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ABSTRACT OF DISSERTATION

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the doctoral program "Finance, insurance and assurance" in professional
direction 3.8. Economics of the subject:**

MANAGING THE TRUST RATING OF INSURANCE BROKER

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I. GENERAL CHARACTERISTICS OF THE DISSERTATION WORK

1. Relevance of the topic

Trust is the heart of every business. Trust management is a prerequisite for successful business development and building long-term cooperation with counter parties and customers. Loss of trust would condemn any business to ill success and failure. Building trust is a long and complex process that requires a lot of effort and resources. Trust is being built and maintained for years, and can be lost quickly, through one word, action or inaction. It is the active management and maintaining of the trust of the users of insurance services, as well as gaining the trust of new ones that guarantees that the insurance broker will be able to develop in the modern conditions of strong competition and are increasingly entering into modern life digital technologies, that took him out of his field of work.

Since its inception, the insurance intermediary has become an important part of the structure of the insurance market. The organization of the insurance intermediary's work has changed over time, but has always followed and adapted to the changing market environment and needs of insurance service users. Insurance intermediaries have survived to this day mainly due to the trust they have built over the years and the benefits contributed to their customers. It is the additional surplus value to the products it offers that underlies the attraction of customers, and the correctness, service, response time and assistance in case of insurance event are just some of the factors leading to increased trust in the intermediary. Modern market conditions are facing new challenges for insurance brokers, what additional value they have to add to insurance products or what new services to offer in order to gain the customer's trust.

The relevance of the topic is dictated by the increasing role of the insurance broker in the insurance brokerage market in recent years. The growing number of insurance brokers in the market, the opportunities for working abroad and the processes of digitalization of society, exacerbate the competition between them. Insurance brokers are forced to look for new forms and models of organization and management in order to maintain their customer mass and increase it, as well as to maintain the trust of existing customers and gain the trust of new ones. This forces brokers to add value to the products they offer to various insurers in order to be competitive and attract new customers. It is precisely the creation of the additional value to the products they offer that puts the brokers facing serious challenges, innovative ideas and investments in digital technologies and highly qualified specialists from different fields.

The importance of the dissertation is determined by the proposed and substantiated innovative idea for creating additional value to the insurance product through ***Financial Services Shop***, where the broker offers different financial services under one roof including mediation in signing general insurance and life insurance, intermediation in purchase of various leasing assets, intermediation in the investment of funds in securities, bonds, government bonds, mediation in the purchase of real estate (for living or for investment through rental), intermediation in mortgage and other loans from financial institutions. This idea is dictated by the possibility provided to the insurance broker by the legislation to carry out another commercial activity, which is stipulated in the provisions of Article 294, paragraph 5 of the Insurance Code.

The issue of assessing the trust in the insurance broker is also topical due to the lack of market of such a model. Therefore, the developed and proposed system of expert assessments for determining the rating of trust in the insurance broker, including different modules with criteria, weights and assessment scale, is up-to-date and innovative for both science and practice. At its core is the idea of turning quantitative indicators into qualitative measures of trust of the users of insurance services in the insurance broker. The reliability of the proposed system of expert assessments for determining the trust rating of an insurance broker is tested with real data.

2. Object and subject-matter of the study

On the basis of the above-mentioned actuality, **the object** of the dissertation is the insurance intermediation and in particular the insurance broker as an important component of the insurance market.

The subject-matter of the work is the management of the insurance broker in a way that he will be able to offer his clients surplus value to insurance products so as to gain and preserve their trust.

3. Research thesis

The dissertation defends the thesis that *the successful management of the trust rating of the insurance broker is the basis of his future development and survival in the conditions of vast competition in the market and the penetration of information technologies in the field of insurance. Despite the emergence of more and more different channels for insurance distribution, brokers remain the main channel through which most insurance products are*

being sold. In order to maintain a leading role in an increasingly digitalised society, insurance brokers need to reorganize their business and successfully manage their credit rating, which they can achieve by implementing the latest high-tech solutions and bringing together “under one roof” different types of financial advice and mediation that would add value to the products they distribute.

4. Research objective of the dissertation

The objective of the dissertation is to develop a system of expert assessments for determining the rating of trust of the insurance broker by examining the role of the insurance broker, the need of brokers on the insurance market, the legal regulation of his activities and the achievements in information technologies.

5. Tasks and methodology of the study

The tasks that are set in the dissertation are:

- exploration of the legal basis governing the activities of insurance brokers in Bulgaria and other European countries.
- exploration of the role and impact of insurance brokers on insurance companies and the insurance market.
- revealing the positive or negative impact of the latest developments in information technology on insurance brokers and how they could be implemented in their activities
- providing concrete reasoned proposals for a change in the legislative base regulating the activities of insurance intermediaries, based on the studied good practices in other European countries.
- suggesting a model for the construction, operation and management of a “shop” for financial services, including an insurance broker, satisfying to the maximum extent the needs for financial advice and meeting certain specific financial needs – from insurance, leasing, credit, purchase of securities, real estate, etc.
- developing a system of expert assessments for determining the rating of trust consisting of three modules and a rating scale for assessing the trust in the insurance broker, tested with specific representatives of the Bulgarian practice.

6. Methods used

In the dissertation work the retrospective approach, methods of comparative analysis, deduction and induction, graphical and statistical method have been used and applied.

7. Limitations to the dissertation work

The limitations to the dissertation are of a legal nature. The proposed model for development of insurance broker as a financial services shop, combining various other intermediary activities, concerns various normative acts, a huge amount of statistical information, as well as restrictions on the introduction and use of information technologies. The model of merging different intermediary activities is up-to-date, and is a competitive opportunity to attract new clients in a highly competitive market of insurance intermediation, to the mass penetration of block chain technologies in insurance and smart contracts. With regard to the proposed model for assessment, the trust in the insurance broker is related to the model testing as no obligation to provide up-to-date and reliable information by the brokers exist. This problem can be solved by legislative procedure, by adopting a regulatory act binding the provision of information in a model by the insurance broker.

8. Structure of the study

The dissertation has a total volume of 351 standard pages, structured as introduction, three chapters, conclusion, list of used literature and appendices, as follows:

INTRODUCTION

Chapter One

The essence of brokerage in insurance

1. The need for insurance brokers in insurance
2. Trust in the relationship between insurance broker and user of insurance services
3. Legal definition of the essence of the insurance broker

Conclusions from chapter one

Chapter Two

Analysis of the activities of insurance brokers in Republic of Bulgaria

1. Legal regulation of the activity of the insurance broker in Bulgaria
 - 1.1. Establishment of insurance broker
 - 1.2. Mode of operation of the insurance broker
 - 1.3. Special features of cross-border activities of the insurance broker

2. Classification of insurance brokers
 3. Analysis of the insurance market
 - 3.1. General insurance market
 - 3.2 Life insurance market
 4. Analysis of the activities of insurance brokers registered in Republic of Bulgaria
- Conclusions from chapter two

Chapter Three

Determining and managing the trust rating of insurance broker

1. Digitalization in insurance mediation
2. Types of information technologies
 - 2.1. Block chain
 - 2.2. Big data
 - 2.3. Internet of things (IoT)
 - 2.4. Smart contracts
 - 2.5. Artificial Intelligence (AI)
3. Ratings and rating agencies
4. System of expert assessments to determine the trust rating of the insurance broker
 - 4.1. Ownership and management module
 - 4.2. Financial module
 - 4.3. Portfolio structure. Rating scale of trust module
5. Practical approbation of the trust rating
6. Management of the trust rating

Conclusions from chapter three

Conclusion

List of used literature

Appendices

9. Applicability of the study results

The proposed system of expert assessments for the rating of trust can be used by insurance users when choosing insurance broker or by insurers when entering a new market, when large corporation or company chooses service broker for the territory of a country or when assessing individual risk, building and active management of a security program.

II. MAIN CONTENT THE DISSERTATION

Chapter One - THE ESSENCE OF BROKERAGE IN INSURANCE

The emphasis in chapter one is set to the essence of the brokerage activity, and overview of the Bulgarian and foreign specialized literature has been done. The need of insurance brokers in the relationship between the users of insurance services and providers of insurance services has been shown.

A comparative analysis of the old Insurance Mediation Directive (Directive 2002/92/EC) and the new 2016/97 Insurance distribution Directive (IDD) reveals the role of the insurance broker in the distribution of insurance products. We reached to the conclusion that the future existence of the insurance broker depends on what desired value for the users of insurance services is created by the broker, in comparison with the desired value for the customer from the direct purchase of the same product from insurer that offers the product.

Each insurance market is characterized by a high **asymmetry** of information between its individual participants and, in particular, between insurers and users of insurance services. Insurance intermediaries help reducing this asymmetry, and the insurance brokers are doing much more successfully than insurance agents. In the next fig. № 1 the activities performed by the insurance broker are presented.¹

¹ Financial conduct authority (FCA), Wholesale Insurance Broker market studyMS17/2.2 February 2019, p. 12

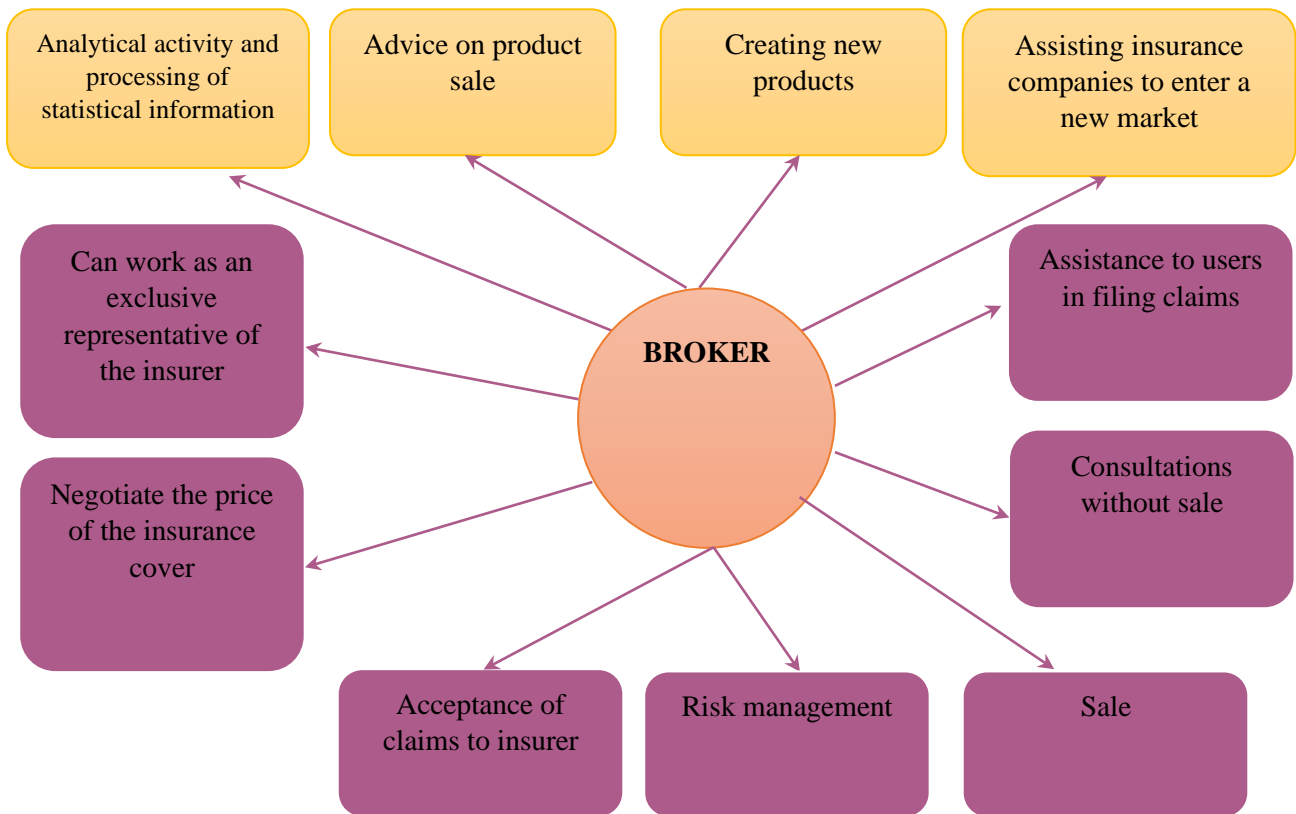


Fig. No. 1 – Activities carried out by the insurance broker

We reached to the conclusion that the need of insurance intermediaries is determined by the specific nature of the insurance business itself.

A review of the specialized literature in this field has been carried out, supporting the statements of other researchers in this field. For example, the factors that determine the need of insurance intermediaries can be reduced to two large groups - *general economic* and *insurance*² The main reasons for the existence of intermediaries in insurance and reinsurance are:³

- The special nature of the insurance service.
- The low insurance culture of the users of this service.
- Search for reinsurers for redistribution of insurance liability.
- The much broader view of the insurance broker on the insurance market.
- The broker can protect the interests of the insured when settling insurance payments.
- The need for “market thinking” regarding insurance and “increasing the insurance culture of the general consumer”.
- The changing climate and geopolitical instability in recent years.

² Yotov, Y. B. Iliev, Foundations of Insurance, Svishtov, 1999, p. 109

³ Iliev, B, V. Vassilev, R. Erusalimov - Basic principles of insurance, Veliko Tarnovo Faber, 2009, p. 133

The dissertation work underlines that the increasing role of insurance brokers in risk management can be reduced to the following two main functions displayed on Fig. № 2, namely:



Fig. № 2 Role of the broker in risk management

The function of the broker “*Introducing the interested parties to the basic market and customer trends* (user of insurance services and insurer). It is expressed in the concept that the broker is very often the linchpin between the active seeker and the active offerer of insurance products. He is the mediator in the development, maintenance and upgrade of these relations.

The function of the broker “*Facilitating public private risk related dialogue*” is reduced to the active participation of the broker in all public discussions, working groups and others organized by various governmental, non-governmental organizations, private companies, etc. in connection with hot problems in risk management.⁴

The dissertation work extensively examines the sub-functions that contain these two main functions, as well as the risk management phases that the broker should perform in order to develop and offer adequate insurance program to users of insurance services.

The exhibition part examines the theoretical formulation of the issue of trust in the relationship insurance broker – user of insurance services. A working definition of trust in the relationship between insurance broker and user of insurance services is derived, namely: *trust is the belief, expectation, and conviction of the insurance service user that the behaviour and actions of the insurance broker will be directed to protect his interest as a trustee*. The trust in the insurance broker has been studied in depth, examining *commitment* and *satisfaction* as

⁴ For example, participation in working groups on the construction of a model of the bonus – malus system under the mandatory third-party liability insurance of motorists, drawing up catastrophe risk pools in cases of property insurance, etc.

important components measuring *the quality of the relationship* between the insurance broker and the insurance service user. The structure of the dynamics of the relationship broker – client is represented in the next Fig. № 3.⁵

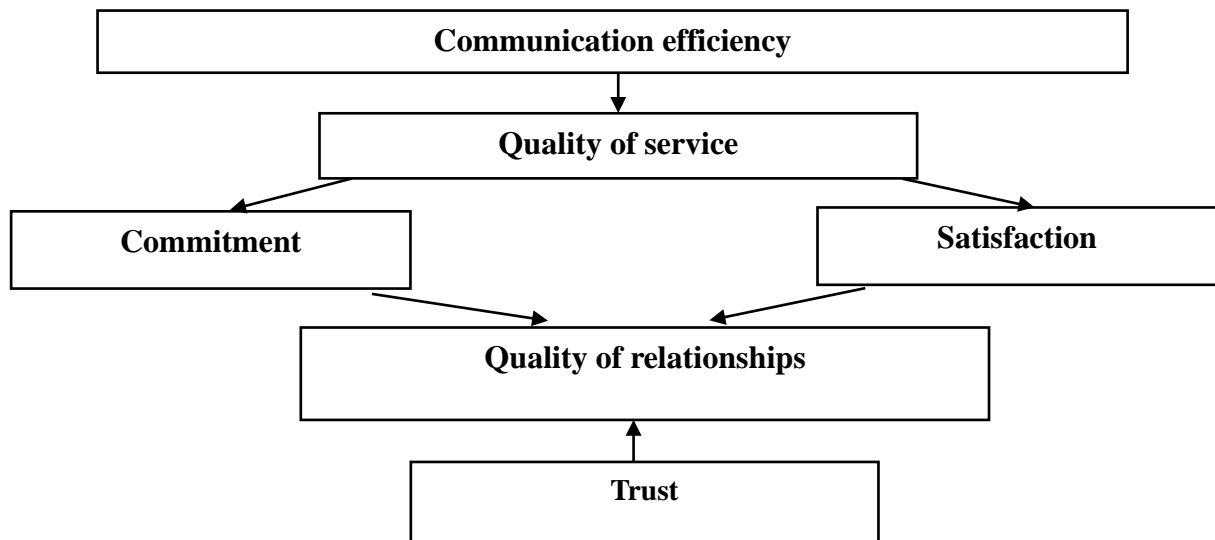


Fig. № 3 Structure of the dynamics of the broker-client relationship

The quality of the service has a strong impact on the satisfaction of the user of insurance services, because each user wants to receive the best possible quality of service and the best product for the given price. The insurance service user will renew the insurance contract with an intermediary only if at the end of the period the total benefits for it exceed the costs.⁶

On a theoretical level, *the functions* that the broker will perform in the future have been displayed, according to the degree of *innovation* (the level of content) and *individualization* (the intensity of its relationship with the client). These functions are: *supplier function; transformer function; partner function and problem solving function*. In the course of the exhibition, it is concluded that in practice, brokerage services cannot always accurately relate to one of these four functions. The reasons for this are related to: the market niches in which brokers operate, the development of the specific market, its competition, the national legislation and the qualification of the broker's employees.

⁵ Bill Donaldson, Ahmed Beloucif – Insurance broker-client relationships: An assessment of quality and investigation, Journal of Financial Services Marketing · June 2004, p. 339

⁶ Bill Donaldson, Ahmed Beloucif – Insurance broker-client relationships: An assessment of quality and investigation, Journal of Financial Services Marketing · June 2004, p. 339

The function of the broker is considered depending on the degree of commoditization of the insurance product, and it is concluded that with a decrease in the degree of commoditization of one insurance product, the consulting function of the insurance broker is strengthened.

Different management structures of insurance brokers are presented, outlining the strengths and weaknesses of each of them. It is concluded that, regardless of the governance structure, brokers are much more flexible than insurance companies and are subject to less legislative regulation than companies are. This allows them to change and adapt their business model much faster to the new needs and necessities of users of insurance products.

The different spheres of economic life – social, technological, economic, political and environmental – are discussed, focusing on the more important events that are taking place in each sphere, which change the way of communication in insurance relationships – between insured persons, brokers and insurers. Based on the consideration of the different processes that take place in the different spheres, the existing risks for the insurance broker are presented, generated from each of these five spheres.

In this regard, in order to increase the performance of insurance brokers, specific changes and actions have been proposed at the different stages of their activity, namely:

- ❖ At the stage of client survey
- ❖ At the stage of information collection;
- ❖ At the stage of signing insurance policy;
- ❖ In terms of accountability;
- ❖ At the stage of assistance in filing claims;

The first chapter deals with the legal definition of an insurance broker. The term insurance broker is defined by different authors in different ways. It synthesizes opinions and definitions given by world scientists such as David Cummins, Neil Doherty and others, as well as professional broker organizations such as BIPAR.

The existing different models for the formation of remuneration of brokers around the world are analysed, examining the strengths and weaknesses of each of them. The conclusions reached support the imposed model in the country through the Insurance Code, namely the remuneration of the broker to be included in the price and to be paid by the insurer, despite the two weak points in it, namely that:

➤ where the remuneration rate is paid by the insurer, the broker has no incentive to perform a detailed analysis of the products offered on the market in order to offer and/or make

an effort to negotiate appropriate terms, because in the event of failure of signing an insurance contract, no one will compensate him for these funds, cost and time. Therefore, some authors⁷ propose that fundamental changes to the existing system of commissions remuneration of intermediaries need to be made and that we shall move to a new model where the client pays a fee to the broker regardless of the end result, i.e. whether or not it will lead to signing of insurance contract.

➤ the strong competition between insurers on the one hand pushes insurance prices down, and on the other, raises commission fees up. In case an insurer does not give high commissions, then brokers will not offer it, no matter how good his product may be, because in the end the broker works for profit. These two opposite processes force insurers on the one hand not to increase the cost of insurance, but on the other to increase the amount of commission fees, all at the expense of the risk part of the contribution, i.e. insufficient risk assessment, which is wrong.

We reached the conclusion that the problem is not in the model where the insurer approves a commission payment for broker mediation, but in the rather high percentage of this commission. In developed European countries, such as Germany, France, England, the commission on mandatory insurance rarely exceeds 5 -7% and on voluntary insurance - 15-20%, while in less developed EU economic countries such as Bulgaria, Romania, etc. Greece and others the percentage of commissions paid by the brokers on voluntary insurance reaches 30%, and on the mandatory ones - up to 20%.

Therefore, with regard to mandatory third-party liability insurance we suggest that the remuneration of the insurance broker should be legally regulated and fixed as a solid amount for the individual categories of vehicles, according to the nomenclature led by the Financial Supervision Commission, as the amount is subject to regulatory discretion.

The issue of excess commission (contingent) remuneration of brokers is also discussed, and the two groups of divergent opinions are presented, which unite different scientists around them, namely:

➤ Contingent (excess commissions) encourage brokers to transfer clients with good risk development and submit full information to insurers about them. Conditional

⁷ Mukhophyah, A. (2005). *Client-Centric Changes will Revolutionize brokers*, Property & Casualty, pp. 41-42.

commissions also encourage an insurer to enter a new market. Authors such as Cummins, Doherty and others maintain this opinion.

➤ Contingent (excess commissions) have a negative impact on the activities of insurance brokers. This group of authors includes scientists such as A. Schneider, H. Hayes⁸ and others. They express the opinion that excess commissions paid to insurance brokers will lead to an increase in the cost of insurance, because the commission is an integral part of the insurance premium and this will lead to its increase.

Our opinion is similar to that of the second group of authors on “contingent” or “excess” commissions, but we do not completely and fully share their opinion. We agree that “excess commissions” or “contingent” commissions would encourage brokers to work only for those insurers who provide them, but we believe that in their quest to meet the volume commitments they have made, they will not be able to pay for their services they would not focus on the risk assessment and would submit to insurers customers with underrated risk. We do not support the view that the excess commissions paid to insurance brokers will lead to increase in the cost of insurance. It is not a problem for a particular broker to approve significantly higher commission than the one set in the insurance commission policy, provided that the average weighted and paid percentage of commission for the entire population of the insurer does not exceed the percentage set in the policy.

On the basis of the first chapter, the following conclusions have been reached:

First: The need of insurance brokers in the insurance market is revealed through the functions it performs.

Second: The insurance broker helps reducing the existing asymmetry between the insurance service user and insurance companies in terms of risk assessment information and insurance products.

Third: The broker’s consulting function is directly dependent on the degree of commoditization of insurance products. With a high degree of commoditization, the broker’s consulting function is minimized, and with low degree of commoditization, the broker’s consulting function is strongly expressed.

Fourth: The future existence of the insurance broker depends on what desired value has been created for the user of insurance service in comparison with the desired value for user in case of direct purchase of the same product from the insurer that offers it.

⁸ Same page., p. 102

Fifth: The massive uptake of high-tech in the insurance sector will displace brokers from the conclusion of mass insurance and they will specialize in the conclusion and servicing of more specific insurances requiring in-depth risk assessment, preparation of risk assessment reports, etc. High technology will lead to a reduction in the number of brokers, and those who remain will need to have highly qualified specialists in the relevant areas.

Sixth: At the heart of long-term partnership in insurance relations and in particular insurance mediation is trust, commitment and satisfaction.

Seventh: After analysing the strengths and weaknesses of the currently existing different models for the formation of the remuneration of the brokers in the world, we concluded that the model laid down in the Insurance Code is optimal because it allows the remuneration of the broker to be included in the price and paid by the insurer, or be in the form of a fee paid directly by the user of the insurance service or other remuneration, including economic benefits of any kind offered or given in connection with the insurance contract.

Chapter Two - ANALYSIS OF THE ACTIVITIES OF INSURANCE BROKERS IN REPUBLIC OF BULGARIA

The second chapter deals with the activities of insurance brokers through analysis of the insurance market and their activities in order to track the trends in their development. The analysis covers the official statistical data disclosed by insurance brokers to the Financial Supervision Commission for a ten-year period from 2010 to 2021 including, which focuses on the main quantitative aspects of the activity and qualitative managerial aspects, which outline the main challenges facing the brokerage market.

Each EU country is obliged to synchronize its legislation and introduce the provisions of all European directives and regulations, but at the same time it is entitled to introduce its own distinctive conditions for the activities of insurance brokers, taking into account the specificities of the local insurance market and national legislation.

The legal regulation of the activity of the insurance broker in Bulgaria has been analysed, which allows to better reveal the nature, the way of organization of the work of the insurance broker and all its obligations. The differences in the mode of operation, depending on its quality as a distributor or developer of insurance products have been presented. An overview and analysis of the legal framework in Bulgaria regarding the requirements for the formation of an insurance broker as proposed change in the fee for general financial

supervision collected by the Financial Supervision Commission is made. A reasoned proposal to differentiate it according to the broker's premium income, not as a fixed amount for all has been made.

The in-depth examination of the two forms of work of the insurance broker abroad - Freedom of services (FOS) and Freedom of establishment (FOE), allows to highlight the existing weaknesses in the regulations, which makes it difficult for the broker to operate abroad, respectively. it has an impact on the credit of trust in it.

The Insurance Product Distribution Directive (IDD) sets out the principle that an insurance intermediary must adapt its activities to the rules of employment in the host Member State which serve to protect the *public interest*. no matter how the intermediary operates abroad – under the conditions of a place of establishment (FOE) or freedom to provide services (FOS). At the same time, the IDD Insurance Distribution Directive, as well as any other statutory instrument adopted by the EU or the case law of the Court of Justice of the European Community, does not have a precise definition of the concept of ‘public interest’. Each state has the freedom to set additional conditions (above the minimum harmonized legislation) to determine the public interest. Thus, the latter ‘*depends on the assessment made by the Member State and may vary considerably from one country to another, according to national traditions and the objectives of the Member States*’,⁹ thus creating a variety of common rules and principles for determining the public interest. Insurance intermediaries are faced with difficulties and different conditions in expanding their activities abroad and building trust in them. Prerequisites are created when brokers want to operate cross-border under the FOS, the host country to impose additional requirements on them, especially when those rules are supervised by the home Member State. Obstacles to the proper functioning of the IDD and the Single market arise, and a proposal is therefore being made, in addition to EIOPA, to ensure that the general rules and principles for public interest are published on the pages of the supervisory authorities of the individual Member States, it shall publish additional provisions and recommendations on those additional requirements introduced by member states which are disproportionate in terms of consumer protection, and shall act as a deterrent to the cross-border activities of intermediaries.

⁹ EIOPA – Insurance distribution directive – report analysing national general good rules, R3available at:https://www.eiopa.europa.eu/sites/default/files/working_groups/reports/eiopa_idd-general_good_july2019_0.pdf

As another weakness of IDD it is stated that it does not lay down different requirements for work on FOS and FOE, which are to be included in the general rules for the protection of the common good of each Member State, and therefore, as a result of internal regulation and discretion of each Party, more stringent requirements can be provided for a FOE broker compared to FOS.

Tabulated as an Annex to the dissertation, the specific national provisions in different Member States concerning the activities of insurance intermediaries in insurance distribution are set out above those laid down in the Insurance Product Distribution Directive 2016/97 (IDD) on the basis of the latest findings of EIOPA of 31 March 2019.¹⁰

With the information analysed we came up to the conclusion that all additional provisions are different and reflect the specificities of the relevant market. In the event that an insurance broker wishes to operate abroad, the different rules of public interest protection in individual countries will force it to carry out legal advice costs in respect of each country. They can cover a wide range of issues, including tax requirements. These high costs of legal advice would prevent some insurance intermediaries from operating abroad and would reduce competition on domestic markets in individual Member States.¹¹

An in-depth analysis of the insurance market in Bulgaria has been carried out, with its two branches – general insurance and life insurance, and we have examined the main indicators that characterize them. Based on the analysis, it is concluded that Bulgaria has the highest share of general insurance among all European countries. A high share of general insurance is indicative of a poorly developed insurance market and low disposable income of the population. With low disposable income, insurance service users would find it difficult to allocate funds to purchase life insurance, which is of a long-term and savings nature. It would also be difficult to develop general insurance, other than compulsory and motor insurance at low incomes of the population. This is evidenced by the low share of property insurance in general insurance.

In general insurance, the market leading is the mandatory third-party liability insurance of motor vehicle drivers. Throughout the period examined, there was a trend of increase in

¹⁰ EIOPA – Insurance distribution directive – report analysing national general good rules, Luxemburg, publication office of the European union, 2019.
Available at: https://www.eiopa.europa.eu/sites/default/files/working_groups/reports/eiopa_idd-general_good_july2019_0.pdf

¹¹ EIOPA - Insurance distribution directive – report analysing national general good rules, p.2 Luxemburg, Publication office of the European union, 2019. Available at: https://www.eiopa.europa.eu/sites/default/files/working_groups/reports/eiopa_idd-general_good_july2019_0.pdf

premium income realized under it, due to the increasing number of registered vehicles, increase in scope and price¹². The trend over the years is to increase the average cost of insurance, as follows:¹³

- 2014– BGN 172
- 2015– BGN 176 (the increase is by about 2,3% or by BGN 4 compared to 2014);
- 2016– BGN 188 (the increase is by nearly 6,8% or by BGN 12 compared to 2015);
- 2017– BGN 225 (the increase is by nearly 19,7 % or by BGN 37 compared to 2016);
- 2018– BGN 312 (the increase is by about 39 % or by BGN 87 compared to 2017);
- 2019– BGN 338 (the increase nearly 8,3 % or by BGN 26 compared to 2018);
- 2020– BGN 338 (There was no price increase due to the COVID-19 pandemic);
- 2021– BGN 359 (the increase nearly 6,2 % or by BGN 21 compared to 2020.)

Second in market share is insurance of road vehicles, without track vehicles, which shows in the last years an increase in premium income due to the renewal of a certain part of the car park in the country and the increased sale of new vehicles. Despite the increase in premium income on it, its market share is falling, which is indicative of the development of other insurances.

Both car insurance accounts for more than 70% of the general insurance market. The other insurances from the general insurance are also considered, indicating the reasons for their development or their decline during the period of view.

In terms of the life insurance market, the largest market share in the whole period studied was mixed life insurance, which was only replaced by investment fund-related life insurance in 2021. The reason is due to the low interest rates on bank deposits, which have shifted people to more profitable investments. In the case of investment insurance products, the risk of investing the savings part of the contribution shall be borne by the insured and shall provide an opportunity to realize a higher return compared to the technical interest approved by the insurers on the insurances with a common placement of the reserves.

Next, the premium income is life risk insurance with death risk only, mainly it is concluded by persons using mortgage loans, and the insurance amount under it follows the

¹² From 172 BGN in 2014 to 359 BGN in 2021

¹³ The values of the average prices of the compulsory insurance are own calculations obtained by dividing the number of vehicles with active insurance at the end of each year to the reported realized premium income from the insurance companies under the mandatory third-party liability insurance for motor vehicle drivers at the end of the same year.

principal of the loan. Due to the low interest rates on mortgage and consumer loans in recent years, this insurance has seen significant growth.

The dissertation also examines the other life insurance policies, explaining the reasons for the development or the drop in their premium income.

The trends of penetration of foreign insurance companies that have applied for operation on the Bulgarian insurance market are examined. The large number of insurance companies on the market implies a large number of insurance products offered. Users of insurance services would find it difficult to choose a product suitable for them among the huge variety of insurances. Each product is designed for a specific target market, it is distinguished by its specific characteristics.¹⁴ The variety of insurance products creates difficulties among consumers of insurance services. This gives rise to the need to be assisted by specialists who know the insurance market well and could carry out an assessment of their risk, individual needs, compare the technical specifics of the individual products, and recommend to them that product that meets their needs to the maximum extent. Such specialists are the insurance brokers.

A full analysis of the activities of insurance brokers as an element of the insurance market was made for the period 2011 – 2021, as for a more objective and impartial assessment, they are divided into 11 (eleven) groups based on realized premium income, each group with a step of 10 million. The accepted division is in order to better reveal the structure of the brokerage market in Bulgaria and its concentration.

The reasons for the development of the activities of the brokers over the years, as well as the impact of the changes in the regulations on it, are analysed. Various parameters were studied – premium income, market share, including business lines, received commissions, etc., on the basis of which the contribution of the insurance broker is exposed, both for general and life insurance market.

The exhibition examines all eleven groups, outlining the products that are leading in each of them, the leaders among brokers in each group, its specifics, and the dominant products that give the group profile. The development of brokers and their transition from one group to another group over the years, as well as the change in the structure of their insurance

¹⁴ Such specific characteristics are: covered and excluded risks, way of determining the sum insured, the insurance value (actual, recoverable, agreed), the duration of the contract, insurance period, period of insurance coverage existence of participation, rights and obligations of the parties, special requirements, insurance premium calculated on the basis of the assessment of risk factors and circumstances, as well as options for its rescheduling, etc.

portfolio, is tracked. The transition of a broker from one group to a higher group is indicative of its development and increase the credit of trust in it.

Based on the analysis, we concluded that the general insurance brokerage business has been growing at a higher rate than the general insurance market for most years, which is indicative of one thing, namely that brokers manage to attract a large part of the direct customers of insurers and insurance agents. Most often, they attract customers through discounts in the cost of insurance, which they make at the expense of their Commission remuneration. For the entire period we examined (2010-2021), the share of premium income realized by general insurance brokers amounted to 53,89% of the premium income on the general insurance market for the same period.

In terms of the life insurance market, the share that passes through the brokerage channels is growing, but at a rate weaker than that of the market, which is indicated that most of the increase in the life insurance market in the last few years of the research period comes from direct sales and from mortgage lending, banks are often referred to as agents of a life insurance company. As a share of premium income in the life insurance market, the share of premium income on life insurance realized by brokers averaged 23,62 % over the entire period examined.

On the basis of the second chapter, the following conclusions are drawn:

First: The dependence of Bulgarian insurance companies on the brokerage segment, which is highly concentrated, is very large, with this dependence being expressed more strongly in terms of the general insurance market compared to the life insurance market.

Second: The realized volumes of brokers are influenced by the impact of various economic factors on all sectors of the economy (interest rates, inflation, lending, construction, export, etc. industrial investment, legislative changes, etc.).

Third: There are differences in the organizational structures of brokers, depending on the type of insurance that prevails in their population, as well as depending on the type of clients they are oriented toward.

Fourth: Large brokers concentrate their sales of mandatory third-party liability insurance thanks to a large network of offices and electronic platforms, allowing quick and easy fixing and comparison of its price, and providing most of their funds needed to maintain their network

Fifth: A huge concentration of brokerage business in motor insurance and an extremely large number of brokers with a small premium income.

Sixth: Low degree of specialization of brokers in individual insurance, and doubtful quality of the provided intermediary and/or consulting services by small brokers due to the lack of highly qualified specialists in them.

Seventh: The quality of the products is questionable because of their inability to attract good specialists in the different products offered by them.

Chapter Three - DETERMINING AND MANAGING THE TRUST RATING OF INSURANCE BROKER

Chapter three deals with the problem of the digitalisation of insurance mediation, the various high-tech developments that are increasingly entering the field of insurance, such as: Blockchain; Big data; Internet of things (IoT); Smart contracts; artificial Intelligence (AI). It reveals their entry into the work of the insurance broker and how they would change the appearance and model of their existence.

Here is presented the main contribution of the dissertation, namely the entirely author's system of expert assessments for determining the trust rating of insurance broker. Until now, no such model has been offered in the insurance company to assess the trust in an insurance intermediary.

The trust rating assessment aims to provide an impartial opinion based on a system of expert assessment on the ability of the insurance broker to attract and serve clients, as well as to create additional value to the products offered by it to the various insurance companies on the market. Our idea is based on qualitative assessment based on quantitative criteria.

The proposed model of a system for expert assessment of the trust in the insurance broker is based on different criteria, which in the Bulgarian insurance practice have become leading and determining when choosing an intermediary. The developed model of a system for expert rating of the trust rating of the insurance broker is similar to the methodologies of the rating agencies for rating the credit rating of a counter party, sharing the general principles of trust assessment through a combination of quantitative analysis and qualitative assessments.

The rating is the result of an analysis of a number of financial and other quantitative parameters of the broker's activity, aiming to cover and assess the quality of its services.

Existing models for assessing trust in other areas, derived from insurance mediation, do not apply a personalized choice of services in terms of consumer preferences and expectations. The proposed system of expert assessments also does not offer a personalized

assessment of trust, taking into account the individual client's individual preferences and needs for insurance protection.

Determined rating is considered as a step in choosing a specific insurance intermediary as a business partner among the huge number of intermediaries operating in the market. In determining the trust rating of the insurance brokers we have derived from the idea of credit ratings at the banks in order to assess the capabilities and reliability in each of the nearly 400 brokers on the Bulgarian insurance market, based on certain criteria. The trust rating of the insurance broker, determined by the proposed system of expert assessments, can be used by different insurance service users to choose a suitable and reliable intermediary to best suit their needs. It can also be used by different companies when entering new markets or expanding the business and the need to build a reliable, complex security program, with risk management, tailored to the specifics of these new markets. It is possible to use the model also by foreign insurers when entering the Bulgarian insurance market, and when choosing strategic partners for operation.

The idea of the trust rating system is to combine quantitative and qualitative parameters from the activity of the insurer, turning them into a rating scale. The system includes three modules, with a total of 38 criteria, following:

- ❖ Ownership and management module, weighing 47 % in the overall assessment, which contains 22 criteria;
- ❖ Financial module – weighing 33 % in the overall assessment, which contains 11 criteria
- ❖ Portfolio structure module – weighing 20% in the overall assessment, which contains 6 criteria.

Ownership and Management Module

1) *Property structure criteria* – it is assessed positively if the owners have experience and good reputation in the field of insurance, as well as solid financial opportunities allowing them investments in the development of the broker and implementation of technological solutions and innovations. The presence of owners with established positions in the industry and with a wide knowledge of insurance is a prerequisite for acquiring a larger market share of the broker, respectively, attracting more customers. The weight of the criterion is 2 %.

2) *Whether the broker is part of economic or financial group* – this criterion is relevant to as much as the broker can use the channels and clients of the other persons in the

financial group – banks, leasing companies, etc. In the event that the intermediary is part of an economic or financial group, the circle of potential clients is increased and reaching those of them, which are generally difficult to reach market segment. The broker can use the trust of the client in the other legal entities in the group. The weight of the criterion is 2 %.

3) *Period of operation of the broker* – the period from which the intermediary operates on the market is a prerequisite for building trust and imposing it on the market. Long term of operation is a prerequisite for the broker to be recognized by the users of insurance services, to have established and established the market, unlike newly established brokers, who do not have a history yet, are not known and are not recognizable in the market. They must be enforced and established. The weight of the criterion is 2 %.

4) *Available branch network of offices* – the availability of a branch network is a prerequisite for recognisability of the intermediary, the users of insurance services will have access to daily consultations and assistance. Still, a large proportion of insurance products are not ready for online sales, which requires personal contact with the customer. The presence of the broker on the market, through a network of offices, creates security among a large number of users that he is real, he exists and can be approached physically at any time for assistance in the event of an insurance event. The broker's offices still represent him before the clients and are a way of imposing the name and logo of the intermediary. The larger the number of offices the intermediary has built in the country, the higher the trust he builds in the users. The mass presence shows security, financial capacity and resource. Brokers with greater physical presence have a wider scope and better accessibility for customers. The weight of the criterion is 3 %.

5) *Available website* – this criterion is associated with the presence of the broker in the online space. The society is moving toward digitalization and a significant part of the insurance worldwide is concluded online. The weight of the criterion is 2 % in the total assessment.

6) *Availability of calculator for calculation of insurance contribution on the broker's website* - when concluding distance insurance, the website is a basic prerequisite for carrying out this activity. Each trusted intermediary among its clients should have a modern and well-maintained website, with calculators for different insurance products, providing the possibility to determine the insurance premium due to different insurers by certain amounts of insurance and covered risks. This allows users to compare the insurance products of different insurance companies. The availability of calculator is a prerequisite for objective and impartial offering

of the products of different companies and contributes to the development of online insurance. The weight of the criterion is 2 % in the total.

7) *The possibility of online insurance through the website* – in parallel with the developed website and availability of price calculator for the various insurances, the broker should provide the opportunity for consumers to take out online insurance. This strengthens the trust in this intermediary and attracts both new clients and preserves old ones, which discover the advantages of online insurance over office insurance. The weight of the criterion is 2 % in the total.

8) *Available information system for business administration processes and integrated with the systems of insurers* is a basic prerequisite for fast and reliable service, saves time and does not cause inconvenience to the users of insurance services. Insurers' systems for issuing policies differ and require data entry in different locations, passing through different screens, and this creates a delay in service. The existence of his own system, integrated with the systems of individual insurers, allows the broker to operate only in a familiar environment. The broker's system allows him to administer his entire work process, resulting in cost savings. Other advantages of the own system are that it helps to increase the collection of its deferred contributions through their monitoring, facilitates the organization of forms under strict accounting (green card certificates, guarantee fund signs, etc.), and when integrating it with the accounting system of the intermediary, it also allows the preparation of periodic reports for supervisory purposes. The weight of the criterion is 2 % in the total.

9) *Number of employees carrying out direct insurance distribution – the number of employees* is indicative of the volume of activity performed by the broker. The large number of individuals is associated with a large volume of clients and businesses that should be administered. This means a trust vested by many insurance service users. The criterion weighs 4% in the overall assessment.

10) *Presence of various specialists for risk assessment and conclusion of different types of insurance* – indicative is that the broker has diverse specialists who can competently serve and satisfy the different insurance needs of the users of insurance services. The presence of different specialists on the team of a broker is like a certificate of competence, quality of the services offered and the possibility to offer an in-depth analysis of the existing products on the market upon request by the client. Having a broker with different specialists means that he is able to offer a much more complex and competent service to his clients. The criterion weighs 3 % .

11) *Membership in branch organizations and associations* – this indicator shows the involvement of the broker in the respective profession, recognition by other brokers, sharing common values and meeting certain criteria for integrity and correctness. The members of such organizations are prestigious and testify to the long-term intentions of the mediator to develop, share interests and views in the sector. The criterion weighs 2 % .

12) *Operation of the broker abroad* – illustrates the broker's desire to develop, to look for new challenges and markets, new market niches and customers. Operating abroad is indicative of the trust gained by other consumers in other markets, with other culture and needs. The broker is open to innovations, challenges and its multinational nature of work is indicative of a wide range of clients and trust. The international presence shows the broker's ability to serve clients with global insurance needs. The criterion weighs 2 % .

13) *The number of countries where the broker actually operates, not just applying for a job* – the fact is that some brokers apply to the supervisory authority for work in all EU member states, but actually operate in one of them, this indicator really reflects the number of countries in which the broker operates. The markets in which it performs intermediary activity are reported. customers trust their professionalism. The criterion weighs 2 % .

14) *Number of insurers with which the broker has concluded insurance mediation contracts on the Bulgarian insurance market* – an indicator showing whether the broker offers an assortment of insurance products or works mainly for several insurers. In case the broker works with one or several insurers, he cannot offer a variety of products to his clients. His proposals will be subjective and limited. The criterion weighs 2 % .

15) *Number of insurers with which the broker has signed contracts for insurance intermediation on foreign insurers markets* – analogous to the forward indicator, with the difference that it applies to those brokers operating abroad. The criterion weighs 2 % .

16) *If the broker carries out reinsurance mediation* – it shows whether the broker has the potential and opportunities to mediate for placing large responsibilities in the reinsurance market. Evidence that the broker is trusted by insurance and reinsurance companies. The broker has international contacts and position placing large responsibilities and risks. The criterion weighs 2 % .

17) *If the broker provides additional services to the clients that would give added value to the insurance offered (for example: additional financial advice related to investment, lending, real estate, car replacement, trade discounts in certain retail chains and service areas, advice on risk assessment, development of a security program and other*

additional services at its expense, which do not contradict statutory norms) - this is one of the most important indicators, because in the end the broker has to create additional value to the offered products. It is here that we see the future of brokers in the process of digitalization and their gradual shift from the market of intermediary services as a result of digitalisation and that customers can already take out insurance on their own. It is the broker's advice, its risk assessment and additional services that it offers that will allow us to continue to be sought by the clients and to trust them. The criterion weighs 5 % .

18) Final order for imposing a penalty on the broker by the Financial Supervision Commission entered into force – this indicator shows whether the broker complies with the legal requirements and is sanctioned for administrative violations by the supervisory authority. It is convincing about the correctness of the broker and how much he complies with the legal requirements. The criterion weighs 1 % .

19) Number of complaints filed by users of insurance services to the broker or to the FSC, including to the Commission for Personal Data Protection for unauthorized disclosure of information about customers – reveals directly the satisfaction of the users of insurance services. The number of complaints filed is indicative of the correctness of the insurance broker and the satisfaction of the needs of the users of insurance services. This criterion also reveals how the insurance broker complies with the provisions on the legislation on the protection of personal data of insurance service users and how the broker handles confidential customer information. The existence of complaints from insurance service users about unlawful disclosure of their personal data is also indicative of gaps in the broker's policies and procedures for collecting and storing personal data. The existence of such complaints undermines trust in the insurance broker. The criterion weighs 2 %.

20) Lawsuits filed by insurance service users against the broker – shows the satisfaction of insurance service users. In case of incorrect relations and prejudice to the interests of the users of insurance services or insurance companies by the broker, they can all seek their rights by court order. The large number of legal cases against the broker is indicative of the fact that the broker is incorrect, breach of contractual relations or legal obligations. Compliance demonstrates the broker's commitment to ethical practices and customer protection. The criterion weighs 2 % .

21) If the broker has an exclusivity contract regarding the servicing of a financial institution – reveals the existence of a contractual relationship between a broker and a financial institution (most often a bank) for the servicing of its clients. Very often, customers

using certain banking products or leasing conditions are forced to take out insurance through a broker specified by the institution. Financial institutions set high requirements for their servicing broker to meet the high requirements of their clients and to provide them with a high level of intermediary services. The existence of such contracts should be considered positively in terms of trust in the insurance broker. This indicator weighs 1 % .

22) *If the insurer has more than 10% of the capital or votes in the general meeting of the broker company* – allows for exercising significant influence over the management of the broker and there is an interest in offering mainly the products of this insurer. This would distort the user's impartial risk assessment and the offer of the most suitable product according to their individual needs.

4.2. Financial module

1) ***Realised premium income – from a rating point of view, this criterion is considered positive, the higher the income the broker has realized.*** It shows that the broker has insured either more customers or sites with higher value, respectively he enjoys trust to a higher degree. Large-value sites require special knowledge about risk assessment and the negotiation of specific covers, and in many cases - reinsurance. This indicator reflects the broker's ability to attract customers and sell insurance products. The indicator is also supplemented by the indicator number of insured persons from the module "Structure of the portfolio", the latter gives additional clarity. The criterion weighs 5 % .

2) ***Share of the premium income abroad in the total premium income realized by the broker*** – it derives from the above indicator, with the difference that it is realized abroad. When the broker develops and enters foreign markets, when attracting clients in these markets, the revenue realized abroad is expected to grow. It is indicative that more and more clients from other markets trust his professionalism, competence and quality of the provided intermediary services. They have highly appreciated the usefulness of his mediation and have trusted him to be their service broker. The criterion weighs 3 % .

3) ***The rate of change in the premium income realized by the broker in relation to the rate of change in the market*** – it is assessed positively when the growth in the insurance premium income realized by the broker exceeds the growth of the premiums in the insurance market (if any). This means that the broker is expanding his business at a faster rate than the market growth, which is related to attracting new customers or new high-value objects. This criterion is included in the complex assessment with 2% weight.

4) **Market share** – this criterion, and in particular its amendment to the previous year, is part of the comprehensive assessment. The increase in the indicator ‘market share’ is considered positive because it shows that the company performs better than competition and takes more market positions than them. The market share of the company is calculated on the basis of the share of its premium income in the total premium income of all brokers. This shows that, with his market share increasing, his rate of increase in premiums is ahead of that of the competition. The increase in market share is accompanied by more revenue respectively more customers who trust the broker. The market share shows the competitiveness and influence of the broker in the market. This criterion is included in the complex assessment with 3 % weight.

5) **Financial result for the current year** – shows the result of the activity of the insurance broker. The positive result is indicative of effective and rational management, a sufficient amount of commission revenue, a sufficient number of clients to cover the administrative costs of the intermediary and to generate a positive result. The positive result is indicative of the broker’s ability to invest in technological solutions and expand its activities. Financial stability ensures that the broker can meet its obligations to customers and maintain long-term viability. The criterion weighs 5%.

6) **Financial result for a previous year** – the indicator is in order to track the development of the broker in the last two years. The criterion weighs 4 %.

7) **Broker’s own funds** – the placement with significant own funds is indicative of the broker’s ability to invest its own funds in various high-tech solutions and innovations, in the development of different platforms and aggregates, which would increase the circle of its clients, attracting them as well. who are looking for and evaluating the benefits of online insurance. Own funds also mean less need to use credit resources in business development. The criterion weighs 3 % .

8) **Tax liabilities not more than 1% of turnover** – this criterion is indicative of whether the broker fulfils his obligations and is a correct payer. The absence of tax liabilities is positively assessed. The criterion weighs 2 % .

9) **The broker is secured by his own real estate (office)** – this criterion creates prerequisites for building more trust, on the one hand, that the broker owns assets and on the other hand, because he does not change his offices when the rental conditions change. Thus, the broker identifies, works and serves his clients in the same permanent locations. The criterion weighs 2 % .

10) *Investments in training and staff development, beyond the statutory requirement for 15 hours of continuing professional training* – with additional investments in the training of its employees, it is indicative that the broker emphasizes the improvement of the quality of service by increasing their qualification and knowledge. The higher qualification of employees is a prerequisite for better customer service, more accurate identification of their insurance protection needs, more competent offers for insurance coverage and management of the risks to which they are exposed. As the qualification improves, the trust in the broker's employees increases, and from there, in the broker himself. The criterion weighs 3 % .

11) *Sponsorship and donation activities of the broker (corporate social responsibility)* – Corporate social responsibility contributes to sustainable economic development, labour relations with workers, their families, the local community and society in general to improve the quality of life.¹⁵ This contributes to the promotion of the good name of the broker and the strengthening of the trust in it. The criterion weighs 3% in the final assessment.

4.3. Portfolio Structure Module

1) *Insurance lines signed by the broker under the Insurance Code* - is assessed positively when the broker shows high portfolio diversification and concludes more types of insurance, which is indicative that users of insurance services with different insurance needs have trusted the experience and professionalism of the intermediary. The criterion weighs 2% .

2) *Insurance products developed by the broker* – shows that the broker enters a new market or product niche and has gained the trust of new consumers. This is an indication of rapid adaptability and high innovation potential of the broker. Development of a new product shows that the broker has a wide range of users, with specific needs for which he develops a special product and seeks the support of an insurer for this product. Support for the development of a new product by an insurer is obtained only if the broker has a large number of users of that product to achieve the insurer's risk equalization. In essence, the development of a product by a broker implies demand from users who are satisfied with the quality of the services offered and have built a relationship of trust. The broker shows that he works with

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https://bg.wikipedia.org/wiki/%D0%9A%D0%BE%D1%80%D0%BF%D0%BE%D1%80%D0%B0%D1%82%D0%B8%D0%B2%D0%BD%D0%B0_%D1%81%D0%BE%D1%86%D0%B8%D0%B0%D0%BB%D0%BD%D0%B0_%D0%BE%D1%82%D0%B3%D0%BE%D0%B2%D0%BE%D1%80%D0%BD%D0%BE%D1%81%D1%82

care for his clients and strives to present them specific products in order to meet their needs. The weight of the criterion is 3 %.

3) ***Existence of several insurance contracts (up to 10), generating more than 50% of the broker's premium income*** – this criterion indicates whether the broker's revenue was not generated by only a few contracts of corporate clients or was generated by multiple retail clients. The more insurance policies has the broker signed, the more clients have trusted his professionalism and competence. The criterion weighs 2 %.

4) ***Concentration in one type of insurance in the insurance portfolio for the last completed year*** – this criterion indicates whether there is a concentration of a particular type of insurance in the portfolio. A high concentration is considered if a particular type of insurance occupies 70% or more of a percentage in the broker's portfolio. The high concentration of a type of insurance is indicative that the broker is either specialized mainly in its offering, or is unable to service other contracts. Asymmetry in a broker's portfolio often indicates a lack of good enough specialists in other business lines. The criterion weighs 2 % in the overall assessment.

5) ***Number of clients*** – the criterion that most objectively reflects the trust of the clients in a broker and their satisfaction with the offered insurances and additional surplus value. The greater the number of customers, the greater the trust the broker has gained among them. In case of dissatisfaction, a customer can easily change the servicing broker. The criterion weighs 6 % in the overall assessment.

6) ***Percentage of continued insurance contracts*** - indicates another section of the portfolio, namely whether it is a casual client or a client with a built-in lasting relationship. In cases where the client is satisfied with the service of an intermediary, the product purchased by him satisfies his needs, he will not change it. In those customers who are driven solely by the price, there is a cyclical and frequent change of intermediaries. It is difficult to build long-term relationships based on trust. The high customer retention rate indicates customer satisfaction and loyalty. This criterion is included with 5 % weight.

By assessing brokers based on these criteria, stakeholders get an idea of their performance, competitiveness and overall contribution to the insurance market. New criteria may be added or adjustments made to the weight of the proposed ones may be made to prioritize certain modules or criteria based on the specific characteristics and dynamics of a particular market being assessed.

The maximum weighted number of points on the rating scale is 2,30. Depending on the number of weighted points, the trust assessment, which is from the highest AAA to the lowest C, as presented in the following Table 1, is determined:

| Weighted points | Grade | Meaning |
|-------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| From 2.11 to 2.30 | AAA | <u>Extremely stable and reliable intermediary</u> , with high trust among consumers, strongly oriented to technological innovations and flexible in the supply and service of various business lines. He has the ability to serve a large number of customers, has a variety of specialists and adds value to its products. Strong territorial presence and excellent prospects for development. Low sensitivity to the economic and political environment. The clients are both retail and large corporate structures requiring specific service and risk assessments. Needs to invest very little money to maintain and expand its operations and offer additional high-tech solutions |
| From 1,91 to 2,10 | AA | <u>Very stable and reliable insurance intermediary</u> , trusted among the users of insurance services. There is potential to attract new customers by expanding the range and the added value to the products offered. He has experts. Good prospects for territorial development. Focused on technological innovations. Moderate sensitivity to the economic and political environment. The clients are both retail and large corporate structures requiring specific service and risk assessments. Needs to invest little money to expand his operations and offer additional high-tech solutions |
| From 1,71 to 1,90 | A | <u>Very stable and reliable insurance intermediary</u> that enjoys good trust among the users of insurance services. Able to attract customers by increasing the range of products and the number of specialists. Insufficient focus on technological developments. Good prospects for territorial development. Sensitive to the economic and political environment. His clients are both legal entities and retail clients. Needs to invest funds in order to expand his operations and offer additional high-tech solutions. |
| From 1,51 to 1,70 | BBB | <u>Sufficiently stable and reliable insurance intermediary</u> – that enjoys trust among wide range of users of insurance services. He can attract new users. Offers additional services to the products offered. Uses limited technological solutions and technologies. Strongly sensitive to the economic and political environment. Needs to invest large funds in order to expand his operations and offer additional high-tech solutions. |
| From 1,31 to 1,50 | BB | <u>Relatively stable and reliable insurance intermediary</u> . He is trusted by a small circle of customers. Offers additional services to the products offered, but not to all customers. He does not use high-tech solutions. He has limited potential to serve more clients – personnel and financial. Adverse changes in the political or economic environment may impair the trust in them. Needs to invest quite a large amount of funds in order to expand his operations and offer additional high-tech solutions. |

| | | |
|---------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| From 1,11 to 1,30 | B | Unstable and unreliable insurance intermediary . He is trusted by a very small number, mainly retail clients and to a very small extent corporate clients, to whom he cannot offer a level of service that meets the needs and standards. He has a very low ability to attract and serve a larger number of clients due to lack of capacity and resources – personnel and financial. He does not offer additional services to the products offered. Needs to invest substantial amounts in order to expand his operations and offer additional high-tech solutions. Adverse changes in the political or economic environment may impair the trust in them. |
| Less than 1,10, including | C | Extremely unstable and unreliable broker . Very low ability to attract customers and build trust in them. He is trusted by a very small number, mainly retail clients and to a, to whom he cannot offer a level of service that meets the needs and standards. Unable to serve a larger number of clients due to lack of capacity and resources – personnel and financial. Extremely sensitive to changes in the economic and political environment, which pulls users away from it due to inability to serve them. He does not use and is not prone to technological innovations. Needs to invest huge amount of funds in order to expand his operations and offer additional high-tech solutions. |

Table № 1 Importance of the assessment of the trust rating

For the practical approbation of the model real data as of 2022 and indicators for two brokers have been used, which due to the confidentiality of the data and signed confidentiality declarations, are marked as Broker 1 and Broker 2

| Criteria: | weight | Broker 1 | | Broker 2 | | Criterion |
|------------------------------------------------------|--------|----------|----------|----------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| | | points | weighted | points | weighted | |
| OWNERSHIP AND MANAGEMENT | | | | | | |
| Ownership structure of the broker | 0.02 | 0 | 0 | 0 | 0 | Owner without experience and good reputation in the field of insurance holding more than 50% of the property of the broker - 0 points. |
| | | | | | | Owner without experience and good reputation in the field of insurance holding less than 50% of the property of the broker -1 point. |
| | | | | | | Owner or all owners have experience and good reputation in the field of insurance - 2 points. |
| Is the broker part of an economic or financial group | 0.02 | 1 | 0.02 | 2 | 0.04 | Not part of economic or financial group- 1 p. |
| | | | | | | He is part of economic or financial group - 2 p. |

| | | | | | | |
|-------------------------------------------------------------------------------------------------------|------|---|------|---|------|--------------------------------------------------------------------------------------------|
| Period of operation of the broker | 0.02 | 2 | 0.04 | 3 | 0.06 | Up to 5 years - 1 p. |
| | | | | | | Between 5 and 10 - 2 p. |
| | | | | | | More than 10 years - 3 p. |
| Developed branch network of offices | 0.03 | 2 | 0.06 | 5 | 0.15 | Just one central office – 1 p. |
| | | | | | | Up to 10 offices – 2 p. |
| | | | | | | Up to 50 offices – 3 p. |
| | | | | | | Up to 100 offices – 4 p. |
| | | | | | | More than 100 offices - 5 p. |
| Developed internet site | 0.02 | 1 | 0.02 | 1 | 0.02 | No internet site - 0 p. |
| | | | | | | Developed internet site – 1 p. |
| Available calculator on the website for calculation of insurance payments | 0.02 | 0 | 0 | 0 | 0 | Available calculator on the site – 1 p. |
| | | | | | | No calculator on the site – 0 p. |
| Possibility to take out online insurance through the website | 0.02 | 1 | 0.02 | 1 | 0.02 | Possibility to take out online insurance through the website– 1 p. |
| | | | | | | No possibility to take out online insurance through the website– 0 p. |
| Available information system for business administration process, integrated to the insurance systems | 0.02 | 1 | 0.02 | | 0.02 | Uses information system for the administration of business and processes – 1 p. |
| | | | | 1 | | He does not use information system for the administration of business and processes – 0 p. |

| | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------|------|---|------|---|------|-------------------------------------------------------|
| Number of employees directly distributing insurance products | 0.04 | 1 | 0.04 | 2 | 0.08 | Up to 25 employees – 1p. |
| | | | | | | From 26 to 50 employees - 2 p. |
| | | | | | | From 51 to 75 employees – 3 p. |
| | | | | | | From 76 to 100 - 4 p. |
| | | | | | | More than 100 employees - 5 p. |
| Availability of various specialists for risk assessment and conclusion of different types of insurance | 0.03 | 1 | 0.03 | 1 | 0.03 | No various experts - 0 p. |
| | | | | | | Several various specialists – 1 p. |
| | | | | | | Various specialists for each type of insurance – 2 p. |
| Membership in branch organizations and associations | 0.02 | 1 | 0.02 | 1 | 0.02 | Member of professional organization - 1 p. |
| | | | | | | Not a member of professional organization - 0 p. |
| Operation of the broker abroad | 0.02 | 1 | 0.02 | 1 | 0.02 | Freedom to provide services – 1 p. |
| | | | | | | By place of establishment – 2 p. |
| Number of countries where the broker actually operates, but only have submitted an application for the intention to work | 0.01 | 2 | 0.02 | 2 | 0.02 | Up to 5– 1 p. |
| | | | | | | From 6 to 10 - 2 p. |
| | | | | | | From 11 to 15 - 3 p. |
| | | | | | | More than 15 – 4 p. |
| Number of insurers with which the broker has concluded contracts for insurance mediation on the Bulgarian insurance market | 0.02 | 3 | 0.06 | 3 | 0.06 | Up to 10– 1 p. |
| | | | | | | From 10 to 20 - 2 p. |
| | | | | | | More than 20 - 3 p. |

| | | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|---|------|---|------|-------------------------------------------------------------------------------------------------------------------|
| Number of insurers with which the broker has concluded contracts for insurance mediation on the foreign market | 0.02 | 1 | 0.02 | 1 | 0.02 | Up to 10– 1 p. |
| | | | | | | From 10 to 20 - 2 p. |
| | | | | | | More than 20 - 3 p. |
| The broker provides reinsurance intermediary | 0.02 | 0 | 0 | 0 | 0 | No – 0 pt. |
| | | | | | | Yes - 1 p. |
| If the broker provides additional services to the clients that would give added value to the insurance offered (for example: additional financial advice related to investment, lending, real estate, car replacement, trade discounts in certain retail chains and service areas, advice on risk assessment, development of a security program and other additional services at its expense, which do not contradict statutory norms) - this is one of the most important indicators, because in the end the broker has to create additional value to the offered products. | 0.05 | 2 | 0.1 | 1 | 0.05 | No additional services - 0 p. |
| | | | | | | Provides to 5 additional services – 1 p. |
| | | | | | | Provides more than 5 additional services - 2 p. |
| <i>Final order for imposing a penalty on the broker by the Financial Supervision Commission entered into force</i> | 0.01 | 1 | 0.01 | 1 | 0.01 | Final order for imposing a penalty on the broker by the Financial Supervision Commission entered into force- 0 p. |
| | | | | | | No order for imposing a penalty on the broker by the Financial Supervision Commission entered into force- 1 p. |

| | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---|-------------|---|-------------|----------------------------------------------------------------------------------------------------------------------------------|
| Number of complaints filed by users of insurance services before the broker or before the FSC, including for unauthorized disclosure of information about the client | 0.02 | 2 | 0.04 | 1 | 0.02 | More than 10 complaints have been filed and registered before the broker by users of insurance services for the last year - 0 p. |
| | | | | | | Up to 10 complaints have been filed and registered before the broker by users of insurance services for the last year -- 1 p. |
| | | | | | | No complaints filed and registered before the broker by users of insurance services for the last year - 2 p. |
| Lawsuits filed by users of insurance services against the broker | 0.02 | 1 | 0.02 | 1 | 0.02 | Lawsuits have been filed – 0 p. |
| | | | | | | No lawsuits - 1 p. |
| Does the intermediary have an exclusivity agreement regarding the servicing of a financial institution | 0.01 | 0 | 0 | 0 | 0 | Yes - 1 p. |
| | | | | | | No - 0 p. |
| The insurer has more than 10% of the votes in the general meeting or the capital of the insurance broker | 0.01 | 1 | 0.01 | 1 | 0.01 | Yes - 0 p. |
| | | | | | | No - 1 p. |
| | 47.00% | | 0.57 | | 0.67 | |
| FINANCIAL | | | | | | |
| Earned income premium | 0.04 | 2 | 0.08 | 1 | 0.04 | Up to BGN 25 million - 1 p. |
| | | | | | | From BGN 25 million to BGN 50 million - 2 p. |
| | | | | | | From BGN 50 to BGN 75 million– 3 p. |
| | | | | | | From BGN 75 to BGN 100 million– 4 p. |
| | | | | | | More than BGN 100 million - 5 p. |

| | | | | | | |
|-----------------------------------------------------------------------------------------------------------------------|------|---|------|---|------|--------------------------------------------------|
| Share of the premium income abroad in the total premium income realized by the broker | 0.02 | 1 | 0.02 | 1 | 0.02 | 0 %- 0 p. |
| | | | | | | Up to 10% - 1 p. |
| | | | | | | From 10 to 20 % - 2 p. |
| | | | | | | More than 20 % - 3 p. |
| Rate of change in the amount of premium income realized by the broker in relation to the rate of change in the market | 0.02 | 3 | 0.06 | 2 | 0.04 | Strongly lagging (by more than 10%) - 0 p. |
| | | | | | | Lagging, with up to 10% - 1 p. |
| | | | | | | Outpacing with up 10 % - 2 p. |
| | | | | | | Strongly outpacing by more than 10% - 3 p. |
| Market share | 0.03 | 2 | 0.06 | 2 | 0.06 | Worse than the previous period - 0 p. |
| | | | | | | No change - 1 p. |
| | | | | | | Better than the previous period - 2 p. |
| Financial results for the current year | 0.05 | 1 | 0.05 | 1 | 0.05 | Profit for the current year– 1 p. |
| | | | | | | Loss for the current year - 0 p. |
| Financial results for the previous year | 0.04 | 1 | 0.04 | 1 | 0.04 | Profit for the previous year– 1 p. |
| | | | | | | Loss for the previous year - 0 p. |
| Broker's own funds | 0.03 | 2 | 0.06 | 3 | 0.09 | Up to BGN 100 thousand - 1 p. |
| | | | | | | From BGN 100 thousand to BGN 250 thousand - 2 p. |
| | | | | | | From BGN 250 thousand to BGN 500 thousand - 3 p. |
| | | | | | | More than BGN 500 thousand - 4 p. |

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|---------------------------------------------------------------------------------------------------------------------------------|--------|---|------|---|------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tax liabilities not greater than 1 % of turnover | 0.02 | 1 | 0.02 | 1 | 0.02 | Tax liability - 0 p. |
| | | | | | | No tax liability – 1 p. |
| Security of the broker with its own real estate (office) | 0.02 | 1 | 0.02 | 1 | 0.02 | His own central office - 1 p. |
| | | | | | | Uses rented office – 0 p. |
| Investments in training and staff development, beyond the statutory requirement for 15 hours of continuing vocational training. | 0.03 | 0 | 0 | 0 | 0 | The broker annually invests funds for training, qualification and retraining of its employees, beyond the statutory minimum for continuing education -1 p. |
| | | | | | | The broker does not invest funds for training, qualification and retraining of its employees beyond the statutory minimum for continuing education - 0 p. |
| Sponsorship and donation activities of the broker (Social responsibility) | 0.03 | 2 | 0.06 | 0 | 0 | The broker does not carry out any sponsorship or donation activity - 0 p. |
| | | | | | | The broker makes up to 5 donations or sponsorships per year - 1 p. |
| | | | | | | The broker makes more than 5 donations or sponsorships per year - 2 p. |
| | 33.00% | | 0.50 | | 0.41 | |
| STRUCTURE OF THE PORTFOLIO | | | | | | |
| Insurance lines contracted by the broker under the Insurance Code | 0.02 | 2 | 0.04 | 3 | 0.06 | The broker offers up to 7 lines of insurance under the Insurance Code – 1 p. |
| | | | | | | The broker offers over 8 to 14 lines of insurance under the Insurance Code- 2 p. |
| | | | | | | The broker offers over 14 lines of insurance under the Insurance Code - 3 p. |

| | | | | | | |
|--------------------------------------------------------------------------------------------------|------|---|------|---|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Insurance products developed by the broker | 0.03 | 1 | 0.03 | 1 | 0.03 | Yes - 1 p. |
| | | | | | | No - 0 p. |
| Several insurance contracts (up to 10), generating more than 50% of the broker's premium income. | 0.02 | 0 | 0 | 1 | 0.02 | Yes - 0 p. |
| | | | | | | No- 1 p. |
| Concentration in one type of insurance in the insurance portfolio for the last completed year | 0.02 | 1 | 0.02 | 4 | 0.08 | High concentration in one type of insurance. More than 70% of the broker's income comes from one type of insurance. The portfolio is extremely asymmetric - 0 p. |
| | | | | | | Relatively high concentration in one type of insurance. Between 55% and 70% of the broker's income comes from one type of insurance. The portfolio is significantly asymmetric - 1 p. |
| | | | | | | Moderately concentration in one type of insurance. Between 40 % and 55 % of the broker's income comes from one type of insurance. The portfolio is asymmetric - 2 p. |
| | | | | | | Relatively low concentration in one type of insurance. Between 25 and 40 % of the broker's income comes from one type of insurance. The portfolio is relatively balanced - 3 p. |
| | | | | | | Moderately concentration in one type of insurance. Each type of insurance generates up to 25% of the broker's income The portfolio is very balanced - 4 p. |
| Number of customers | 0.06 | 1 | 0.06 | 2 | 0.12 | Up to 50 thousand customers - 1 p. |
| | | | | | | From 50 thousand customers to 100 thousand customers - 2 p. |
| | | | | | | More than 100 thousand customers - 3 p. |

| | | | | | | |
|-------------------------------------------------------------------------------------------------------------|------------|---|-------------|---|-------------|------------------------------------------------------------------------------------------------------------------------|
| Percentage of continuous contracts renewed for more than three years (duration of established relationship) | 0.05 | 3 | 0.15 | 3 | 0.15 | Up to 10% of all contracts concluded in the last year have been renewed for the third consecutive year - 1 p. |
| | | | | | | Up to 50 % of all contracts concluded in the last year have been renewed for the third consecutive year - 2 p. |
| | | | | | | More than 50% of all contracts concluded in the last year have been renewed for the third consecutive year - 3 points. |
| | 20% | | 0.30 | | 0.44 | |
| Weighted points TOTAL: | | | 1.34 | | 1.51 | |
| ASSESSMENT | | | BB | | BBB | |

The data from the probation of the model for assessment trust in the insurance broker shows that it functions successfully and gives the desired results. The two brokers analysed, although with similarities in the way of organization and the volumes of activity, receive a different assessment. Broker 1 - weighted score of 1,34 points and receives a BB rating, i.e. he is relatively stable and reliable insurance intermediary. He is trusted by a small circle of customers. Offers additional services to the products offered, but not to all customers. He does not use high-tech solutions. He has limited potential to serve more clients – personnel and financial. Adverse changes in the political or economic environment may impair the trust in them. Needs to invest quite a large amount of funds in order to expand his operations and offer additional high-tech.

Broker 2 - weighted score of 1,51 points and receives a BBB rating, i.e. he is sufficiently stable and reliable insurance intermediary. He can attract new users. Offers additional services to the products offered. Uses limited technological solutions and technologies. Strongly sensitive to the economic and political environment. Needs to invest large funds in order to expand his operations and offer additional high-tech solutions.

The third chapter of the dissertation sets out the author's view regarding the management of the trust rating. In the face of high competition in the insurance brokerage

market, the threat of the introduction of information technologies to seize most of the business of brokers, they are forced to look for new opportunities to realize income, with which to cover their costs and make a profit. This is possible by expanding the broker's business and becoming a "shop" for financial services, thus offering the users of insurance services a more complete financial service and satisfaction of their needs, as well as the possibility of obtaining additional income above the commissions on insurance, by providing other financial services – settlement of a different type of loan from a commercial bank (mortgage, consumer, company, etc.) or mediation in the purchase of housing, assistance in arranging the purchase of a car or leasing equipment or in investing temporarily free funds on the stock market and portfolio management. By providing additional financial services, the broker will compensate for the decline in the sale of insurance due to the implementation of information technology or increasing direct sales by insurers.

Under one legal entity, such as the insurance broker, different types of mediation can be combined, attracting the necessary number of specialists in the different fields. The legal entity may represent various insurance companies, banks, leasing companies and other institutions, as well as manage (advise and/or invest) temporarily the free funds of its clients or mediate them when buying a home. When combining different financial services under one roof, the administrative costs are optimized - for offices, equipment, advertisements, etc. compared to the construction of individual legal entities performing these intermediary or consultancy activities. There is no legal restriction for the legal entity to carry out insurance mediation by obtaining permission from the Financial Supervision Commission (FSC) and it is entered in the register kept by it. At the same time, this legal entity may also carry out other activities than insurance intermediation, under which the activity is a supervised entity of the FSC. This ensures optimal financial consulting and assistance in customer service in different areas:

- mediation in the conclusion of insurance – general and life insurance;
- assistance in granting loans – mortgage, consumer loans, company loans, working capital, etc.;
- intermediation in the purchase of leasing assets – cars, assets, etc.;
- advising on the investment of temporarily available funds – in stocks, bonds, government bonds;
- mediation in the purchase of real estate.

The concentration of a large amount of financial information in a single legal entity, the existence of intermediary contracts with a large number of insurance companies, banks, leasing companies, investment firms, real estate trading companies, as well as the existence of a different number of narrow specialists, analysts and consultants, they would give a competitive advantage to this unifying legal entity different intermediary activities compared to a pure insurance intermediary, such as the insurance broker.

With the introduction of blockchain technologies in insurance and smart contracts, the future of the insurance broker is seriously threatened. A large part of the insurance will be transferred on the basis of Smart contracts, another part will be concluded online by the insurers, and the intermediary will be sought for specific insurances that require analysis, carrying out surveys, consulting and other specific activities, which cannot be taken away from information technology. Therefore, in the future, the insurance broker can continue to exist successfully only if it extends the range of consulting services provided. The role of the insurance broker in the future will shift to consulting.

The expansion of the consultation round would provide the broker with advantages in the future, when information technology is introduced, a process that will invariably happen. Therefore, insurance brokers should start to gradually expand the range of additional services they offer to their customers so that they can retain and increase them in the future. Expanding the range of consultancy and intermediary services under one roof would allow more customers to be attracted.

The participation of the insurance broker in various start-ups in the development and implementation of various telemetry devices, through which the risk can be measured in real time and this information can be submitted to insurers, they would also provide competitive advantages in the conclusion and servicing of insurance contracts by the insurance broker. That is why many brokers around the world have started to invest significant funds in this direction – information technology and close cooperation with certain insurance companies ready to respond to these information technologies.

On the basis of the third chapter, the following conclusions have been reached:

First: High technology is entering the business of insurers and insurance intermediaries, and they will not completely eliminate the latter, but will force them to operate as online advisers or aggregates of information.

Second: The entry of high technologies on the Bulgarian insurance market and the transition of insurance intermediaries to online insurance will be a slow process, the reasons

being complex, and among the leading ones are the low premium income realized by intermediaries, which does not allow them to invest the necessary funds in high technologies. The low percentage of direct clients of the intermediary, the insufficient competence of employees and other factors considered in the dissertation work are another prerequisite for the slow introduction of high technologies by insurance intermediaries in Bulgaria.

Third: The assessment of trust in the insurance broker can be carried out through a system of expert assessment, including a set of indicators and criteria related to ownership and management, financial indicators and portfolio structure, each of these indicators or parameters having a separate weight in the final assessment. For the assessment of the trust in the insurance broker can be used a scale, similar to a credit rating, on the basis of which to make a choice of a specific intermediary for a business partner.

Fourth: The reasoned possibility of expanding the broker's activity by turning it into a financial services store, thus offering insurance service users a more complete financial service and meeting their needs, and the possibility of obtaining additional income above the commissions on the insurance, by providing other financial services, such as: assistance in various types of loan from a commercial bank (mortgage, consumer loans, company loans, etc.), mediation in the purchase of housing, assistance in arranging the purchase of a car or leasing equipment, when investing temporarily free funds on the stock market and/or managing the portfolio. By providing additional financial services, the broker will compensate for the decline in the sale of insurance due to the implementation of information technology or increasing direct sales by insurers.

Fifth: Using the developed model to assess the credit of trust in the insurance broker and its application by an independent body will improve the quality of the brokers' work and will "clear" the way they function from a number of hidden problems. The existence in the model of assessment criteria such as "*the presence of different specialists for risk assessment and conclusion of different types of insurance*" will force brokers to appoint employees to their real positions and insurance thresholds, and not as now in practice individuals to be appointed as "account holders", for lower insurance rates. The existing financial criteria in the model, such as: *financial result for the last two years, the amount of equity, the lack of tax liabilities and others* will cause brokers to shed light on not a small part of the hidden profits now.

Sixth: Trust in the insurance intermediary is a set of factors that should be assessed in their complexity. The developed trust assessment model in the insurance broker includes 38

criteria with different weights in the final assessment, which do not allow any broker to gain an advantage in the final assessment, earning the maximum number of points on a given criteria, which has an absolute advantage over another intermediary. In order to increase their trust assessment, intermediaries should not increase one indicator of the model, but all those that do not show good results because trust is a complex assessment.

III. GUIDELINES FOR FUTURE RESEARCH ON THE SUBJECT OF THE DISSERTATION

With the presented studies, results and suggestions, in the dissertation work, the problems on its object are not exhausted. Until now, no similar model has been offered in insurance practice to assess the trust in an insurance intermediary and as a pioneer in this field, the model leaves open more questions for future studies, studies, improvements and improvement. The topic of the assessment of trust in the insurance broker will continue to be relevant, even in a digitalizing world. The following guidelines for future research and practical work may be highlighted:

1) expanding and further improving the proposed model for assessing the trust in insurance brokers by including indicators for assessing the quality of the staff, the cost of its training, as well as the structure of the network of clients of the broker.

2) expanding and refining the factors of the internal company status of the insurance brokers.

3) in-depth research into the impact of the digitalisation of insurance and insurance mediation and its other current challenges.

4) study of the deterioration and climate change, leading to the transformation of insurance and intermediary activities. In future studies, in connection with the green transition, climate problems and their impact on insurance, and in particular on insurance mediation, can be analysed.

IV. STATEMENT FOR SCIENTIFIC AND SCIENTIFIC AND APPLIED CONTRIBUTION OF THE DISSERTATION WORK

First: The relevance of the topic related to the activity of insurance brokers, modern functions they perform, as well as the challenges they face is justified. The exhibition part is a comprehensive theoretical formulation of the issue of trust in the relationship insurance

broker – user of insurance services. A detailed critical analysis of the regulatory regulation concerning the activities of insurance intermediaries in Bulgaria has been made.

Second: An original system of expert trust assessment in the insurance broker has been developed using quantitative criteria to obtain a qualitative assessment, allowing to give an impartial opinion on the ability of the insurance broker to attract and serve clients, as well as to create additional value to the products offered by it to the various insurance companies on the market.

Third: A system for expert assessment of the trust in the insurance broker with real participants and indicators on the Bulgarian market has been tested . The reliability of the test data confirms its scope and the benefits it would have for insurance service users or insurance companies when choosing a suitable and reliable intermediary.

Fourth: A concept for the construction and operation of the insurance broker as a "shop" for financial services is proposed, as an opportunity to contribute surplus value to the insurance services chosen by the user of insurers, and the possibility of survival in the acute competition between market intermediaries and the challenges of high technologies.

V. DECLARATION OF ORIGINALITY AND RELIABILITY OF THE DISSERTATION

The dissertation, in the volume of 351 pages, entitled "Managing the trust rating of the insurance broker" for the award of the educational and scientific degree DOCTORAL DEGREE is an original scientific development of the author and contains original results obtained in independent scientific research.

The results obtained, described and/or published by other scientists are duly cited in line and in the bibliography, subject to copyright protection requirements. It uses author's ideas, texts and visualization through graphics and tables. The results and contributions in the dissertation are original and are not borrowed from other authors, research or publications in which the author does not participate.

This dissertation is not submitted to other universities, institutes and other higher education institutions for the acquisition of an educational and scientific degree.

VI. LIST OF PUBLICATIONS OF THE DOCTORAL STUDENT

1. Dilyana Atanasova, “*Work of the insurance intermediary in the EU member states*”, Money and Culture ISSN 2683-0965, issue 3 2023, p. 35-49

2. Dilyana Atanasova, “*Managing the Trust Rating*”, Money and Culture ISSN 2683-0965, issue 4 2023

3. Dilyana Atanasova, “*System of Expert Assessments for Determining the Trust Rating of the Insurance Broker*”, Money and Culture ISSN 2683-0965, issue 4 2023

