

# NEWSPAPER INSURER PRESS ISSUE №11 (11 - 25 June 2008) WITH AN ACCENT PUT ON THE HIGHLIGHTS, HOT TOPICS AND COMMENTS

**D**ear readers, in the overview of issue no 11 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 Page 2 you can find the information about the first in a kind round table discussion on „EU membership - effect on the development of capital markets in Southeast Europe“. The forum was organized by the Financial Supervision Commission and was attended by representatives of financial sector regulatory and supervision institutions in the region, the Secretary General of the Committee of European Securities Regulators (CESR) Carlo Comporti and representatives of the financial sector in our country.

On this page we also inform you that the insurance company KD Life (Zhivot) has been ranked in the top 3 by share on the Bulgarian fund-linked Life Insurance market.

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 18. Page 3 is allocated for the new insurance fund-linked insurance product „DZI LEADER +“. We remind you that the insurance shall be available only until 27th June.

On page 4 **Mrs. Ralitsa Againe**, Deputy Chairperson, Bulgarian Financial Supervision Commission and Head of Insurance Supervision Division answers the questions of **Petar Andassarov**. According to Mrs Againe, the year 2007 was successful for the Insurance branch.

Especially for the readers of „Insurance Press“ Ralitsa Againe made an overview of the main and decisive events of the last year. One of the most important activities for the supervision is the won twinning project with the Supervision Agency of Bosnia and Herzegovina. The project is funded by the European Commission. „We created a legislation and a creative capacity, that can serve as a model“ emphasized Mrs. Againe. The relationships and the cooperation of the Supervision and the Association of Bulgarian Insurers have never been at better level. For the first time the two organizations cooperate as partners equal in rights with no tension between them.

Regarding the question about the range of MTPL (motor third-party liability) insurance, Ralitsa Againe shared that: Is yet to be explained is this 82% range due to bad and incorrect reporting. She also

explained what measures were taken to overcome this alert situation.

In respect of the widely discussed yet still unresolved problem for the creation and building of an insurance catastrophic pool in Bulgaria, Mrs Againe expressed her position that it is important to draw a sharp distinction between the introduction of the mandatory property insurance and the creation of a catastrophic pool.

In conclusion Mrs Againe outlined the main targets and the pressing problems in front of the Insurance Supervision for the year 2008 will be decisive with regards of the workout and the adoption of the Solvency II Frame Directive.

On page 5 we publish the names of the authors and works that was awarded during the National Awards „Allianz Bulgaria 2008“ for Painting, Sculpture and Graphic Arts

On the same page you can find the information that **Allianz Bank Bulgaria** took second place in the Deposit Growth Rate rank.

Pages six and seven are devoted to the analyses of the 1st Q 2008 results in both life and general (non-life) insurance. There is some shift to be remarked in MTPL insurance rank. The total premium income in the field of non-life insurance came to BGN 361 005 thousand, reads FSC report for the January-mart period of 2008. This result stands for 18.1% nominal annual growth. The Insurance and Reinsurance company BULSTRAD took the first place amongst the non-life insurers with 1Q 2008 BGN77,345,747 thousand premium income and market share of 21,44 per cent

Second came Insurance and Reinsurance company - Non-life insurance (front-ranker for 2007) with realized premium income for the first quarter of this year amounting to BGN 49,221,572 thousand and market share of 13,64 per cent.

The third place is for Insurance and Reinsurance company ALLIANZ Bulgaria with premium income of BGN 48,630,962 thousand and 13,48% market share.

With 1Q 2008 premium income first place in the field of life insurance, Insurance company Allianz Bulgaria Life its leadership, gained in 2007. Second came Insurance company UNIQA Life AD. The third place is for Insurance and Reinsurance company DZI.

The Health Insurance analysis shows a decreased number of the voluntary health insured people.

This topical issue is the theme of the material on page 8, which reflects the position of ALVHIC - the Association of Licensed Voluntary Health In-

surance Companies. ALVHIC launches the appeal not to create new problems while the older ones are still remaining unresolved.

Straight from the horse's mouth is the information, re-

companies shall be transferred to the Insurance Code.

On page 11, **Slavimir Genchev** is talking with **Krasimir Kostov**, chief inspector in Traffic Police department, Chief Directorate



ceived from **Antonia Parvanova**, deputy chairperson of the parliamentary health policy committee in the column „Theme to be continued“ - **The forthcoming Health Reform**“ (page 9 and 10). Mrs Parvanova explained how shall be guaranteed the equality between the citizens - the government will transfer its engagement to provide timely and accessible services to private companies. Furthermore the private insurers shall be not entitled to refuse enrollment of citizens. They have to build an optimal and tailored to their specific needs structure of offices and staff. In case of illness people shall be allowed to address either to insurer of directly to the Health center. However the medical emergency service still remains a priority of the state.

Further in the conversation Antonia Parvanova explained that the fund resource which will be distributed amounts at BGM 2,5 billion/year. In case of disputable payment, the judgment shall be delivered by an Arbitration commission. The obligatory Health insurance institutions seem to be uninterested in the health contributions. There is a provision for creation of Public Registers. The first register will be entered by all companies that work in the field of the mandatory health insurance.

A separate register shall be created for the providers of health services.

In conclusion Mrs. Parvanova shared that at the moment both the voluntary and mandatory health insurance are regulated by the Health Insurance Act. Since the insurers are licensed and controlled by the Insurance Code, the present situation does not meet the requirement of the European Commission for the health insurance systems - the participants - individuals and public entities in the health system, either voluntary or mandatory, shall be licensed under the same regime. That means two options - either the parameters under Health Insurance Act shall be equalized to those under the Insurance Code, or the part of licensing, requirements (eligibility), control and sanctions for the health insurance

„Crime Counteraction, Maintaining of Public Order and Prevention“. In the beginning of the conversation Mr. Kostov is giving information about the Road Traffic situation in the country as from the beginning of this year. According to the accident record, the main problem is the car drivers, but the drivers of load carriers are also an indirect risk factor by their aggressive behavior on the road.

On page 12 we inform you that Insurance and reinsurance company „Lev Ins“ AD has opened its **Sofia Corporate Center**, situated in an original and magnificent building at 136-b Tzar Boris III. On this page a place is given also to the conversation with **Lazar Georgiev**, Manager of the center.

*Is it necessary for FSC to determine again the prices of the mandatory MTPL insurance for the motorists?*

*Will be the insurers „rescued“ from the high commission rates provided they offer 25% discount for the premium in case the insurance is took out in the office of an insurance company?*

*Is there a real possibility for the state supervision commission to regulate effectively all insurance companies that operate in the country?*

*How many and who are the Bulgarian insurers which have declared insurance business operations in EC non-member countries?*

*Why the insurance penetration in the country is the lowest within the EC and how it could be increased?*

*Will the flat tax, newly introduced in Bulgaria, lead to an increase of the insurance market?*

The mentioned as well as many other interesting themes were discussed on 29 and 30 of May 2008 in the High School of Insurance and Finance (VUZF), which was for the first time a host of the traditional conference, organized by The Prof. Dr. **Veslav Gavriiski** Foundation. The materials „About the Babylon Tour, the polyphony and the diversity in the insurance business“ and „The challenges before the insurance systems“ by **Yoanna Stephanova** and **Slavimir Genchev** who was reporting the event. Page 14.

Within the frame of the VII<sup>th</sup> National Conference with international participation „Insurance and Assurance business in Bulgaria under the conditions of eurointegration: the challenges before the yet continuing adaptation“.

The most successful brokers received honorary diplomas from The Prof. Dr. Veslav Gavriiski Foundation, the High School of Insurance and Finance (VUZF) and the newspaper „Insurer Press“. The Insurance Company UNIQA was awarded Honest Insurer in the Non-life insurance Diploma.

On page 16, a place is given to „Theme to be continued“ - **Risk management**. The publication by Slavimir Genchev „The reinsurance broker **WILLIS RE** hosts a catastrophic risk modeling seminar“.

In this issue you find the continuation of the presentation, made by **Matthew Twilly** - leader of business group in **Willis Re** - London and expert in national catastrophe pool - „Modeling of national catastrophe pools“.

In this connection you might be interested in the „Particularities of the Bulgarian Catastrophic Pool“. The material is treating the World Bank Catastrophic survey and the presented variant of a Catastrophic pool.

On page 19 is the continuation of the article 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 put stress on the need of specialized insurance market for regulation and support of the risk management.

In this part, Mrs Boneva describes the details of the risk-situation as a basis for implementation of risk management in SME.

Page 20 is devoted to „Women in the insurance business“. There is an interview with **Diana Maneva**, Chairperson of the „General Insurance“ AD.

On page 21, in the column „In the world“, we are getting informed that the insurance branch is looking for new possibilities.

We are finishing the overview of this issue by an exciting material. On pages 13 and 23 **Petar Andassarov** meets us with the beloved poet **Evtim Evtimov**. This is a very emotional conversation between friends and poets, revealing the profound essence of the mentality, the creative work and the course of life of the **Great Poet of Love**.

„I am devoted to one and only theme - the Love and this is the gift from the Heavens“, shares his creed **Evtimov**.

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