

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.

The author of the initial concept of **Insurer Press** and its founder is **Maxim Maximov**. The newspaper continues its rising development from the first issue (appeared on 24th March 1994) until now thanks to its director **Petar Andasarov** and the whole editorial team, as well as by the help and the active cooperation of recognized professionals from the insurance companies, state bodies and institutions, branch organizations and others that share their significant views and thoughts on its pages.

13th issue (11.07-25.07 2007 г.) contents: News of the day and events; Cover story- „Multifunds in the pension insurance“ (page 8); Insurance market analyses (page 15), Health insurance (page 18), Brokerage business in 2006 (page 18), investments (page 19); The hot discussions on the XIX Pan European conference „Efficient Protection of Insurance Services Clients“, held in Sofia on 7-8 June 2007 (page 10), setting forth the advantages of the security funds; The problems discussed on the forum in Veliko Tarnovo (18-20 April 2007), and on the VI National Insurance and Social Security Conference in Svishtov (3 and 4 May 2007), discussing mainly the ripe conditions for the creation of catastrophe insurance pool. In this connection is the story of **Petyo Simeonov** and **Ilyan Gospodinov** from NIMH/BAS in the discussion forum „Disasters Insurance Culture“ (page 11). In this issue you can read views and thoughts of some leading insurance experts.

On page 2 under the heading of „Between Two Issues“ it is mentioned that the Financial Supervision Commission Chairman **Apostol Apostolov** has been awarded for his personal outstanding contribution in the development of the Bulgarian Capital Market at the Annual Investment Association Awards official ceremony.

The newspaper informs on the same page that „Four Bulgarian brokers and one insurer will target the EU“. Euroins notified FSC of their intention to carry out all kind of insurance business, incl. MTPL insurance in 8 EU countries - Austria, Germany, Greece, Spain, Italy, Romania, France and Belgium, given the right of establishment and freedom to provide services. The four brokers are: IPS Services, TT Ins, Marins International and Intrade.

Under the topic „Live questions“ on page 4 it is stated: „The hot questions of the hot summer were discussed on insurers' seminar“. This is the story about the forum that was organized and held both by the National Bureau of Bulgarian Motor Insurers (NBBMI) and the Guarantee Fund (GF) at Hilton hotel on 26-27 June 2007. The particular reason for the seminar was the last day alarming news that the motor vehicles compulsory insurance cover dropped to 90.9%. The main subject

was: „Bulgaria - member of EU and Contracting Party in the Multipartite Guarantee Agreement as well as in the Agreement between the Compensation bodies and the Guarantee funds of the countries in the European Economic Area. Forth and Fifth Motor Directives of the EU, and their application“. The participants in the seminar were representatives of FSC, NBBMI, GF and insurance companies - members of NBBMI. The chairman of the Bureau, Mr. Atanas Tabov, made a report for the substance of the Multipartite Agreement and the role of NBBMI while its execution. He spoke about

„Застраховател прес“ на английски език

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Съдържание на брой 13 с акценти върху най-важните теми

the new tasks and responsibilities of the fund evolving from the new amendments of the insurance code. **Nikolay Sotirov** - general secretary of the Guarantee Fund, had a look on some aspects of the claims settlement. Another special report was read by **Donka Tileva** - manager of the Guarantee Fund Information Center and Head of Information Systems and Analyses department.

Mr. Nikolaj Petkov - Head of Insurance Supervision Division of FSC reported the main points and challenges of the Fifth Motor Directive.

An interview with **Sofia Hristova** - Executive director of Allianz Bulgaria - the first and still the only pension company, that is authorized by FSC to manage a voluntary retirement provision fund on the basis of private

balanced and high risk portfolios. The main controversial point is their possible legal independence as separate legal entities within the frame of the pension fund itself.

„The multifunds in the Pension Insurance System“ is the cover story (page 8). „People will be given the option to deal with their money for second pension. By their introduction in the beginning of 2008, the money, accumulated in the existing Voluntary or Universal Pension Fund in the form of pension contributions, will be invested in some funds with specified model of investment strategy. The clients will be given the option to choose the way their money should be invested for maximum profit: low-risk financial instruments, balanced scheme or high-risk scheme. In his special interview for In-

cil. The newspaper pages allotted place for the continuing discussion forums focused on the the creation of catastrophe insurance pool. This is to remind that the Discussion Forum INS expo & forum - Veliko Tarnovo - „Disasters Insurance Culture“ (18-20 April 2007), was the starting point for a real, serious high level state administration commitment to the establishment of the catastrophe pool problems. The World Bank allegedly is likely to donate 50 000 euro to start the initiative and give other 500 000 euro as a loan payable within 15-17 years. The state shall automatically transfer the money to the pool's account. This information as well as the relevant thoughts and views of the insurers, were published in issue No 10.

During the VI National Insurance and Social Security Conference in Svishtov (3 and 4 May 2007), a spirited debate was provoked by the report (page 6) of **Luka Dokov** - the originator of the idea for the creation of catastrophe insurance pool. The report emphasized heavily the ripe conditions for the pool to be established and the understanding declared by the mayors and Policy on Natural Disasters and Accidents Parliamentary Committee. The discussion was joined by **Stoil Alexandrov** - chairman of the Union of Insurance Agents, Reader Dr. **Yanaki Andeev** and Reader **Radoslav Gabrovski**.

The speech of **Alan Beverly** - Principal Administrator, Insurance and Pensions Financial Institutions Unit, European Commission, „Regulation and best practice in dealing with consumers. The recent Retail Green Paper“ before the XIX Pan European conference is on page 10. It says that the mission of the European Committee is, on the one hand, to open the market and to create good conditions for competition between the insurers while protecting consumers.

The speech of **Marek Monkiewicz** - Manager, Insurance Guarantee Fund, Poland, about the Insolvency compensation schemes in insurance and the advantages of the Security funds is published on page 12. Only just recently a project was developed for Security Fund that will pay the compensations on the compulsory MTPL. Accident, Disease insurance and all types of Life insurances provided insolvency of the insurer. This is one of the essential proposals for amendment of the Insurance Code, car-

ried by the Cabinet on 11 July 2007. The published pros and cons are very interesting. The Bulgarian Insurers Association (BIA) considers that the state has to take strict security precautions against insolvency of the insurer to avoid measures to be taken afterwards. The establishment of Security Fund runs the risk poorly managed and careless insurance companies to be lфunded by the scrupulous companies with well managed portfolios and further preconditions for intentional bankruptcy and draining of the fund. The Security fund can provoke unfair competition that will inflict damage to the serious and loyal insurers, stated BIA.

The official stand of the Association of the Insured and the Individuals to Have Suffered Injury in Motor Accidents is that the establishment of the Security Fund is beneficial to the insurance companies, because it will protect the rights of the clients and will confirm their trust in the insurance branch. Another argument in favour of the Security Fund is that the supplementary installments to be paid are low - an annual amount of BGN 1.50 for each MTPL insurance policy

The report for the presentation of the unique book of **Petar Andasarov** „Builders of the modern Bulgarian Insurance Industry“ and its first reviews cover pages 12-13. The book takes in some published in **Insurer Press** newspaper, under the heading „Insurer Gallery“, interviews with outstanding Bulgarian insurers. It ranges over the first issue (24 March 1994), which starts the column with an interview with Prof. Dr **Hristo Draganov**, the General Manager of MIC - Motor Insurance Plc. The columnist is **Maksim Maksimov**. Mr. Andasarov himself gives the best illustration of the main idea of the book: „The goal and the very great meaning of these interviews were and still remain an original way to describe the stages in the history of the modern Bulgarian Insurance Industry“.

The thorough review of the book of the Reader Dr. **Diana Ivanova** „Insurance Culture in Bulgaria“ (marketing aspects), read by Reader Dr. **Yoto Yotov**, can be found on page 17. This is the first Bulgarian research of the Insurance Culture.

In the column „Analyses: Insurance“ **Kalin Dimitrov** analyses the first quarter 2007 results in terms of Gross Premium Revenue and Market Share (page 15).

Health Insurance analysis for the same period indicates a growth on first quarter of 2006 (page 18). The same page reveals that 24% of the Insurance Premium in 2006 is made by the brokers.

We will finish our overview by the information about pension insurance in Europe on page 21, „In the world“. Here we can read about the increased dependency ratio pensioners/workers in Sweden.



hot border MTPL that will be valid for Bulgarian and the territory of EU. Mr. Tabov said that border insurance should be far more expensive than regular MTPL insurance because it covers the faults of drivers of third countries with no insurers' data base available and on the large territory of the whole EU. The border insurance is expected to start from 1 August 2007.

Lecturer for the Forth Motor Directive was **Tania Chonkova** - general secretary of NBBMI. **Mrs Chonkova** dwelled on the questions for the responsibilities and the liabilities of NBBMI according to the regulations of this directive and also explained the role of the National Motor Insurers Bureau as a Compensation body and named the correspondents and representatives the claim should be addressed to. Mr. **Borislav Mihailov** - general executive and chairman of the Managing Board of the Guarantee Fund went into

occupational pension schemes. Mrs Hristova emphasizes that these schemes give one more opportunity for supplementary voluntary provision in the third pillar of the pension system. The main difference from the old fund is the collective agreement between the employer and the employees, the employer has larger possibilities to take part in the management of the pension schemes and the pension rights age became equal for men and women and fixed at 60 years. The other highlight in the interview is the new legal rights of the insured persons that shall be entitled to take part in the pension contributions investment process. It will occur by the help of multifunds - investment portfolios with different risk profiles.

Pension funds clients will be given the option to choose how and where to invest their money. It is mostly accepted to set up different portfolios with varying risk level - low risk,

surer Press **Yordan Hristoskov** - manager of the National Social Security Administration (NSS) stated: „Multifunds shall be experimented first in the voluntary retirement provision“. He also added that the insurance companies and pension funds can manage pension assets in a more effective way when compared to NSS.

A full page (9) is allocated for the most important events, connected with Euroins - the Investors Association presented Euroins Insurance Company with the award for best corporate management for the year 2006. The company has a new management: besides his role of chairman of the Governing Council, **Kiril Boshov** takes up the duties of Senior Executive Manager. **Zlatolina Mukova** has been elected an assistant of both leading positions. **Anton Pironski** has been elected a member of the Governing Council and Executive Manager of the company and **Violeta Darakova** will chair the Supervision Coun-