

## REVIEW

of a dissertation for the award of the Academic Doctoral Degree (Ph.D.)  
under the Finance, Money Circulation, Credit and Insurance (Finance)  
Doctoral Program

**Reviewer:** Assoc. Prof. Ventsislav Vassilev, PhD scientific specialty "Finance, money circulation, credit and insurance (insurance)", member of the Department of "Insurance and Social Security" at D. A. Tsenov Academy of Economics - Svishtov

**Author of the dissertation:** Mihaela Stoyanova Monova, PhD student at the Department of Finance at D. A. Tsenov Academy of Economics- Svishtov

**Topic of the dissertation:** Management of Risk and Financial Condition of Insurance Companies through Reinsurance

### I. Overview of the dissertation

The dissertation is a completed scientific research, which is carried out in response to solving problems of theoretical and applied nature.

In her work, the PhD student sets the ambitious goal to determine the place of reinsurance in the development of Motor Third Party Liability Insurance in Bulgaria in accordance with emerging current trends in the insurance business and the impact of shock changes on the state and dynamics of the non-life insurance market. On the one hand, in the dissertation are analysed the theoretical statements of a number of authors in this issue, and on the other – the PhD student presents her specific views on risk management and

financial state of insurance companies through reinsurance and justifies conclusions and recommendations.

This dissertation is comprised of a total of 179 pages, of which: Title Page; Contents Page; Introduction; Main Body of Text; Conclusion; Bibliography (One hundred and eight (108) Reference Literature sources, three (3) Regulatory sources, and ten (10) Internet sources); and Appendices. This paper is structurally organized to include an introduction, a three-chapter exposition and a conclusion. It also includes three (3) Figures, four (4) Diagrams and thirty-one (31) Tables in support of the exposition.

The first chapter of the dissertation deals with reinsurance as a means of risk management in the insurance company. It provides a critical review and analysis of the specialized scientific literature in the field of reinsurance and its importance for the insurance and reinsurance market, with an emphasis on the place, role and specifics of reinsurance. At the same time, correct conclusions have been drawn regarding the place of insurance activity in the financial sector of the economy and the possibility of overcoming unknown shock changes and risks through reinsurance.

The second chapter presents key aspects and features of the changes in the regulations for the compulsory insurance product “Motor Third Party Liability” and the challenges determining the activities and financial stability of insurance companies in the Bulgarian insurance market. The main conclusion that the author makes in her study of the financial challenges posed by the interpretative decision of the Supreme Court of Cassation 1/2016 of 2018 to insurance companies is related to the fact that ensuring financial stability in the insurance market with regard to “Motor Third Party Liability”, can be done by developing a unified methodology for determining compensation for property and non-property damages.

The third chapter focuses on the state, trends and achievement of possible practical effects on the financial stability of insurance companies through reinsurance. The chapter discusses in detail data, clauses and conditions related to the process of preparation and signing of a single reinsurance contract by the members of National Bureau of Bulgarian Motor Insurers. At the same time, there are findings that prove the benefit of this contract in terms of financial stability and reduction of reinsurance costs, both for individual members of National Bureau of Bulgarian Motor Insurers and for the Bulgarian insurance market as a whole.

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

With regard to the *content* of the dissertation, the author's in-depth theoretical knowledge in the field of reinsurance as a tool for risk management of the insurance company is evident. The PhD student demonstrates knowledge in relation with the normative theoretical and applied aspects of reinsurance activity.

Regarding the *structure* of the dissertation, the author has achieved proportionality in the volume of the chapters, which are three in number, and in each of them are formulated main points, arranged in a logical sequence. Conclusions are outlined at the end of each chapter.

In terms of *style*, the dissertation is characterized by a high scientific style of expression and accurate use of special financial terminology and formulas.

Regarding the *methodological plan*, in the dissertation are used basic scientific research methods, such as: induction and deduction; analysis and synthesis; abstraction and generalization; historical and logical approach; statistical methods.



In the *conclusion* the author makes reasoned summaries of the research and confirms the research thesis and working hypotheses formulated in the introduction.

In the process of research the doctoral student uses and cites a large number of fundamental Bulgarian and foreign *literary sources* related to the subject - a total of 108 sources listed in the bibliography. Literary sources are correctly cited in the main text of the paper.

### **III. Scientific and scientific-applied contributions of the dissertation**

In the dissertation work of PhD student Mihaela Stoyanova Monova the following main scientific and scientific-applied contributions can be distinguished:

First. In the era of pandemic and economic recession, reinsurance is becoming increasingly important for the activity of insurance companies in limiting liability for specific risks and increasing their capacity to ensure effective protection of policyholders.

Second. The adopted European legal regulations for diversification of the investment portfolio of insurance companies, aimed at protecting them from future investment risk and significant financial losses, will have a positive impact on both their financial sustainability and the insurance market as a whole.

Third. The changes in the normative legal framework of the compulsory motor third party liability insurance, as well as the issued court decisions, can have an unpredictable or permanently negative effect on the insurance market in our country. They can have a lasting impact on both the financial performance of insurance companies and the cost of insurance. Such a

financial challenge may be the proposed "Bulgarian version" of the "Bonus-Malus" system related to the same insurance.

Fourth. Increasing the financial sustainability through reinsurance of Bulgarian insurance companies offering compulsory Motor Third Party Liability insurance is an important and mandatory requirement that will ensure the necessary balance and better opportunities for timely response to some unforeseen challenges facing the insurance market.

#### **IV. Critical notes, questions and recommendations on the dissertation**

In Chapter One, it would be good to use more up-to-date data related to the development of the Bulgarian insurance market. However, this does not diminish the merits and achievements of the dissertation.

A recommendation can be made about expanding the range of research work on the impact of reinsurance on the financial condition of insurance companies offering other types of non-life insurance products in Bulgaria.

#### **V. Summary assessment of the dissertation and conclusion**

The dissertation of PhD student Mihaela Stoyanova Monova is a contemporary study in the field of reinsurance and its place in the development of Motor Third Party Liability Insurance in Bulgaria.

The seriousness of the PhD student's research work is proved by her publications related to the topic of the dissertation - a total of four independent publications (one study, one article and two research papers).

In conclusion, it could be stated that the dissertation has the necessary scientific and applied contributions. All this gives me a reason to propose to the Honourable Jury to vote for the award of the educational and scientific

degree "Doctor" to doctoral student Mihaela Stoyanova Monova in the doctoral program "Finance, Money Credit and Insurance (Finance)".

14.01.2022.

Town of Svishtov

Reviewer:

(Assoc. Prof. Ventsislav Vasilev, PhD)