

POSITION

from
Prof. Dr. Dimiter Nenkov Nenkov
on a dissertation titled

"Increasing the value of the insurance company through reinsurance as a capital management tool"

of

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I. General presentation of the dissertation work

The dissertation submitted for review has a total volume of 173 pages and includes: an introduction, three chapters, conclusions and recommendations, a list of cited and used sources of information and scientific literature.

In the introduction, the doctoral student has indicated the object and subject of research, the main goals and tasks of the dissertation work. Among the main goals are description and synthesis of knowledge and theoretical models on the subject, verification of the current state and current trends in reinsurance products, proving the hypotheses about the advantages and benefits of reinsurance over additional raised capital. The object of the research is the company's assets and capital, in particular long-term and durable ones, equity capital, the insurance portfolio and the share of reinsurers. The subject of the study is the ways to increase the value of the insurance company by improving the capital structure. The leading research thesis of the dissertation was also formulated, according to which by optimizing the levels of reinsurance and in most cases by purchasing additional reinsurance, an increase in the value of the insurance company can be achieved as a result of lowering the regulatory capital requirements for available own funds and/or capital relief and reducing the need to raise additional equity capital or subordinated debt.

The first chapter presents the theoretical aspects of capital and risk management in the insurance company. Special attention is paid to the regulatory approach in financial analysis of an insurance company. The risk management in the insurance company and the transfer of risk, as well as the problems arising from the moral hazard and the impact of the principal-agent conflict, are examined in a theoretical plan.

The second chapter is devoted to reinsurance as a strategic tool for managing the assets and liabilities of an insurance company. The nature, origin and philosophy of reinsurance, types of reinsurance and coverage parameters, as well as reinsurance as a method of capital management are examined.

In **the third chapter**, the dissertation examines the possibilities for designing an optimal reinsurance program. Emphasis is placed on reinsurance value-added issues and models for pricing reinsurance products. The stages in the process of optimizing the reinsurance structure are analyzed from the point of view of the possibilities of increasing the value of the insurance company.

II. Assessment of the form and content of the dissertation

The chosen topic is current and of marked practical significance for the sphere of management of insurance joint-stock companies. The object and subject of the research are appropriately chosen, the thesis is clearly formulated in the introduction.

The dissertation as a whole is characterized by a tight and sustained structure. The three chapters are arranged in a logical sequence corresponding to the topic, the main objectives and the specific tasks set.

Despite the numerous publications in the research area, the problems of increasing the value of the insurance company through reinsurance continue to need serious research. The dissertation student has demonstrated a very good knowledge of the literature in the subject area and the ability to work with literary sources. A total of 97 literary sources are indicated in the bibliographic reference, including 23 in Bulgarian and 74 in English.

The PhD student has demonstrated a very good knowledge of the subject area, especially in theory, but also in terms of insurance business practice. The exhibition is excellently illustrated with the help of a large number of well-made figures.

The dissertation generally conforms to the required form. The abstract is prepared in accordance with the requirements and sufficiently accurately and fully presents the essential aspects of the dissertation work. It also presents a reference for 4 publications of the dissertation student, three of which are directly on the subject of the dissertation work.

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

The doctoral student has delved deeply into the subject area, which has allowed him to reach well-grounded conclusions and highlight specific points of contribution in a scientific and scientific-applied aspect. As a result of the theoretical and practical analysis, the dissertation student has highlighted 4 scientific and scientific-applied contributions. I accept the contributions thus indicated as correctly formulated.

IV. Critical Notes and Dissertation Questions

- How would the dissertation student present the mechanism of the increase in value resulting from reinsurance - quite simply and briefly, as if to people who have no knowledge of the insurance business, but only a basic knowledge of corporate finance?
- On page 128, there is an incorrect statement regarding the indicator for quantifying the creation of value for the company - as the difference between ROE and WACC. The dissertation student should explain where the discrepancy is.
- In certain places, abbreviations are used directly without their meanings being presented beforehand (example: page 18, ...).
- The dissertation needs stylistic, linguistic and technical editing. In too many places the thought is obscured by omissions in this respect.
- Some of the figures are not in Bulgarian, which is the language of the dissertation.
- For most of the figures, the source is not indicated, it is not clear which of them are the work of the author and which are taken from the relevant literary sources. The same goes for some of the tables.

V. Summary evaluation of the dissertation work and conclusion

My conclusion is based on the aspects analyzed above concerning the main qualities of the dissertation work. Bearing in mind everything presented so far, the research work carried out, including the carried out in-depth empirical analysis on the topic and the demonstrated abilities of the doctoral student for creative interpretation of what has been achieved in the given field, I consider:

The presented dissertation has serious scientific merits, which give me the reason to state my positive opinion "FOR" awarding the doctoral student VAHAN AHASI BOHOSYAN the scientific and educational degree "DOCTOR" in the scientific specialty "Finance, money circulation, credit and insurance".

20.02.2023

Member of the Scientific Jury:

/ Prof. Dr. D. Nenkov/