

REVIEW

by prof. Dr. Daniela Bobeva

**Department of Finance and Insurance,
Higher School of Insurance and Finance**

of a dissertation for awarding the educational and scientific degree "Doctor" in Field of Higher Education 3. Social, Economic and Legal Sciences Professional field 3.8. Economics PhD program "Finance, Insurance and Insurance"

Author: Dilyana Metodieva Atanasova

Topic: "Managing the Trust Rating in an Insurance Broker"

Scientific supervisor: Assoc. Dr. Zhelyo Hristozov, VUZF

1. General description of the submitted materials

By Order No 163/13052024, of the Rector of the Higher School of Insurance and Finance Prof Boris Velchev, PhD, I have been appointed as a member of the scientific jury for providing a procedure for defending a dissertation on the topic Managing the Trust Rating in an Insurance Broker for the acquisition of the educational and scientific degree Doctor in Field of Higher Education 3 Social, Economic and Legal Sciences, Professional Field 38 Economics, PhD program Finance, Insurance and Insurance The author of the dissertation is Dilyana Metodieva Atanasova – a freelance PhD student at the Department of Finance and Insurance with supervisor Assoc Prof Dr Zhelyo Hristozov, VUZF

The submitted documents consist of:

- CV,
- Copy of the diploma for the acquired educational and qualification degree "Master",
- List of publications – 3 pcs. and their summaries,
- Abstract,
- Dissertation,
- Reference for the fulfillment of the minimum national requirements for acquiring a PhD degree in the professional field 3.8. Economics

- Declaration of originality and credibility
- And other documents relevant to the procedure

The package of documents contains everything necessary to carry out the overall assessment of the application.

2. Brief biographical data for the PhD student

From the attached biographical information about the candidate, it can be stated that she has the necessary education in the field of Economics and Finance: Insurance and Social Affairs – Master of Economics and International Economic Relations – Master of Economics from the University of National and World Economy.

The entire professional experience of the PhD student is in the field of the financial sector and insurance, so the dissertation is fed with extremely high expertise in the sector and in particular insurance intermediation. Her experience in various positions has allowed for a complex research and analysis of the trends and challenges facing the insurance broker

The PhD student is recognisable in insurance circles as well as in the public space with comments and articles in the INSURANCE newspaper, the BANKER newspaper, the CAPITAL newspaper.

In this context, the preparation of a dissertation is a natural result of the accumulated empirical experience and ambition for scientific understanding and development of the theory and practice of insurance intermediation.

3. Relevance of the topics and appropriateness of the goals and objectives set

The relevance of the issues under consideration is determined by the significant changes that have occurred in recent years in the environment for the implementation of insurance activities, characterized by a high degree of uncertainty, the development of new technologies and the intensifying competition. A significant impetus for changes in the field of insurance is created by legislative and regulatory changes, which affect to a large extent the distribution of insurance products. Directive 2016/97 on the distribution of insurance products (IDD), which replaced the Insurance Mediation Directive 2002/92/EC, placed new, higher requirements on insurers and insurance intermediaries. It highlighted the key role of the insurance intermediary in the distribution of insurance products, even providing the opportunity for insurance brokers to be not only distributors of insurance products, but also creators.

The topic of determining the rating of financial institutions dates back more than a hundred years, when the first rating agencies were created. But in recent years, there has been an urgent need

to determine the rating of various other counterparties, based not only on their financial capabilities, but also covering their experience, reliability and professional qualities.

So far, no model for determining the trust rating of an insurance intermediary has been proposed in the specialized literature. This makes the topic of the dissertation extremely relevant, and the conclusions and conclusions made significant for practice.

4. Knowledge of the problem

In order to assess the degree of knowledge of the problem by the candidate, the first is taken into account: knowledge of the literature on the topic. 11 Bulgarian authors and 30 foreign authors have been studied and critically analyzed. Most of the studied publications are from a previous period, which shows that the topic is poorly developed in the new literature, which argues the author's ambition to fill this theoretical and methodological deficit.

The practical experience of the author has had a serious impact on the depth of knowledge of the problem in its multifaceted and breadth – from micro to macro analysis, which helps to identify problems and seek bold solutions. In the dissertation, the most specific details of the practice are reached, which, however, are important for the insurance sector and in particular for insurance brokers, such as. the earthquake in Pernik and other events.

The knowledge of the problem is expanded with the extremely detailed and professional analysis of the entire legal and institutional framework of the functioning of the European and Bulgarian insurance market and the role of the broker in it.

The presentation of the dissertation examines current problems and questions facing insurance brokers, to which insurance theory and practice have not yet given an unambiguous answer. This shows the extremely in-depth knowledge of the studied problems by the doctoral student, against the background of which she defends her own opinion on them. The proposals for solutions to many problems that underlie the relations between insurance companies and insurance brokers should be highly appreciated.

5. Research methodology

The methodology of each study is a key condition for drawing reasonable and verifiable conclusions and recommendations to the results of the study. Although the methodology and methods used are not described in the dissertation, we find a wide application of quantitative and qualitative methods in it. A wealth of information from official sources, including regulatory authorities, statistics, as well as factual information from its own research was used. The PhD student has also used her personal practical experience as a manager and insurance broker.

The set of methods used is modern and adequate for the implementation of the dissertation. The work uses and applies the retrospective approach, comparative analysis, deduction and induction, and others. The chosen research methodology allows achieving the set goal and obtaining an adequate response to the tasks solved in the dissertation.

6. Characteristics and evaluation of the dissertation

The dissertation is developed in 351 pages, 12 graphics in the main text and 40 tables in the main text and appendices. Information from 89 sources has been collected, arranged and analyzed, of which 41 second, 36 Internet sources and 14 strategic and regulatory documents.

Already in the introduction of the dissertation, the object, subject, goals and tasks set by the PhD student are clearly and accurately presented. The research thesis is also clearly formulated, which is successfully argued and defended in the dissertation both through the justification and development of a rating model, as well as through the implementation of technological solutions and combining "under one roof" different types of financial consulting and intermediation. It is noteworthy that the dissertation devotes her entire research work to the search and identification of policies, models and tools to support the sustainability and growth of insurance intermediation. The study follows a clear structure, moving from the theory and analysis of the state and prospects of the market to the identification of appropriate solutions to meet the challenges.

The first chapter, structured in three points, is focused on the theory and essence of brokering. Applying a historical approach, the change in the nature and role of the insurance broker is analysed. Both insurance brokers and financial brokers in different financial markets are experiencing continuous transformations, and the expansion of digital service provision raises a reasonable question about the future and forms of financial intermediation. The PhD student argues for the need for an insurance broker in the changing financial, technological and regulatory environment. Emphasis in this chapter is placed on the theoretical formulations of trust in the relationship between an insurance broker and a consumer of insurance services. The conclusions drawn after Chapter One are relevant to the issues under study.

The second chapter is devoted to the analysis of the activities of insurance brokers in Bulgaria, examining a ten-year period. A huge amount of statistical information has been processed, which has been duly presented, most of which has been presented in appendices, and the main text contains the main highlights and conclusions from the study. Reasoned conclusions are made regarding the activities of brokers and their connection with the insurance market. The analysis helps

to prove the thesis of the PhD student, showing that the brokerage segment is highly concentrated, the dependence of insurance companies in Bulgaria on insurance brokers is very high, there is a low specialization of brokers in individual insurances on the market, due to the lack of highly qualified specialists in them, and large brokers are concentrated mainly in the distribution of compulsory insurances through a large network of offices.

In these highly competitive conditions, the PhD student sees the only opportunity for brokers to create additional value to the products offered in order to be able to attract customers and survive in the conditions of these high competition. The PhD student sees an opportunity in the use of information technologies and the establishment of the broker as a "financial services store". I find the latter to be an innovative idea in the exhibition.

It is these own views of the PhD student on the future development of the insurance broker as an element of the insurance market that are discussed in the third chapter of the dissertation. The main contribution point in the entire dissertation is set out precisely in the third chapter. The PhD student offers a personally developed system of expert assessments for determining the trust rating in the insurance broker. Since this system encompasses a whole complex of factors and indicators, united in one common assessment, I believe that it is more appropriate to talk about a rating methodology. It consists of three modules – Ownership and management of the broker, Financial module and Module covering the structure of the broker's portfolio.

In addition to the many indicators in each module, the model also includes an assessment of their weight in the overall assessment. Similar to the methodologies of the Credit Rating Agencies, the overall leverage is presented in a letter scale. The model is the result of an in-depth analysis of all factors and indicators that affect the credibility of the insurance broker, and the approbation of the model with two specific brokers complements the expectations for high reliability of the proposed rating methodology.

The author's penchant for detail enhances the quality of the analysis, insofar as the specifics of the insurance market require special attention to the specifics.

In general, the dissertation is of a scientifically applied nature. The high quality of the work is also supported by the precise use of professional terminology. However, the author's style goes beyond the everyday business vocabulary and obeys scientific standards. The conviction and categorical nature of the author's opinions is combined with a certain emotionality in the statement, which demonstrates the high personal commitment of the author to the topic.

I highly appreciate the quality of the scientific work.

7. Contributions and relevance of the development to science and practice

The author has defined four contributing points. In this specific dissertation, it is difficult to distinguish between theoretical and applied contributions, insofar as the development of the two models – the trust rating of an insurance broker and the model of the financial services store have both a practical and a theoretical charge. They open a theoretical discussion on how to measure and use the rating, what indicators to use, how to assess the weight of each indicator, etc. In all this, I find a significant theoretical contribution.

The proposed rating model can be applied in practice both by consumers of insurance services when choosing an insurance intermediary and when insurers from member states enter in terms of freedom to provide services or place of establishment when choosing counterparties.

Of particular admiration is the critical analysis of the European insurance market and the application of the principles of the single passport and freedom of establishment.

8. Evaluation of the publications on the dissertation

The candidate has submitted three publications for evaluation: one study and two articles:

1. Dilyana Atanasova, "The 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, "Trust Rating Management", Money and Culture ISSN 2683-0965, issue 4 2023, p. 86-95

3. Dilyana Atanasova, "A System of Expert Assessments for Determining the Trust Rating of an Insurance Broker", Money and Culture ISSN 2683-0965, Issue 4 2023, p. 36-66

The three articles were published in Bulgarian in the journal Politico. "Money and Culture" of VUZF in 2023. The focus of all three publications is the activity of the insurance broker and they present the various aspects and the main results of the dissertation research. The articles are related to each other in view of the common theme, but no significant repetitions are found.

Despite the weak theoretical part of the publications, they can receive the highest rating for several reasons:

- - They demonstrate an in-depth analysis of insurance practices, excellent knowledge of the regulatory and supervisory framework of the insurance activity and the European insurance market – how this specific market works and its projections in Bulgaria;
- - The articles contain a significant ideological charge: several ideas are given that go beyond the traditional thinking about insurance and intermediaries in this market: the broker as a "financial services store", the digitalization of brokerage activity and the development of platforms aggregating all insurances that can be concluded online; development of online insurance through the construction of aggregators; use of digital technologies for the purposes of creating customer profiles and notification of changes in these profiles, etc.;
- The publications demonstrate conviction, argumentation, but also courage to question traditional theoretical views and regulatory policies: for example, the article "Work of the insurance intermediary in the EU Member States" criticizes the possibility contained in EU insurance law for individual Member States to implement policies that could hinder the free functioning of the European insurance market;

I'm confident that the requirements of the legislation and the regulations of VUZF regarding the minimum requirements for publications have been met.

9. Assessment of the fulfilment of the minimum national requirements

From the attached reference it becomes clear that the PhD student receives 80 points and thus meets the minimum national requirements for acquiring the educational and scientific degree "Doctor" in the professional field 3.8. Economics in this area.

10. Personal contribution of the PhD student

A careful review of the dissertation clearly outlines the author's personal contribution to the research, methodology and results. This is also evident in the formulated contributions. The provided report for the presence of plagiarism also shows acceptable results, which are read as a lack of plagiarism.

11. Abstract

The abstract is presented in 52 pages. Presents objectively the main results of the conducted scientific research and strictly adheres to the content of the dissertation. It complies with the requirements according to the regulations of VUZF.

12. Critical remarks, recommendations and questions for the defense of the dissertation

Critical Notes:

The dissertation has enough merits to be highly appreciated, so my critical remarks should be taken rather as guidelines for better research and publication of the dissertation.

- o the theoretical aspects of the study need further development.

- o at a theoretical level, the scientific discussion on the role and place of the insurance broker should be presented in more depth. The universality of the financial expertise of the insurance broker and its expansion is a very ambitious goal and although the author presents it as entirely logical and feasible, the risks must also be taken into account

- o the dissertation does not describe the methodology and methodology of the research, although a wide range of methods are used in the work itself, which allows the author to develop a rating model

Recommendations:

- To publish the dissertation after an in-depth revision
- Broaden the analysis of the effects of climate change on insurance in general and on the activities of insurance brokers in particular
- To make a SWOT analysis of the models proposed in the dissertation

Questions to be answered during defense session:

- The dissertation often talks about the management of the insurance broker rather than the rating of the insurance broker, which is the topic of the dissertation. The candidate should clarify the relationship between the two categories and why this title was chosen.

- Does the applicant believe that the rating model developed in this way will be used and how its use will be stimulated. What is the conclusion in this regard from the approbation of the

rating model of the two insurance brokers? Is subjectivity in the assessment avoided in the model formulated in this way?

□ How will the necessary expertise of the insurance broker be provided if the "financial services store" model is implemented, taking into account the growing number and role of credit intermediaries, intermediaries in the provision of payment services, etc.

13. Personal opinion about the candidate

I do not know the candidate.

CONCLUSION

The dissertation contains scientifically applied and applied results that represent an original contribution to science and meet all the requirements of the Law on the Development of the Academic Staff in the Republic of Bulgaria (RARARB) and the Regulations for the Implementation of the RARARA. The presented materials and dissertation results correspond to the specific requirements of the Regulations for admission and training of doctoral students at the Higher School of Insurance and Finance.

The dissertation shows that the PhD student Dilyana Atanasova has theoretical knowledge and professional skills in Professional Field 3. 8. Economics, demonstrating qualities and skills for independent research.

In view of the above, I confidently give my positive assessment of the research carried out, presented by the above-reviewed dissertation, abstract, results and contributions, and propose to the honorable scientific jury to award the educational and scientific degree of 'Doctor' to Dilyana Atanasova in the field of higher education 3. Social, Economic and Legal Sciences; Professional field 3. 8. Economy; PhD program "Finance, Insurance and Insurance".

21 August 2024

Reviewer:.....

(Prof. Dr. Daniela Bobeva)