

TRENDS IN INVESTMENTS OF INSURANCE COMPANIES IN BULGARIA FOR PERIOD 2010-2015

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Abstract. In recent years, it is particularly relevant topic related to investment activities of insurance companies. These companies are actively involved with performing investment activities, creating conditions for further acceleration of economic development. For obtaining a clearer idea of what is necessary to trace the dynamics of investment in insurance to total investments in the country, which will outline, to some extent, the effect of insurance companies on the economy.

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Insurance companies are identified as some of the best - large institutional investors. Investments in insurance are justified by the fact that the activities of insurance companies is related to the raising and spending of funds. Some of them remain temporarily vacant and should be invested, and thus generate income. These free resources can be both own the insurance company and foreign (insurance). For this reason, investment resources of insurance companies can be seen as a set of their own and borrowed in the form of technical reserve funds. The goal of insurance companies in investing their free cash through optimal management of their finances, to form a well-balanced investment portfolio, ensuring their best - ie higher financial returns To minimize any risks as to maximize its profitability.

Investing activities carried out by both general insurance and by life insurance companies. There are some differences in their size and in their movement over time, which is explained by the peculiarities of the two insurance industry. Life insurance, has a long-term nature, which is why insurers invest in higher-yielding assets in most cases ignore liquidity. General insurance, in turn, is characterized by shorter periods, so that insurers invest in highly liquid assets, ignoring profitability.

In Bulgaria the share of investment in insurance to investment in the country permanently remain at over 11%. For 2010 the share of investments in insurance was 13.04% for 2011 -11.86%, 11.56% for 2012 to 2013 - 12.97, 2014 - 12.53 % and 2015 - 13%. During the analyzed period predominant share of investments in general insurance (52-58%) compared to investments in life insurance (42-

48%). The comparison shows a significant backlog of development of investment in life insurance, while globally they occupy a larger share of investment in insurance as a whole.

Positive should be reported trend that investments in life insurance develop with higher rates as compared to investments in general insurance and investments to insurance in general. Investments in life insurance develop with annual growth rates within (-0.28%) - 11.8%. For the whole period (2015-2010) The increase is 103.4%. The pace of investment in the insurance sector as a whole within the 0.48 to 9.1% .for six year period increased by 104.5%. Investments in life insurance marked growth (-2.5%) - 16.5%. The increase is 106.1%. In 2010, investment in life insurance represent 43.2% of investments in insurance against 56.7 percent for investments of general insurance. In the coming years, the share of investment in life insurance decreased reaching values of 53.1%, while the share of investment in life insurance increased reaching values of 46.9%.

During the period 2010-2015, investments in insurance are characterized by sustainable development. The growth rate during the period, calculated on an annual basis moving to levels within the 0.48 to 9.1% for the whole period increase was 104.5%. Most - a large share in the investment process provide technical reserves in life insurance this share falls on reserve for outstanding payments and transfer - share premium and life insurance - mathematical reserve and the capitalized value of pensions.

The conclusions that can be drawn are the following:

First, total investment in 2010 compared to the base grows. Increasing trend of investments in insurance compared to 2010 is due to their growth in general insurance and life insurance, the tendency in life is more pronounced.

Second, growth compared to the previous year for the entire observation period is positive. Low values general insurance in 2012 and in life, in 2011 the offset between the two insurance industry. There is a gradual reduction of the amount of investments to their period in the previous year. This trend is observed mostly in general insurance while in life insurance after the (2011) oriented towards growth.

Third, the dynamics in the development of investment shows that the growth potential of general insurance in this direction is

almost exhausted. In contrast, the opportunities for investment growth in life insurance are more than good.

Fourth, for the period the share of investment in insurance to investment in the country in Bulgaria permanently remain at over 11%. Presented data showing significant potential investment in insurance to investment in the country, which confirms the importance of insurance branch of the national economy.

The investment is an important part of the activities of insurance companies. As institutional investors, insurance companies provide long-term financing for investment in the economy, which is actively involved in shaping and supporting the economic growth of the country. This shows the contribution of the insurance sector for the economic development of a country.