OPINION

by a member of the scientific jury for the acquisition of the educational and scientific degree "Doctor" in the SA "D. A. Tsenov" - Svishtov,

appointed by Order No. 50 of 20.01.2023.

of the rector of the Academy of Economics - Prof. Mariyana Bozhinova

Prepared the opinion: Prof. Stefan Simeonov, PhD

Author of the dissertation: Vahan Bohosyan, PhD student at the Department of Finance and Credit, "D. A. Tsenov" Academy of Economics

Dissertation Topic: *"Enhancing Insurance Company Value Through Reinsurance as a Capital Management Tool"*

Scientific supervisor: Prof. Stoyan Prodanov, PhD

I. General presentation of the dissertation work

1.1. Main components of the introduction: the object, the subject and the research thesis are formulated clearly, logically and establish the originality and potential of the dissertation.

1.2. Volume: total 172 pages, 167 main text and 5 pages of bibliography. With this, the volume is sufficient for meaningful development of the dissertation and achievement of the tasks set.

1.3. Literature: the list of literature contains 97 sources, of which 74 in English and 23 in Bulgarian.

1.4. Applications not placed.

II. Assessment of the form and content of the dissertation

2.1. Assessment of relevance and the extent to which the scientific problem has been developed:

In insurance practice and theory, reinsurance is reduced to the practice of risk transfer, to which the benefits sought and research focus is usually limited. The present study goes beyond these limitations and focuses on the importance of reinsurance for capital requirements, the need for additional capital and its management. This is due to the benefits and importance of the present dissertation work.

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2.2. The structure is classic in 3 chapters, in which the exposition develops in a logical and balanced manner.

1st chapter. Methodological foundations of capital and risk management in an insurance company.

2nd chapter. Reinsurance as a strategic tool for the management of assets and liabilities of an insurance company.

3rd chapter. Designing an optimal reinsurance program.

2.3. Opinion on the language and methodology of the dissertation work:

The style of the dissertation and related publications is distinctly professional and generally scientifically sound, which also shows the professional experience of the author.

2.4. Opinion on how accurately and fully the abstract reflects the work.

The abstract correctly and accurately reflects the dissertation research and the results achieved in it.

The methods used are suitable for the purposes of the dissertation research. These include an analysis of regulatory requirements for capital coverage of insurance companies, financial analysis tools and econometric models

2.5. Publications related to the topic of the dissertation:

The author presents 4 publications, of which 2 articles and 1 report from a scientific conference are directly related to the topic of the dissertation, which covers the minimum legal requirement for research dissemination of 30 items. The full bibliographic components of the publications are not indicated in the abstract, but this may be considered a technical pass.

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

The significance of the dissertation research stems from the confirmation of the research thesis, namely that *"by optimizing reinsurance levels 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 reduce the need to raise additional equity capital or subordinated debt".*

Generalizations such as: *"In practice, every single reinsurance contract to a certain degree contains the corresponding level of capital leverage and has the characteristics of a type of conditional capital"* can be considered as contributing from a scientific and practical-applied ch. t. Of practical application value, I also appreciate the predictive insight into the construction of the reinsurance program and its dynamic management with an expectation of the

development of reinsurance products towards a higher degree of standardization and revolving options.

In the abstract, 4 more important results of the nature of scientific contributions, which the author reached in the process of the research, are indicated:

- *"The topicality of the issue in the context of modern regulatory requirements and regimes of accounting of the insurance activity is substantiated."*

- *"The study compares equity with additional subordinated hybrid debt and reinsurance on a number of metrics such as price, transfer risk, counterparty risk, liquidity, impact on available capital and regulatory capital requirements affecting capital structure, opportunity for economic growth, smoothing and stabilization of the financial result compared to the separate accounting periods, which is also among the main purposes and goals of reinsurance."*

- *"Practical aspects of the benefits of reinsurance for the capital adequacy and financial condition of insurance companies are indicated."*

- *"The peculiarities of financial analysis of an insurance company and the different points of view towards the company's capital are considered."*

They objectively reflect the work done and the achievements in the dissertation. At the same time, a more specific and slightly expanded formulation of the second two (3rd and 4th) would significantly contribute to their full coverage.

IV. Notes to the dissertation research and recommendations for further work on the topic

- There is an imprecise use of terms such as the expression *"company volatility"*, which probably refers to the volatility of the stock exchange rate, respectively the stock market value of the (insurance) company.

- Интерес от научна и практическа гледна точка би представлявало поставянето на математически израз, с който да се измерва оптималното или препоръчително ниво на презастраховане. This is a direct continuation of the thesis and the author's opinion that *"reinsurance should be tied to the key performance indicators of Insurance company"*. A similar formula can set the size of the reinsured assets of the Ins. company as a ratio of the value of the fixed capitals of the Ins.company and/or performance indicators. This would increase the scientific and applied relevance of the dissertation contributions.

These remarks and recommendations do not detract from the significance of the entire study and its results.

V. Dissertation questions

Can the author derive the most basic components that can be quantified and correlated in order to determine the optimal level (range) of reinsurance that, by reducing capital requirements, leads to maximizing the efficiency of insurance companies?

VI. Summary evaluation of the dissertation work and conclusion

The research thesis has been substantiated, the set goals and objectives have been fulfilled. On the face of it, scientific and applied contributions are sufficient. My overall assessment of the presented dissertation work of Vahan Bohosyan is categorically positive. On the basis of the above, I propose to the scientific jury to award Vakhan Bohosyan a PhD in economics.

20.02.2023

Prepared the opinion: ....

(Prof. Stefan Simeonov, PhD)