

## STATEMENT

via

dissertation for the degree of Doctor of Education and Science

on the topic:

### **“POSSIBILITIES FOR REDUCING THE CEDING COMPANY’S PROPERTY INSURANCE PAYMENTS IN THE CONTEXT OF ITS REINSURANCE PROGRAMME”**

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This statement has been prepared according to the requirements of the current Law for the Development of Academic Staff, the Regulations for its implementation and the Regulations for the Development of Academic Staff at the Academy of Economics “D. A. Tsenov” – Svishtov and by the Order No.

626/27 June 2024 of the Rector of the Academy of Economics “D. A. Tsenov” - Svishtov.

## **I. General presentation of the dissertation.**

This dissertation, entitled “Possibilities for Reducing the Ceding Company’s Property Insurance Payments in the Context of its Reinsurance Programme is a total theoretical and applied research study of 229 pages. In its development, the classic structure has been followed and care has been taken to achieve a balance of the individual parts while maintaining a logical sequence between its parts. In terms of composition and content, it has the following structure: introduction (5 pp.), three chapters (189 pp.), conclusion (2 pp.); declaration of originality and authenticity (1 p.); bibliographic list of cited and used literature (6 pp., including 74 titles and websites in Bulgarian, English, Serbian and Russian) and appendix (22 pp.). There are a total of 69 graphic images in the development, including 56 tables (of which 34 are in the main text and 22 in the appendix) and 13 figures. The sources in the “Bibliographic list of cited and used literature” have been used correctly and the citation conforms to the accepted APA standard for Bibliographic Citation. The short and full reports from the StrikePlagiarism.com system support the above statement.

The chosen topic of the presented work is clearly distinguished by its dissertation, scientific significance and practical applicability.

**The topicality of the study** is determined by the issue at hand, related to the need to approbate a “more holistic” approach in reinsurance practice on the construction of a reinsurance programme, and not only the use of a separate reinsurance contract when it comes to the problems associated with adverse deviations of the indemnities paid from the expected indemnities.

It is in the context of the reduction in indemnities paid and the assumption of a portion of those indemnities by reinsurers that the author sets forth her thesis, namely, that the most important, foundational element in the reinsurance

programme is the proper definition of “self-retention of the cedant”. The doctoral student, successfully convinces us that thanks to the latter, it becomes possible to quantify all important potential losses, which are the basis for determining the maximum amount of indemnities that the insurer can pay without experiencing serious difficulties, which also appears to be an indispensable strategic task of management.

**The object** of study is the indemnities paid by the property insurance company and how to reduce them by establishing appropriate self-retention limits in building a reinsurance programme.

**The subject** of the study is the existing and imposed in-practice reinsurance coverages in property insurance, emphasising the ways of their use and combination in the direction of reducing the number of payments to the insurer caused by adverse risk development.

**The main objective** of the dissertation is to outline, based on data and concrete examples from insurance and reinsurance practice, the possibilities of optimizing the cedant’s property insurance payments within the defined self-retention that constitutes an element of its reinsurance programme.

To achieve the main objective thus formulated, the PhD student has defined the following research **tasks**:

- ✓ clarify the nature, features and types of property insurance;
- ✓ outlining the dynamics and trends in the development of the market of insurance and reinsurance operations in property insurance in Bulgaria and establishing the potential need for additional reinsurance protection for the different types of insurance;
- ✓ analyze the methods and forms of reinsurance protection used in property insurance;
- ✓ outlining some options for reducing the size and adverse variance of payments in the property insurance aggregate through reinsurance.

In the course of the research work, the author states the following research **thesis**, namely “Through correctly defined self-retention, in the context of the established reinsurance programme, there is a serious potential to reduce payments and optimize the performance of the insurance company operating in the field of property insurance”.

The **research methods** used in the process of the study are well selected as follows: historical method, logical method, comparative method, primary information collection methods, analysis and synthesis method, inductive and deductive method, and statistical methods of information processing.

For the calculations performed, the author used official published statistical information extracted from specialized publications of the Financial Supervision Commission, as well as internal information corrected with estimates.

## **II. Assessment of the form and content of the dissertation.**

The research has a balanced volume, with a skilfully observed and constructed, respectively – research logic and structure. The style used is both scientific and comprehensible, and the scientific methods selected by the author are adequate to the defined object, subject, goal and objectives, and especially the research thesis, which in this case are precisely formulated.

**In Chapter One** “*Property insurance and its place on the insurance market in Bulgaria*”, the doctoral candidate presents 1) the nature, peculiarities and types of property insurance; 2) the peculiarities in the liquidation of damages and the determination of compensation under property insurance; and 3) the state and development of the market of insurance and reinsurance operations under property insurance in Bulgaria.

**In Chapter Two**, “*Reinsurance as a Way of Balancing Risk Outside the Insurance Pool*”, the focus of the presentation is on (1) the nature of reinsurance;

(2) the types, methods, and forms of reinsurance protection; and (3) an insurance company's reinsurance programme.

**In Chapter Three**, “*Guidelines for Minimizing Adverse Payment Variances in the Property Insurance Aggregate in the Context of an Established Reinsurance Programme*”, the doctoral student justifies (1) the insurer's self-retention as an element of the cedant's reinsurance programme; (2) the options for determining self-retention under various forms of reinsurance; and (3) other options for reducing the insurer's payments under its self-retention.

**In the Conclusion** of the dissertation, the doctoral candidate summarizes the results and conclusions reached in the course of the research, systematizing them in scientific contributions of theoretical and theoretical-applied nature.

**The Abstract** is 42 pages and correctly reflects the results. At the same time, it contains all required elements and is developed according to generally accepted standards.

**The list of publications** on the topic of the dissertation (1 page), contains 5 publications, including 4 articles (of which 3 independent and 1 in the authors' collective) and 1 report, through which the author has disclosed his research searches and their results to the scientific community.

All of the author's publications are actually on the topic of the dissertation and deal directly with parts of it, approbating some of the ideas formulated as contributions.

### **III. Scientific and applied contributions of the dissertation work.**

The dissertation builds on existing and adds new scientific ideas to the theory and practice of Reinsurance Science. Detailed acquaintance with the content of the dissertation allows me to bring to the fore the following merits, bearing the characteristic features of scientific and applied contributions:

### **1) scientific contributions:**

- The clarification of the nature of reinsurance, its types, methods and forms, as a relevant means of reducing the amount and fluctuations in the indemnities paid under property insurance and for the homogeneity of insurance amounts.
- Defining the nature of ceding company's retention, in the context of an established reinsurance programme, as a successful attempt to quantify all important potential losses, based on which an insurance company must assess how much of these it can pay without impairing its performance.

### **2) contributions of scientific and applied nature:**

- The proposed additional option to introduce and analyse the potential "need for reinsurance protection" based on an analysis of published data from the Financial Supervision Commission relating to the state of the property insurance market in Bulgaria. This need has been identified and substantiated through the calculation of the coefficients of variation of the claims paid, the loss ratio and the probability of occurrence of an insured event for each type of property insurance.
- Proposing different approaches for calculating the self-retention, which, thanks to an appropriately selected mathematical and statistical toolkit, allow the cedant to reduce the fluctuations in the results in the insurance aggregate formed, and hence to reduce the amount of indemnities paid.

## **IV. Critical remarks, questions and recommendations on the thesis.**

Regarding the substantive part of the dissertation, I have no significant critical remarks and recommendations, and therefore I have no questions for the doctoral candidate.

## **V. Summary conclusion and opinion.**

In the dissertation submitted for opinion, there are the required characteristics of a complete, logically constructed and completed scientific study

with theoretical generalizations and scientific and applied contributions. The conclusions reached in the development are correctly presented and represent an original contribution of the doctoral candidate to insurance science.

On this basis, I give a **positive evaluation** to the dissertation on **“Possibilities for Reducing the Ceding Company’s Property Insurance Payments in the Context of its Reinsurance Programme”** and propose to the members of the Scientific Jury to award the degree of Doctor of Education and Science (Economics) to Radka Ivanova Vasileva in the doctoral programme “Finance, money circulation, credit and insurance (Insurance and Social Security)”.

Svishtov, 22.07.2024

Author of the statement: .....

(Assoc. Prof. Nikolay Ninov, PhD)