture of the Bulgarian is in direct contact with the living standard in the country“**.

The Eurolife Christmas Conference in Budapest is reflected on pages 12 and 13. Under the eloquent heading **„Once again a triumph of the philosophy**

and the strategy of „Eurolife“ „Together on the top“, Petar Andasarov who personally attended the event, emotionalizes his impressions. There are plenty of photos.

The heading: **Gallery „INSURER“** (page 15) started together with the first issue of the „Insurer Press“ and the conversation with prof. dr.(Econ) Hristo Draganov, at that time General Director of MIC - Motor Insurance Company. During the past 13 years we had for guests in the pages of our newspaper many prominent insurance professionals who shaped the history of the insurance business in Bulgaria. All these published conversations entered the last book which was issued recently under the editorship of „Insurance Press“. The book has got a cordial welcome and the stocks are very low.

In this issue you can read the interview with **Kosta Cholakov**, CEO of Interamerican Bulgaria.

Page 16 is devoted to the Finances High School (VUZF) and the discussion forum **„Professional financial consulting“**, which is organized together with the Chartered Financial Consultants Institute. Continuation from the last issue.

On page 17, under the heading **„One to One“** we inform you that the Pension Insurance company „Doverie“ Plc got a higher credit rating“.

On page 19, Yoana Stephanova makes us acquainted with the procedure for submitting a claim to the Security fund. The publication is named **„Claims for compensation from the Security fund are to be submitted to the syndics“**. The Security fund that was created by the last amendments of the Insurance Code, is already working. It was found after the check-up, done by „Insurer Press“.

On page 20, under **„A look behind and ahead“**, Tsvetanka Krumova, CEO of Insurance and Reinsurance Company „Armeets“, shares: *We reached sustainable development dynamics of the company. The premium income will scientifically overcome BGN80 million which was the target in our prognosis. Our market share during the year was 7 %, and let me hope we will keep it as final annual result compared to 5,46% for 2006.*

On page 22 and 23 we inform you that the Finances High School (VUZF) conferred for the very first time the degree Doctor Honoris Causa. The first honored doctors of VUZF are dr. Reinhard Bauermeister and Mr. Gunter Krause - senators ad honorem at the High School Lessing in Berlin. You can read their academic

speeches in our next issue. We will finish our overview by the thought from Todor Velchev who is presented under the heading **„Personalities and Insurance“** (page 23) **„I think that one is free to be responsible first of all before themselves and the mirror of their conscience.“**

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