

NEWSPAPER INSURER PRESS ISSUE №5 (12 - 26 March 2008) WITH AN ACCENT PUT ON THE HIGHLIGHTS, HOT TOPICS AND COMMENTS

Dear readers, in the overview of issue no 5 of the newspaper *Insurer Pressy* 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.

last 2-3 years. These products are keeping the characteristics of the usual fund-linked life insurance but with a new opportunity. On maturity the beneficiary, receive the sum accrued, and not less than the contrac-

of the European service standards, good knowledge of pension legislation that is in force in the member-countries, establishment of electronic data exchange between the insurance institutions, etc.

The main issues that are discussed in this conversation are: investment of the fast growing assets of the pension fund, why the supplementary old-age provision funds did not started working on professional schemes. Regarding the multifunds, Biser Petkov shared that the working group is discussing the question how to preserve the rights of the insured persons in their choice between the three types of profile- of high risk, balanced and of low risk. One very important condition for the future development of the multifund system is the awareness of the insured people - they have to be provided with detailed information about the changes in the legislation and their rights evolved from. The insured persons are to have enough time to choose the portfolio which is more suitable for them. There is another discussed opportunity - the new legislation is to provide for an obligation of the pension fund to investigate the approach of the client (insured person) to a given risk profile and to consult them.

The „Banks Investments Money“ International Finance Exhibition“, that was held from 27 to 29 February 2008 in Plovdiv is reflected on page 9. The forum days were accompanied by a conference named „The role of the financial institutions for the successful absorption of the EU Structural Funds, factor for economic growth“. Among the prizes bestowed „Financial product of the year“ for 2007, insurance company Bulstrad Life was awarded in the category Life insurance and security products for its policy Critical Diseases. Insurance and reinsurance company Armeets and insurance company KD Life was awarded in the categories „Motor insurance“ and „Life Insurance“ relatively.

Of interest for the readers of „Insurance press“ can be the presentation entitled: „The development potential of the Bulgarian insurance market within the Single European market for Financial Services and in the conditions of an intensive competition“.

The material reviewed the development prospects of the Bulgarian insurance industry within the Single European Economic Area, the effects of increased competition resulting from the transposition in the local legislation of the main principles regulating the Single European market for Financial Services: „right to establishment“, „free delivery of services“, and the „single license“ of community insurers.

On page 12, you can read the conversation with **Roumen Yanchev** - Chairman of the Management Board and CEO of „Bulstrad“ on receiving of the award. The combined insurance product „Property“ is targeting the serious business,

shared Mr. Yanchev.

Page 13 is devoted to insurance and reinsurance company Armeets that was awarded the prize „Financial product of the year“ for 2007 in the field of Motor insurance. **Tzvetanka Krumova**, Chairman of the Management Board and CEO of „Armeets“, said that „This award is an eloquent testimony of our success in the most competitive segment“.

„Book shelf“ is on page 14. In this issue, we offer you the review by dr. **Irena Misheva** of the two new manuals „Organization and Management of Insurance“ and „Insurance basics“ from the distance training set for ministers with author prof. dr.Ec.sc. Hristo Draganov.

On page 15 is our gallery „Insurer“. **Peter Andasarov** is speaking with reader dr. **Kolio Kolev** „Charge of the chair „Social Security And Insurance“ in D.A.Tsenov Academy of Economics“.

On page 16 is the material of **Vania Toshevskva**, named „SiBank with a new specialized program „Eurohorizons“. In her exordium during the press conference, held on 19th February at the Gallery SiBank, Mrs. **Tzvetelina Borislavova** Chairwoman of the Supervisory Board of the bank, pointed out that SiBank that one of the most successful banks in Bulgaria and takes part in the financial group KVS KBC, will have the possibility to use a know-how for an effective support of the Bulgarian business and institutions for the absorption of the European programs' funds.

On page 17, under our regular heading „In the world“ is the material of **Iva Ivanova** „The Bonds against pandemia“ provide attractive benefits“.

On the same page, you can read „USA insurers saved their bacon“.

On page 20, you can find the information „Interamerican Bulgaria bestowed the first awards for insurance consciousness contribution in a pleasant atmosphere“.

To find out what will be the future of insurance, according to the president Lloyd's Lord **Peter Levene**, you are to open the newspaper „Insurance press“ on page стр.19 and 21.

The presentation of the president of Lloyd's before the Polish insurers' elite is published in Gazeta Ubezpieczeniowa and offered to the readers of Insurer Press by prof dr. **Dimitar Shishkov**.

We will finish our review by the emotional interview of Petar Andassarov with one interesting woman and professional. On page 22, under our regular heading „Women in insurance business“ we meet you with **Iveta Nikolova**, manager of Intrade EOOD. Mrs Nikolova answers questions about the difficult profession of the insurer, the values in life, happiness, individual tastes and preferred things.

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came stronger and we are just to expect better quality of the offered fund-linked life insurance products and more attractive options and bonuses. However, in Bulgaria the share of this type of insurance products is near to negligible, compared to the total volume of Life Insurance products market - for 2007 their number does not exceed 7%-8% the total Life Insurance Products Sales. **WHAT IS THE REASON FOR THIS LAGGING BEHIND?** It turned out that the problem is in the way these products are offered. The best practice in the more developed countries is the offering of Life Insurance products with an accent that is deflected from the coverage and put on the fact that the policy could be an alternative to the other investment instruments. That means a total change of the offering's approach - the life insurance products shall be considered as an instrument for better profitability and higher profit, in comparison with the traditional investment opportunities, explains **Plamen Hinkov**, member of the Managing board and CEO of Generali Life Insurance. Furthermore, the material explains in details the advantages of the Fund-linked Life Insurance products. How flexible are the companies that offer such life insurance products? The interest in the different investment funds depends both on the way the Insurance Agent prepared the offer and the investment knowledge of the client, explained Hinkov. As far as this product is relatively new in our country, the Bulgarian companies are still amassing knowledge about best practices and offerings, the specific profile of the people who can offer this type of products, the specific profile of the clients who would better accept the offer. The markets on which this type of insurance products is offered for years, have already established best practices on the base of consistent patterns and factors of success. The fund-linked life insurances with guaranteed minimum benefit became very popular in Europe during the

usually guaranteed minimum benefits.

This publication is trying to answer the question about the future of these products and the risks for the client. The Fund-linked Insurance is suitable for clients who are security-oriented and want to take advantage of the profit potential of equity markets. They have to be well grounded in finances and acquainted with equity investments to be able to structure their investments portfolio. People, whose daily round does not require any kind of information about changes, forecasts and scenarios, that influence the market indices, should better entrust to the institutional investors such as the insurance companies.

In 2007 the life insurance business in the country continued its development in a. The total premium income, both of the total and the separate companies increased although the levels of life insurance penetration and per capita life insurance are still low compared to the countries in Eastern and Central Europe.

On page 5, you will read the „Record results of Allianz for 2007“ in defiance of the cataclysm on the World financial market. You will also learn that „The number of clients of the companies of Allianz in Central and Eastern Europe reached 19 million“.

On page 7 and 8 **Slavimir Genchev** speaks with **Bisser Petkov**, Financial Supervision Commission deputy chairperson, head of the Assurance Supervision department. The theme of their discussion is the Multifund system that will start at the beginning of 2009. Mr. Petkov comments the preliminary results from the activities of the pension companies in the field of supplementary old age provision, recently published by FSC and described the future trends for the development of this branch. He emphasized that the adoption of the new European legislation creates new challenges for the companies, involved in the supplementary pension insurance business - successful operations in competitive environment, adoption

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).

Page 2 starts with the news. The newspaper informs that TB „Allianz Bulgaria Bank“ changed name to „Allianz Bank Bulgaria“ and increased its capital by BGN 25 million. Pension Reform discussion was held at Sheraton hotel on 7th March. Pension reform in Macedonia was thrashed out.

This is the start page of the material „Change in share and funds transfer to insured people“. Place is given to the information that „Private Security sector attacks a bill“

On page 3 **Evgenia Dimova**, Property Insurance director with Insurance and reinsurance company DZI-General Insurance, makes us acquaint with a new, upgraded Home Insurance product which has a great potential.

On pages 4, 6 and 11 the Cover Story offers analysis of the topical „Fund-linked Life Insurance“. The author **Yoanna Stephanova** added an attractive headline to her article - „Insurers faced us with a dilemma „Big profit or security - is up to you!“

Last few months Financial Market slump that started in USA, conducted to serious plunge of the indices of Bulgarian Stock Exchange. The slump affected the shares of key players which lost of their value. Many individual and institutional investors became big losers. Somehow, outside of the media hubbub stays the fact that the profitability of the getting more and more popular in the country fund-linked life insurance products is also influenced by the Stock Markets fluctuations. What happened with these products? Let's go back in time; The fund-linked life insurance products are comparatively new on the Bulgarian market. The first policy of this kind was offered in 2002 by the insurance company Orel Life (now Generali Life Insurance Plc). The second company that launched these products was DZI Plc (now Insurance and Reinsurance Company DZI). In the end of 2005, Allianz Bulgaria also started offering Fund-linked life insurance products. In 2006, many companies also developed their own products, and in 2007, this resulted in many new competitive offers and attractive products. We are not to miss the fresh start in May, 2007 of KD Life Insurance company. The offered the product FundPolicy together with an investment package. The competition be-