

## Slowly, But Forward

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The gross premium income generated by the non-life insurance companies for the nine-month period of 2007 amounts to BGN 852.722 million. In comparison with the same period of 2006 (BGN 717.597 million) the revenue has increased by around 18.84% which is pretty good result given that the growth during the last three months is greater than the growth achieved within the first two three-month period. September 2007, however, is not as successful as the same month of the previous years, and also as the summer months of 2007. In the eight months of 2007 the sales of the companies are worth BGN 779.351 million.

If the pace of growth is sustained by the end of the year the [www.insurance.bg](http://www.insurance.bg) forecast is that by December 31st 2007 the premium income in the field of non-life insurance will top BGN 1.2 billion. 2006 premium revenue amounts BGN 1.06 billion.

The compensation payments made in non-life insurance field during the nine-month period of 2007 come to BGN 316.850 million, registering 21.83% growth on an annual basis. The technical reserves of the companies (assuring all future compensation payments) increase by 27.86% yoy to the amount of BGN 800.793 million. The technical result (the balance of income and expenditure) is positive and amounts to BGN 34.144 million as compared to BGN 30.125 million for the third quarter of 2006. The products with biggest contribution for the increase are insurance against fire and natural disasters (BGN 16.027 million) and Autocasco (BGN 14.064 million). MTPL insurance reaches BGN 137 thousand technical result with 7 insurance companies reporting negative results, therefore FSC took the respective measure.

In the end of the nine-month period the assets of the non-life insurance companies amount to BGN 1.204 billion, registering 25.59% growth on an annual basis, and all experts give their positive assessment for the performance.

Autocasco motor insurance (46.05% market share) and MTPL insurance (19.92%) have the biggest contribution in the gross premium income from non-life insurance - the two products with 65.97% of the total gross premium income. The relative share of the compensation payments on motor insurance is 86.2% of all compensation payments. The products with greater increase in the premium revenue are insurance products against various financial losses (57%), Autocasco (39.3%) and General Third Party Liability (18.6%). The increased number of sales of these insurance products is a result of the increased sales of new and used motor cars.

The insurance product with greatest rise in sale that is not among the popular insurance products is Legal Expenses. The insurance policies sold in 2007 are worth BGN 241,182. i.e. 240 times more than the sales for the same period of 2006 - BGN 998.

Second in terms of number of sales comes home insurance against fire and natural disasters, and property damage as these products make respectively 14.70% and 5.11% of the total premium

income. These insurance products, however, register low income growth which means they are not popular excluding the compulsory mortgage insurance the banks require. Presently, in Bulgaria there are no statistics about how many homes are insured, but [www.insurance.bg](http://www.insurance.bg) suggests a percentage little over 10%.

Another insurance product to have significantly increased the number of sales is General Third Party Liability which made 2.7% of all income.

Three insurance products register drop in sales income - Insurance against Disease, Aircraft insurance and Help on the Road. The fewer sales of the first 2 products come as no surprise, the surprise is in the 15%-drop in the sales of Help on the Road insurance. The reason for the decrease is not that Bulgarians travel less abroad, rather the contrary - journeys to other states have increased. Before Bulgaria's accession to EU Help on the Road insurance has been obligatory, but after January 1st 2007 the insurance is no longer compulsory, therefore its sales dropped. The current alternative is the Health Care Card but it does not cover all the medical risks.

Bulstard Insurance and Reinsurance Company generate the greatest premium revenue within the first nine months of 2007 (Table 1). Its market share is 15.76% and in comparison with the same period of 2006, the income increased by 17.85%. The company is the leader in Cargo insurance and Aircraft and Vessels insurance.

Second comes the former leader on the non-life insurance market - DZI-General Insurance. In comparison with the nine-month period of 2006 the income of the insurer decreases with approximately BGN 6 million and its market share shrinks from 17.7% to 14.2%. The insurance company has a new majority shareholder and the reorganization of its structure has resulted in the retraction mentioned above.

Third on the non-life insurance market comes Allianz Bulgaria Insurance and Reinsurance Company. The company increases its premium revenue by around 2% and manages 12.59% of the market. The Bulgarian-German company is the leader in the sales of Railway insurance, insurance against fire and natural disasters.

Bulgarski Imoti Insurance Company (i.e. "Bulgarian Properties") is the company to have achieved the greatest premium income augmentation as it increases its sales by 119% in comparison with the same period of 2006. MTPL, sold at the most attractive price, increases its sales income.

The companies to have generated the second greatest premium revenue increase is DSK Garancia Insurance Company and Lev Ins with the respective higher percentages, in comparison with 2006, of 97.66% and 78.9%. Both companies due great part of their success to the sales of motor insurance. We have to mention though, that DSK Garancia is seriously attempting to find its place among the leaders in home insurance.

Armeetz, Victoria, Interamerican and the Municipal Insurance Company are the other insurers which have to be mentioned in view of successful sales and serious premium income.

**Table 1****Top 10 on Bulgarian Market***Non-life Insurance*

<b>Company</b>	<b>Premium Income BGN</b>	<b>Market Share</b>
Bulstrad	134327993	15.76%
DZI-General Insurance	120991715	14.20%
Allianz Bulgaria	107274073	12.59%
Bul Ins	101462171	11.91%
Lev Ins	61178331	7.18%
Uniqa	60156547	7.06%
Armeetz	59211544	6.95%
Generali Insurance	46440370	5.45%
Euro Ins	39716010	4.66%
Bulgarski Imoti	32433865	3.81%
<i>Other</i>	88892529	10.43%
<b>Total for the market</b>	<b>852091148</b>	<b>100.00%</b>

The gross premium income in the field of **life insurance** for the nine-month period of 2007 is BGN 150.346 million, registering a 27.43% growth on an annual basis. If the market keeps the same pace of development the forecast of **www.insurance.bg** is that by December 31st 2007 the life insurance companies will have generated premium income of BGN 200-220 million.

The compensation payments made in the field life insurance within the first nine months of 2007 come to BGN 37.785 million, registering 14.18% growth on an annual basis. The gross technical reserves of the life insurance companies increases by 37.08% to the amount of BGN 330.543 million. The technical result in the life insurance field amounts BGN 10.037 million, in comparison with the BGN 4.419 million for the third quarter of 2006.

In the end of September 2007 the assets of the life insurance companies amount to BGN 718.861 million, registering 80.79% yoy growth.

Life and Annuities is the product with the greatest premium income share (73.74%) and also the greatest compensation payments share (67.97%). Life insurance is the product to have increased its sales the most (51.87%), followed by Accident insurance (48.85%) unit-linked life insurance product (24.92%) and Marriage and Children insurance (18.06%).

Allianz Bulgaria Life is the company with the biggest premium revenue - BGN 41.176 million, and a market share of 26.48%, in comparison with the nine-month period of 2006 when its market share is 26.80%. Life and Annuities insurance is the mostly sold product which generated the

largest premium amount of BGN 32.881 (Table 2).

**Table 2**

***Life Insurance***

<b>Company</b>	<b>Premium Income BGN</b>	<b>Market Share</b>
Allianz Bulgaria Life	41176119	26.48%
DZI	27869247	17.92%
Uniqa Life	22241311	14.30%
AIG Life Bulgaria	16052616	10.32%
Generali Life Insurance	13762223	8.85%
Bulstrad Life	12434804	8.00%
Grave Bulgaria Life Insurance	7377289	4.74%
DSK Garancia	3811801	2.45%
Bulgarski Imoti Life Insurance Co	3454824	2.22%
UBB – AIG Life Insurance Co	3186957	2.05%
<b><i>Other</i></b>	<b><i>4113301</i></b>	<b><i>2.67%</i></b>
<b>Total for the market</b>	<b>155480492</b>	<b>100.00%</b>

DZI came second on the life insurance market with a premium income of BGN 27.869 million and a market share of 17.92% which has shrank from the 2006 percentage of 26.43%.

Uniqa Life, the company which has been placed sixth in 2006, has made it to the third place in 2007 with a premium income of BGN 22.242 million and a market share of 14.30% while its market share in 2006 (when the company has been still called "Vitosha Life") was 8.18%.

AIG Life Bulgaria comes fourth (it was placed third for the nine-month period of 2006) with a premium revenue of BGN 12.435 million and a market share of 10.32% (9.38% in 2006).

The companies placed fifth and sixth, respectively, Generali Life Insurance and Bulstrad Life have achieved similar results of premium income of BGN 13.762 million and BGN 12.435 million, and market shares of 8.85% and 8%. Last year Bulstard Life was managing 9.24% of the life insurance business and Generali Life Insurance (still "Orel Life" in 2006) - 8.73%.

In the long run both non-life insurance and life insurance industry are, even if slowly, going froward.