

REVIEW

by **assoc. prof. Irena Nikolova Markova, PhD**,
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regarding: dissertation work on the topic “Increasing the value of the insurance company through reinsurance as a tool on capital management” with author **Vahan Ahasi Bohosyan**, doctoral student at the Department of Finance at D. A. Tsenov Academy of Economics – Svishtov

I present this review in connection with Order No. 50 of 20.01.2023 of the rector of the D. A. Tsenov Academy of Economics – Svishtov and with Protocol No. 5/19.01.2023 of the Faculty Council of the Faculty of Finance of the Academy of Economics.

I declare that in the last five years I have not been in a labor-legal relationship with D. A. Tsenov Academy of Economics – Svishtov.

I. General presentation of the dissertation work

The dissertation was developed in compliance with the requirements of Article 27, Paragraph 2 of the Regulations for the Implementation of the Law on the Development of the Academic Staff in the Republic of Bulgaria.

The dissertation has the character of a completed study and a useful scientific work for the needs of insurance practice, as well as for the education of students in the field of insurance and finance.

The topic of the dissertation is interdisciplinary in nature. Through the prism of various social sciences – insurance, finance, risk management, law, etc. – the doctoral student successfully solves key tasks and manages to defend the research thesis in the dissertation.

The subject, object and thesis of the research are formulated in *the introduction* of the dissertation. I believe that the author could have more clearly

defined the subject and object of the dissertation by distinguishing them from the problems and issues addressed in the paper. Regarding the thesis, I believe that it could be made more concrete in sync with the introduction of several subtheses, for example. The dissertation formulates three main goals that the doctoral student sets for himself in the research process.

In *the first chapter* of the dissertation, the theoretical foundations of risk management and the management of the financial means of the insurance company are clarified. A positive point here is the issue of the integration of the insurer's risk management and capital management with a view to increasing the financial stability and solvency of the company in accordance with the requirements of the insurance legislation. The doctoral student raises the question of moral hazard in the insurance business, although in some places the text is mostly descriptive in nature. The issue of moral hazard could be more closely related to the topic of the dissertation by pointing out the relationship and its influence on insurance and reinsurance activity. The research could analyze the moral hazard in the context of the corporate culture in the company and derive the guidelines for its reduction through the prism of the insurer's risk management.

The second chapter of the dissertation includes questions related to the importance of reinsurance in increasing the financial security of the direct insurer. Emphasis is placed on the role of reinsurance as a strategic tool for managing the assets and liabilities of the sedan, respectively as a method of managing the capital of the insurance company.

When it comes to reducing the insurance-technical risk, however, instead of the term "diversification", it is appropriate to use the term "risk equalization", both in the sedan insurance group and outside the group – along the lines of co-insurance and reinsurance as the main tool of the insurance company's risk management. Nevertheless, the doctoral student demonstrates very good theoretical knowledge about the functions, types and methods of reinsurance, which is evident from the detailed analysis made in item 1 and item 2 of the second chapter.

In *the third chapter* of the dissertation, the emphasis is on the author's empirical research on the assessment of the impact of the reinsurance program on the value of the insurance company. By using a specific system of indicators, the doctoral student proposes a model for an optimal reinsurance program. The author brings out the benefits of reinsurance over other instruments for increasing the solvency of the insurance company. The introduction of the main stages in the

process of building an effective reinsured policy of the insurer is also a contributing point.

A reflection of the results of the research are the author's conclusions and summaries presented in *the publications* on the subject of the dissertation – two scientific reports and two articles.

A general description of the dissertation is made in *the abstract*. It reflects in a synthesized form the main points in dissertations and presents directions for future research work on the topic. The doctoral student has attached a reference to the scientific and scientific-applied contributions in the dissertation, a list of publications, a reference to compliance with the national requirements under the Regulations for the Application of the Law on the Development of the Academic Staff in the Republic of Bulgaria, as well as a declaration of originality and credibility.

II. Assessment of the form and content of the dissertation

The content of the dissertation gives reason to highly evaluate the in-depth theoretical training of the doctoral student in the researched issues, as well as in handling the special terminology, the normative base and the use of the formula apparatus.

In *structural terms*, the dissertation work is passed. It consists of: an introduction, three chapters, a conclusion and a bibliographical reference. The study was developed in a volume of 173 standard pages. There is proportionality in the volume of the chapters, as the points and subpoints in them are arranged in a logical sequence.

Regarding the research *methodology*, the doctoral student used a number of research methods, namely: the deductive method, the method of analysis and synthesis, descriptive statistics and historical method, comparative analysis with schematic illustration and tabular presentation, as well as established statistical tools. In the process of the research, 36 figures, 2 graphs and 5 tables were prepared. The bibliographic reference contains 97, of which 74 sources are in English and 23 in Bulgarian. The used literary sources are correctly cited in the main text of the development.

In *the conclusion*, the author makes conclusions and recommendations related to the achieved results of the research. The doctoral student defends his opinion on

the importance of an effective reinsurance program to increase the value of the insurance company and proves the formulated research thesis.

III. Scientific and scientific-applied contributions of the dissertation work

After getting acquainted with the dissertation work, the abstract and the publications of the doctoral student, it can be concluded that the research work of Vahan Ahasi Bohosyan deserves a positive assessment. Formulated scientific and scientific-applied contributions are correctly formulated by the doctoral student. I accept the presented contributions that the author has reached as a result of the research.

IV. Dissertation critical notes, questions and recommendations

In the context of guaranteeing the solvency of the insurance company and the implementation of the Solvency II directive, the question of innovations in the management of insurance activity should be raised. In this sense, the research could emphasize the role of strategic controlling in increasing the value of the insurance company. In the dissertation, it would be good to analyze the moral hazard in the context of the corporate culture and to derive the guidelines for its reduction from the point of view of the risk management of the insurer.

There are some terminological, stylistic and technical inaccuracies in the text, but despite their finding, they do not reduce the scientific value of the dissertation work and its scientific and applied contributions.

I recommend the author to deepen his future research in the field of strategic management in insurance, which is relevant to the effectiveness of senior management in insurance companies.

My question to the doctoral student is: in what directions can the adequate reinsurance policy of the company (sedant) lead to a reduction of the insurance-technical risk?

V. Summary Conclusion and Opinion

The dissertation work of doctoral student Vahan Ahasi Bohosyan represents a current and timely research in the field of reinsurance activity on the national insurance market. The knowledge of the insurance theory and the mechanisms of the

insurance protection, allows the doctoral student to enter in depth and in detail into the strategic management of the companies. The doctoral student demonstrates his scientific interests through the empirical part of the dissertation, where he analyzes in detail the capital management of a operating insurance company.

Evidence of the serious research work of Vahan Ahasi Bohosyan are his publications, through which the author fulfills the national minimum requirements regarding his publication activity.

In conclusion, it can be summarized that the dissertation has the necessary scientific and scientific-applied contributions. This gives me reason with full conviction to propose to the respected members of the scientific jury **to vote positively** and to propose to the Faculty Council of the Faculty of Finance to award the educational and scientific degree “doctor” in the scientific specialty “Finance, money circulation, credit and insurance (finance)” by Vahan Ahassi Bohosyan.

18/02/2023

Sofia

Reviewer:

(assoc. prof. Irena Markova, PhD)