

ВИСШЕ УЧИЛИЩЕ ПО ЗАСТРАХОВАНЕ И ФИНАНСИ - СОФИЯ



DOCTORAL DISSERTATION

AUTO - SUMMARY

ON THE SUBJECT

**INSURANCE AND THE INSURANCE MARKET IN
REPUBLIC OF NORTH MACEDONIA AND REPUBLIC OF BULGARIA**

**Doctoral student:
Goran Kiprijanovski, MSc**

**Mentor:
prof. Stanislav Dimitrov, PhD**

2024

CONTENT

I GENERAL CHARACTERISTICS OF THE DOCTORAL DISSERTATION		3
INTRODUCTION		3
METHODOLOGICAL APPROACH IN RESEARCH		4
1.	SOCIAL JUSTIFICATION FOR STUDYING THE SUBJECT	4
2.	SUBJECT OF RESEARCH	4
3.	RESEARCH OBJECTIVE	5
4.	HYPOTHESIS	5
5.	RESEARCH METHODS	6
6.	TIME FRAMEWORK OF THE RESEARCH	6
7.	INFORMATION BASE OF THE DOCTORAL DISSERTATION	7
8.	DEGREE OF DEVELOPMENT OF THE PROBLEM	7
II. SCOPE AND STRUCTURE OF THE DISSERTATION		8
III BRIEF JUSTIFICATION OF THE DOCTORAL DISSERTATION		8
PART ONE: PART ONE: BASICS OF INSURANCE		8
1.1.	CHARACTERISTICS OF THE INSURANCE	8
1.1.1.	THE TERM OF INSURANCE	8
1.1.2.	FUNCTIONS OF INSURANCE	9
1.1.2.1.	Function of protection and custody of the property	10
1.1.2.2.	Financial mobilization function	11
1.1.2.3.	Development function	12
1.1.2.4.	Social function	13
1.1.2.5.	Acumulative function	13
1.1.2.6.	Preventive function	14
1.1.2.7.	Savings fuction	14
1.1.2.8.	Services function	14
1.1.3.	RISK IN INSURANCE	15
1.1.3.1.	Defining risk in insurance	15
1.1.3.2.	Risk classification	16
1.1.3.3.	Methods for dealing with risk	17
1.1.3.4.	Risk management process	18
PART TWO: INSURANCE INSTITUTIONS AND INTERMEDIARIES		18
2.1.	GENERAL CHARACTERISTICS OF INSURANCE INSTITUTIONS AND INTERMEDIARIES	18
2.1.1.	INSURANCE COMPANES	20
2.1.2.	REPRESENTATIVES OF INSURANCE	20
2.1.3.	INSURANCE BROKERAGE COMPANIES	21
2.1.4.	INSURANCE AGENTS	21
2.1.5.	BANCOINSURANCE	22
2.1.6.	CHANGES IN INSURANCE COMPANIES ON BASE ON SCIANCE CHALENGES	22
2.2.	INSURANCE MARKET	23
2.2.1	MEANING OF THE INSURANCE MARKET	23
2.2.1.1.	Insurance entities	22
2.2.2.2.	Ownership structure of the insurance market	24
2.2.2.	SIZE AND MOVEMENT OF THE INSURANCE MARKET	25
2.2.3.	INSURANCE BROKERAGE AFFAIRS	25
2.2.4.	AFFAIRS OF REPRESENTATION IN INSURANCE	26
2.2.5.	THE FUTURE OF THE INSURANCE MARKET	26

PART THREE: THE INSURANCE MARKET IN THE REPUBLIC OF NORTH MACEDONIA AND REPUBLIC OF BULGARIA		27
3.1.	THE INSURANCE MARKET IN THE REPUBLIC OF NORTH MACEDONIA	27
3.1.1.	CHARACTERISTICS OF THE INSURANCE	27
3.1.2.	TYPES OF INSURANCE PRODUCTS	28
3.1.3.	METHODS OF SALE OF INSURANCE PRODUCTS	28
3.1.4.	TYPES OF INSURANCE COMPANIES	29
3.1.4.1.	Gross policy premium - GPP	29
3.1.4.2.	Structure of participation	30
3.1.4.3.	Contracts concluded	30
3.1.4.4.	Gross claims paid	30
3.1.4.5.	Asset structure	30
3.1.4.6.	Structure of sources of funds	31
3.2.	THE INSURANCE MARKET IN THE REPUBLIC OF BULGARIA	31
3.2.1.	CHARACTERISTICS OF THE INSURANCE	31
3.2.2.	TYPES OF INSURANCE PRODUCTS	32
3.2.3.	METHOD OF SALE OF INSURANCE PRODUCTS	32
3.2.4.	TYPES OF INSURANCE COMPANIES	33
3.2.4.1.	GROSS POLICY PREMIUM	35
3.2.4.2.	STRUCTURE OF PARTICIPATION	35
3.2.4.3.	CONTRACT CONCLUDED	36
3.2.4.4.	GROS CLAIMS PAID	36
3.2.4.5.	ASSET STRUCTURE	36
3.2.4.6.	STRUCTURE OD SOURCE OF FUNDS	37
CONCLUSION		38
THE SCIENTIFIC CONTRIBUTION OF THIS DISSERTATION REFERS		38
RESULT OF THE INSURANCE ANALYSIS		40
LIST OF PUBLICATIONS RELATED TO THE DISSERTATION		41
LIST OF SELECTED LITERATURE		43
DECLARATION OF ORIGINALITY AND TRUST		47

I GENERAL CHARACTERISTICS OF THE DOCTORAL DISSERTATION

INTRODUCTION

Insurance is an agreement represented by a policy, under which an individual or corporation receives financial protection or payment from an insurer in the event of a loss. The company pools clients' risks to make funds available to pay for the claims. People obtain insurance not only to reduce risks posed by unforeseen occurrences but also to assist with common expenses.

The insurance sector is made up of companies that offer risk management in the form of insurance contracts. The basic concept of insurance is that one party, the insurer, will guarantee payment for an uncertain future event. The other party, the insured or policyholder, pays a premium to the insurer in exchange for protection against a specified uncertain future occurrence. Insurance is a contract, represented by a policy, in which the policyholder receives financial protection or compensation against losses from an insurance company. The company pools customers' risks to make payments more affordable for policyholders. Insurance policies are used to protect against the risk of financial losses, both large and small, that may arise from damage to the insured or their property, or from liability for damage or injury caused to a third party.

The economic type is manifested through the goal that is achieved in insurance - these are the functions of insurance. The technical function - is reflected in how the functioning of insurance is arranged as a specific mechanism for risk equalization and the third emerging form - the legal one represents the arrangement of the very large number of legal relationships that necessarily arise in insurance through the pooling of funds for compensation of all insured persons harm will indeed befall them.

Insurance is an institution that compensates for damages incurred in society, in its economy or among people, under the influence of natural forces or accidents. It actually provides the economic protection of the insured (legal and natural persons) from the harmful actions and economic disorders that can occur when the insured event occurs, that is, when the risk is realized in all phases of social reproduction or in the everyday life of people.

People buy insurance to protect themselves against losses. The purpose of insurance is to transfer the risk that is in the environment from the individual to the insurer (insurance company) by concluding an insurance contract. The common characteristic of all risks is that they are future, uncertain and independent of our will.

Insurance market and also insurance companies play especially great role in economy. Insured people and insurance companies meet each other in the insurance market. The activities in insurance market which occur every day effect economic growth positively. Insurance activities also help increasing country GDP. On the other side, insurance increases employment in economy. Improve economic and financial stability also one of the main advantages of insurance. For these reasons we can say that, insurance is reliable system of the economy.

METHODOLOGICAL APPROACH TO RESEARCH

1. SOCIAL JUSTICE FOR STUDYING THE TOPIC

The world we live in is full of uncertainties and risks. Individuals, families, businesses, properties and assets are exposed to different types and levels of risks. These include risk of losses of life, health, assets, property, etc. While it is not always possible to prevent unwanted events from occurring, financial world has developed products that protect individuals and businesses against such losses by compensating them with financial resources. Insurance is a financial product that reduces or eliminates the cost of loss or effect of loss caused by different types of risks.

A part from protecting individuals and businesses from many kinds of potential risks, the insurance sector contributes significantly to the general economic growth of the nation by providing stability to the functioning of businesses and generating long-term financial resources for the industrial projects. Among other things, insurance sector also encourages the virtue of savings among individuals and generates employments for millions. Insurance as a sector is key to development of any economy.

Provides Safety and Security to Individuals and Businesses: Insurance provides financial support and reduces uncertainties that individuals and businesses face at every step of their lifecycles. It provides an ideal risk mitigation mechanism against events that can potentially cause financial distress to individuals and businesses.). In case of business insurance, financial compensation is provided against financial loss due to fire, theft, mishaps related to marine activities, other accidents etc.

Generates Long-term Financial Resources: The Insurance sector generates funds by way of premiums from millions of policyholders. Due to the long-term nature of these funds, these are invested in building long-term infrastructure assets (such as roads, ports, power plants, dams, etc.) that are significant to nation-building. Employment opportunities are increased by big investments leading to capital formation in the economy.

2. SUBJECT OF RESEARCH

The subject of this paper's research is to describe the characteristics of insurance providers, agents, brokers, as well as the insurance products they offer to potential buyers.

Also a subject of research in this doctoral dissertation is how insurance providers and brokers sell different types of insurance solutions to corporate as well as individual buyers.

As a special subject is the research of the role of insurance institutions and intermediaries in the performance of insurance.

The second special subject of labor research is the research of the insurance market, i.e. Its structure and size, primarily in the Republic of North Macedonia and the Republic of Bulgaria.

3. RESEARCH OBJECTIVE

The research objective of this paper is aimed at studying the insurance market and insurance activities aimed at sharing, or pooling the risk and minimizing losses resulting from future risks and uncertainties.

The main research objective of this dissertation is to study and present the insurance markets of the Northern Republic Macedonia and the Republic of Bulgaria, their similarities, differences and perspectives.

A special goal of this dissertation is to provide measures for the improvement and promotion of the functioning of these markets through the analysis of the movements in a certain period of time on the insurance markets of the Republic of North Macedonia and the Republic of Bulgaria.

As an additional objective of the research of the dissertation, it is to analyze two different insurance markets, one of which is located outside the EU, and the other is in the EU, as well as to determine the benefits and weaknesses of the application of the EU insurance regulation.

4. HYPOTHESIS

Basic (general) hypothesis:

The main research thesis of this paper is to prove that insurance is the most effective risk management tool that can protect individuals and businesses from financial risks arising from various contingencies and that insurance with insurance is risk pooling and risk transfer.

The basic thesis of the research of this paper starts from the fact that insurance is a risk transfer mechanism, the risk of the insurer is transferred to the insurance company and for this, coverage is obtained for financial loss that the insurer may face due to unforeseen events. With this hypothesis, wants to prove that insurance is an effective means of protection against risks of damage to property or to the health and life of people and society as a whole.

With this hypothesis, we want to confirm that insurance as a special activity enables the smooth running of economic activity in any country and contributes to the stabilization of the insurance market and the economy of the countries.

The first special hypothesis:

To determine what are the basic issues related to insurance and the insurance market in the Republic of North Macedonia and in the Republic of Bulgaria and to understand whether the insurance industry in these countries represents the bearer of financial stability and protection of businesses from unforeseen risks.

A second special hypothesis:

The second special hypothesis is to explain how insurance activities are planned and directed in the Republic of North Macedonia and the Republic of Bulgaria, what are the advantages and similarities in insurance in these two countries.

Auxiliary hypothesis:

Discovering new strategies for using insurance as a means to eliminate the risks of damage to property and health of people and companies.

5. RESEARCH METHODS

For the sake of successful processing and elaboration of the topic of the doctoral dissertation, which requires a multidimensional approach, a greater number of research methods are used, namely:

Historical - by applying this method, the emergence and development of insurance as a form of protection and preservation of property is determined historically.

Content analysis - by applying this method, the results of the implementation of the insurance in the republic of north macedonia and the republic of bulgaria are analyzed.

Comparative method - with the application of this, a comparative assessment of the experiences in discovering the functioning of the insurance in the Republic of North Macedonia and the Republic of Bulgaria is carried out.

Statistical method - by applying this method, it is processed what the results are in the implementation of insurance in the Republic of North Macedonia and the Republic of Bulgaria.

Synthesis - with the help of this method, the data obtained with the help of the previous methods is combined.

The creation of the doctoral dissertation is based on data provided by international literature that allows one to perceive the theoretical foundations of insurance.

The part of the study uses data available on the Internet and with research conducted by competent authorities as well as the author's own observations.

6. TIME FRAMEWORK OF THE RESEARCH

Due to the nature of the matter that is dealt with in the doctoral dissertation, the time matter is investigated in the period from 2015 to 2022 to determine the implementation of insurance in the Republic of North Macedonia and the Republic of Bulgaria.

7. INFORMATION BASE OF THE DOCTORAL DISSERTATION

The information base during the preparation of the dissertation was based on materials from statistical publications, statistical bulletins, materials from the internet, materials from insurance supervision agencies.

8. DEGREE OF PROBLEM DEVELOPMENT

There are numerous studies in the literature devoted to insurance as a form of protection and custody of property. In recent years, a large number of theoretical and practical aspects of the characteristics of insurance and its impact on the custody of property and a driver of the operations of insurance entities have been considered to encourage the economic development of societies.

II. SCOPE AND STRUCTURE OF THE DISSERTATION

The dissertation has been developed in the volume of 161 pages, and the content is structured according to the set goal of the research and specific tasks and is in accordance with the subject of the research.

Structurally, the work consists of an introduction, main text in three chapters; conclusion; used literature 99 sources in total, of which 4 in Macedonian, 8 in Bulgarian and 87 in English language,

- ✓ reference to major contributions;
- ✓ statement of authenticity and originality.

III BRIEF JUSTIFICATION OF THE DOCTORAL DISSERTATION

PART ONE: BASICS OF INSURANCE

1.1. CHARACTERISTICS OF THE INSURANCE

1.1.1. The term of insurance

An insurance is a legal agreement between an insurer (insurance company) and an insured (individual), in which an insured receives financial protection from an insurer for the losses he may suffer under specific circumstances:¹

- Under an insurance policy, the insured needs to pay regular amount of premiums to the insurer. The insurer pays a predetermined sum assured to the insured if an unfortunate event occurs, such as death of the life insured, or damage to the insured or his property.
- Legally insurance has been defined as a contract where the insurer agrees to compensate the insured against the losses incurred due to any unforeseen contingency. The contract also involves a consideration which is called a premium. The maximum available benefit amount is called sum assured or sum insured.

Insurance is the most effective risk management tool which can protect individuals and businesses from financial risks arising out of various contingencies. The emotional and psychological loss can never be compensated, but at least the financial loss can be compensated with insurance. Though there are uncertainties in life which people cannot mitigate, insurance can surely help transfer the financial risk associated with the same:²

- Insurance is a legal contract between two parties- the insurance company (insurer) and the individual (insured), wherein the insurance company promises to compensate for financial losses due to insured contingencies in return for the premiums paid by

¹ Knowledge Centre Team, What is Insurance: Meaning, Types and Benefits, (2022), <https://www.canarahsbelife.com> ›

² Insurance Meaning – Types, Benefits & How It Works - Turtlemin, (2022), <https://www.turtlemint.com> ›

the insured individual. In simple words, insurance is a risk transfer mechanism, where transfer risk to the insurance company and get the cover for financial loss that people may face due to unforeseen events. And the amount that which is pay for this arrangement is called premium.

- The concept of insurance works on the basis of ‘risk pooling’. When is bought any type of insurance policy from the insurance company for a specified period with specific cover, it is maked regular payments (referred to as premiums) towards the policy. Similarly, Insurance Company collects premium from all of its clients (referred to as insured) and pools the money collected to pay for losses arising out of an insured event. In case the insured event takes place, losses will be compensated by the insurance company from the pool of policyholder’s premiums. However, there are various types of products offered by insurance companies today which also involve savings element attached to it.

1.1.2. FUNCTIONS OF INSURANCE

There are some insurance features that are applicable to every type of insurance policy including general insurance as well as life insurance which covers every type of insurance policy such as property insurance, home insurance, auto insurance, insurance of jewelry etc. The basic functions of insurance are divided into 3 categories. These categories are as follows:³

- Primary functions of insurance.
- Secondary functions of insurance.
- Other functions of insurance.
- ❖ Primary functions of insurance include:

Providing Protections: The Primary functions of Insurance are just as we consider any other insurance policy. Primary function of Insurance company to give security against future dangers, mishaps, and vulnerability. No insurance can capture the hazard from occurring, no insurance can avert future happenings, however, can surely give some coverage to the misfortunes of hazard. In genuine terms Insurance is a defensive coverage against financial misfortune by offering the hazard to other people, (the pooling individuals).

Collective Risks: Insurance is a strategy by methods for which countless individuals share a couple of misfortunes. Every one of the general population who get protection contributes by paying a yearly premium towards a reserve. Out of which the people who are prone to dangers get the payment according to the terms and states of the insurance approach.

Assessment of Risks: Insurance organizations dictate what is the volume of hazard by surveying different components that offer ascent to chance. The settlement process of the rate of premium is additionally based on hazard include in the policy.

Certainty: As people get coverage from the insurance company, thay stay secure about ability to meet future dangers with great coverage. In any case, when thay get protection, it changes over vulnerability into an assurance of bearing future dangers.

³ What Are The Basic Functions Of Insurance? (2022), <https://healthnewsreporting.com> ›

Insurance is a legal contract (insurance policy) made between two parties, i.e. the insurance company (known as insurer) and the individual or group (known as insured). Both these parties enter into a contract under which the insured pays a predetermined sum of money to the insurer (known as a premium) with the promise that the company will compensate the insured in the event of a financial loss (risk) due to the causes that the insurer has agreed to provide a cover:⁴

- The basic principle behind any insurance contract is that the insured would prefer to spend small amounts of money on a periodic basis against the possibility of incurring a huge unexpected loss. This concept works because all the policyholders pool in their risks together, and in case there are any losses arising due to the occurrence of the insured event, the person suffering the loss will be compensated up to the extent agreed in the contract.
- Basic Functions of Insurance - It is important to understand that an insurance policy has both a financial and an emotional aspect for the policyholder. There are certain functions that an insurance company must promise to take care of while they are finalising the contract with the insured party.

1.1.2.1. Function of protection and custody of the property

Property insurance is a broad term for a series of policies that provide either property protection coverage or liability coverage for property owners. Property insurance provides financial reimbursement to the owner or renter of a structure and its contents in case there is damage or theft - and to a person other than the owner or renter if that person is injured on the property:⁵

- Property insurance can include a number of policies, such as homeowners insurance, renters insurance, flood insurance, and earthquake insurance. Personal property is usually covered by a homeowners or renters policy. The exception is personal property that is very high value and expensive—this is usually covered by purchasing an addition to the policy called a "rider." If there's a claim, the property insurance policy will either reimburse the policyholder for the actual value of the damage or the replacement cost to fix the problem.
- Perils covered by property insurance typically include select weather-related afflictions, including damage caused by fire, smoke, wind, hail, the impact of snow and ice, lightning, and more. Property insurance also protects against vandalism and theft, covering the structure and its contents. Property insurance also provides liability coverage in case someone other than the property owner or renter is injured while on the property and decides to sue.
- There are three types of property insurance coverage: replacement cost, actual cash value, and extended replacement costs:

⁴ Functions of Insurance - Byju's, byjus.com, (2022), <https://byjus.com/commerce>.

⁵ Twin, A., (2021), Property Insurance: Definition and How Coverage Works, investopedia.com, <https://www.investopedia.co>.

Property insurance is a form of insurance that protects property such as buildings, equipment, shop equipment and more. Property insurance is the insurance of the things owned by the business:⁶

- ❖ Typically, property insurance covers damage resulting from:
 - Fire,
 - Theft,
 - Wind related events,
 - Acts of vandalism.

❖ Property insurance is often combined with general liability insurance and sold in a package called a business owner's policy. Like general liability insurance, property insurance is one of the most important forms of insurance protection.

Property insurance protects home and business owners from losses arising from damage to the property's physical space and the assets or contents within it. For businesses, items owned or leased may also be considered property:⁷

- Property insurance offers different forms of protection against loss or damage. First, it protects houses and any structures attached from covered perils. It also may cover other structures on your premises but not attached to your house. The contents withinhouse and other personal belongings of people live with are also covered.
- Property insurance covers losses or damage caused by perils like fire, smoke, hail, wind, lightning, snow, and other weather-related afflictions. Coverage also extends to riots or civil unrest, acts of theft, and vandalism on the structure and the contents within for business property. Insurers may also provide liability coverage to protect third parties injured while on the property.

1.1.2.2. Financial mobilization function

An important function of financial intermediaries such as insurance companies in an economy is the mobilization of funds across all income levels and geographical areas, adequately, timely and at the minimal cost. That is, to mobilize savings from savings-surplus economic units and channel same to savings-deficit economic units like the business sector. Thus, insurance companies sell their liabilities to raise funds that are used to purchase liabilities of other companies. Insurance companies raise funds by selling policies and taking in savings deposits and adequately investing these deposits in various forms of insurance investment. The convenience, risk reduction, transfer and indemnity the insurance companies offer their customers/policy holders allow insurance companies to profit from the difference or spread between the aggregate of the mobilized premium/savings and the return on the various investments on one side, and the cost of indemnity on the other side:⁸

- Insurance companies are distinguished from other businesses in that both their assets and their liabilities are overwhelmingly financial in nature but the investments can

⁶ Property Insurance Definition | Insureon, (2022), <https://www.insureon.com> › p.

⁷ Munyi, C., (2022), What Is Property Insurance? - The Balance, <https://www.thebalance.com> ›

⁸ Torbira, L. Lezaasi., (2014), Fund Mobilization by Insurance Companies and Fixed Capital Formation, International Journal of Financial Research, Vol. 5, No. 2; 2014, <https://www.sciedu.ca> › view.

specifically and collectively translate into growth in capital formation in the economy. Given that the extent of insurance investment seem to be a function of the quantum of fund mobilized, it logically follows that, fund mobilization by insurance companies may influence capital formation in the economy.

- Theoretically speaking, fund mobilization activities of insurance companies is expected to impact positively on the economy if the various forms of insurance policies accumulate savings and premium to form a large pool of investible funds that will boost capital formation and stimulate economic growth. The economy will feel the effect of the fund mobilization more positively when the rate of change in the premium mobilized from the various insurances are on the increase. This will be an indicator of growth in insurance penetration in the economy. For the economy to grow optimally, capital formation must respond appropriately to innovations in fund mobilization activities by insurance companies.

1. 1.2.3. Development function

Insurance is a big deal not just in the world of business but also contributes to the economy as a whole. It has a huge impact on how businesses evolve, how people think about economics and how the world moves forward. Insurance is the bedrock of the economy, and while it may not be something you love, it is something you need to support your business. The insurance industry is one of the major players in the economy and contributes to the world's economy. This is because they help in the smooth running of the world's economy through the payment of insurance claims and are considered one of the safest investments for people to have. In a variety of ways, insurance companies contribute to the strength and vitality of economy:⁹

- As with consumers, assisting businesses in reducing risk can have a long-term positive impact on the economy. Insurance is like the backbone of the economy. Businesses, like consumers, can endure financial hardship as a result of unforeseen obstacles.
- When an unfortunate event strikes, insurance is one of the strongest financial tools businesses have at their disposal to help them deal with the situation. Furthermore, when an employee is hurt on the job, company insurance helps to cover the costs of the person's care as well as any potential salary loss.
- Business insurance also aids in the expansion of a company. At its most basic level, insurance provides a protective safety net that allows organisations to engage in higher-risk, higher-return activities than they would otherwise. These acts assist firms in operating successfully, resulting in more jobs and increased overall economic activity.

⁹ Generali, F., (2022), How Does Insurance Help in Economic Development? <https://life.futuregenerali.in> ›

1.1.2.4. Social function

Insurance has a major influence on socio-economic life, both those who are directly involved in insurance activities and those who are involved in it. The impact of this insurance is:¹⁰

- ✓ Providing protection against possible losses in the future.
- ✓ Investing part of the funds collected from policyholders (in the form of insurance premiums) into various sectors of the economy.
- **The uncertainty associated with the provision of funds to overcome losses** can be easily overcome through an insurance program. Because by buying an insurance policy, whenever and whatever the loss occurs, it will be covered with compensation from the insurance company.
- The advantages of insurance which is accompanied by a savings element with ordinary **savings** are: because the insurance premium (including the savings element) has a regular (certain) maturity and has been systematic, whereby the policyholder must save / pay premiums regularly, so that the obligation to save can be seen as debt.
- **Providing Funds Needed for Investment.** Actually it is not the main function of insurance, but the activities carried out by the insurance company have developed in such a way that it plays an important role in providing the funds needed in various kinds of activities and economic development.
- Insurance has several roles in **socio-economic activities** such as completing credit requirements, accelerating the rate of economic growth, reducing the cost of capital, ensuring stability of the organization / company, considering the cost of incidents in a more certain way, encouraging prevention efforts, and helping efforts to increase health conservation.

1.1.2.5. Accumulative function

The accumulative function of insurance is a financial tool used in insurance to help policyholders realize savings over time. The accumulative function of insurance works as a reserve fund, allowing individuals to accumulate funds that can be used for future expenses or emergencies:¹¹

- One of the main advantages of the accumulative function of insurance is its flexibility. Policyholders have the freedom to access funds whenever they need them, without any restrictions or penalties.
- The accumulative feature in insurance offers individuals a convenient way to save money and prepare for future financial needs.
- The accrual feature in insurance works by allowing individuals or businesses to regularly deposit a certain amount of money into an account, similar to a savings

¹⁰ Insurance for Socio-Economic Life, (2021), <https://manajemen.uma.ac.id> ›

¹¹ Phh-admin, (2024), What is an Accumulator in Insurance and How Does It Work?, pluginhighway.ca/blog/understanding-the-importance-of-accumulator-in-insurance-

account. These contributions can be made on a weekly, monthly or annual basis, depending on the terms of the insurance policy.

1.1.2.6. Preventive function

Insurance risk prevention can be achieved through the following methods:¹²

- Insurance Loss Control: A form of risk management that reduces the potential for losses in an insurance policy.
- Loss Prevention Program: Includes guard patrols, video cameras, and secured storage facilities.
- Avoidance of potentially harmful activities and/or conditions.
- Transferring risk to another party, as in taking out an insurance policy with a company willing to share the risk it faces.

1.1.2.7. Savings function

Insurance serves as a tool for savings and investment, insurance is a compulsory way of savings and it restricts the unnecessary expenses by the insured. For the purpose of availing income-tax exemptions, people invest in insurance also. Insurance is crucial for economic development, offering financial stability, promoting investment, and enhancing risk management. It encourages business activity by moderating financial losses, saving for productive investments, and supporting long-term growth. By addressing demographic challenges and evolving global risks, insurance underpins sustainable economic stability and growth.¹³

1.1.2.8. Services function

Insurance service consists of using cutting-edge technology platforms for better service regardless of the channel, digital platform, device or stage of the customer journey. These platforms are often built from the ground up to optimize access from every angle – to be flexible, configurable and easy to integrate, use and consume.¹⁴

1.1.3. RISK IN INSURANCE

In insurance terms, risk is the chance something harmful or unexpected could happen. This might involve the loss, theft, or damage of valuable property and belongings, or it may involve someone being injured.¹⁵

¹² Kagan, J., (2021), Insurance Loss Control: Concepts and Examples, www.investopedia.com/terms/i/insurance-loss-cont.

¹³ Joshi, I., (2024), Role of Insurance in Economic Development, <https://www.yourarticlelibrary.com/insurance/the>.

¹⁴ Boost, (2022), What is Insurance as a Service? <https://boostinsurance.com/blog/what-is-insurance-as-a-service>.

¹⁵ Understanding risk - Understand Insurance, (2022), <https://understandinsurance.com.au> > understanding-risk.

- Risk in the insurance-legal sense means the possibility of a certain event occurring that can cause damage to property or injure a person's bodily integrity, that is, cause death. The possibility of the occurrence of the risk expresses its uncertainty, which is necessary for a risk to be insured. This means that there should be a possibility of fire, flood, explosion, theft, etc. in order to be able to take out insurance against these risks.
- Insurers assess and price various risks to work out how much they would need to pay out if a policyholder suffered a loss for something covered by the policy. This helps the insurer determine the amount (premium) to charge for insurance.
- To be able to put a financial value on a risk, insurers calculate the probability that the insured item or property might be accidentally lost, stolen, damaged or destroyed, how often this might occur and how much it would cost to repair or replace.

1.1.3.1. Defining risk in insurance

Risk in insurance is danger, peril, hazard, chance of loss, amount covered by insurance, person or object insured. The risk is an event or happening which is not planned but eventually happens with financial consequences resulting in loss. Put simply, insurance risks are risks or perils that the insurance company has agreed to provide indemnity for.¹⁶

Risk in insurance refers to the risk or chance of occurrence of something harmful or unexpected that might include loss or damage of the valuable assets. Risk in Insurance shall involve assessing the price to be paid to Insurance policyholders who have suffered from the loss that occurred to them, which is covered by the policy. It involves various types of risks such as theft, loss, or damage of property or also may involve someone being injured; there is a chance that something unexpected or harmful may happen at any point in time.¹⁷

Risk has been defined as the possibility of occurrence of an unfavourable deviation from the expected i.e. what people want to happen does not happen or vice versa what they do not want to happen, happens. When such unexpected events occur there is invariably a sense of loss, which may or may not be measurable in terms of money. Since an unfavourable deviation from the expected always results in loss, risk can be, also define as the possibility of occurrence of loss.¹⁸

Risk in insurance can be referred to as the possibility or chance that any unexpected event or events will occur leading to the loss of life or loss or damage to any property of the person or company who takes insurance by paying the insurance premium calculated by the insurers based on the probability of an event and its impact. The risk is any event or happening that no one plans, but if it happens, it eventually causes life or financial loss to any person or company. The risk is neither inevitable nor predictable. In the case of risk insurance or risk in insurance, insurers assess the policy taken by the policyholder and pay the sum of money (financial value of damages caused) based on terms and conditions covered in the approach to compensate for the loss suffered by the policyholder.¹⁹

¹⁶ What is an Insurance Risk? - Definition from Insuranceopedia, (2020), <https://www.insuranceopedia.com> ›

¹⁷ Thakur, M., Vaidya, D.,(2022), Risk Insurance Definition - WallStreetMojo, <https://www.wallstreetmojo.com> ›

¹⁸ Risk & Insurance - NIOS, (2022), <https://nios.ac.in> › documents › VocInsServices.

¹⁹ Different Types and Transfer of Risk in Insurance – eduCBA, [educba.com](https://www.educba.com), (2022), <https://www.educba.com> › ri.

1.1.3.2. Risk classification

Risks can be classified in a number of ways, but there are certain distinctions that are of particular importance for our purposes. In insurance, three types of risks are highlighted, namely:²⁰

- Financial and non-financial risks,
- Dynamic and static,
- Pure and speculative risks,
- Fundamental and special risks.

Financial risks are risks where the outcome of an event can be measured in monetary terms. Losses can be assessed and an appropriate monetary value given to those losses. Losses can be replaced, restored or repaired or even given appropriate reasonable financial support.

Dynamic risks are those that result from changes in the economy. Changes in prices, consumer tastes, income, production and technology can cause financial damage to economic entities. These dynamic risks are usually beneficial to society in the long run because they result from adjustments to the misallocation of resources. **Static risks** include those damages that would occur even if there were no changes in the economy. Static risks include either destruction of assets or change of ownership as a result of dishonesty or human weakness. Static risks occur with some degree of regularity over time and as a result are usually predictable.

Fundamental risks include damages of non-personal origin and consequences. They are group risks, which usually arise from economic, social and political phenomena, although they can also be the result of physical events. They have an impact on huge segments or even the entire population. **Particular risks** include damages that originate from individual events and are felt more by individuals than by a whole group. They can be static and dynamic. Unemployment, war, inflation, earthquakes and floods are fundamental risks. A house fire or a bank robbery are special risks.

Speculative risk refers to a situation where there is a possibility of loss, but also of profit. Gambling is a good example of speculative risk. In gambling, risk is deliberately created in the hope of profit. The term **pure risk**, on the other hand, is used to describe those situations where there is only a chance that harm may or may not occur. One of the best examples of pure risk is the possibility of damage associated with the ownership of an asset. A person buying a vehicle, for example, immediately faces the possibility that something could happen and damage or destroy the vehicle.

1.1.3.3. Methods for dealing with risk

The existence of risk is a source of uneasiness for many people, and the uncertainty that accompanies it causes anxiety and worry. Because risk is unpleasant, human rational nature leads man to try to do something. People typically deal with risk in five ways:²¹

²⁰ Three Types of Risk in Insurance - iEduNote, (2022), <https://www.iedunote.com> ›

²¹ What are the Essential Techniques of Risk Management, (2022), <https://hr.fullerton.edu/information-management/essen>.

- Avoiding,
- Retention,
- Transmission,
- Sharing,
- Reduction.

Risk is avoided when the individual refuses to accept risk even for a moment. This is achieved by not engaging in an action where there is an occurrence of risk. Risk avoidance is one method of dealing with risk, but it is considered more of a negative than a positive technique. The personal progress of the individual and progress in the economy require taking risks. If risk avoidance is used extensively, both the individual and society will suffer. For this reason avoidance is an unsatisfactory approach in dealing with many risks.

Risk retention is perhaps the most common way of dealing with risk. Risk retention can be conscious or unconscious. Conscious risk retention occurs when a risk is recognized and not transferred or mitigated. When there is no perception of the risk, then the risk is unconsciously retained. In these cases, the exposed person retains the financial consequences without realizing that they are doing so. Risk retention can be voluntary or involuntary. Voluntary retention of risk is characterized by an understanding that the risk exists and by tacit agreement damages are assumed to be involved.

Risk can be transferred from one person to another who can bear the risk more. An example of this is the process of protection (hedging), where the individual protects himself from the risk of price changes in one asset by buying or selling another whose price changes in an equalizing direction. In addition, risk can be transferred or shifted by means of contracts. A holdharmless contract, in which one person assumes the possibility of harm, is an example of such a transfer.

Risk is shared when there is an agreement to share damages. Risks are shared in many ways in society. One prominent example of an instrument where there is risk sharing is the corporation, that is, the joint stock company. With this form of business, the investments of a large number of people are pooled. A number of investors can pool their capital, each bearing only a portion of the risk if the enterprise fails.

The risk can be reduced in two ways. The first is with damage prevention and control. There is almost no source of harm where efforts cannot be made to prevent the harm. Some techniques are designed to prevent damage from occurring while others are designed to control the severity of damage if it does occur. In one respect, preventing damage is the preferred method of dealing with risk. If the possibility of harm is completely eliminated, then the risk would also be eliminated. On the other hand, damage prevention is considered an inadequate approach to risk management.

1.1.3.4. Risk management process

Risk management involves taking steps to minimize the likelihood of things going wrong, a concept known as loss control. It also involves the purchasing of insurance to reduce

the financial impact of adverse events on a company. Risk management in the insurance involves:²²

- Identifying risk,
- Assessing risk,
- Mitigating risk.

Insurance companies are facing a fundamental shift in the external environment and must adapt accordingly. They have to reckon with an expanding array of risks, technologies and data sources, new regulatory expectations, and changing customer demands for how they set up and position their risk management functions. **Risk Identification** is the key to the process of insurance. The insurance organization begins by identifying all of the resources required to meet the goals and objectives by department and by function or service. These resources include the organization's property, liability, personnel and net income.

An **insurance risk assessment** is the process by which an insurance company determines premium amount by determining the likelihood that people will file a claim against insurance. The goal is to strike a balance between an insurer's profitability and potential claims by policyholders. Risk assessment is the methodology used by insurers for evaluating and assessing the risks associated with an insurance policy. The same helps in calculation of the correct premium for an insured.

Risk mitigation in insurance means reducing risk of loss from the occurrence of any undesirable event. This is an important element for any insurance business so as to avoid unnecessary losses. In insurance contracts, various clauses and conditions are specified so as to ensure minimum losses to the insurer.

PART TWO: INSURANCE INSTITUTIONS AND INTERMEDIARIES

2.1. GENERAL CHARACTERISTICS OF INSURANCE INSTITUTIONS AND INTERMEDIARIES

Insurance activities are performed by insurance institutions and insurance intermediaries. Insurance institution means any corporation, association, partnership, reciprocal exchange, interinsurer, fraternal benefit society or other person engaged in the business of insurance. Insurance corporations are financial intermediaries that offer direct insurance or reinsurance services, providing financial protection against possible dangers in the future. Insurance institutions perform activities related to:²³

- Conclusion and execution of insurance contracts for those classes of insurance for which they are registered.
- Carrying out only life insurance or are registered for carrying out non-life insurance.
- Conclusion of contracts for co-insurance and reinsurance as well as works related to the recording of risks that threaten people's life and property.

²² What is Risk Management in the Insurance Sector? (2018), <https://www.logicmanager.com> ›

²³ Insurance corporations - European Central Bank, (2022), <https://www.ecb.europa.eu> › i.

- Undertaking activities for recording, assessment and payment of damages, mediate in the sale and sale of the remains of insured damaged items.
- Introducing measures to prevent, reduce and remove damages and risks that represent a danger in non-life insurance.
- Indication of other intellectual and technical services related to insurance and reinsurance matters.

Insurance companies are organizations that provide financial protection against potential losses, such as accidents, illnesses, or property damage. They do this by selling insurance policies to individuals and businesses, which provide a specified amount of coverage in the event of a loss. Insurance companies make money by collecting premiums from policyholders, and by investing those premiums in various financial instruments.²⁴

- Insurance companies activity is focused on an operation to accumulate wealth through the insured's contribution and thus guarantee financial support in an adverse economic event.
- The principle of solidarity in insurance refers to the idea that the insurance risks of a group of individuals or entities are shared among all group members, regardless of their individual risk profile. The principle of solidarity is an important aspect of insurance systems as it ensures that all members of the group have access to protection, regardless of their individual circumstances, and it also helps to spread the risk across the group, which can make insurance more affordable for everyone
- Insurance companies can be of different types depending on their legal constitution: mutual companies, corporations, cooperatives, and social security mutuals.
- Insurance companies can operate in one or multiple branches as long as they comply with the necessary authorization from the regulatory authority. Some of them are:
 - ✓ Life insurance: provides financial protection for the policyholder's beneficiaries in the event of the policyholder's death.
 - ✓ Health insurance: provides financial protection for medical expenses, including doctor visits, hospital stays, and prescription drugs.
 - ✓ Property and casualty insurance: provides financial protection for damage or loss of property, such as homes, cars, and businesses. This includes liability insurance, which covers third-party claims for damages.
 - ✓ Auto insurance: provides financial protection for damage to or loss of vehicles, as well as liability coverage for injuries or damage that the policyholder may cause to other people or their property while operating a vehicle.
- Insurance companies must have sufficient financial resources and solvency, so the legislation imposes many restrictions on them.
- Natural persons cannot carry out the activity since legal regulations seek permanence and stability in this sector.

²⁴ Esteva, D., (2023), 7 characteristics of insurance companies - LISA Insurtech, lisainsurtech.com, <https://lisainsurtech.com> > 7.

- Insurance companies are constantly regulated to allow the highest level of trust to be reflected between the insured and investors.

2.1.1. INSURANCE COMPANES

An insurance company may be defined as a financial institution involved in the protection of persons and objects against risks. These companies as financial institutions collect large sums of money called premium from individuals and organisations in order to insure lives and properties. Functions or Roles of Insurance Companies: ²⁵

- **Pooling of risks:** The insured pay premiums which are pooled into a fund. Compensation is paid to those who suffer losses from the fund.
- **Boosting expansion of commercial and industrial banks:** Entrepreneurs are encouraged to expand their businesses being fully aware that they will receive compensation if they incur certain losses.
- **Direct investment:** They sometimes invest in the productive sectors-industry, agriculture, commerce etc, with their large reserves of premiums.
- **Provision of capital to investors:** They make long-term loans to entrepreneurs for investment in productive sectors.
- **Provision of investment advice:** They provide financial amount for investors.

2.1.2. REPRESENTATIVES OF INSURANCE

Insurance sales representatives sells insurance policies. They call and meet with current and potential clients to grow their customer base. Usually, their main goal is to obtain information about clients' needs and match them with the insurance policies they offer.²⁶

- An insurance representative serves as a client's point of contact in insurance companies. Their responsibilities include researching client opportunities, reaching out to potential clients to offer products and services, discussing terms and policies, providing detailed advice, and assisting in every procedure, ensuring convenience and client satisfaction.
- Aside from securing sales, an insurance representative may also process applications and claims while adhering to the company's policies and regulations.
- Furthermore, they may also perform clerical tasks such as handling calls and correspondence, arranging appointments, and maintaining records of all transactions.

²⁵ Insurance Company: Definition, Roles & Functions - StudyHQ, (2022), <https://studyhq.net> › Economics.

²⁶ What Is An Insurance Representative – Zippia, [zippia.com](https://www.zippia.com), <https://www.zippia.com> › Zippia Careers › Sales Industr.

2.1.3. INSURANCE BROKERAGE COMPANIES

Insurance brokers serve as intermediaries between consumers and insurance companies. They represent their clients, not insurers, but earn commissions from carriers. Brokers handle all types of insurance lines for individuals and businesses. A broker is an intermediary between an insurance buyer and an insurance company. A broker works on commission and can be an individual working independently, or a brokerage firm that employs numerous brokers. An insurance broker may work with just one type of insurance product or many.

- Insurance brokers represent policyholder or insurance shopper, not insurance companies. While they can present insurance policies for an insurer, they don't have the legal right to act on the company's behalf. For example, a broker would not have the authority to issue a policy or determine a policy's premiums.
- Insurance brokers and agents must obtain a state license and comply with insurance regulations. To qualify for a license, a broker must meet rigorous qualifications.

An insurance broker is a professional who acts as an intermediary between a consumer and an insurance company, helping the former find a policy that best suits their needs. Insurance brokers represent consumers, not insurance companies; therefore, they can't bind coverage on behalf of the insurer. An insurance broker makes money off commissions from selling insurance to individuals or businesses. Most commissions are 2% to 8% of premiums, depending on state regulations. Brokers sell all insurance types, including health insurance, homeowners insurance, accident insurance, life insurance.²⁷

2.1.4. INSURANCE AGENTS

An insurance agent is a representative who sells the policy on behalf of an insurance company. The agent helps consumers select the right insurance based on their needs, but represents an insurance company. Insurance agents will sell and negotiate different insurance policies. In common, there are two types of agents, one is an independent agent and the second is an exclusive agent:²⁸

- Independent agents represent many insurance companies and receive commission for their service.
- The exclusive agents are one who are exclusively deployed for the sales of insurance policies of one company. Their commission can be in the form of salary.

Insurance agent means a sales and/or service representative of an insurance company. The term insurance agent encompasses any person that sells, markets, distributes, or services an insurance company's covered products, including, but not limited to, a person who represents only one insurance company, a person who represents more than one insurance

²⁷ Anderson, S., (2021), How Does an Insurance Broker Make Money? – Investopedia, investopedia.com, <https://www.investopedia.com> ›

²⁸ Insurance Agent - Birla Sun Life, adityabirlacapital.com, <https://lifeinsurance.adityabirlacapital.com> › insurance-ag.

company, and a bank or broker-dealer in securities that sells any covered product of an insurance company.²⁹

2.1.5. BANCOINSURANCE

Bancassurance refers to the insurance product sold by the banks. Bancassurance is a compound word of French, Banque (bank) and Assurance (insurance). In a narrow sense, Bancassurance means the insurance product sold by the banks and in a broad sense, Bancassurance means business alliance between banks and insurance companies. Bancassurance = A compound word of Banque (bank) + Assurance (insurance):³⁰

- If someone insured at the bank, the insurance premium will go down. The insurance premium is composed of a net premium, which becomes the financial resource to pay for the customer, and the operating cost of the insurance company to sell and maintain an insurance policy. As the bank sells insurance products using the existing well-established branch network and sales organization, the insurance premium is usually lower than the insurance company.
- Client can find a compound product that mixes the benefits of bank products and insurance products, and receive a “one-stop-service” that manages his assets at a single point (comprehensive financial portal). In addition, the insurance company can establish a new sales network, using the stable branch network of the bank, whereas the bank can secure a new revenue source.

2.1.6. CHANGES IN INSURANCE COMPANIES ON BASE ON SCIENCE CHALLENGES

Changes in climate, technology, workforce and customer/societal expectations combined with macroeconomic and geopolitical instability are forcing enterprises worldwide to transform their technology infrastructure, products and services, business models and organizational culture.

1. The insurance industry has the potential to achieve even greater social good largely because they already act as society's "financial safety net", providing support against financial loss for countless risks around the world. Insurance companies are realizing that they have a greater role to play in helping to prevent risk, mitigate loss severity and close gaps in life and non-life protection in global markets, especially in the face of a growing number of what appear to be financially unsustainable.

2. Catastrophic climate change, the explosion of cybercrime, and concerns about the vast uninsured and underinsured population are prompting many insurers to reimagine how to counter the disruptions caused by a changing environment and help consumers across all segments prevent or mitigate them. risks before they happen, rather than just paying for rebuilding and recovery after the fact. Even while the most extreme events may seem

²⁹ Definition: Insurance agent from 31 CFR § 1025.100, (2022), https://www.law.cornell.edu/definitions/def_id=3f270.

³⁰ What is Bancassurance? – Login, [wooribank.com](https://spib.wooribank.com/pib), (2023), <https://spib.wooribank.com/pib> › Dream.

inevitable, insurance combined with proactive risk management can still help minimize the extent of their impact on affected individuals and communities.

2.2. THE INSURANCE MARKET

2.2.1. MEANING OF THE INSURANCE MARKET

The insurance market is simply the "buying and selling of insurance." Consumers or groups buy insurance for risk management from insurers offering coverage for specific risks.³¹

- The insurance market operates in a free market environment, regulated by state or transnational laws. A market is the public trade of buying and selling products and services and, as such, the insurance market is a free market, governed by the laws of supply and demand, where sellers and buyers act freely within the regulatory framework, but supervised by public bodies.
- There are several types of insurance companies depending on their legal constitution: public limited companies, mutual insurance companies, cooperatives, and mutual benefit societies.
- Insurance companies can operate in one or more business lines (accident, automobile, fire, civil liability, etc.), but always with the necessary authorization from the regulatory body.
- The classification by business lines is fundamental for ordering the risks, separating them into groups with common characteristics to ensure that their processing and valuation are appropriate. To achieve greater precision, these lines of business are usually subdivided into categories that group together related risks.
- To ensure the proper functioning of the activity, the State regulates other characteristics of insurance companies, such as: their economic dimension, the exclusivity of their activity, their financial guarantees and solvency, the specialized training of their employees, etc.; at the same time, it also controls, monitors and audits, in particular, the functioning of insurance companies.

2.2.1.1. Insurance entities

An entity refers to a person or organization possessing separate and distinct legal rights, such as an individual, partnership, or corporation. An entity can, among other things, own property, engage in business, enter into contracts, pay taxes, sue and be sued.³²

Insurance entity means any entity, including any insurance company, broker, that has or had actual or potential liability, duties or obligations under or with respect to any Insurance policy or any agreements or settlements relating to any Insurance Policy. Insurance entities, are

³¹ Kokemuller, N., (2022), Insurance Market Definition, <https://www.sapling.com › insurance-market-definition>

³² Entity | Wex | US Law | LII / Legal Information Institute, (2022), <https://www.law.cornell.edu › wex › entity>.

branch offices of insurance entities created under the auspices of the laws. Insurance entity means a reinsurer, an insurer, an insurance pool, or an underwriting association.³³

The underlying stability of the insurance sector lies in the structure of the market and the strength of the bodies in charge of regulating and supervising it. Insurance companies are supported by a technical and legal system that is responsible for guaranteeing their operation, and for preserving the rights of policyholders.³⁴

- At present and within the reference framework of developed countries, the insurance market operates in a free market environment, regulated by state or transnational laws, as is the case in the European Union countries.
- A market is the public trade of buying and selling products and services and, as such, the insurance market is a free market, governed by the laws of supply and demand, where sellers and buyers act freely within the regulatory framework, but supervised by public bodies.

2.2.1.2. Ownership structure of the insurance market

Ownership structure is a prominent driver of corporate value and performance. Insurance market is characterized by multiple organizational forms coexisting in the marketplace, including mutual insurance associations, stock insurers, Loyds associations, and public insurers. In stock insurance corporations a clear separation of the owner, manager, and customer parties prevails. Among those groups, the incentives of customers and owners contradict each other.³⁵

- Owners desire the management to maximize the company profits while policyholders seek inexpensive insurance coverage. All claims paid out to policyholders have a direct negative effect on the profit of capital investors.
- Stockholders have the incentive to increase the firm's dividend at the expense of the customers.
- The management is obliged to find an effective equilibrium between the contradictory objectives of the other two interest groups.
- The groups of clients and investors are merged in mutual insurance associations. Policyholders are owners and customers of the firm at the same time). Therefore, the conflicts of interest between policyholders and owners are internalized.
- There is no conflict between the goal of profit maximization of the owners and cost reduction of the customers, as the company's residual profits are ultimately transferred back completely to the policyholders, e.g. via lowered insurance premiums. Customers gain the firm's residual profits and correspondingly bear possible losses. Furthermore, mutual policyholders have a more direct influence on the company's. The mutual management's main target is to supply the owners/customers of the association with qualitative and inexpensive insurance protection.

³³ Insurance entity Definition | Law Insider, (2020), <https://www.lawinsider.com › dictionary › insurance-entity>.

³⁴ How the insurance market works – SyPpT, fundacionmapfre.org, (2023), <https://segurosypensionespara>.

³⁵ Ownership structures and risk taking in the German property, (2022), <https://www.sciencedirect.com ›>

2.2.2. SIZE AND MOVEMENT OF THE INSURANCE MARKET

Greater transparency of information encourages customers to participate more actively in the purchasing of health insurance. Additionally rising disposable income is expected to drive the growth of the market. The rising competition is providing better service quality to the insured person, but the increasing cost can be proven as the restraint in the market's growth. Modern technological advancements in insurance industry are expected to give enormous opportunities for the rising market.³⁶

- The insurance market consists of sales of insurance products by entities (organizations, sole traders, and partnerships) that undertake on annuities and insurance policies. Insurance providers invest premiums to build up a portfolio of financial assets to be used against future claims. Direct insurance providers are entities that are engaged in primary underwriting and assuming the risk of annuities and insurance policies. Reinsurance providers are businesses that assume all or part of the risk associated with an existing insurance policy or set of policies, originally underwritten by another insurance carrier (direct insurance carrier).
- The main types of insurance are life insurance, property and casualty insurance, health and medical insurance. Life insurance refers to the insurance that covers the package of lifetime critical benefits for the individual. The various mode is online, offline. The services are used by corporate, and individual end-users.

2.2.3. INSURANCE BROKERAGE AFFAIRS

An insurance broker is a person who is licensed to sell insurance and usually works with multiple insurance companies that offer different products to the client. Insurance brokerage work is mediation in the negotiation of insurance and reinsurance coverage and in the realization of compensation claims after an insured loss event has occurred, on behalf and on behalf of its clients in relation to insurance and reinsurance companies. Brokerage work in insurance includes:³⁷

- Acting on behalf of clients and giving advice in the interests of clients.
- Helping identify individual and/or business risks to help decide what to insure and how to manage those risks in other ways.
- Insurance brokers can provide technical advice which can be very useful if a claim needs to be made.
- Brokers are aware of the terms, coverage and exclusions and costs of a wide range of competing insurance policies, so they can help you find the most suitable coverage for the particular circumstances of the company seeking insurance.
- Brokers can help negotiate and set the amount of insurance with the selected insurer.

³⁶ Insurance Market Analysis, Size And Trends Global Forecast, (2022), <https://www.thebusinessresearchcompany.com> ›

³⁷ Why Insurance Broker - IBAI, (2022), <https://ibai.org> › why-insuran.

The main job of an insurance broker is to find their clients the best insurance policy at the best price. When a broker is hired, they review insurance quotes from many companies to find the right choice. Insurance brokers are professionals who must pass exams and continue regular continuing education to be licensed to work in their province. After meeting with a new client, the first thing a broker will do is determine what their client's insurance needs are. Depending on the type of insurance the customer is purchasing, they may ask several questions or may request documentation in the form of inspection reports, appraisals, property appraisals, etc.³⁸

2.2.4. AFFAIRS OF REPRESENTATION IN INSURANCE

Representation in insurance represents the preparation and conclusion of insurance contracts in the name and at the expense of one or more insurance companies established for insurance products that do not compete with each other. A representation is a statement of fact made by the insured at the time of or prior to the issuance of the policy to provide information to the insurer and otherwise induce it to enter into a contract of insurance.³⁹

Representation refers to the act of disclosing important information either in written form or orally that will help the one being disclosed to form the proper course of action. In insurance, this information is crucial to the crafting of the policy by the insurer. Failure to disclose important information might nullify the insurance contract. Representation in Insurance means that certain representation and warranty insurance policy with respect to the fundamental representations obtained by seller at Seller's sole cost and expense, meeting the following minimum requirements:⁴⁰

- ✓ coverage for Losses arising out of a breach or inaccuracy of the Fundamental Representations,
- ✓ a policy term that expires no sooner than the the Closing Date,
- ✓ an aggregate limit of liability,
- ✓ exclusions reasonably acceptable to buyer.

A representation refers to any statements a seller makes before entering into a sales contract that the other party is expected to rely on. A representation is a statement of past or present facts made to an insurer by, or on the authority of, an applicant for insurance or a prospective insured, at or before the conclusion of a contract of insurance as an inducement to its conclusion.⁴¹

2.2.5. THE FUTURE OF THE INSURANCE MARKET

Five factors influence the insurance activity: social, technological, economic, environmental and political. Their influence is constantly increasing. Social instability,

³⁸ Tirschler, S., (2022), What is an Insurance Broker? | Role, Examples and More, <https://www.squareone.ca> ›

³⁹ Representation and Misrepresentation in Insurance, (2022), <https://batasnatin.com> › law-library › mercantile-law.

⁴⁰ Representation and Warranty Insurance Definition | Law Insider, (2022), <https://www.lawinsider.com> ›

⁴¹ Representations by the insured, N.Y. Ins. Law § 3105 - Casetext, (2022), <https://casetext.com> › statute.

technological disruption, demographic change and climate change are leading to a world in which insurers need to cover a greater range and frequency of heightened risks. The companies operating in the insurance market in the coming period should focus on:

- A more advanced approach to technology, customers, partnerships and employees,
- Empowering digital innovation by reimagining the customer experience, creating a positive feedback loop between technical enablement, distribution and customer service,
- Accelerating transformation by streamlining key operations and managing risk to drive revenue, business innovation, growth and resilience,
- Experiments with integrated, multi-channel interaction points, including ecosystems and embedded insurance,
- Personalize coverages and provide service using consumer and market data to create relevant AI-informed offers for different segments,
- Automated infrastructure that measures the effectiveness of artificial intelligence,
- Insurance companies use technology to defend their business by making it more resilient, secure and cost-effective, as well as evolve it by rethinking the value they create and increasing the speed at which they operate at the grassroots level.
- Flexible technology base and strategic information function.

PART THREE: THE INSURANCE MARKET IN THE REPUBLIC OF NORTH MACEDONIA AND REPUBLIC OF BULGARIA

3.1. THE INSURANCE MARKET IN THE REPUBLIC OF NORTH MACEDONIA

3.1.1. CHARACTERISTICS OF THE INSURANCE

The basic legal framework that regulates the conditions and manner of performing insurance and reinsurance work, the manner and conditions of performing insurance mediation work and the supervision of the operations of insurance companies, insurance brokerage companies and insurance representation companies in the Republic of North Macedonia represent the Law on Supervision of Insurance, the Law on Compulsory Traffic Insurance, the Law on Voluntary Health Insurance, the Law on the Payment of Pensions and Pension Benefits in the Field of Capital Funded Pension Insurance, the Law on Prevention of Money Laundering and Financing of Terrorism, the Law on insurance supervision incorporates the basic insurance principles of the International Association of Insurance Supervisors (IAIS), as well as the rules contained in the first generation of European Union (EU) insurance directives.

3.1.2. TYPES OF INSURANCE PRODUCTS

The main goal of the insurance companies is the good management of the risk that may arise during the operation, that is, the risk resulting from the selection of the insurance claims that will be accepted. The following insurance products are offered and used in the Republic of North Macedonia:⁴²

- Insurance against the consequences of an accident - accident,
- Health insurance,
- Motor vehicle insurance,
- Insurance of rail vehicles,
- Aircraft insurance,
- Insurance of vessels,
- Insurance of goods in transport,
- Property insurance against fire and natural disasters,
- Other property insurances,
- Motor vehicle liability insurance,
- Aircraft liability insurance,
- Liability insurance for the use of vessels,
- General liability insurance,
- Credit insurance,
- Insurance of guarantees,
- Financial loss insurance,
- Insurance of legal protection,
- Insurance of tourist assistance,
- life insurance,
- Marriage or maternity insurance,
- Life insurance in connection with shares in investment funds.

3.1.3. METHODS OF SALE OF INSURANCE PRODUCTS

Insurance companies sell their insurance products through their direct sales network or through distribution channels, the most important of which are traditionally insurance agent

⁴² Осигурителни производи и друштва за осигурување - ASO, (2022), <https://edukacija.aso.mk> > осигурителни-производи.

brokers. With the involvement of banks in the sale of insurance products, the development of bancassurance begins, and since then it has spread more and more throughout the world:⁴³

- The most commonly applied ways of selling insurance products is direct sales. With this method of sale, the insured buys the insurance contract from the headquarters or from the branches of the insurance company.
- Insurance agents contract with only one insurance company and sell insurance products only from it. Agents need to apply sales skills, know insurance products well and know how to answer any question from potential buyers of insurance products.
- The insurance brokerage company has the opportunity to conclude contracts for the sale of insurance products with all insurance companies. Insurance brokers need to apply sales skills, know the insurance products well and know how to answer any question from the potential buyers of insurance products.
- In the narrowest sense, bancassurance implies the sale of insurance products through a bank, while in a broader sense it is defined as a joint venture of banks and insurance companies in order to enable insurance products to reach the users of banking services.

3.1.4. TYPES OF INSURANCE COMPANIES

At the end of 2022, 16 insurance companies are actively working on the insurance market in the Republic of North Macedonia, of which 11 companies are engaged in non-life insurance, while 5 are life insurance. In the field of mediation, at the end of 2022, 42 insurance brokerage companies, 12 insurance representation companies and 8 banks that perform insurance representation work are active.⁴⁴

- Insurance companies employ 1,926 workers at the end of 2022, which is 6.8% more compared to the beginning of the year (2021: 1,803).
- Insurance companies are predominantly owned by foreign legal entities from the financial sector (73.53%), which are partially or fully present in 14 out of a total of 16 insurance companies on the market. In addition, 12 insurance companies are part of insurance groups based in EU member states, while two insurance companies are fully owned by domestic investors.

3.1.4.1. Gross policy premium - GPP

In the period from 2012 to 2022, there was an increase in the gross policy premium (BPP) in the total amount of MKD 7,013,622 in 2012, to MKD 12,785,429 in 2022, which represents an increase of 82.3% for the entire period or annual average of 6.9%% on average per year. In the section of non-life insurance, BPP also recorded an increase from MKD 6,415,488 in 2012 to MKD 10,508,927 in 2022, which represents an increase of 63.8% for the entire period, i.e. an increase of 5.3% on an average annual basis. In the life insurance section, BPP was realized in the amount of 598,134 denars in 2012 against 2,276,502 denars in 2022,

⁴³ Интервју Соња Паневска - Банкарство, (2018), <https://bankarstvo.mk> > интервју-соња-паневска-банко.

⁴⁴ Агенција за супервизија на осигурување - ASO.MK, (2021), <https://aso.mk> > wp-content > uploads > 2021/08

which is an increase of 80.6% or 6.7% on average per year. The data shows that life insurance has started to go on a significant upward trend.

3.1.4.2. Structure of participation

The insurance sector in the Republic of North Macedonia is characterized by low concentration, which is a prerequisite for functional market competition. The Herfindahl index, calculated through BPP, in 2022 is 738.09 (2021: 747.46). A similar result shows the measurement of the index through the assets of insurance companies at 786.90 in 2022 (2021: 812.88). Analyzed by insurance groups, a higher concentration is present in life insurance, due to the small number of companies in this domain. For life insurance companies, the Herfindahl index, measured according to BPP, is 2,216.13 (2021: 2,407.60), while, measured according to the assets of the companies, it is 2,848.08 (2021: 2,960.76).

3.1.4.3 Contracts concluded

During 2022, insurance companies concluded 1,776,968 contracts (policies) for insurance, which is an increase of 15.86% compared to 2021 when 1,533,706 contracts were concluded. Of the total number of concluded contracts, 1,713,715 policies are within non-life insurance, which represents an increase of 16.31% compared to the number of contracts in 2021 (2021: 1,473,386 contracts), while 63,253 are contracts for insurance of life, i.e. an increase of 4.86% compared to 2021.

During 2022, 98,975 insurance contracts (policies) were concluded through insurance agency companies (2021: 78,424), which is 26.2% more than the previous year. Through banks, 203,587 insurance contracts were concluded in 2022 (2021: 184,649), which represents an increase of 10.3% compared to the previous year.

3.1.4.4. Gross claims paid

In 2022, the insurance companies paid a gross amount of damages of 5.13 billion denars. Compared to 2021, 4.16 billion denars. The gross paid damages have increased by 12.74%. The share of reinsurance in gross claims paid is 14.58%.

In the structure of gross paid claims in 2022 the largest share is the claims based on auto liability insurance with 55,1%, followed by property insurance claims with a share of 19,1%, paid life insurance claims with 16.6%, claims for insurance of motor vehicles casco 13,6% and insurance of persons from the consequences of an accident with 8,6% of the total damages paid.

3.1.4.5. Aset structure

The total assets of the insurance companies on 31.12.2022 amounted to 30,393,398 thousand denars and is higher by 6.6% compared to the situation at the end of 2021 (31.12.2021: 28,512,618 thousand denars). If the structure of assets by insurance companies is analyzed, it can be concluded that the main category of life insurance companies are

investments in government debt securities and deposits in banks. On the other hand, non-life insurance companies have a more diverse structure of assets, where investments in government debt securities and deposits in banks represent half of the total value of assets, while the other half is represented by receivables, part of the gross technical reserves transferred in reinsurance, real estate and other tangible and intangible assets, investments in shares in open investment funds, active time limits, investments in shares, as well as investments in the guarantee fund at the National Insurance Bureau.

3.1.4.6. Structure of sources of funds

Sources of funds of insurance companies in 2021 recorded an increase of 11.06% compared to 2020.

Gross technical reserves have the largest share of 60.47% in the structure of sources of assets of insurance companies (2020: 60.39%) and they have an increase of 11.22% compared to the previous year.

The next category with a share of 28.25% in the structure of sources of funds is capital and reserves, which increased by 6.84%.

The liabilities of the insurance companies, which in the structure of the sources participate with 6.20% (2020: 6.27%), recorded an increase of 9.88% compared to the previous year. In the structure of liabilities, the largest share is other liabilities (46.54%), liabilities from reinsurance and co-insurance (47.65%) and liabilities from direct insurance operations (5.80%).

3.2. THE INSURANCE MARKET IN THE REPUBLIC OF BULGARIA

3.2.1. CHARACTERISTICS OF THE INSURANCE

Insurance in the Republic of Bulgaria is an activity in which insurance companies collect funds from individuals and legal entities and undertake to provide insurance coverage during the insurance period, payment of damages or payment in case of risk:⁴⁵

- Insurance contracts are formal (necessary form for reality) policies. A specific feature of insurance contracts is that they are random, because at the time of their conclusion, the parties do not know the exact volume of obligations that will arise for them.
- In Bulgaria, insurance companies are joint-stock companies which operate under license conditions or joint insurance cooperatives. The license is issued by the Financial Supervision Commission. The joint-stock insurance company issues only registered non-current shares with the right to one vote each.
- Insurance can be mandatory or voluntary. Mandatory insurances are Civil liability for drivers, "Occupational accident", "Passenger accident in public transport". All

⁴⁵ Драганов, X., (2008), . Застраховане. С., Тракия-М, <https://bg.wikipedia.org/wiki>

that are not required by law, such as Casco, life insurance and travel assistance, are voluntary.

- In principle, insurance is a bank-like organization that collects funds for the purpose of accumulation and with the expiration of the contract or in the event of an insurance event, payment of a predetermined amount. In general, insurance is organized with the aim of indemnifying a natural or legal person in the event of an event with a degree of uncertainty and ignorance on the part of the person.

3.2.2. TYPES OF INSURANCE PRODUCTS

The following are offered as insurance products in the Republic of Bulgaria: ⁴⁶

Section I:

1. Life insurance:

a) life insurance which comprises assurance on survival to a stipulated age only, assurance on death only, assurance on survival to a stipulated age or on earlier death, life assurance with return of premiums;

b) annuities;

c) supplementary insurance underwritten in addition to life insurance, in particular, insurance against personal injury incapacity for employment, insurance against death resulting from an accident and insurance against disability resulting from an accident or sickness.

2. Marriage assurance, birth assurance.

3. Unit-linked and index-linked life insurance:

a) life insurance which comprises assurance on survival to a stipulated age only, assurance on death only, assurance on survival to a stipulated age or on earlier death, life assurance with return of premiums, marriage assurance, birth assurance;

b) annuities;

c) supplementary insurance underwritten in addition to life insurance, in particular, insurance against personal injury incapacity for employment, insurance against death resulting from an accident and insurance against disability resulting from an accident or sickness.

3.2.3. METHOD OF SALE OF INSURANCE PRODUCTS

Insurance products can be sold directly by insurance companies (often through websites), through insurance intermediaries (brokers, agents) or by businesses such as airlines, travel agencies, opticians or electronic appliance sellers. Sellers of insurance products must provide basic information about themselves and the insurance product before a contract is signed.⁴⁷

Insurance intermediaries are also known as agents or brokers. They connect an insurance company that offers insurance for individuals, families and businesses with those

⁴⁶ Nbbaz.bg, (2016), CODE on insurance PART I GENERAL PROVISIONS Chapter I <https://www.nbbaz.bg/files/mf>,

⁴⁷ Застрахователни продукти в ЕС - Your Europe, (2022), https://europa.eu › index_bg.

who need it. Intermediaries can be affiliated with individual insurance companies or work with only one. Many insurance products are complex and can be custom made for large businesses with unique risk exposures. Intermediaries are especially necessary for these products, as incorrect information shared between the buyer (the consumer of insurance services) and the seller (the insurer) can lead to disastrous financial consequences for both parties, including a market crash.⁴⁸

3.2.4. TYPES OF INSURANCE COMPANIES

The insurance market in Bulgaria maintains its stable development at the end of 2023, and the two basic indicators - premium income and asset management maintain their upward trend. This is made clear by the summarized data of the Financial Supervision Commission (KFN) for the last quarter of 2023, based on the presented financial results of 34 insurance companies operating on the Bulgarian market (24 in General Insurance and 10 in Life Insurance):⁴⁹

1. The total premium income for the fourth quarter of 2023 amounted to BGN 4,382,136,797, which represents a growth of 32.81% on a quarterly basis, compared to July-September (BGN 3,289,346,995) and an increase of 21.34% on an annual basis, compared to 3 BGN 611,303,984 reported as of December 31, 2022.

Paid benefits increased by 24.79% to BGN 1,865,460,568 on a quarterly basis, compared to BGN 1,494,937,598 recorded as of September 30, 2023, and an increase of 28.50% on an annual basis from BGN 1,451,677,823 reported in the last quarter 2022 year.

The nominal amount of assets grew by 3.41% on a quarterly basis to BGN 7,917,833,179 from BGN 7,656,398,610 as of September 30, 2023.

In the last quarter of last year 2023, the 24 companies in General Insurance sold insurance for a total of BGN 3,656,650,060, which represents an increase of 32.71% on a quarterly basis, compared to July-September 2023, when BGN 2,755,361,291 were reported premium income. On an annual basis, however, compared to October-December 2022, the increase is weaker, with 22.46% from BGN 2,985,913,862.

2. The largest share is occupied by policies for motor vehicles (69.51% or BGN 2,541,557,570, of which under "Civil liability related to the ownership and use of motor vehicles" insurance (BGN 1,539,218,074) and under the voluntary insurance "Autocasco" for non-rail land vehicles (BGN 1,002,339,496), followed by "Fire and other disasters" insurance (11.96% or BGN 437,244,245), "Loans, guarantees, various financial losses and legal expenses" (6.40% or 234,002 BGN 869), "Medical expenses" (3.46% or BGN 126,610,469), "Marine, aviation and transport insurance" (2.62% or BGN 95,786,592), "Rendering of assistance" (2.26% or BGN 82,787,711) , "Insurance related to income protection and workers' compensation" (1.96% or BGN 71,841,634), "General Civil Liability" (1.76% or BGN 66,554,908). The share of the remaining 3 types of insurance ("Health", "Accident" and "Real Property") is 0.07 percent or BGN 264,060.

⁴⁸ Ролята на застрахователните посредници - Екипът на Вахан, (2012), <https://www.vahan-team.com> ›

⁴⁹ Business.dir.bg, (2024), *Застрахователите са продали полици за над 4.3 млрд. Лева*, <https://business.dir.bg/banki-i-finansi/zastraho>.

As of December 31, 2023, the 24 non-life insurance companies have paid benefits in the amount of BGN 1,559,998,097, compared to BGN 1,282,796,880 at the end of September, which represents an increase of 21.61%. On an annual basis, compared to the fourth quarter of 2022, 31.87% more benefits of BGN 1,182,962,489 were paid as of December 31, 2022.

The largest market share of 78.79% is occupied by motor vehicle insurance, or a total of BGN 1,229,166,665, of which "Civil liability related to the ownership and use of motor vehicles" (BGN 817,981,895) and the voluntary insurance "Autocasco" related to the ownership and use of land vehicles without rails (411 184 770 BGN), followed by "Fire and other disasters" insurance (5.94% or 92 263 117 BGN), "Medical expenses" (5.33% or 83 208 482 BGN), "Providing of aid" (1.82% or BGN 82,787,711), "Loans, guarantees, various financial losses and legal expenses" (1.19% or BGN 18,608,794), "Marine, aviation and transport insurance" (1.18% or 18,392,953 BGN), insurance related to income protection and workers' compensation (0.90% or BGN 14,009,534), "General Civil Liability" (0.59% or BGN 9,176,608), and the share of the remaining 3 types of insurance ("Health" , "Accident" and "Real property") is a total of 4.26 percent or BGN 66,915,851.

3. The remaining 4 insurance companies from General Insurance have 0.14% total market share and BGN 2,132,040 in benefits paid. As of December 31, 2023, the 10 Life Insurance companies sold policies for BGN 725,486,737 compared to BGN 533,985,704 as of September 30, or with a 35.86% growth on a quarterly basis. On an annual basis, however, the growth is weaker by 16.00% from BGN 625,390,122, according to the aggregated data of the Financial Supervisory Service.

4. According to them, the largest share is "Insurance linked to an index and with shares in an investment fund" (40.82% market share and premium income in the amount of BGN 296,118,094), followed by "Insurance with participation in the profit (19.97% market share and premium income of BGN 144,896,611), "Insurance related to medical expenses" (18.13% market share and premium income of BGN 131,533,819), "Other life insurance" (16.99% market share and premium income in the amount of BGN 123,274,932), "Insurance related to income protection" (1.83% market share and premium income of BGN 13,285,758), "Insurance related to workers' compensation" (1.60% market share and premium income of BGN 11,589 BGN 902), "Health insurance" (0.62% market share and premium income of 4,524,621), "Reinsurance in life insurance" (0.04% and premium income of BGN 263,000).

5. As of December 31 of last year, the benefits paid by Life Insurance companies reached BGN 305,462,471, increasing by 43.99% on a quarterly basis from BGN 212,140,718 as of September 30, 2023. On an annual basis, the increase is weaker, with 13.68% from BGN 268,715,334 by the end of 2022.

6. The largest share of 46.98% and benefits paid for BGN 143,510,397 is held by "Insurance with profit participation", followed by "Insurance in connection with medical expenses" (26.06% market share and benefits in the amount of BGN 79,589,286), "Insurance linked to an index and with units in an investment fund" (14.80 market share and benefits in the amount of 45 195 102), "Other life insurance" (9.52% market share and benefits in the amount of 29 091 624 leva), "Insurance in connection with workers' compensation" (1.57% market share and benefits in the amount of BGN 4,796,237), "Insurance in connection with

income protection" (0.73% market share and benefits in the amount of BGN 2,238,255), "Health insurance" (0.42% market share and compensation in the amount of BGN 1,279,570), "Reinsurance in life insurance" (0.08% market share and compensation paid in the amount of BGN 238,000).

7. The largest share of 46.98% and benefits paid for BGN 143,510,397 is held by "Insurance with profit participation", followed by "Insurance in connection with medical expenses" (26.06% market share and benefits in the amount of BGN 79,589,286), "Insurance linked to an index and with units in an investment fund" (14.80 market share and benefits in the amount of 45 195 102), "Other life insurance" (9.52% market share and benefits in the amount of 29 091 624 leva), "Insurance in connection with workers' compensation" (1.57% market share and benefits in the amount of BGN 4,796,237), "Insurance in connection with income protection" (0.73% market share and benefits in the amount of BGN 2,238,255), "Health insurance" (0.42% market share and compensation in the amount of BGN 1,279,570), "Reinsurance in life insurance" (0.08% market share and compensation paid in the amount of BGN 238,000).

3.2.4.1. Gross policy premium

Assets managed by insurance companies operating in Bulgaria amount to BGN 9,833 billion at the end of March 2022. Their amount increased by 363.9 million leva (3.8%) compared to the end of March 2021 (9.470 billion leva), and decreased by 282.9 million leva (2.8%) compared to the end of the fourth quarter of 2021 (10.116 billion BGN).⁵⁰

The for the nine months of 2022 show that premium income for the insurance market at the end of September reached BGN 2,648 million, with the growth on an annual basis compared to September 2021 being 8.4%. The benefits paid are 9.3% higher compared to the same period of 2021 and amount to BGN 1,051 million.⁵¹

3.2.4.2. Structure of participation

Assets of life insurance companies increased by 16.9 million leva (0.6%) - from 2.751 billion leva at the end of March 2021 to 2.767 billion leva at the end of the same month of 2022. Compared to the end of December 2021 (3.109 billion BGN), they decreased by 341.5 million BGN (11%). Their relative share in total assets at the end of March 2022 was 28.1% compared to 29% at the end of the first quarter of 2021 and 30.7% at the end of December 2021.

Assets managed by non-life insurance companies⁴ increased by BGN 347 million (5.2%) - from BGN 6.719 billion at the end of March 2021 to BGN 7.066 billion at the end of the same month of 2022. and by BGN 58.6 million (0.8%) compared to the end of December 2021 (BGN 7.007 billion). By the end of March 2022 the relative share of assets of non-life insurance companies in the total assets of insurance companies is 71.9% to 71% at the end of the first quarter of 2021 and 69.3% at the end of December 2021.

⁵⁰ Прессъобщение 9 юни 2022 г. 12:00 ч. Статистика на застрахователната дейност, bnb.bg, https://www.bnb.bg/public/bnb_download.

⁵¹ Детайли - ABZ.bg, abz.bg, (2022), <https://www.abz.bg/news>.

3.2.4.3. Contract concluded

During 2023, insurance companies in Bulgaria concluded 33,338,000 insurance contracts (policies), which is an increase of 13.38% compared to 2022 when 29,403,000 contracts were concluded:⁵²

Accident 5 290 4 773 Illness 954 559 Land vehicles (without rail vehicles) 478 894 Vessels. Cargoes during transportation 2 3 Fire and natural disasters 4 667 3 619 Other property values 13 069 13 719 General Civil Liability 11 - Guarantees 368 - Various financial losses 90 147 Travel allowance 8 409 5 689 TOTAL: 33 338 2.

When insuring the "Accident" class, which includes the following types of insurance products: "Accident", "Accident and Illness", "Occupational accident", "Accident - students", "Accident - hotel guests", "Accident for athletes", "Tourist Insurance" and "Foreigners in Bulgaria", there is an increase in the number of concluded contracts with 517 more policies compared to 2022, or 11% growth compared to 2022.

3.2.4.4. Gross claims paid

The data of the Financial Supervision Commission show a serious increase in the amounts paid out for damages under "Civil Liability" insurance, but also in those claimed.⁵³

However, the insured have submitted claims for damages worth BGN 148.749 million for property and BGN 87.364 million for non-property.

Insurers have paid out nearly BGN 95 million in claims for property damage and BGN 11.332 million for non-property damage, with 75% of them for accidents with cars and trucks up to 5 tons.

For comparison, in 2022 the amount for property damage was over BGN 4 million less, and five years earlier – BGN 20 million less. In the case of non-property damages, the amount is also a record, with BGN 9.8 million paid out in 2022, and BGN 8.869 million in 2019.

3.2.4.5. Asset structure

Funds collected by insurance companies at the end of March 2022 amount to BGN 9,833 billion. Capital was BGN 3.063 billion at the end of March 2022, which is an increase of BGN 221.8 million (7.8%) compared to the end of March 2021 (BGN 2.841 billion). Its share in the amount of liabilities at the end of the first quarter of 2022 is 31.2% compared to 30% at the end of the same quarter of 2021. At the end of March 2022, technical insurance provisions decreased on an annual basis by BGN 10.2 million (0.2%) to BGN 5.339 billion compared to BGN 5.349 billion at the end of March 2021. Their participation in the amount of liabilities was 54.3% as of March 2022, compared to 56.5% at the end of March 2021

⁵² Застрахователна компания България Иншурънс, (2023), Отчет за платежоспособност и финансовото състояние на „застрахователна компания България иншурънс“ ад, <https://www.bulgariainsurance.bg/uploaded/files/>.

⁵³ КФН: Сериозен ръст на изплатените суми за щети по застраховка "Гражданска отговорност", (2024), <https://fakti.bg/bulgaria/860490>.

3.2.4.6. Structure od source of funds

Liabilities to residents, included in technical insurance reserves, amounted to BGN 3.758 billion at the end of the first quarter of 2022, compared to BGN 4.066 billion at the end of the same quarter of 2021. Their relative share in the total amount of insurance technical reserves at the end of March 2022 is 70.4% compared to 76% at the end of the first quarter of 2021. At the end of March 2022, liabilities to the household and NTOOD sector decreased by BGN 290.4 million (9.5%) to BGN 2.762 billion, compared to BGN 3.052 billion by the end of March 2021. At the end of the first quarter of 2022, their relative share in the total amount of insurance technical reserves was 51.7% against 57.1% at the end of March 2021.

CONCLUSION

Insurance is a risk transfer tool. In insurance, risk is transferred (a negative deviation from the future outcome) to an insurance company that will pay at the time the insured event occurs in relation to the contract signed by both parties. Insurance is a legal contract (insurance policy) made between two parties, i.e. the insurance company (known as insurer) and the individual or group (known as insured). Both these parties enter into a contract under which the insured pays a predetermined sum of money to the insurer (known as a premium) with the promise that the company will compensate the insured in the event of a financial loss (risk) due to the causes that the insurer has agreed to provide a cover for.

The purpose of insurance is to reduce financial uncertainty and make accidental loss manageable. It does this by substituting the payment of a small, known fee - an insurance premium - to a professional insurer in exchange for assuming the risk of a large loss and a promise to pay in the event of such a loss. With insurance, the risk that is in the environment is transferred from the individual to the insurer (insurance company) by concluding an insurance contract. The common characteristic of all risks is that they are future, uncertain and independent of our will.

Pooling or the sharing of losses is the essence of insurance. Pooling is the spreading of losses incurred by the few over the entire group, so that in the process, average loss is substituted for actual loss. Pooling involves the grouping of a large number of exposure units so that the law of large numbers can operate to provide a substantially accurate prediction of future losses.

Insurance contributes greatly to the general economic growth of society by providing stability in the functioning of the process. Insurance industries develop financial institutions and reduce uncertainty by improving financial resources.

Securing it turns accumulated capital into productive investments. Insurance also provides loss mitigation, financial stability and promotes trade and commercial activities that result in sustainable economic growth and development. Insurance plays a key role in the sustainable growth of an economy.

Insurance is a financial product that reduces or eliminates the cost of loss or the effect of loss caused by various types of risks. Besides protecting individuals and businesses from many types of potential risks, the insurance sector contributes significantly to the overall

economic growth of the nation by ensuring stability in the functioning of businesses and generating long-term financial resources for industrial projects.

Business insurance covers financial losses resulting from various events that can negatively affect the operation of the business. There are many different types of business insurance, and they provide coverage for different types of situations. The most important and common types of insurance cover employee related issues, legal liability and property damage.

An insurance company is a financial institution involved in the protection of persons and objects from risks. These companies as financial institutions collect large sums of money called premium from individuals and organizations in order to insure lives and properties.

In the Republic of North Macedonia, 16 insurance companies operate on the insurance market, of which 5 insurance companies work on life insurance, while the remaining 11 work on non-life insurance. Only one company, in addition to non-life insurance, has a license to perform reinsurance. The insurance companies are predominantly owned by foreign legal entities from the financial sector that are partially or fully present in 14 out of a total of 16 insurance companies on the market, 12 insurance companies are part of insurance groups based in EU member states, while two insurance companies are fully owned by domestic investors.

The insurance market in Bulgaria maintains stability and a positive direction of development, although the country faces serious challenges in the economy and society - political instability, economic difficulties. and inflation, problems with the entire supply chain. The sector remains resilient and continues to fulfill its role in protecting the property and lives of citizens and businesses.

The Insurance Market in North Macedonia and the Republic of Bulgaria provides detailed information on the competitive landscape in both countries and includes details on insurance regulations and recent changes in the regulatory structure. The key segments of the insurance market in North Macedonia and the Republic of Bulgaria are life insurance and general insurance.

THE SCIENTIFIC CONTRIBUTION OF THIS DISSERTATION REFERS TO THE FOLLOWING:

1. Scientific finding that insurance is a legal instrument that can be used to avoid the possible financial consequences of various risks and emphasizing that insurance represents the most efficient mechanism for compensation of damages that may occur from unwanted events.

2. It is scientifically confirmed that insurance, as an activity, with the application of scientific methods, enables the discovery of possible risks, unpredictable but probable, which leads to the pooling of funds of all those who are exposed to the same danger in order to jointly bear the damage that will occur only in some of them.

3. With the scientific research, the work identifies the development of the insurance market in the Republic of North Macedonia and in the Republic of Bulgaria and gives recommendations for the implementation of the principle of reciprocity and solidarity and equalization and leveling of risks at an acceptable level in these two countries

4. Insurance is one of the key activities that identify factors affecting the insurance market in the Republic of North Macedonia and the Republic of Bulgaria through the positive impact of capital growth, cost reduction, trade openness and financial development

5. The insurance industry, like all others, is affected by changes in climate, technology, workforce and customer/societal expectations. These changes potentially require reinvention in how the industry conducts its business in helping to prevent risk, mitigate loss severity and close gaps in life and non-life protection in global markets. especially in the face of a growing number of what appears to be financially unsustainable. Insurance by applying digitization, artificial intelligence and other new technologies and corresponding changes in legislation, combined with proactive risk management can help to minimize the degree of occurrence of certain risks on the affected individuals and communities.

RESULT OF THE INSURANCE ANALYSIS

The key segments in the Bulgarian insurance market are life insurance and general insurance. The general insurance is a segment of insurance that is dominated in the Bulgaria insurance market. General insurance lines of business include property, motor, liability, financial lines, general insurance and others miscellaneous types of insurance.

Strong demand for insurance of vehicles, property, health and other insurances across Bulgaria are driving the revenues of insurance companies in the country. Growing life expectancy, tax incentives on insurance products, favorable savings associated with insurance are further encouraging the customers across insurance segments.

Bulgaria's insurance industry is facing stiff competition as the insurance companies not only compete with each other, but also compete with the risk retention groups, government, and self-insurance. The companies generally compete mainly based on two factors including the quality of the services and price that they provide. Many large organizations self-insure for most of their employee benefits like health coverage that lowers market scope for insurance companies.

Economic growth, rising government spending, technological innovations and increased consumer awareness about insurance products are key market drivers in Bulgaria. The government's policy of insuring the uninsured has progressively pushed the insurance penetration in Bulgaria and the proliferation of insurance schemes.

As insurance sector in other countries in the Balkan region, Macedonian insurance industry has undergone through significant transformation in terms of liberalization, ownership, market structure, product development, regulation.

Macedonian insurance industry can be described as small and underdeveloped, but with a high potential for further growth and development. Main characteristics of the latest development trends in this industry can be summarize in following: the high level of harmonization of the national insurance regulation with the EU insurance directives and the international insurance core principles and standards, dominantly foreign ownership and control over the domestic insurance undertakings, favourable market concentration, growing competition, accelerated growth rate of life insurance, innovation and design of new products.

Macedonian insurance shows a relatively low level of development. However, despite certain weaknesses, this sector has enough strength for further growth and development. There is a trend of transformation of the industrial structure.

The North Macedonian insurance sector is still small, but with a likelihood of serious improvement. This sector is characterised by full coverage of technical reserves (technical reserves and mathematical reserve in life insurance), i.e., future liabilities that arise from insurance policies and possible losses regarding risks related to performing insurance activities, with permissible fund categories. The insurance sector's solvency – as an indicator for the stability of the sector - remains high, which is based on the high capitalisation of the sector .

LIST OF PUBLICATIONS RELATED TO THE DISSERTATION

1. Goran Kiprijanovski Msc., INSURANCE AND THE INSURANCE MARKET IN REPUBLIC OF NORTH MACEDONIA, Macedonian International Journal of “MARKETING” ISSN 1857-9787, Year 8, No 16 2022, p.80-95
2. Goran Kiprijanovski Msc., FUNCTIONS OF INSURANCE, VUZF Review ISSN 2534-9228, volume 3, 2023, p. 18 - 31
3. Goran Kiprijanovski MSc., INSURANCE AND THE INSURANCE MARKET IN THE WORLD, Macedonian International Journal of “MARKETING” ISSN 1857-9787, Year 9, No 17 2023, p.58 - 69

LIST OF SELECTED LITERATURE

1. Агенција за супервизија на осигурување - ASO.MK, (2021), <https://aso.mk/wp-content/uploads/2021/08>.
2. Агенција за супервизија на осигурување - ASO.MK, (2013), <https://aso.mk/wp-content/uploads/2013/08>.
- Anderson, S., (2021), How Does an Insurance Broker Make Money? – Investopedia, [investopedia.com](https://www.investopedia.com), <https://www.investopedia.com>
3. Асоцијацијата на бугарските застрахователи (АБЗ), (2021), <https://www.abz.bg>.
4. ски, Д., (2023), Банкоосигурување – концепт, трендови и примена, [ekonomijaibiznis.mk](https://www.ekonomijaibiznis.mk), <https://www.ekonomijaibiznis.mk>.
5. Banton, C., (2022), Bancassurance Definition – Investopedia, [investopedia.com](https://www.investopedia.com), <https://www.investopedia.com>.
6. Beers, V., (2021), A Brief Overview of the Insurance Sector – Investopedia, [investopedia.com](https://www.investopedia.com), <https://www.investopedia.com> Corporate Insurance.
7. Commercial Insurance Broker - Corporate Finance Institute, corporatefinanceinstitute.com, (2023), <https://corporatefinanceinstitute.com>.
8. Definition: Insurance agent from 31 CFR § 1025.100, (2022), https://www.law.cornell.edu/definitions/def_id=3f270.
9. Детайли - ABZ.bg, [abz.bg](https://www.abz.bg), (2022), <https://www.abz.bg/news>.
10. Димовски, А., (2019), Видови ризици во осигурувањето - Бизнес Инфо, biznisinfo.mk, <https://biznisinfo.mk> Бизнес едукација.
11. Different Types and Transfer of Risk in Insurance – eduCBA, [educba.com](https://www.educba.com), (2022), <https://www.educba.com/ri>.
12. Драганов, Х., (2008), . Застраховане. С., Тракия-М, <https://bg.wikipedia.org/wiki>
13. Entity | Wex | US Law | LII / Legal Information Institute, (2022), <https://www.law.cornell.edu/wex/entity>.
14. Esteva, D., (2023), 7 characteristics of insurance companies - LISA Insurtech, lisainsurtech.com, <https://lisainsurtech.com/7>.
15. Evans, M., (2022), What Is an Insurance Broker? - The Balance <https://www.thebalance.com>
16. Functions of Insurance, (2022), <https://byjus.com/commerce>.
17. Functions of Insurance – GeeksforGeeks, [geeksforgeeks.org](https://www.geeksforgeeks.org), (2023), <https://www.geeksforgeeks.org>.
18. Generali, F., (2022), How Does Insurance Help in Economic Development? <https://life.futuregenerali.in>
19. Gerrard, R., (2023), What is insurance market? – Quora, [quora.com](https://www.quora.com/What-is-insurance-market), <https://www.quora.com/What-is-insurance-market>.
20. Gjerdrum D., (2022), Insurance Broker Services and Definitions | Gallagher USA <https://www.ajg.com/feb/s>.

21. Handling Risk - Insurance - thisMatter.com, thismatter.com, (2023), [https://thismatter.com > han](https://thismatter.com/han).
22. How the insurance industry helps stimulate the economy, iowains.org, (2023), [https://www.iowains.org > h](https://www.iowains.org).
23. How the insurance market works – SyPpT, fundacionmapfre.org, (2023), <https://segurosypensionespara>.
24. Horvath, I., (2023), Five Steps of the Risk Management Process - 360Factors, 360factors.com, [https://www.360factors.com > blog > five-steps-of-risk-](https://www.360factors.com)
25. Insurance Agent - Birla Sun Life, adityabirlacapital.com, [https://lifeinsurance.adityabirlacapital.com > insurance-ag](https://lifeinsurance.adityabirlacapital.com).
26. Insurance Agent Job Description [Updated for 2023] – Indeed, indeed.com, (2023), [https://www.indeed.com > Insurance Agent](https://www.indeed.com).
27. Insurance brokers: what their functions are and how they can help you, ribesalat.com, [https://ribesalat.com > insurance-brokers-what-their-funct](https://ribesalat.com).
28. Insurance Company: Definition, Roles & Functions - StudyHQ, (2022), [https://studyhq.net > Economics](https://studyhq.net).
29. Insurance: Concept, Principles, Functions of Insurance Company, toppr.com, (2023), [https://www.toppr.com > guides > business-services > ins](https://www.toppr.com).
30. Insurance corporations - European Central Bank, (2022), [https://www.ecb.europa.eu > i](https://www.ecb.europa.eu).
31. Insurance Definition & Meaning | Britannica Dictionary, (2022), [https://www.britannica.com >](https://www.britannica.com)
32. Insurance Definition & Meaning | Dictionary.com, (2022), [https://www.dictionary.com >](https://www.dictionary.com)
33. Insurance Definition & Meaning - Merriam-Webster, (2022), [https://www.merriam-webster.com > dictionary > insurance](https://www.merriam-webster.com).
34. Insurance entity Definition | Law Insider, (2020), [https://www.lawinsider.com > dictionary > insurance-entity](https://www.lawinsider.com).
35. Insurance Markets - thisMatter.com, thismatter.com, (2023), [https://thismatter.com > insu](https://thismatter.com).
36. Insurance for Socio-Economic Life, (2021), [https://manajemen.uma.ac.id >](https://manajemen.uma.ac.id)
37. Insurance Market Analysis, Size And Trends Global Forecast, (2022), <https://www.thebusinessresearchcompany.com>.
38. Insurance Market Size, Trends and Global Forecast To 2032, thebusinessresearchcompany.com, [https://www.thebusinessresearchcompany.com > report](https://www.thebusinessresearchcompany.com).
39. Insurance company - Financial Dictionary, thefreedictionary.com, (2023), <https://financial-dictionary.thef>.
40. Insurance Market Size And Forecast - Verified Market Research, verifiedmarketresearch.com, (2023), <https://www.verifiedmarketrese>.
41. Insurance Meaning – Types, Benefits & How It Works - Turtlemin, (2022), [https://www.turtlemint.com >](https://www.turtlemint.com)

42. Insurance Sales Representative job description template, talentlyft.com, (2023), <https://www.talentlyft.com › resources › insurance-sales-r>.
43. Интервју Соња Паневска - Банкарство, (2018), <https://bankarstvo.mk › интервју-соња-паневска-банко>.
44. Kagan, J., (2022), Insurance: Definition, How It Works, and Main Types of Policies, investopedia.com, <https://www.investopedia.co>.
45. Kagan, J., (2021), Mutual Insurance Company: Definition and How They Invest, investopedia.com, <https://www.investopedia.com>.
46. Kenton, W., (2022), Mutual Company: Definition, How It Works, Advantages, investopedia.com, <https://www.investopedia.co>.
47. Knowledge Centre Team, What is Insurance: Meaning, Types and Benefits, (2022), <https://www.canarahsbclife.com › \>
48. Кодекс за застраховането - Министерство на финансите https://www.minfin.bg › _Proekt_na_KZ.pdf_.pd.
49. Kokemuller, N., (2022), Insurance Market Definition, <https://www.sapling.com › insurance-market-definition>.
50. Kumar, N., (2023), What is insurance market? – Quora, quora.com, <https://www.quora.com › What-is-insurance-market>.
51. Liberto, D., (2022), Capital Stock Insurance Company Definition – Investopedi, investopedia.com, <https://www.investopedia.com>.
52. Maheshwari, R., (2023), Insurance Broker: Types, Eligibility, Procedure – Forbe, forbes.com, <https://www.forbes.com › advisor › insurance-broker>.
53. Mehta, J., (2022), How do Insurance Companies Make Money? - Financial Edge, fe.training, <https://www.fe.training › fig>.
54. Munyi, C., (2022), What Is Property Insurance? - The Balance, <https://www.thebalance.com ›>
55. Осигурителни производи и друштва за осигурување - ASO, (2022), <https://edukacija.aso.mk › осигурителни-производи>.
56. Ownership structures and risk taking in the German property, (2022), <https://www.sciencedirect.com ›>
57. Primary Function of Insurance - QS Study, (2022), <https://qsstudy.com › primary>.
58. Продажба на дребно на застрахователни продукти. Анализ на същността на продажбите на застрахователни продукти, (2022), <https://bankfs.ru › deposits>.
59. Прессъобщение 9 юни 2022 г. 12:00 ч. Статистика на застрахователната дейност, bnb.bg, https://www.bnb.bg › public › bnb_download.
60. Property Insurance Definition | Insureon, (2022), <https://www.insureon.com › p>.
61. Representation and Warranty Insurance Definition | Law Insider, (2022), <https://www.lawinsider.com ›>

62. Representations by the insured, N.Y. Ins. Law § 3105 - Casetext, (2022), <https://casetext.com> › statute.
63. Representation and Misrepresentation in Insurance, (2022), <https://batasnatin.com> › law-library › mercantile-law.
64. Risk Analysis: A Comprehensive Guide, (2023), safetyculture.com/wp-content/media/2018/06/Risk.
65. Risk & Insurance - NIOS, (2022), <https://nios.ac.in> › documents › VocInsServices.
66. Полята на застрахователните посредници - Екипът на Вахан, (2012), <https://www.vahan-team.com> ›
67. Rosen, R., (2022), Mutual vs. Stock Insurance Companies: What's the Difference? [investopedia.com](https://www.investopedia.com), <https://www.investopedia.com> ›
68. Singh, K., (2021), What are the Advantages and Disadvantages of using Insurance Brokers? swaritadvisors.com, <https://swaritadvisors.com> ›
69. Sleight, M., (2023), Benefits of Independent Insurance Agents | Bankrate, [bankrate.com](https://www.bankrate.com), <https://www.bankrate.com> ›
70. Службен весник на Република Македонија бр. 173/2022.
71. Srivastav, A. K., (2023), Top 8 Types of Risks in Insurance – WallStreetMojo, [wallstreetmojo.com](https://www.wallstreetmojo.com), <https://www.wallstreetmojo.com> ›
72. Thangavelu, P., (2021), Insurance Companies vs. Banks: What's the Difference? [investopedia.com](https://www.investopedia.com), <https://www.investopedia.com>.
73. Thakur, M., Vaidya, D., (2022), Risk Insurance Definition - WallStreetMojo, <https://www.wallstreetmojo.com> ›
74. The Geneva Association, (2022), The Role of Insurance in Promoting Social Sustainability, [genevaassociation.org](https://www.genevaassociation.org), <https://www.genevaassociation.org> › sites › files.
75. Three Types of Risk in Insurance - iEduNote, (2022), <https://www.iedunote.com> ›
76. Tirschler, S., (2022), What is an Insurance Broker? | Role, Examples and More, <https://www.squareone.ca> ›
77. Thomas, C., (2023), Five Steps of the Risk Management Process - 360Factors, [360factors.com](https://www.360factors.com), <https://www.360factors.com> › blog › five-steps-of-risk-
78. Torbira, L. Lezaasi., (2014), Fund Mobilization by Insurance Companies and Fixed Capital Formation, International Journal of Financial Research, Vol. 5, No. 2; 2014, <https://www.sciedu.ca> › view.
79. Twin, A., (2021), Property Insurance: Definition and How Coverage Works, [investopedia.com](https://www.investopedia.com), <https://www.investopedia.com>.
80. Understanding risk - Understand Insurance, (2022), <https://understandinsurance.com.au> › understanding-risk.
81. Vaidya, D., (2023), Property Insurance - What Is It, Types, Examples, Benefits, [wallstreetmojo.com](https://www.wallstreetmojo.com), <https://www.wallstreetmojo.com>.
82. What Are The Basic Functions Of Insurance?(2022), <https://healthnewsreporting.com> ›

83. What Are the Duties of Insurance Agents? - Work - Chron.com, chron.com, (2021), <https://work.chron.com> › du.
84. What are the Essential Techniques of Risk Management, (2022), <https://hr.fullerton.edu> › information-management › essen.
85. What does an insurance agent do? (Types, salary and skills), (2023), <https://uk.indeed.com> › wha.
86. What is an Appointed Representative in the Insurance Industry? (2022), <https://gauntletenterprise.com> ›
87. What Is An Insurance Representative – Zippia, zippia.com, <https://www.zippia.com> › Zippia Careers › Sales Industr.
88. What is Bank Owned Life Insurance (BOLI)? - BoliColi.com <https://www.bolicoli.com> › boli.
89. What is Bancassurance? – Login, wooribank.com, (2023), <https://spib.wooribank.com> › pib › Dream.
90. What is Insurance: Definition, Benefits, and Types - Paytm, (2021), <https://paytm.com> › blog › w.
91. What is an Insurance Risk? - Definition from Insuranceopedia, (2020), <https://www.insuranceopedia.com> ›
92. What Is Representation And Warranty Insurance? - AdvisorSmit, (2022), <https://advisorsmith.com> › wh.
93. What is Risk Management in the Insurance Sector? (2018), <https://www.logicmanager.com> ›
94. Who owns your insurance company? It matters to your wallet - NJ.com, (2022), <https://www.nj.com> › business › 2018/08 ›
95. Why Insurance Broker - IBAI, (2022), <https://ibai.org> › why-insuran.
96. Застрахователни продукти | УНИКА, (2022), <https://www.uniqa.bg> › za-teb.
97. Застрахователни продукти в ЕС - Your Europe, (2022), <https://europa.eu> › index_bg.
98. Застрахователен пазар - ABZ.bg, (2022), <https://www.abz.bg> › bg_BG.

DECLARATION OF ORIGINALITY AND TRUST

(according to Art. 27, paragraph 2 of the ZP of ZRASRB)

By **Goran Kiprijanovski, M.Sc**, self-study PhD student at the Finance Department of Higher School of Insurance and Finance (BY3Φ) - Sofia.

I declare that the dissertation presented by me on the topic, **Insurance and the insurance market in Republic of North Macedonia and Republic of Bulgaria of companies from the wine sector**, for awarding the educational and scientific diploma "Doctor" is an original paper and contains results obtained from my research, with the support and help of my supervisor.

I declare that the results obtained, described and / or published by other scientists are properly cited in the bibliography, subject to copyright requirements.

I am informed that in case of finding plagiarism in the submitted dissertation, the defense committee has the right to reject it.

I declare that the dissertation has not been presented at other universities, institutes and other higher education institutions for obtaining an educational and scientific diploma.

30.09.2024

Declarant:

Goran Kiprijanovski, M.Sc