

To the Department of Finance
and Insurance, Higher School
of Insurance and Finance
(HSIF), Sofia

OPINION

by Prof. Dr. Stoyan Prodanov, with a scientific specialty in "Finance, Monetary Circulation, Credit, and Insurance," registered in NACID since 01.12.2018, member of the Scientific Jury, Order No. 163/13.05.2024 by Prof. Boris Velchev, Rector of HSIF, Sofia, for the composition of a scientific jury on the dissertation for awarding the educational and scientific degree "Doctor" in the Field of Higher Education 3. Social, Economic, and Legal Sciences, Professional Field 3.8. Economics, for the PhD candidate Dilyana Metodieva Atanasova on the topic "Trust Rating Management in an Insurance Broker," with scientific supervisor Assoc. Prof. Dr. Zhelyo Hristozov, Department of "Finance and Insurance," HSIF, Sofia.

Author: Dilyana Metodieva Atanasova

Topic: Trust Rating Management in an Insurance Broker

1. Information about the Ph.D. candidate

By Order No. 163/13.05.2024 of Prof. Boris Velchev, Rector of HSIF, Sofia, I was appointed as a member of the scientific jury to facilitate the defense procedure of the dissertation titled "Trust Rating Management in an Insurance Broker." The scientific supervisor of the PhD candidate is Assoc. Prof. Dr. Zhelyo Hristozov, from the Department of "Finance and Insurance," HSIF, Sofia. The dissertation is for the awarding of the educational and scientific degree "Doctor" in the Field of Higher Education 3. Social, Economic, and Legal Sciences, Professional Field 3.8. Economics. The author of the dissertation is PhD candidate Dilyana Metodieva Atanasova, a PhD student in the Department of "Finance and Insurance," HSIF, Sofia.

The materials submitted by PhD candidate Dilyana Metodieva Atanasova include documents as per the provided list: CV, a copy of the master's degree diploma, a copy of the order for enrollment with the right to defense, the order for the composition of the jury, publication summaries, the dissertation, abstracts in Bulgarian and English, a report on the fulfillment of the minimum national requirements for obtaining the "Doctor" degree in Professional Field 3.8. Economics, a declaration of originality and authenticity, and a list of publications. The PhD candidate has included one study and two articles.

The documents meet the regulatory requirements, and I have no remarks on them.

2. Brief Biographical Information of the Candidate

PhD candidate Dilyana Metodieva Atanasova completed her secondary education at the 21st Secondary School "Hristo Botev" in Sofia, Bulgaria, specializing in "Dairy Product Technology." She holds a Master's degree in Mechanical Engineering from the Technical University of Sofia (1990-1997) and a Master's degree in Economics from the University of National and World Economy (UNWE), Sofia (1994-1997). Her extensive professional career shows a progressive professional path, including positions as a Foreign Exchange Cashier, Front Office Manager, Manager of "Karol Standard" Insurance Broker Ltd., Sofia, and Managing Owner of "Cortier Ltd." Insurance Broker and Insurance Intermediary, Sofia.

3. Characteristics and Evaluation of the Dissertation

This review is prepared in accordance with the requirements of the Law on the Development of Academic Staff in the Republic of Bulgaria (ZRASRB), the Regulations for the Application of ZRASRB (PZRARSB), and the Regulations for the Admission and Training of Doctoral Students at the Higher School of Insurance and Finance (HSIF).

The dissertation submitted for scientific evaluation by PhD candidate Dilyana Atanasova, under the supervision of Assoc. Prof. Dr. Zhelyo Hristozov, focuses on the management of trust rating in an insurance broker, examining insurance brokerage as a significant component of the insurance market. The subject of the research is insurance brokerage, specifically the insurance broker, as an essential part of the insurance market. The object of the dissertation is "the management of an insurance broker in a way that allows it to offer added value to its clients in insurance products, thereby earning and maintaining their trust." The research examines how the management of an insurance broker can be conducted to provide added value to insurance products, ensuring the trust and loyalty of clients.

The thesis defended in the dissertation is: Successful management of the trust rating in an insurance broker is crucial for its future development and survival in a highly competitive environment and the advent of information technologies in the insurance industry. Despite the emergence of various distribution channels for insurance products, brokers remain the primary channel through which most insurance products are concluded. To maintain their leading role in an increasingly digitalized society, insurance brokers need to reorganize their operations and effectively manage trust ratings, which can be achieved through the implementation of the latest high-tech solutions and by bringing together various types of financial consultations and intermediation under one roof, adding additional value to the products they distribute.

The research aims to develop a system of expert evaluations to determine the trust rating of an insurance broker, considering the broker's role, legal regulations, and advancements in information technologies.

The dissertation sets the following tasks:

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- Examining the legislative framework for the activities of insurance brokers in Bulgaria and other European countries.
 - Analyzing the role and influence of insurance brokers on insurance companies and the market.
 - Evaluating the impact of information technologies on the activities of insurance brokers and their potential implementation.
 - Proposing legislative changes based on best practices from other European countries.
 - Developing a model for a "financial services shop" that includes an insurance broker and meets a wide range of financial needs.
 - Creating a system of expert evaluations and a rating scale to assess the trust in an insurance broker, tested with representatives of Bulgarian practice.
 - The work employs and applies the retrospective approach, methods of comparative analysis, deduction and induction, as well as graphical and statistical methods.

In the first chapter of the dissertation, the focus is placed on the essence of brokerage activities, with a review of Bulgarian and foreign specialized literature. The need for an insurance broker in the relationships between the user of an insurance service and the insurer is examined. Through a comparative analysis of the old Insurance Mediation Directive (Directive 2002/92/EC) and the new Directive 2016/97 on Insurance Distribution (IDD), the role of the insurance broker in the distribution of insurance products is revealed. It is concluded that the future of the insurance broker depends on its ability to create desirable value for the user of insurance services compared to the value the client would receive when purchasing the same product directly from the insurer.

The second chapter examines the activities of insurance brokers through an analysis of the insurance market and their work, aiming to track trends in their development. The data presented by insurance brokers to the Financial Supervision Commission over a ten-year period (2010-2021) highlight the main quantitative and qualitative managerial aspects of brokers' activities, outlining the main challenges facing the brokerage market. The legal framework for the activities of insurance brokers in Bulgaria is also examined. The analysis of the legal regulations in Bulgaria provides a better understanding of the nature and organization of the insurance broker's work and its obligations. Differences in the broker's work depending on whether it is a distributor or creator of insurance products are discussed. A review and analysis of the legal framework in Bulgaria regarding the requirements for establishing an insurance broker is made, with a proposed change in the fee for general financial supervision, collected by the Financial Supervision Commission, suggesting it be differentiated based on the broker's premium income rather than being fixed for all.

The third chapter addresses the issue of the digitization of insurance brokerage and the introduction of high technologies such as blockchain, big data, the Internet of Things, smart contracts, and artificial intelligence in the work of the insurance broker. These technologies are analyzed in terms of their potential to change the existing brokerage model.

The dissertation highlights the importance of insurance brokers as the main channel for distributing insurance products, despite the digitalization of society. To maintain their leading role, brokers need to reorganize their activities and use high-tech solutions that add additional value to their services.

I consider the tasks set in the dissertation to be achieved and resolved. The results formulated and scientifically derived in the dissertation confirm the correct application of the methodology for analysis and research.

4. Contributions and Significance of the Research for Science and Practice

The dissertation contains scientific-applied and applied results that represent an original contribution to science and meet all the requirements of the Law on the Development of Academic Staff in the Republic of Bulgaria (ZRASRB) and the Regulations for the Application of ZRASRB. The materials and dissertation results presented fully comply with the specific requirements of the Regulations for the Admission and Training of Doctoral Students at the Higher School of Insurance and Finance.

The dissertation outlines the following scientific and applied contributions:

1. The importance of the topic related to the activities of insurance brokers, their contemporary functions, and the challenges they face is substantiated. A thorough theoretical review of the issue of trust in the relationships between the insurance broker and the user of insurance services has been conducted. A detailed critical analysis of the regulatory framework for the activities of insurance intermediaries in Bulgaria is performed, with specific amendments proposed.
2. A unique system for expert evaluation of trust in the insurance broker has been developed, utilizing quantitative criteria to obtain a qualitative assessment. This system allows for an impartial opinion on the broker's ability to attract and serve clients and to add value to the insurance products offered.
3. The expert evaluation system has been tested with real participants and indicators in the Bulgarian market. The reliability of the obtained data confirms the practical applicability of the system and its benefits for users of insurance services or insurance companies when choosing a reliable intermediary.
4. The concept of a "financial services shop" is introduced: A concept is proposed for establishing and operating an insurance broker as a "financial services shop," which would contribute to adding value to the insurance products selected by the client and would help brokers survive in the face of intense competition and high-tech challenges.

The evaluation of the established scientific contributions is positive. The main contribution of the dissertation is the expert evaluation system developed by the author for determining the trust rating of an insurance broker. This model, unique to insurance practice, offers an objective assessment of the broker's ability to attract and serve clients, as well as to create added value to the offered products. The model combines quantitative and qualitative criteria, similar to the methodologies used by credit rating agencies, and includes an analysis of financial and other parameters, as well as the quality of the services provided. The proposed system does not take into account personalized client preferences but rather serves as a tool for selecting a reliable intermediary based on general criteria. The rating determined by this system could be useful for insurance service users, companies entering new markets, or foreign insurance companies seeking strategic partners in the Bulgarian market.

In my opinion, contributions 2 and 3 are a whole with emphasized theoretical-applied aspects, similar to contribution 1, while contribution 4 has practical value, although it lacks sufficient evidence and is more of a direction for future research.

5. Evaluation of the Publications Related to the Dissertation

Three publications have been presented related to the dissertation, all of which are independent. The publications confirm the achievement of the required level of public dissemination.

6. Evaluation of the Fulfillment of the Minimum National Requirements

Based on the report of the candidate's fulfillment of the minimum national requirements for obtaining the educational and scientific degree "Doctor" in the professional field 3.8. Economics and a review of all the submitted documents, I believe that the minimum national requirements have been met.

7. Abstract

The 52-page abstract meets the requirements for a systematic presentation of the main achievements in the dissertation. It appropriately, though somewhat too detailed, presents all the key aspects of the dissertation.

8. Critical Remarks and Recommendations

The "trust rating" introduced in the dissertation is an innovative concept, which, in addition to its positive aspects, has some weaknesses that could limit its practical applicability and effectiveness. Among the more significant weaknesses are the following: Although the system strives to combine quantitative and qualitative assessments, the latter are often subjective and may be influenced by the personal perceptions of the evaluating experts. This could lead to inconsistencies in the evaluations and compromise the objectivity of the rating. The system is developed with the Bulgarian insurance market in

mind and may not be applicable in an international context. Differences in regulatory frameworks, market conditions, and customer expectations in different countries could reduce the effectiveness of the model when used by foreign companies or when Bulgarian brokers enter foreign markets. Additionally, the system includes a total of 38 criteria distributed across three modules with different weights. While such detail may be considered an advantage, it can also complicate the evaluation process and make it difficult for users to understand the final result.

Question to be addressed during the public defense: How does digitalization and the introduction of new technologies such as blockchain, artificial intelligence, and the Internet of Things affect traditional trust models in insurance brokers, and how can the proposed trust rating system be adapted or improved to reflect these technological changes and maintain its relevance in the future?

CONCLUSION

The dissertation contains scientific-applied and applied results that represent an original contribution to science and meet the requirements of the Law on the Development of Academic Staff in the Republic of Bulgaria (ZRASRB) and the Regulations for the Application of ZRASRB. The materials and dissertation results presented fully comply with the specific requirements of the Regulations for the Admission and Training of Doctoral Students at the Higher School of Insurance and Finance. The dissertation demonstrates that the candidate, Dilyana Metodieva Atanasova, possesses deep theoretical knowledge and professional skills, and shows the qualities and abilities necessary for conducting independent scientific research.

Based on the review of the dissertation, in accordance with Article 8(3) of the Law on the Development of Academic Staff in the Republic of Bulgaria, considering the strong knowledge of theory and practice in the field under investigation, as well as the original analytical results contained in the presented dissertation, I recommend that the scientific jury award the educational and scientific degree "Doctor" to PhD candidate Dilyana Metodieva Atanasova in the Field of Higher Education 3. Social, Economic, and Legal Sciences; Professional Field 3.8. Economics.

22.8.2024 г.
Svishtov

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/ Prof. Stoyan Prodanov, PhD/