

We will scale up our business in SEE through Euroins Bulgaria



Todor Danailov,
Executive Director, EIG

Euroins Insurance Group AD (EIG) is an independent insurance group in Central and Southeast Europe (CESEE). It is part of Eurohold, a leading holding company in the region, also owner of Electrohold, a large energy group in Bulgaria. The Sofia-based holding operates in ten European countries and its shares are listed on the stock exchanges in Sofia and Warsaw. EIG operates through its subsidiaries in Bulgaria, North Macedonia, Ukraine and Georgia. The insurance group provides services through its Bulgarian subsidiary - Euroins Insurance Company AD (Euroins Bulgaria), in Greece (branch), Poland, Spain, Italy, Germany and the Netherlands. EIG provides services to 2 million clients and has 2000 employees. Todor Danailov is an executive director and a board member of EIG since August 1, 2023. He is a long-time employee of the company and has over 20-year experience in the sector. He has been managing the whole reinsurance business of the group since 2007. Danailov holds a master’s degree in Actuarial science from Dimitar A. Tsenov Academy of Economics - Svishtov.

How do you assess 2022 for EIG companies and what challenges do you face?

Initially, we were worried about the war in Ukraine - we have two units there. Fortunately, we moved our Ukrainian colleagues and their families to Bulgaria in March. Employees from our other subsidiaries also helped us in this mission. We are grateful to them for their support and solidarity. We are also grateful to our Ukrainian colleagues who continue to maintain Euroins’ operations

in the country and serve our clients. Both our Ukrainian units have retained their employees and have been generating positive results.

Despite the conflict in Ukraine, the sale of our business in Russia and Belarus, as well as the cease of our operations in the volatile and crisis-ridden Romanian motor insurance market, our group continues to be very well positioned in the region. All other units within our structure are performing well and developing their

business steadily. This trend has been confirmed by the leading rating agency, Fitch Ratings, which in August affirmed the ‘B+’ Insurer Financial Strength Rating with stable outlook of Euroins Bulgaria, the group’s largest subsidiary. The rating agency’s assessment is that the business of the group’s entities remains stable even after our withdrawal from the Romanian motor insurance market. Fitch also affirmed the same ratings of the holding company.

EIG’s Bulgarian subsidiary is a

leader in Bulgaria with 25 years of experience and is expanding its business on foreign markets, including Greece and Poland. In line with the further expansion of its operations abroad, Euroins Bulgaria's capital has been increased by 15 million leva (7.5 million euro), which has been already paid in. This capital hike will further improve the solvency ratio of EIBG to a level that fully corresponds with and even surpasses the risk appetite of the company. Through it and under the Freedom of Services (FoS), Euroins has already started offering non-motor insurance services in Romania. Basically, we retained the core of our long-standing employees there and with their cooperation we remain on the Romanian market but in segments which are much more stable than motor insurance and which we know very well, thus further diversifying our portfolio.

We gained solid experience and we are well prepared for the future. The EBRD continues to be our partner in the insurance business and a key minority shareholder in EIG. Additionally, we are part of a large holding, owner of the leading Bulgarian energy group – Electrohold, which controls the largest distributor, supplier and trader of electricity in the country. This expands further the potential for synergies and provides us with even more opportunities for development of our insurance business.

As a long-time head of the group's reinsurance business, what is your opinion about the case of Euroins Romania (EIRO) with the Romanian regulator, in which the topic of reinsurance contracts was a leading one?

The reinsurance contracts, disputed by ASF, are actually widely accepted and practiced throughout Europe. They have been available in our

Romanian subsidiary since 2014. Just to illustrate it, previously, these contracts had been subjected to seven annual audits, two balance sheet reviews by independent auditors appointed by the regulator, as well as two thematic inspections by the regulator itself. They have never been challenged in any way by anyone. Out of the blue, in mid-2022, we received instructions from ASF to change certain parameters in them. We started implementing changes according to the instructions of ASF immediately as of July 1, 2022. These changes were duly communicated to the regulator and approved by the supervisors. We jointly developed a compliance plan to fulfill the requirements. We have been adhering to the plan correctly, including renewing the contracts as of January 1, 2023. So, ASF's decision to radically change its approach to these reinsurance contracts, taken at the end of January 2023, has left us with too few options.

Despite the obstacles mentioned above, we proposed a solution and the revocation of the company's license on March 17, 2023, in which EIG was not provided with an option to defend itself, left us with the bitter feeling of lost trust in the power of law. EIRO is not a closed case for us and we are determined to seek justice and protect our rights in competent international courts after exercising all available options in the law court in Romania.

What are your expectations for EIG's financial performance in 2023?

The large number of uncertainties due to the geopolitical reality and the challenging economic environment, limits the ability to predict our performance. The group's gross written

premiums have declined after we ceased our operations in the Romanian motor insurance market but this is offset by the improved risk profile and increased profitability. We have a good handle on the high inflation demonstrated by the improving technical indicators.

Euroins Bulgaria, our group's largest subsidiary, has been developing steadily and sustainably. Non-motor insurance has been accumulating an increasingly large part of its portfolio. Liability, cargo and property insurance segments have reported strong growth. We are among the leading players in the travel insurance segment which has registered an increased demand due to the post-pandemic travel boom.

What are the highlights of your development strategy for the next few years?

We aim to consolidate our positions on the markets in which we operate. Our business will grow sustainably, organically and under FoS. For this purpose, we will build up on the well-established and fast-growing platform of Euroins Bulgaria which currently offers 63 insurance products in all 18 segments of the sector we operate in. We will further diversify our portfolio by increasing the share of non-motor insurance. We aim to retain our strong position in motor insurance, improving its profitability. We would like to make EIG more digital and sustainable. We rely more and more on direct online distribution channels to reach clients. Synergies with the parent company's energy business will expand, adding value for our customers. Our goal is to remain a leading insurance group in CESEE with a diversified portfolio of general and life insurance services.