

UNIVERSITY OF ECONOMICS – VARNA

Faculty of Economics

Department of Economics and Management of Commerce and Services

Pavlina Plamenova Peeva

**COMPETITIVE POSITIONING OF ENTERPRISES ENGAGED IN THE
TRADE OF LIFE INSURANCE PRODUCTS IN BULGARIA**

ABSTRACT

of a dissertation for the award of the educational and scientific
degree “Doctor” in professional field 3.8 “Economics”, doctoral
programme “Economics and Management (Commerce)”

Scientific supervisor:

Prof. Dr. Violeta Dimitrova

Ch. Assistant Dr. Yulia Hristova

Varna

2026

The dissertation consists of 294 pages, divided into 270 pages main text and 24 pages appendices. The work is structured as follows: List of abbreviations used – 3 pages, Introduction – 6 pages, main text (three chapters) - 225 pages, conclusion - 2 pages, list of references – 307 sources (86 in Cyrillic and 221 in Latin). 36 tables and 48 figures are used to support the presentation.

The defense of the dissertation will take place on..... in hall.....of the University of Economics – Varna at a meeting of the Scientific Jury, appointed by Order..... of the Rector of the University of Economics Varna

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SCIENTIFIC JURY:

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Varna
2026

The dissertation was discussed and directed for defense at a meeting of the Department of Economics and Management of Commerce and Services at the University of Economics - Varna.

Author: Pavlina Plamenova Peeva

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I. GENERAL CHARACTERISTICS OF THE DISSERTATION WORK

1. RELEVANCE of the research problem

The life insurance market is growing every year in the EU countries and to a lesser extent worldwide (mainly in Asia). Along with that, the increasing practical and scientific interest in life insurance observed in the specialized literature, places the topic among the contemporary ones in economic theory. According to 2024 data, the European insurance market represents about 1/3 of the global market, with life insurance revenue accounting for about 53% of it (Swiss Re Institute, 2024; Insurance Europe, 2025). At the same time, in light of high financial uncertainty, life insurance is a flexible and affordable way of financial support in unpredictable situations where a person's health and working capacity are at risk, or in cases where income needs to be secured for old age. In contrast to the European trends, in Bulgaria, despite the 129.31% growth in 2024 compared to 2014 (author's calculations based on FSC data), only about 3% of the population has life insurance (ABZ and Trend, 2026). According to industry experts, there is a huge potential for the development of the life insurance sector in the country. According to the FSC (2024), there are 10 licensed life insurance companies by 2024, and 350 licensed insurance brokers, while five companies hold 92.6% of the market in 2024 (author's calculations based on FSC data). The changes in the development of the life insurance market, as well as the insufficient degree of research into the development of enterprises engaged in the trading of life insurance products over the years, and their ways to be more competitive in the market, determine the relevance of the current problem and the author's interest.

2. Subject and object of the research

The subject of the present research is the competitive positioning in the trade of life insurance products.

The object of the study are the enterprises trading life insurance products in the Republic of Bulgaria ("DZI-Life Insurance" EAD, ZEAD "Bulstrad Life Vienna Insurance Group" AD, ZAD "Allianz Bulgaria Life" AD, ZK "UNIKA Life" AD, "GRAVE Bulgaria Life Insurance" EAD, "Groupama Life Insurance" EAD, "ZD Euroins Life" EAD, ZHZK "Saglasie" AD, "Life Insurance Institute" AD and ZEAD "CCB Life" EAD).

3. Objective and tasks

The primary objective of this dissertation is, based on summaries of theoretical statements on competitiveness and life insurance as a service, to assess the competitive position of enterprises engaged in the trade of life insurance products for the period 2014 - 2024, to analyze the challenges facing the distribution and to offer guidelines for their successful repositioning.

To achieve this goal, the author sets the following **tasks**:

- To carry out a theoretical summary of the research related to the specific features of insurance, and in particular, life insurance as a service and the challenges facing its distribution;
- To propose a methodology for assessing the competitive positions of life insurance trading companies based on the essence of competitive positioning and the problems in building competitive positioning models.
- To assess the overall development of the life insurance market by analyzing the intensity of competitive struggle, the bargaining power of customers and suppliers, the threat of substitutes and the entry of new competitors on the income in the focal economic sector.

- To identify and assess the competitive advantages of life insurance companies on the market and their product portfolio according to the criteria of relative market share, market growth, key management and financial indicators. To assess the consumer perspective – their attitudes, level of knowledge and purchase criteria for life insurance ownership as a direction for future research;
- To identify the main challenges facing the life insurance products' trade based on an assessment of the results of competitive position analysis, and to propose strategic alternatives to enterprises engaged in the trade of life insurance products.

4. Research thesis of the dissertation work

The author argues **that** life insurance companies in the Republic of Bulgaria have the potential to change their strategy in order to reposition themselves better and to achieve higher competitiveness in the market by improving the quality and quantitative characteristics of their products, optimizing their costs, focusing their efforts on certain market niches, investing in digitalization and using the opportunities of omnichannel commerce.

The main thesis of the survey is based on the assertion that there are three groups of criteria that influence the competitive positioning of life insurance product traders in the minds of consumers - economic factors, which include demand factors influencing the consumer's decision whether to purchase a life insurance program; factors related to the attitude of consumers towards life insurance companies and socio-demographic factors. The main research hypothesis set out in this study can be defined as:

H_0 : There is no statistically significant difference between the ones who have and those who do not have life insurance according to the various criteria and H_1 :

There is a statistically significant difference between the ones who have and those who do not have life insurance according to the various criteria.

5. Information security

The dissertation used **hard secondary data** from the Financial Supervision Commission (FSC), the National Statistical Institute (NSI), the Association of Bulgarian Insurers (ABZ), the Bulgarian National Bank (BNB) and Eurostat, as well as **soft primary data** from 3 survey studies: an electronic survey using convenience sampling method in 2015, an electronic survey using convenience sampling method in 2018 and a face-to-face survey using a nested sample of respondents by district of the city of Varna in June 2018.

6. Research methodology

Based on an analysis of the competitive positioning theory and the problems related to building evaluation models, **a methodology is proposed** for analyzing the competitiveness of life insurance trading companies in five stages:

1/ The **first stage** presents a general description of the market for the period 2014-2024. For this purpose, the influence of market forces in the industry is examined according to Porter's "five forces" model, which presents an analytical approach for assessing the attractiveness of a specific industry through the interaction of five groups of factors (substages in stage one of this methodology) - rivalry between existing competitors (intensity of competition), market power of suppliers, threat of substitute products¹, customer power and threat of potential new competitors. The model shows how the five forces influence the profitability of current competitors in the industry, determining the degree of competition,

¹A substitute product/good/service in this study is understood as any product/good/service in which consumers invest their residual income. For the purposes of the study, examples of substitute goods in life insurance are bank deposits, investment intermediaries and collective investment schemes (CIS) as well as alternative investment funds (AIF).

instability and uncertainty in the competitive environment, and hence the possibility and durability of economic advantages (Porter, 1980). Therefore, if the industry is attractive, it means that the companies in it have a strong position relative to other market participants, which leads to greater profit and return on investment, and vice versa - if the companies in the industry do not have a strong position relative to other market participants, their profit will decrease, and the sector is considered unattractive. The present study adapts Porter's model and its indicators to the life insurance market.

The first factor, intensity of competition, includes the competitive interaction between 10 life insurance companies. It is considered that the intensity of competition is high when there are a large number of companies in the market, concentration is weak, companies have the same capabilities and strategies, the power of customers, suppliers, substitutes and new competitors is high, competition is price-based, there are high barriers to exit, etc. The influence of existing competitors is analyzed through the number of traders, their market share² and concentration³, the uniformity of market distribution⁴ and structural changes⁵ in the sector. The choice of indicators is related to their accessibility, quantitative validity and accuracy for determining the state of the market as a whole and the aggressiveness of competitive actions. To take into account the trends in life insurance, a descriptive analysis is used by calculating chain growth and relative market share. This study presents the development of the market in the period 2014-2024 and is based on the following indicators: *insurance penetration*;

²Market share is understood as the percentage of total premium income, amounts paid and benefits, etc. in the life insurance sector controlled by the specific enterprise (Porter, 1985; Nedelchev, 2020).

³Concentration is the degree to which the total sales and assets of an industry are distributed among the largest firms in the market (Singh, 2020). The indicator shows whether the market structure tends towards perfect competition (many firms with small market shares) or towards monopoly/oligopoly (a small number of insurers control the market) (Nedelchev, 2020)

⁴Evenness in market distribution – a structural indicator that expresses the degree of symmetry in the distribution of market shares between companies in the industry (Nedelchev, 2020; Popov, 2024).

⁵Structural changes – reflect changes in a given structure relative to a certain baseline under the influence of a number of internal and external factors.

insurance density; market average return on sales (ROS); market average return on equity (ROE); Herfindahl-Hirschman concentration index (I_{HH}); integral coefficient of structural changes in market share; integral coefficient of uneven market distribution.

The second market force in Porter's model is **the power of suppliers in the market**. According to the model, suppliers' power is present where there is high market concentration, there are no substitutes for the supplier's product or service, the customer does not have a strong influence on the market, switching costs are high, and there is a threat of the supplier entering the customer's industry. From the specialized literature, four groups of suppliers to life insurance companies can generally be distinguished (Grant, 2002; Witkowska, 2014; Poth, 2014; Rynkologia, 2015; Insurance Innovation Reporter, 2018; Eling and Schmit, 2018; Nedelchev, 2020; Ivanov, 2021; Macdonald, 2021; Biener and et al., 2021; Zinyoro, 2023; Strategic Analysis Hub, 2023; Chan, 2024; Spith, 2025; Kelliher, 2026).

The first group includes reinsurance companies. According to specialized literature sources, they are the most powerful and institutionally significant supplier of life insurance services to the trading enterprises (Rynkologia, 2015; Strategic Analysis Hub, 2023), because they provide financial capacity, stability and liquidity to the latter, protecting them from catastrophic fluctuations in mortality and morbidity (Zinyoro, 2023). The indicators of negotiating power with reinsurers can be: Reinsurance Ceded Ratio (RCR) and Reinsurance Share of Technical Provisions ($RI_{Ratio\ tp}$).

The second group is associated with providers of digital technologies and IT infrastructure (software companies). According to sources in the specialized literature, they are a critical, operationally and strategically important supplier to insurers (Rynkologia, 2015; Strategic Analysis Hub, 2023), because they ensure the

technological capacity, flexibility and innovation of companies, protecting them from market backwardness and structural inefficiency through the digitalization of processes (Witkowska, 2014; Zinyoro, 2023). Their strength can be measured by Labour Cost Index in information and Communication Sector (LCI_{ict}) compared to the inflation over the same period.

The third group includes providers of medical (health) and expert services. They are a significant supplier to life insurance companies because they provide credibility of health status and medical expertise for determining accurate insurance premiums (Witkowska, 2014; Rynkologia, 2015; Zinyoro, 2023; Strategic Analysis Hub, 2023) and the health status of the specific consumer (with larger insurance amounts). The strength of medical/health and expert services can be calculated by comparing the Medical Inflation - Consumer Price Index for Health (CPI_{Health}) with the General Inflation for the country.

The last group unites financial and investment intermediaries (capital providers). It includes investment managers, brokers, consultants and fund structures on the capital market. The following indicators are accepted as indicators of the power of financial and investment intermediaries in negotiations: Long-term interest rate for assessing solvency - Long - Term Interest Rate Benchmark (LTIP)⁶ and Share of investment risk products in the total sector portfolio (Until - linked Premium Share - $UL_{Share\ sector}$)

The distributors of life insurance companies (Poth, 2014), who provide their knowledge, experience and qualifications for customers and products, are life insurance intermediaries – agents, brokers, consultants, banks (in particular, bancassurance) and alternative intermediaries (when the insurance product is

⁶Long-term interest rate for solvency assessment (LTIP) – a macroeconomic indicator of the cost of capital in Bulgaria, which is calculated by the BNB based on the yield of long-term government securities on the secondary market. The indicator determines the discount rate at which companies calculate the present value of their future obligations. When capital intermediaries deliver a low LTIP, companies are required to artificially inflate reserves on the balance sheet, which reduces their free capital.

complementary to the intermediary's main business). The indicators of their negotiating power can be: Gross premium income per 1 intermediary (Gross Premiums written - GPW) of 1 intermediary and Commission of 1 intermediary.

The third factor in the studied model is the threat of **substitutes**. A favorable situation for companies in a given sector is for their product to be unique and for the consumer to have no alternative for investing funds. The most direct possible substitutes considered in this study are bank deposits, investment intermediaries⁷ and collective investment schemes (CIS)⁸, as well as alternative investment funds (AIF)⁹.

The next, **fourth factor** influencing the market are **buyers**. Customers are strong when they buy many products, their concentration is higher than that of suppliers, consumers do not need the product in question, it occupies a very large part of their income, the differentiation of products offered in the industry is small, the cost of switching to a new supplier is low, there are opportunities for product substitution and a large number of competitors, consumers have negative expectations regarding the demand for the product and changes in their income, while being sensitive to price (Porter, 1980; Porter, 2008; Mirchev, 2009; Magreta, 2012; Angelova, 2012). The main measure is the value of one customer (The value of a customer). In order to examine the relationship between the premium income of life insurance companies and the average total household income and average household savings, the Spearman's rank correlation method is applied.

The last, **fifth factor** in Porter's model are **potential new competitors** and the barriers to their entry into the market. In this step, the barriers considered are: the need to create a customer base, the size of the premium income, the image of

⁷Investment brokers may offer securities (stocks, bonds, exchange-traded funds (ETFs)), investment advice, portfolio management, and custody of financial assets.

⁸Collective investment schemes (CIS) can invest in savings plans, mutual funds, structured and specific funds, and exchange-traded funds.

⁹Alternative investment schemes invest in assets outside the traditional stock, bond, and cash markets. They can invest in equity, real estate and infrastructure, commodities and physical assets, and more.

current competitors, market concentration, government regulation and solvency requirements.

2/ **The second stage** covers the assessment of market positions of life insurance traders in 2024. It examines the sources of competitive advantage in the product and market positioning from three perspectives using the extended BCG matrix method - a positioning map of life insurance traders according to the coordinates "relative market share" and "market growth rate"; stages of development of life insurance products in the portfolio of life insurance companies and competitive positions of life insurance products on the market.

3/ In **stage three** of this methodology – financial profile of life insurance traders (2014-2022), sources of competitive advantage related to sales, resources, costs and investment management are sought. For this purpose, a financial analysis of key performance or also called management ratios for the period 2014-2022 is presented in general and in relation to the market average. The selected indicators were studied because they most fully represent the company's activities in terms of revenues, costs, resources and their performance. They reveal the presence of competitive advantages and disadvantages and are a prerequisite for building new advantages; information about them is easy to find, they are accurate, as they allow a quantitative comparison of competitors' activities, they are effective or not from the point of view of fulfilling the goals of the enterprises, they are a prerequisite for generating new goals. The studied indicators are: Sales profitability ratio (Return on sales, ROS); Return on net premiums earned (RNPE); Combined Ratio (COR); Total Asset Turnover (TAT); Return on Asset (ROA); Equity Multiplier (EM) and Return on Equity (ROE).

4/ The fourth stage examines the sources of competitive positioning related to demand factors, purchase criteria and consumer attitudes towards life insurance. In the period 2015-2018, three independent surveys were conducted on the Bulgarian

life insurance market in order to reveal the potential for development of life insurance in the Republic of Bulgaria and to assess the attitudes of the Bulgarian consumer towards the activities of insurance companies. Conducting the surveys at different times allows a comparison between the responses of the respondents and identification of some sustainable characteristics of consumer behavior.

The value of survey research is not limited to the results obtained for the relevant period. Based on the studied specialized literature, a methodology has been developed and applied, including a system of economic, psychological and socio-demographic criteria that influence attitudes towards life insurance and the choice of insurer. Research hypotheses have been formulated and appropriate statistical methods have been applied for their verification.

Due to changes that occurred in 2018 in economic, technological and social terms, the results obtained should not be taken as a momentary assessment of consumer attitudes at the end of the research period. They present the momentary state of consumer attitudes in 2015 and 2018 and can be used as a starting point for subsequent research. Preserving the main questions, indicators and statistical procedures will allow future studies to assess whether and in what direction consumer attitudes have changed under the influence of Covid – 19, accelerated digitalization, the development of remote sales channels, inflationary changes and changes in the pension model.

The first two surveys, conducted from August 1-31, 2015 and April 14-May 31, 2018, were electronic using the convenience sampling method – a sample of respondents who responded via the Internet throughout the country. The third survey (June 1-10, 2018) is conducted through a marketing agency based on a face-to-face survey and a nested sample on the territory of the city of Varna. The results of the surveys are related to: the socio-demographic profile of consumers and its influence on the ownership of life insurance; the recognition of life insurance

companies and their products; the recognition of life insurance brokers; the influence of economic factors on consumer attitudes towards the use of a life insurance product; the influence of factors related to the relationship between agent and consumer on consumer attitudes and the positioning of life insurance product traders in the minds of consumers.

Methods for analyzing hypotheses and dependencies (Mann-Whitney test, Kruskal-Wallis test), as well as frequency distribution analysis, descriptive statistics analysis and scale reliability analysis using Cronbach's alpha are performed using the statistical software package SPSS.

On the grounds of the specialized literature sources, three groups of factors and criteria are proposed that influence the positioning of life insurance companies in the minds of consumers in Bulgaria (see Peeva, 2018), presented in Fig. 1.

The figure shows three groups of criteria that influence the positioning of life insurance companies in the minds of consumers. The first group consists of a total of nine sub-factors that measure consumer attitudes, the second contains seven sub-factors, and the third group contains five sub-factors. These criteria are applied and studied in a representative survey on the territory of the city of Varna.

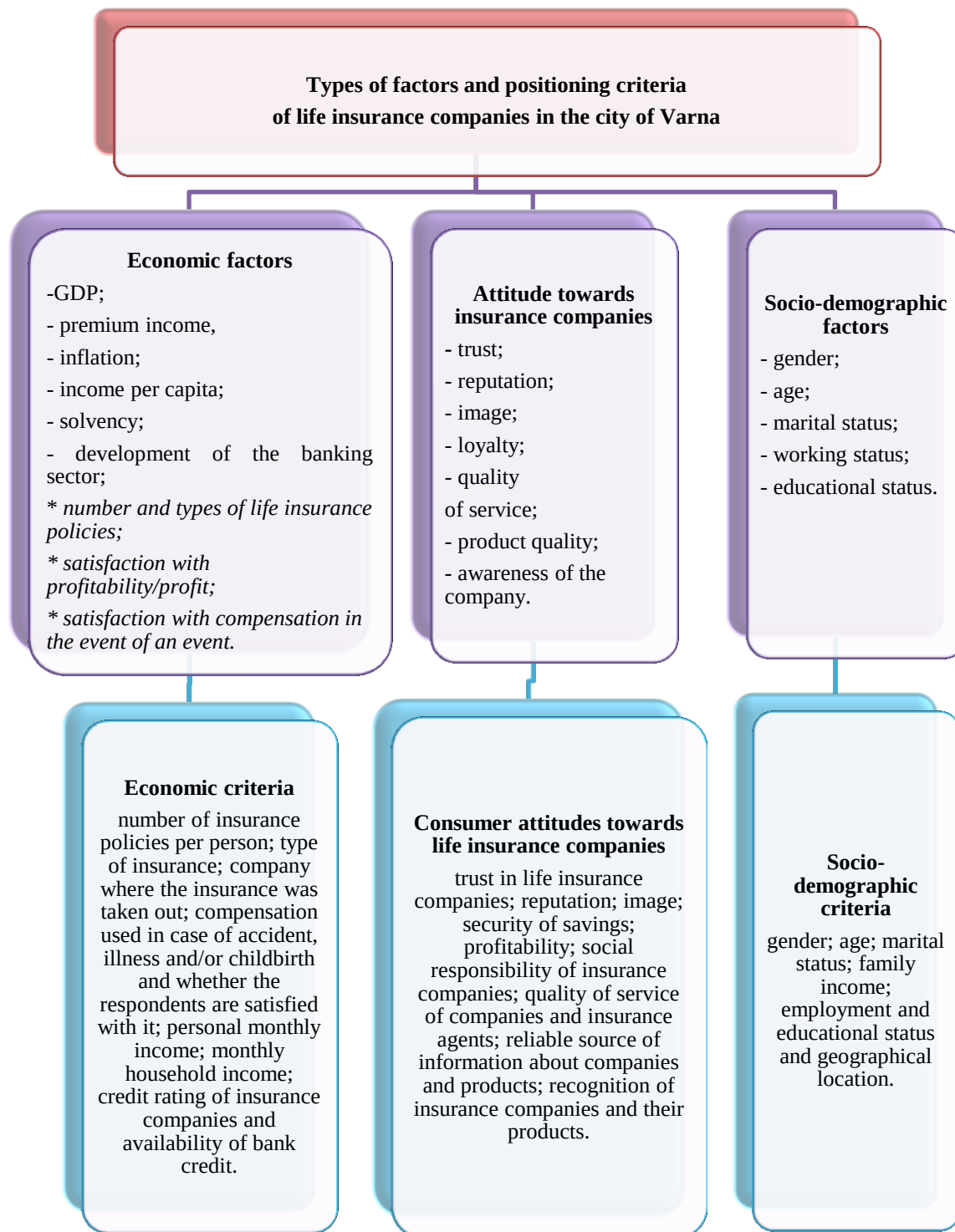


Fig. 1. Types of criteria and factors determining consumer attitudes of the population in the field of life insurance

Source: Author's interpretation based on (Beck & Webb, 2002; Sharma, 2005; Omar, 2007; Gautam & Kumar, 2012; Ackah & Owusu, 2012; Lee & Chiu, 2013; Ahmed, 2013; Mutunga, 2013; EY Building a better working world, 2014; Hristova & Peeva, 2015; Reddy & Jahangir, 2015; Klapkiv, 2016; Kesterson-Townes, 2016; Nekmahmud and al., 2017; Hristova & Peeva, 2018; Peeva, 2018; OECD Secretariat, 2018; Hristova, 2022).

The marketing face-to-face survey was conducted in the period 01.06-10.06.2018. Its methodology includes: a research problem of the study, arising from an insufficient degree of research on consumer attitudes towards life insurance companies in the Republic of Bulgaria. The object of the conducted study is the life insurance market in the Republic of Bulgaria (on the territory of the city of Varna). The subject of the performed marketing research is consumer attitudes towards life insurance companies in the Republic of Bulgaria. The aim of the study is to analyze consumer attitudes towards companies trading life insurance products in the Republic of Bulgaria (on the territory of the city of Varna), presenting the main results of a survey conducted among potential and actual consumers. The tasks defined for the study are related to clarifying the attitude of the Bulgarian consumer towards life insurance; studying the impact of economic factors on consumer attitudes towards life insurance companies; research on the influence of consumer attitudes towards life insurance companies and research on the influence of socio-demographic factors on consumer attitudes towards life insurance companies.

The research model in the face-to-face marketing study, referring to the specialized literature, relies on 21 criteria, distributed in three main groups, having an impact on consumer attitudes towards life insurance companies in Bulgaria (Peeva, 2018). As stated above, the research hypotheses set out in this study are:

- H_0 : There is no statistically significant difference between the ones who have and those who do not have life insurance according to the various criteria;
- H_1 : There is a statistically significant difference between the ones who have and those who do not have life insurance according to the various criteria.

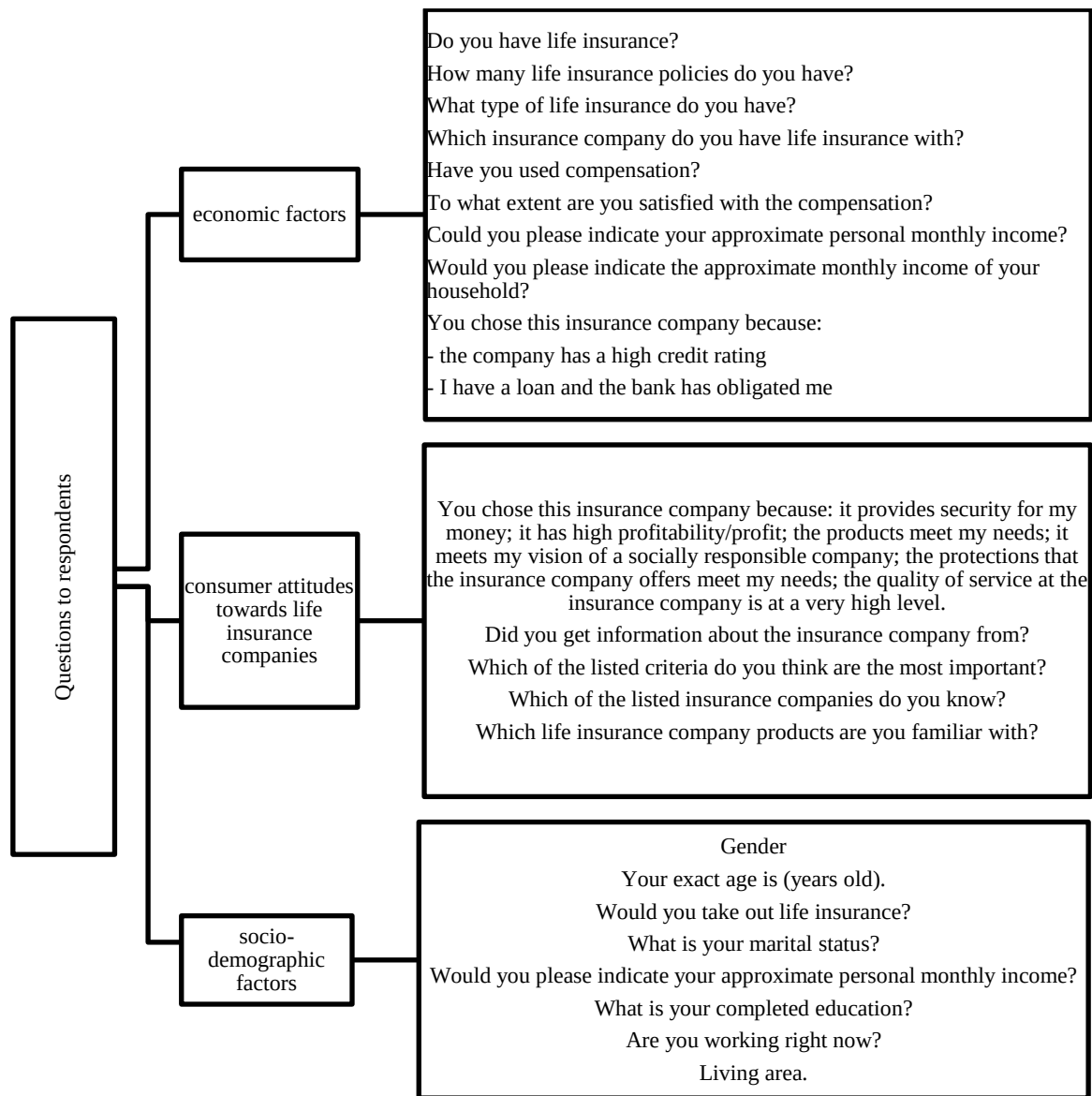


Fig. 2. Questionnaire of a marketing study on the topic: Consumer attitudes towards life insurance companies in the city of Varna

Source: created by the author

The sources of information in this study are primary and secondary. The primary data are gathered using a survey questionnaire. The secondary data are taken from the National Statistical Institute, the Financial Supervision Commission and previous marketing research. The primary information is collected by the marketing agency ET “Yana-92, Yanka Kirpeva”, and the secondary – by the author. The study includes questionnaires that are distributed using the “Face to

Face” method according to the author’s quota matrix, on the territory of the city of Varna. The study was conducted within 10 days at the beginning of June 2018 among a total of 307 real and potential users, of which a booster sample of 50 were interviewed and distributed in the five districts of the city of Varna (Odessos, Mladost, Primorski, Asparuhovo and Vladislavovo). The main criteria for selecting respondents are the criteria of gender, age and region of residence. Depending on the three groups of criteria, the questionnaire contains a total of 22 questions, distributed in the separate groups of factors, presented in Fig. 2.

In **stage five** of the dissertation methodology - proposing strategic alternatives for repositioning life insurance product traders, all competitive advantages of the enterprises are identified from various sources (stages 1-4) and specific strategies for the development of life insurance companies in the future are proposed.

7. Perceived limitations in the scope of the study

The limitations of the dissertation related to the scope of the research can be summarized as follows:

1/ The study covers only the life insurance market of the Republic of Bulgaria and does not examine the economic nature and financial philosophy of the second pillar of the pension system (Supplementary Mandatory Pension Insurance - SMPIO). Regardless of the observed convergence (Vasilev et al., 2023) between the two products, the author advocates the view that they are complementary;

2/ The subject is limited to the competition between 10 licensed local life insurance companies operating in the market during the last year of the period (2024) according to FSC data and does not cover registered insurance intermediaries (agents, brokers and consultants) offering their products. According to FSC data, as of 2026 there are over 300 insurance intermediaries, which generate over half of all insurance premiums (FSC);

3/ The results of the functioning of intermediaries are given for the market as a whole, not including the actions of banks and alternative/secondary intermediaries, which also play the role of intermediaries in the insurance market;

4/ The period of study of the life insurance market covers the years of macroeconomic stability in the country in conditions of external shocks such as the crisis with Corporate Banking Corporation, COVID-19 and inflationary and geopolitical pressure caused by the war in Ukraine - 2014-2024. At the time of the study, the FSC website lacked statistical data for December 2025 and according to the latest data from the FSC for March 2025, the number of enterprises trading life insurance products has not changed - 10. The reasons for studying financial indicators in the period 2014-2022 can be reduced to two: 1) After the change in reporting from 2023, the statistical information publicly disclosed by the FSC no longer provides all the components necessary to continue calculating the financial ratios used in the previous comparable format. 2) the period 2023-2024 is considered of insufficient duration to conduct a thorough analysis. The facts indicated give reason to consider the present study as up-to-date;

5/ All values in the dissertation are presented in Bulgarian leva, as the research period is until 2024, which is two years before the introduction of the euro in the Republic of Bulgaria;

6/ The dissertation does not consider the calculation of the insurance premium as its task, but uses real, already calculated data from the FSC reports;

7/ The surveys conducted in 2015 and 2018 are of a formative and baseline nature. They are not used as a snapshot of consumer attitudes at the end of the overall research period, but as a primary empirical basis for identifying the factors that influence demand, the choice of insurer and the attitudes towards insurance products. The developed and tested research toolkit allows the studies to be repeated while maintaining the same questions, indicators and statistical

procedures, which creates an opportunity for future comparative research on changes in consumer behavior after Covid-19, accelerated digitalization, inflation and changes in the pension model. Therefore, the results are interpreted within the limits of the period during which they were obtained and serve as a starting point for subsequent studies, and not as an actual representative characteristic of the market by 2024.

8/ The methods and models used for analyzing the competitive position show the static state of life insurers on the market at the time of the study and do not consider the competitive dynamics of the market in the sense of the actions and counteractions of the companies in it.

8. Approbation

On the topic of the dissertation, 1 scientific article and 3 scientific reports have been published in specialized scientific edition, where parts of the theoretical conclusions and practical research are presented, and a project has been created to support the development of an empirical part of a doctoral dissertation NPD – 220 on the topic: “Effects of the consumer positioning of life insurance product trading enterprises in Bulgaria” supervised by Senior Assistant Professor Dr. Yulia Hristova.

II. STRUCTURE AND CONTENT OF THE DISSERTATION

The dissertation is 294 pages long and includes a list of abbreviations used, an introduction, three chapters, a conclusion, a list of 307 references, of which 86 are in Cyrillic and 221 in Latin and 11 appendices. 36 tables (28 in the main text and 8 in the appendix) and 48 figures (29 in the main text and 19 in the appendix) were used to support the presentation.

The content of the dissertation consists of:

List of abbreviations used

Introduction

Chapter One: Theoretical and methodological aspects of competitive positioning in the trade of life insurance products

1. Nature and specific features of trading life insurance products
 - 1.1. Life insurance as a service
 - 1.2. Specifics of the distribution of life insurance services
2. General characteristics and classification of life insurance products.
3. Theoretical issues of competitive positioning of enterprises trading life insurance products.
 - 3.1. Nature and characteristics of competitive positioning
 - 3.2. Models for assessing competitive position
4. Methodology for competitive positioning of enterprises trading life insurance products

Chapter Two: Research of the competitive positions of enterprises engaged in the trade of life insurance products in Bulgaria

1. General characteristics of the life insurance market in Bulgaria
2. Market positions of enterprises trading life insurance products.
 - 2.1. Position map according to the criteria of relative market share and market growth
 - 2.2. Competitive positioning of the product portfolio of enterprises
3. Financial profile of life insurance companies in Bulgaria
4. Consumer attitudes towards life insurance in Bulgaria

Chapter Three: Opportunities for repositioning life insurance companies in Bulgaria

1. Development of life insurance trading enterprises in times of crisis
2. Portfolio improvement as an alternative for repositioning in life insurance

3. Strategic alternatives for companies trading life insurance products in Bulgaria

Conclusion

References

Appendices

III. BRIEF PRESENTATION OF THE DISSERTATION WORK

INTRODUCTION

The **introduction** to the dissertation presents the relevance of the problem, the purpose of the research, the tasks set by the author, the subject and object of the research, it indicates where the hard and soft data in the work were taken from, what is the thesis and hypotheses set out in the survey studies, what research methods were used in the dissertation and what are the limitations of the research.

CHAPTER ONE. THEORETICAL AND METHODOLOGICAL ASPECTS OF COMPETITIVE POSITIONING IN THE TRADE OF LIFE INSURANCE PRODUCTS

In **the first subparagraph of the first chapter**, a theoretical summary and analysis of the concepts of "insurance" and "life insurance" is made, on the basis of which the author's position is presented. Insurance is examined in historical terms from its first steps in Bulgaria to the present day.

The specific features of the “life insurance” service are clarified. In addition to the standard intangibility, indivisibility, inequality and non-storability, it: 1) provides a specific benefit for consumers in the form of insurance protection (Iliev, 2021; Draganov, Stefanov, 2019; Outreville, 2025; Zietz, 2003), 2) offers a specific type of product called life insurance (Misheva, 2016), 3) the consumption of the

service actually precedes its realization, which due to its aleatory nature may not occur in time (Grigorova, 2024; Lukich, 2020; Auerbach and Kotlikoff, 2020; Gidhagen 2002; Schlesinger and Graf from the Schulenburg, 1993; Levit, 1981), 4) implies a longer duration of the service itself (Tasev, 2006), 5) the interaction between the insurance company and the client in the process of providing a life insurance service is characterized by three paradoxes that trigger negative attitudes and mutual distrust among the counterparties (Poth, 2014; Gidhagen, 2002).

In conclusion of the analysis of the first paragraph, the essence of life insurance is defined as an activity of providing protection against the occurrence of risk from various events related to the life, health and physical condition of the insured. A life insurance contract is a transaction, an exchange of utility between two parties - a life insurance company and an individual or legal entity, which is voluntary and formal in nature. Like all types of services, life insurance is characterized by intangibility, heterogeneity, indivisibility from the contractor and non-storability, but it also has its own specific features, which are hidden in the provision of benefit to the consumer in the form of protection. The life insurance product as a result of the offered service is strictly individualized to the client and contains its own characteristics and price. The realization of the service precedes its consumption, which may not occur in time. Life insurance products have a long life cycle and duration of the service.

In the **second paragraph of the first chapter**, the trade of life insurance products is presented as a distribution from the service producer (life insurance company) to the service consumer with the aim of maximum satisfaction of the latter and efficient use of resources. All components of the life insurance transaction are indicated and theoretically explained: contract, offer, product, event, subject, type, subject and object of the contract, insurance interest and price/insurance premium. The two distribution channels of life insurance are

presented – direct (Magati, 2021; Outreville, 1996) and indirect (Cummins, Doherty, 2006; Chien, Huang, Tsai, 2021; Grebeniuk, Kryvych, Bozhenko, 2025), together with their specific features. In the second channel, three groups of intermediaries are distinguished – banks; brokers, agents and consultants and in the last group – alternative/secondary intermediaries, and their characteristics.

The next stage presents the specialized counterparties in life insurance (insurer, intermediary, insured/insurer), their distinctive features and the regulatory framework that governs the regulation and characteristics of the market, including the types of life insurance and their requisites, as well as the rights and obligations of participants in the sector.

In conclusion of the study of the second sub-point, the summary is made that the distribution of life insurance services can be carried out through direct sales, where commission costs are eliminated and higher control is exercised over the relationships with consumers, and indirect channels, which include mediation between an insurer and insurance agents, brokers, consultants, banks and secondary intermediaries, referred to as commercial intermediaries for short, on the one hand, and commercial intermediaries and the end user, on the other hand. In the first case, methods such as meetings between employees and clients in the insurer's office, websites, mobile applications or telephone calls are used to reach a direct connection with the client and sign a deal. In the second case, with the mediation of commercial intermediaries, trust, an individual approach to the client, a large database, a network of branches and resources, as well as a combination of products, where the life insurance product is a supplement to the main product of a third business, are relied on. The commercial offer in the distribution of life insurance services is most often provided with indirect placement and personal contact with potential customers in order to achieve satisfaction before, during and after the purchase of a life insurance product. The price of a life insurance contract

as a main source of competitive advantage for enterprises is characterized by a high degree of variability depending on demand and supply factors. The quality of service and the product portfolio can also be a source of competitive advantage and influence consumer choice, but the main factor in the realization of products in the five stages of making a purchase decision remains consulting.

In **the second point Chapter One** presents a theoretical summary of the criteria and classification of types of life insurance. The characteristics that distinguish the different subtypes of life insurance products are risk coverage, insurance amount, contract term, insured and insured person/persons under the contract, age of the insured, profession of the insured in risky professions and method of payment in the event of survival or death, with the risk coverage being a percentage of the insurance amount (Tasev, 2006). Risks in life insurance can be divided into five areas: death of the insured; temporary incapacity for work of the insured; permanent incapacity for work of the insured; accident causing one of the listed events, and survival of a certain period by the insured (Yerusalimov, 2007).

Table 1

**Types of Life Insurance offered on the Bulgarian market in the period
2014 - 2024**

Types of Life Insurance	Definition
Life insurance and annuity	The insurer assumes risks specified in the insurance policy against events related to the life, health and physical integrity of the insured for the entire period of the contract and pays an additional percentage of profit, which depends on the financial years during the term of the contract.
Marriage and children's insurance	The insurance is concluded on the life of one of the parents, grandfather, grandmother, relatives or other persons to provide a certain amount to the child after reaching adulthood.
Life insurance linked to an investment fund	It is typical for this insurance that the savings part of the insurance premium is invested in investment funds specified by the insured.
Permanent health insurance ¹⁰	The insurance can be individual or for a group of persons and is concluded for cases of accident and/or illness, leading to the provision of health care specified in the policy. The insurance can be concluded at the expense of the employer or at the expense of the employee.
Capital redemption	Insurance for a specified period, where in return for receiving a premium, the insurer pays an agreed amount upon expiry of the term.

¹⁰As of January 1, 2017, the insurance product is not available on the Bulgarian market.

Additional insurance	Insurance providing additional insurance coverage ¹¹ , which can be a supplement to another type of insurance.
Accident Insurance	Covers the risks of an accidental event.
"Illness" insurance	The insurance company compensates the insured for the expenses paid by him for inpatient treatment in a hospital.
Classification of life insurance products after 2023¹²	
Subgroup: - life insurance obligations	
Health insurance	Expenses for medical services, hospital stays, treatment and others that are not covered by the NHIF are covered. In a large degree is overlaps with "Sickness" insurance.
Insurance with profit participation	The insurance overlaps with Life Insurance and annuity.
Index-linked and unit-linked insurance	The insurance overlaps with "Life Insurance" linked to an investment fund.
Other life insurance	Includes insurance that does not fall into the main types of insurance ¹³ . It is largely overlapped by the insurances "Permanent Health Insurance", "Capital Redemption", "Supplementary Insurance", "Sickness" insurance and "Accident" insurance.
Annuities arising from general insurance contracts and related to health insurance obligations	Periodic payments, where a one-time payment is transformed into an annuity that covers long-term consequences of an insured event under a general insurance policy, with the payments themselves covering expenses related to health or general insurance.
Annuities arising from general insurance contracts and relating to insurance obligations other than health insurance obligations	Insurance is expressed in periodic payments related to insured events in general insurance, other than health. For example, compensation for a serious traffic accident, work accidents, and others.
Subgroup: Reinsurance obligations in life insurance	
Health reinsurance	It protects the interests of the insurer, and its goal is to transfer part of the health insurance risk from the insurer to a reinsurer.
Reinsurance in life insurance	Insurance is used when the insurer wishes to transfer part of the assumed life insurance risk to a reinsurer ¹⁴ .
Subgroup: - insurance obligations in general insurance	
Medical expenses insurance	It overlaps with the payment of medications, treatment, expensive tests, hospital stays and rehabilitation. It is often used as an upgrade to health insurance.
Income protection insurance	Covers payment of compensation in the event of temporary disability, accident or serious illness related to the health of the insured.
Workers' compensation insurance	Covers employers' liability to employees by paying compensation to the insured or his heirs in the event of work accidents, occupational diseases or death.

Source: compiled by the author based on data from the Financial Supervision Commission

¹¹A type of additional insurance coverage may be death due to an accident or illness; permanent loss or reduced working capacity due to an accident or illness; temporary incapacity due to an accident or illness; unemployment; hospitalization; serious illnesses; medical expenses and others.

¹²Solvency comes into force in Bulgaria II (Solvency II). As a result, a change has been imposed in the statistical classification of the FSC after 2023 inclusive and the data has been regrouped into standardized categories in order to ensure comparability over time.

¹³Types of insurance in this category can be insurance without a savings or investment nature, insurance paid only upon death, insurance concluded for a period of 1 year, and others.

¹⁴Risks may be related to mass deaths of insured persons, policy survival, mixed insurance, and others.

The presentation follows a chronological, systematized practical classification of the life insurance products offered in Bulgaria in the period 2014 - 2024, based on FSC data, presented in Table 1.

In conclusion of point two of chapter one, the classification structure of life insurance shows that there are 10 types of life insurance, depending on the coverage of different types of damage. At the same time, the commercial offers of insurance companies in practice are distinguished by a different assortment. Each of the companies strives to differentiate itself in quality and the variety offered, and global and European experience shows that Bulgarian insurance companies have significant potential to further develop their offers.

The **first paragraph of the third point of chapter one** summarizes the specialized literature related to the concepts of "competitive positioning" - essence and characteristics and "competitive advantage" - essence and sources.

The most widely used approaches to determining the sources of competitive advantage are examined: resource based approach; market based approach and approach related to the ability of the enterprise to manage the dynamics of changes. A brief overview of the historical development of the sources of competitive advantage is presented, justification is given as to why the latter can be divided into internal and external and what is the difference between them, and the concept of "sustainable competitive advantage" is introduced. In conclusion, factors for a more successful competitive positioning of life insurance companies are indicated, which can be applied both in corporate strategies of diversification, new market entry and integration, and in the in Porter's basic strategies of cost leadership, differentiation or focus on one of the two. Models for assessing the competitive position are presented with their characteristic features, advantages and disadvantages. In general, the models can be divided into internal and external from the management point of view and from the consumer point of view (see Fig. 3).

From the manager's perspective	Taking into account the external environment and expanded rivalry •Porter's "five forces" model; •Lemon model; •Sabhash Model ; •Modified competition model of P. Dixon; •Jench and Gluch model ; •Bueno 's model of the "ten forces" of the competitive environment; •PEST analysis	Considering the internal environment and direct competitors •Ansof 's competitive profile model ; •Porter's value chain; •VRIO analysis; •Analysis of "dead zones"; •Analysis of financial ratios and indicators
	• SWOT analysis; •General Electric – GE (McKinsey Matrix); • extended BCG matrix; • Profit Impact Of Marketing Strategy (PIMS analysis);	
From the user's perspective	•Dominant model; •Connecting model; •Lexicographic model; • Expected benefit model; •Ideal point model; •Integral index method; •Provided User Value Method	

Fig. 3. Models for assessing competitive position.

Source: compiled by the author based on Dimitrova et al., 2016; Ibragimova , 2015; Hristova, 2013; Stanimirova et al., 2013; Palkina, 2012; Danchev, 2010; Stanimirov, 2010; Grant, 2008; Petrov, 2008; Serafimova, 2007; Stanimirov, 2007; Georgiev,1998; Prystupa , 2018; Katsikeas , et al ., 2016; Shen and et al ., 2015; Kiragu , Sammy, 2014; Kiragu, 2014; Decuseară, 2013; Jang and al., 2012; Mokaya and al., 2012; Amatulli and et al., 2011; Johnson, Whittington, Scholes, 2011; Bensussan, Flaysher, 2009; Yin & Meng, 2006; Kotler and Keller, 2006; Lin, 2005; Grinn, Lee, Smith, 2005; Farris and Moore, 2004; Mills, Platts & Bourne, 2003; Peteraf & Bergen, 2003; Bourne, et al et al., 2003; Kent & Omar, 2003; Kaplan & Norton, 1992; Ma, 2000; Lehmann, 1991; Barney, 1991; Proctor & Hassard, 1990; Porter, 1990; Day & Wensley, 1988; Ansof, 1987; Burrell and Gale, 1987; Venkatraman & Ramanujam, 1987; Fahey, Narayanan , 1986; Porter, 1985; Hax, Arn and Majluf, 1983; Porter, 1980; Porter, 1979; Stevenson, 1976; Kotler 1976.

Internal approaches are concerned with assessing resources, capabilities and strategies or aspects of the business that consumers cannot assess. External approaches consider the extended rivalry, which encompasses the entire contact audience of the enterprise (direct competitors, suppliers, substitutes, new entrants, customers, complementary products and the government) (Porter, 2005).

Managerial assessment is related to the skills and competencies of managers and their ability to apply different models in order to build a competitive position map of the industry and accurately determine the place of the enterprise in it. An advantage of the managerial approach is the derivation and analysis of external and

internal factors that customers cannot assess. The weakness of managerial assessment is the subjective view of a person, who can be influenced by incorrect assumptions about the business, competitors and the external environment. In this way, an assessment of the visible side of the competitors' activities can also be given by the users of their product with feedback showing the opinion, attitudes and satisfaction of the user with the organization's products and services.

In summary, the main problematic aspects of competitive positioning models can be summarized as follows:

1/ complexity in determining the basis for comparison – some models compare the enterprise with extended rivals, others – with direct competitors;

2/ selection of evaluation indicators – whether to take into account external factors for the organization, or to focus on internal company resources and capabilities;

3/ number and nature of the indicators studied in the models – the smaller number of quantitative data is most often studied faster and easier and does not require a high degree of competitive intelligence. At the same time, it may not accurately identify the competitive advantages of the enterprise. The use of a large number of indicators – both quantitative and qualitative, on the contrary, provides higher precision in the analysis, but leads to the expenditure of money, time and resources for finding and analyzing the information.

4/ it is necessary for the company's management to have good analytical skills and adaptability to changes in the environment, taking into account the opinions of users in order to avoid the emergence of "dead zones".

In **the last point of chapter one**, a methodology for the dissertation work is outlined, with the stages and their sequence being determined by the results of the theoretical analysis of the essence of competitive positioning in paragraph three of chapter one.

In the first stage, a general description of the market for the period 2014-2024 is presented, focusing on the factors determining its competitive structure. For this purpose, the influence of market forces in the industry is examined according to Porter's "five forces" model.

The second stage covers the sources of competitive advantages from product and market positioning from three perspectives using the extended BCG matrix method for 2024 - a positional map of life insurance product traders according to the coordinates "relative market share" and "market growth rate"; stages of development of life insurance products in the portfolio of life insurance companies and competitive positions of life insurance products on the market.

In stage three, sources of competitive advantage are sought related to the management of sales, resources, costs and investments. For this purpose, a financial analysis of key performance or also called management ratios for the period 2014-2022 is presented, in total and in relation to the market average, as indicated in Fig. 4. Whether or not an enterprise has a competitive advantage on a specific indicator depends on the specific features of the indicator and on whether its value for the specific company is higher or lower than the average for the sector.

The fourth stage of the present methodology (Fig. 4) examines the sources of competitive positioning related to demand factors, purchase criteria and consumer attitudes towards life insurance. For this purpose, the results of three independent surveys conducted in the period 2015-2018 are analyzed. The first two surveys, conducted in August 1-31, 2015 and April 14 - May 31, 2018, were electronic using the convenience sampling method – a sample of respondents who responded via the Internet throughout the country. The third survey (June 1-10, 2018) is conducted through a marketing agency based on a face-to-face survey and a nested sample on the territory of the city of Varna.

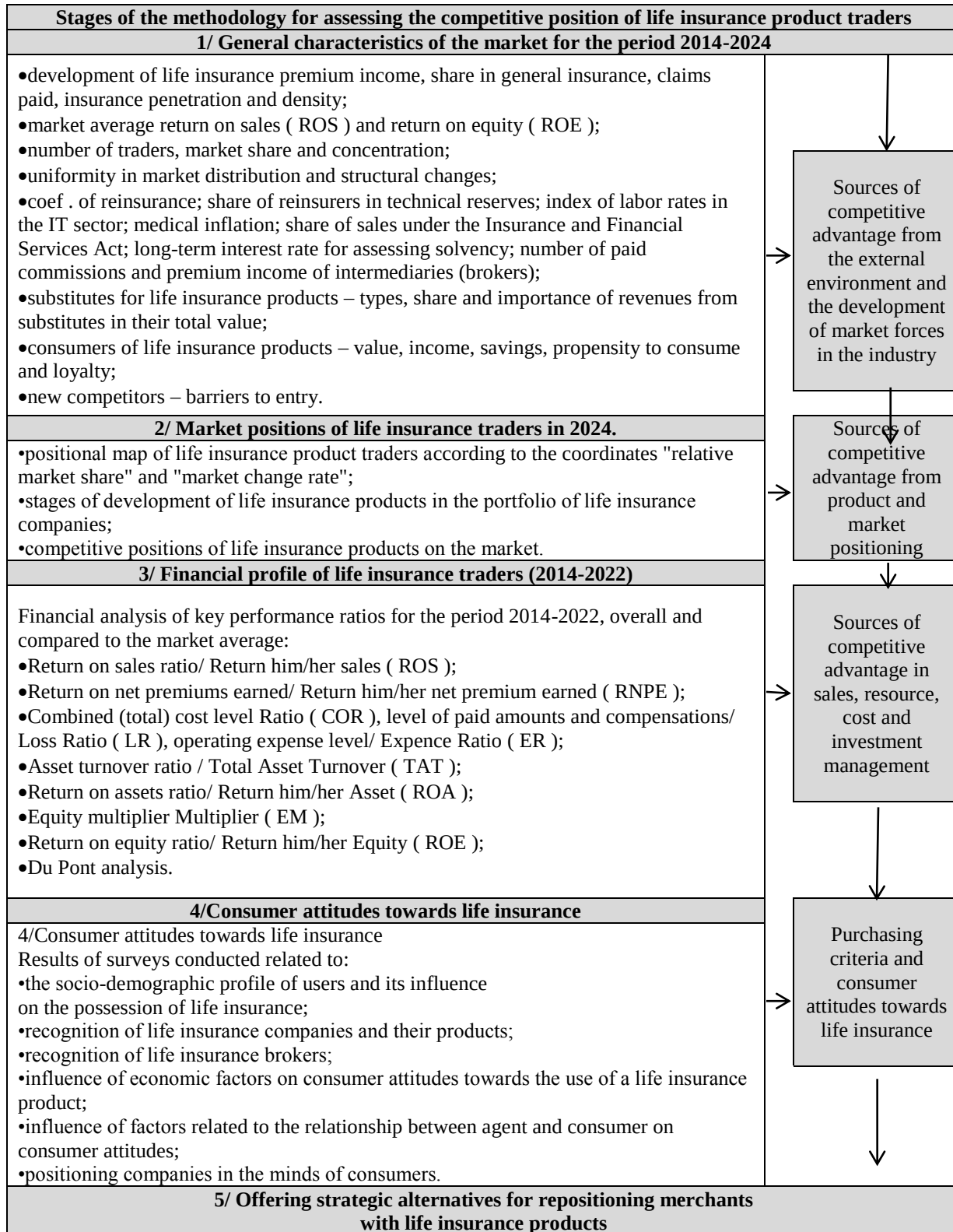


Fig. 4. Stages of the study of the positions of competitors in the life insurance market in Bulgaria

Source: Author's methodology, developed by adapting methodologies and selecting indicators by the author

On the ground of the summary of the sources from the specialized literature, three groups of criteria are proposed that influence the positioning of life insurance companies in the minds of consumers in Bulgaria (see Peeva, 2018). The first group is economic factors, which include demand factors that influence the consumer's decision to purchase a life insurance program. The second group is related to the attitude of consumers towards life insurance companies. The third group of criteria is socio-demographic factors. After summarizing the literature, a questionnaire for survey studies was prepared. The obtained input data were examined using methods for hypothesis and dependency analysis (Mann-Whitney test , Kruskal-Wallis test), frequency distribution analysis, descriptive statistics analysis and scale reliability analysis using Cronbach's alpha using the statistical software package SPSS.

In stage five of the dissertation methodology, all competitive advantages of the enterprises are derived from various sources (stages 1-4) and specific strategies for the development of life insurance companies in the future are proposed.

CHAPTER TWO. RESEARCH OF THE COMPETITIVE POSITIONS OF ENTERPRISES ENGAGED IN THE TRADE OF LIFE INSURANCE PRODUCTS IN BULGARIA

At **the beginning of chapter two** , a general description of the development of the life insurance market in Bulgaria in the period 2014 - 2024 is made according to Porter's "five forces" model. The results obtained are summarized in Table 2.

The analysis shows that the market in which life insurance traders operate is characterized by low intensity and non-aggressiveness of competition. The reason for this is the high concentration and favorable sales development, especially of the Top 4 companies. On the other hand, there is the low share of consumer preference for life insurance due to the voluntary nature of insurance, low household incomes

and savings, low level of awareness of the benefits of life insurance and the lack of insurance interest, which are confirmed by the insurance density.

Table 2

Influence of market forces in the life insurance industry according to Porter's "five forces" model for the period 2014 - 2024

Market power	Impact on life insurance companies
Intensity of competition	In 2024, 10 players participate in the life insurance market, with life insurance accounting for 20% of the total insurance market. Premium income and paid benefits have increased their value more than 2 times from the beginning to the end of the period, with the paid amounts covering 52% of the value of premium income. Insurance density is 121.34 BGN, and insurance penetration is 0.38%, which is insignificant for generating added value for society. The low average profitability of ROS and ROE puts enterprises in a position of financial deficit and more intense competitive struggle. The top 4 hold 86.15% of the sector. On average, the geometric value of the integral coefficient of unevenness is 0.97, and that of structural changes – 0.14, which means market stability. The Herfindahl-Hirschman index is 2178%, which indicates a decrease in competitive pressure, the presence of a few large players in the market with opportunities for implementing coordinated practices. Therefore The intensity of competition is weak and only the largest companies manage to gain the trust of customers, satisfy their needs and increase their market presence.
Market power of suppliers	From the analysis of the suppliers (reinsurers, software companies, providers of medical/health and expert services and capital providers) it can be argued that before the pandemic they had greater influence in negotiations with insurers. By the end of the research period, only software service providers had a stronger influence in negotiations with life insurance traders. In all other cases, insurers are positioned in a more advantageous position.
Threat of substitute goods	Of the entire insurance sector, only life insurance has clearly defined substitutes due to the savings nature of the offers. The most direct substitutes in this study are bank deposits, investment intermediaries and collective investment schemes (CIS), as well as alternative investment funds (AIF). The analysis shows that despite the specific feature of the life insurance product - the possibility of protection, the preference for it is very low, and the threat of substitution is extremely high.
Market power of buyers	The value of a customer for life insurance companies is on average 278.27 BGN in 2022 and increases to 309.74 BGN in 2024. Therefore, the competition is increasing and the bargaining power of buyers is increasing. Consumers are extremely price sensitive, and the terms of payment of only 2 annual installments, in order to ensure the savings nature of the products, reduce the costs of transfer. Therefore, the bargaining power of buyers is extremely high, and the sector's income is exposed to continuous risk.
Threat of new competitors	The potential entry of new competitors has the least impact on competition in the life insurance market. The reasons for this are: state regulation of the market in terms of the regulatory requirement for licensing the activity; the need for significant efforts to create a client base; unattractiveness of the Bulgarian life insurance market in terms of premium income received and insurance penetration; high market concentration; the presence of large market participants with an established image and experience in life insurance; state requirements for solvency. Therefore, significant economic, legal and, above all, structural economic barriers have been erected against the entry of new competitors.

Source: author's interpretation of the results obtained

In negotiations with suppliers, software service providers have greater influence, as the reason for this may be the increase in labor costs in the IT sector

relative to general inflation and their transfer to insurers. In the sales channel, life insurance companies have higher negotiating power with intermediaries, who, despite their important role in distribution and communication with consumers, cannot negotiate a price for the insurance offered and receive a commission dependent on the premium income of the companies. Reasons can be sought in the regulatory framework, which prohibits insurance companies from transferring responsibility for the pricing of insurance products to third parties and the fact that the intermediaries' commission is set in the final amount of the insurance premium in advance by the insurer.

The strongest impact on the profitability of the economic sector, which is relatively low and fluctuating over time, is the threat of substitution and the bargaining power of buyers. The reason for the first factor can be that most consumers do not know the benefits of insurance or have a more conservative view and invest their funds in investment funds, while the second case is influenced by low transfer costs and the price factor when searching for life insurance. Thus, despite the favorable trend in sales and the small number of competitors, the competitive pressure on the life insurance business is high, and the potential income in this economic sector is redirected to the substitute market.

In **the first subparagraph of the second point**, a position map is presented and analyzed based on the criteria of relative market share and growth of the life insurance market in Bulgaria in 2024.

The position map of life insurance companies shows that the majority of companies are in the phases of introduction and growth of their life insurance products and have potential for development. This can be achieved through additional investments in the distribution of programs, innovating commercial offers and forming insurance interest in more potential customers.

In the **second subparagraph of the second point**, in order to establish the position of the companies in view of the products they offer - how profitable they are and what strategies are suitable for them, the product portfolio of each company and their relative market share and growth rate in the market are analyzed, as well as a benchmarking of the companies' products against each other is presented.

The results of the study show that it is most profitable to offer a portfolio of the programs "Other Life Insurance", "Medical Expense Insurance" and "Index-linked and Unit-linked Insurance". From a competitive point of view, the most successfully positioned products on the Bulgarian market are "Other Life Insurance" and "Medical Expense Insurance". Market leaders have better positions in terms of products, but also in relation to the competitive portfolio, which indicates the presence of a product competitive advantage and differentiation in the characteristics of the commercial offers.

In **point three of chapter two**, the competitive positioning of life insurance companies on the Bulgarian market is presented through a study of 9 financial indicators for the period 2014-2022. The following conclusions can be drawn from the analysis in paragraph three:

1/ The life insurance market is characterized by variable profitability over the years of the period. For 2022, the profit received per 100 leva of equity, assets, premium income and earned premiums is 10.33 leva, 2.34 leva, 9.54 leva and 19.76 leva, respectively.

2/ Asset turnover is very low – 0.25 turnover per year, but expected due to the specificity of the insurance business.

3/ The level of expenses in 2022 is the highest and most unfavorable for the last 6 years – 52.28%, mainly due to the increase in benefits paid.

4/ Financial risk (according to EM values) is decreasing, with companies relying primarily on their own funds.

5/ Sustainable competitive positions are achieved by large enterprises on the market, while small ones manage to realize weakly expressed, most often one-time competitive positions. The exception is ZHZK "Saglasie" AD, which manages to manage its assets well by using its own funds for a long period of time.

6/ Among the market leaders, "DZI-Life Insurance" EAD and "Allianz Bulgaria Life" Insurance AD are building sustainable advantages through growth in earned premium income and insurance contracts, with the former also distinguished by advantages in asset profitability positions, and the latter - by a low level of financial risk and sustainability in cost management efficiency.

7/ ZEAD "Bulstrad Life Vienna Insurance Group" AD has built a competitive position on operational efficiency, supported by high financial risk.

8/ Insurance Company "UNIQA Life" AD and "GRAVE Bulgaria Life Insurance" EAD perform the most hesitantly of the Top 5, building positions over separate time periods on all surveyed indicators, especially on asset turnover and expense level.

The **last point of chapter two** analyzes three independent surveys of the Bulgarian life insurance market, conducted by the author with the aim of revealing the potential for development of life insurance in the Republic of Bulgaria and assessing the attitudes of the Bulgarian consumer towards the activities of life insurance traders. The surveys were conducted in August 2015, April - May 2018 and June 2018, with the distinctive features of each of them shown in Table 3.

Significant differences between electronic surveys and face-to-face surveys are found in:

- the completed education of the respondents (in the first two cases, the majority of the respondents have higher education, 65.4% and 65.2% respectively, and in the face-to-face survey, most have secondary education, 40.4%);

Table 3

**Main characteristics and distribution of respondents
by socio-demographic characteristics in the conducted surveys of consumer
attitudes**

	Survey August 1 - August 31, 2015	Survey April 14 - May 31, 2018	Survey June 1 - June 10, 2018
<i>Method of conducting the study</i>	Electronic survey via convenience sample	Electronic survey via convenience sample	Face-to-face survey through nested sampling
<i>Territorial coverage</i>	Bulgaria	Bulgaria	By districts of Varna
<i>Number of respondents</i>	316	316	307
<i>Number of questions in the survey</i>	16	16	22
<i>Gender distribution</i>	63.6% women; 36.4% men;	71.2% women; 28.8% men	53.1% women; 46.9% men.
<i>Age distribution</i>	40.2% - from 16 to 24 years old; 36.4% - from 25 - 33 years old; 23.4% - over 34 years old	14.2% - from 16 to 24 years old 58.9% - from 25 to 33 years old; 14.2% - from 34 to 42 years old; 12.7% - over 43 years old	23.5% - from 30 - 39 years old; 21.5% - from 40-49 years old; 16.6% - from 50-59 years old; 14.7% - from 18-29 years old; 14% - from 60-69 years old; 9.8% - over 70 years old
<i>Distribution by education</i>	65.4% - higher education; 18.2% - average; 15.4% - higher than university degree.	65.2% - higher education; 19% - higher degree than university; 15.5% average	40.4% secondary vocational; 26.4% higher education; 21.5% high school average; 11.7% - second higher education, semi-higher education or primary education.
<i>Distribution by family status</i>	67.9% single ; 32.1% family.	59.5% single; 40.5% family	84% family; 16% single.
<i>Distribution by number of household members</i>	29.4% with 2 members; 28.4% with 3 members; 19.4% with 4 members; 16.6% with 1 member.	32.6% with 2 members; 23.4% with 3 members; 21.2% with 1 member; 19.3% with 4 members.	39.7% with 2 members; 27.7% with 3 members; 19.2% with 4 members; 10.8% with 1, 5 or 6 members.
<i>Distribution by average income per household member</i>	35.5% from 401 - 800 BGN; 24.6% over 1001 BGN; 20.4% from 801-1000 BGN; 19.4% up to 400 BGN.	33.2% from 401 - 800 BGN. 33.2% - over 1001 BGN; 23.1% from 801-1000 BGN. 10.4% below 400 BGN.	45.9% from 501 - 1000 BGN; 21.2% up to 500 BGN; 9.4% from 1001 - 1500 BGN; 3.9% over 1500 BGN.

Source: author's survey

•family status – in the electronic surveys, respondents were mostly single, while in the face-to-face survey 84% were married;

- average income per person in the household —in 2015, 35.5% of respondents received low incomes from 401 to 800 BGN. In 2018, in addition to persons with low incomes, those with the highest incomes (according to the survey) over 1001 BGN also prevailed. The face-to-face survey reported a share of 45.9% of respondents with average incomes from 501 to 1000 BGN. The maximum social security income was adopted for the distribution of income levels.

Given the different way of conducting the latest survey, the difference in the questionnaire and its greatest representativeness, its results are considered separately from the previous two studies. From the conducted electronic surveys, it can be concluded that respondents have positive attitudes towards life insurance, despite the low ownership of life insurance products. The degree of recognition of the benefits of life insurance increased in 2018 compared to 2015. However, the main problems facing investing in life insurance programs remain the lack of trust in life insurance organizations and the lack of knowledge of the advantages and nature of life insurance counterparties.

From the three surveys conducted, the following can be concluded:

1/ The surveyed samples are dominated by respondents who do not own a life insurance product, which is in line with the low insurance penetration on the market during the period under review. At the same time, the results of the electronic surveys outline an interest in concluding a life insurance contract. In the face-to-face survey, 53.4% of respondents would not conclude a life insurance contract, with the reasons given being a lack of trust in traders, a lack of interest arising from a low level of awareness of the life insurance products' benefits, or low income.

2/ The market presence and recognition of life insurance companies and their products are linked to consumer attitudes. More recognizable companies and products are more often among respondents' preferences, which outlines the

importance of market share, product portfolio and chapterent communication with consumers.

3/ The image and recognition of the company, the knowledge of the products offered, the security of the invested funds, the protection in case of an insurance event and the diversity of the product range are of essential importance for consumer attitudes. Insurance intermediaries and agents, as well as recommendations from relatives and friends, emerge as main sources of information and factors in choosing a life insurance product.

4/Socio-demographic factors are associated to varying degrees with the ownership of life insurance. Statistically significant differences were found according to personal income, household income, educational and employment status. Gender, age, family status and area of residence in the city of Varna do not emerge as significant distinguishing factors in the studied sample. A higher tendency to own a life insurance product is observed among individuals with higher incomes, higher or secondary professional education and active employment.

The results of the surveys conducted in 2015 and 2018 reflect consumer attitudes at the time of the respective period and should not be interpreted as a characteristic of the market situation at the end of the research period in the dissertation. Their value lies in establishing basic dependencies and in testing a methodology for studying consumer behavior. The developed toolkit allows the surveys to be repeated, and the results to serve as a baseline for future comparative analysis of the changes in consumer attitudes towards life insurance.

CHAPTER THREE. OPPORTUNITIES FOR REPOSITIONING LIFE INSURANCE COMPANIES IN BULGARIA

The **first point of chapter three** examines the development of gross premium income, amounts paid and compensations, consumer behavior, as well as the reaction of Bulgarian and international insurers in crisis conditions, with the research period divided into three sub-periods - macroeconomic crisis at the interest rate level (2014 -2019); Covid -19 pandemic (2020 - 2021) and geopolitical, energy and inflationary crisis, as a result of the war in Ukraine (2022 - 2024).

Bringing the insurance sector out of these successive crises requires companies to focus their efforts in several directions: first, implementing intelligent systems for real-time risk management and minimization (to compensate for inflationary pressures); second, expanding the digital network through hybrid insurance products; third, managing the customer experience and preventing early redemptions (terminations) in the event of liquidity shocks; and fourth, developing modular and behavioral insurance products.

Based on the empirical analysis of the life insurance market in Bulgaria in the period 2014 - 2024 and good practices from the international insurance market, the following specific strategies and guidelines are proposed to increase the competitiveness of life insurance companies: 1/ *Risk and profitability management*; 2/ *Digitalization of sales and service*; 3/ *Product flexibility and anti-inflation solutions*; 4/ *Customer experience management and prevention of early redemption*; 5/ *Development of modular and behavioral insurance products*.

In summary of paragraph one, it can be said that the effective implementation of anti-crisis strategies in the product structure of companies is the basis for a better competitive position. Practical overcoming of market distortions and inflationary pressure requires not just a change in service, but a fundamental review of

insurance offers, which necessitates the need to explore the possibilities for improving life insurance products.

The **second point of chapter three** examines the assortment and the opportunities it offers for positioning and repositioning of life insurance product trading enterprises in the Republic of Bulgaria. A profile of the Bulgarian consumer is presented. 36 combinations are proposed for positioning and repositioning of life insurance services in relation to the place of the product in the company's assortment and its position in relation to the same program of competitors in the positioning map of the extended BCG matrix. A specific strategy is indicated for the development of each product in the portfolio of each enterprise on the market and good international practices are sought to supplement the portfolio of the Bulgarian insurer.

In conclusion, it can be assumed that every enterprise trading life insurance products in the Republic of Bulgaria can improve the quality and competitiveness of its products by implementing various strategies related to cost optimization, portfolio diversification, focus on certain market niches in relation to consumer preferences and combinations between them.

The **last point of chapter three** presents the advantages and disadvantages of the types of strategies and how insurance companies can implement both Porter's basic strategies such as cost leadership, differentiation and focus, in addition to them - digitalization, direct sales and omnichannel distribution.

Based on market analysis, the results of the extended BCG matrix for 2024, the competitive positions by financial indicators for 2022 and the representative survey from 2018, strategic profiles of the companies have been derived. Due to the different periods of the data used, the profiles are indicative in nature. Their practical application after 2024 requires updating in accordance with market,

financial, consumer and regulatory changes. In general, they can be divided into three groups:

1/ top 3 companies on the life insurance market:

"DZI-Life Insurance" EAD should maintain a leading position in terms of the DrZH product and develop ZMEDR and ZZDoh insurance through product and marketing investments. In the case of ZINVF, cost optimization is appropriate, and for ZDRZ and ZsUchPech - an assessment of the possibilities for restructuring or gradual limitation of the market supply.

ZEAD "Bulstrad Life Vienna Insurance Group" AD should maintain the positions of DrZhZ and ZINVF and use the positive cash flow for the development of promising products. It is recommended to optimize ZMEDR, search for a market niche for ZObR and assess the possibilities for restructuring or limiting the products ZsUchPech and ZZDoh.

Allianz Bulgaria Life Insurance Company AD should maintain the position of ZINVF and use limited investments in the development of DrZH. For ZsUchPech, ZMEDR and ZZDoh, an additional assessment of their profitability and strategic importance is necessary before undertaking restructuring or gradual de-marketization.

2/ insurers offering four products on the Bulgarian market:

"UNIQA Life" AD should apply limited investments in ZINVF and optimize expenses on ZMEDR insurance. For ZsUchPech and DrZhZ, it is recommended to limit new sales and phase out while complying with the obligations under the current contracts.

"GRAVE Bulgaria Life Insurance" EAD should invest in marketing, innovation and capacity under the Life Insurance Act. For products under the Life Insurance Act and the Life Insurance Act, it is appropriate to assess the possibilities

for restructuring, and for Life Insurance Act – minimizing costs and possibly gradually restricting them from the market.

"Groupama Life Insurance" EAD should direct its investments towards strengthening the position of DrZhZ. The ZZDoh, ZsUchPech and ZINVF recommend limiting new sales and discontinuing the offering.

ZHZK "Saglasie" AD should invest in informing consumers and developing the market for DrZH. For ZsUchPech, a niche implementation can be sought, and for ZDRZ and ZINVF – phasing out.

"Life Insurance Institute" AD should seek a profitable market niche for ZMEDR and ZOB. For ZSUchPech and ZZDoh insurance, phasing out can be undertaken while complying with the obligations under existing contracts.

3/ traders offering 3 or fewer products on the market:

ZD Euroins Life" EAD should invest in informing consumers and developing the market for DrZH. For ZINVF, phasing out is recommended while complying with the obligations for the current contracts.

ZEAD "CCB Life" EAD should improve the ZZDoh and strengthen its market position. For ZMEDR insurance, limited investments and monitoring of growth opportunities are appropriate, and for DrZH – phasing out.

The results show that there is no universal strategy for all companies and products in the life insurance market. The choice between cost leadership, differentiation and focus should be based on product and market position, financial capacity and consumer attitudes. Digitalization, direct sales and omnichannel distribution are tools for the practical implementation of these strategies, not stand-alone alternatives. The proposed guidelines require periodic updating according to the market and regulatory environment, capital requirements, contractual obligations and customer satisfaction, including in the settlement of insurance

claims. In this way, conditions are created for sustainable competitive positioning of enterprises and increased confidence in life insurance.

CONCLUSION

The dissertation examines the competitive positioning of life insurance companies in Bulgaria. The developed methodology combines market analysis, product portfolio assessment using the extended BCG matrix, financial performance analysis and consumer sentiment analysis. Based on the results obtained, the following main conclusions can be drawn:

1/ The Bulgarian market is characterized by low intensity of competition and a moderate to high level of concentration. Businesses are under pressure from consumers, substitute and complementary products, while the dependence on software and information service providers is increasing with the development of digitalization.

2/ The analysis through the extended BCG matrix shows significant differences between the positions of individual products in the portfolio of companies and in the market. Products from the categories “Other life insurance”, “Medical expense insurance” and “Index-linked and unit-linked insurance” occupy a significant place in the market structure, but the applicable strategy depends on the position of the specific product. An unfavorable position does not mean automatic withdrawal from the market, but requires an assessment of the profitability, customer value and strategic importance of the product.

3/ The analysis of financial indicators and the DuPont model reveal different patterns of competitive behavior. Some large companies maintain their positions through operational efficiency and use of financial leverage, while some smaller companies apply a more conservative model with a higher share of equity.

Financial results should be evaluated in conjunction with the market share, product portfolio, risk and solvency of the company.

4/ The empirical study confirms the existence of potential for the development of life insurance, but also identifies barriers related to distrust and insufficient information among consumers. Income and education have a significant impact on insurance interest. Personal contact and expert consulting retain their importance, and should be combined with digital services within the framework of omnichannel distribution.

5/Porter's fundamental competitive strategies - cost leadership, differentiation and focus – provide a framework for positioning the enterprises engaged in the trade of life insurance products. Digitalization, direct sales and omnichannel distribution offer useful tools for the practical implementation of these strategies. Enterprises can undertake cost optimization, product restructuring, focus on profitable market niches, customer service advancement and digital channels' development.

The proposed strategies are advisory in nature and should be implemented after updating market, financial and consumer data, taking into account regulatory and capital requirements under Solvency II. The results confirm that companies can improve their competitive positioning through a strategy tailored to their product, financial and customer profile, the implementation of which is assessed through indicators of profitability, costs, sales, retention and customer satisfaction.

IV. REFERENCE FOR CONTRIBUTIONS IN THE DISSERTATION WORK

- 1) The theoretical framework of competitive positioning has been systematized and further developed by clarifying its essence and the problems in building evaluation models in the context of trading life insurance products.
- 2) A methodology has been developed for the competitive positioning of insurance companies.
- 3) Main characteristics and trends in the competitive development of the Bulgarian life insurance market have been identified and the positions of the participating companies have been assessed.
- 4) Based on the results of the comprehensive assessment, key challenges and opportunities for repositioning life insurance companies have been identified.

V. PUBLICATIONS ON THE TOPIC OF THE DISSERTATION

1. Scientific articles:

- 1) Peeva, P. (2020) Effects of the consumer positioning of life insurance companies in Bulgaria. Dialogue, 1, pp. 52–72.

2. Scientific reports:

- 1) Peeva, P. (2018) Criteria for positioning life insurance companies in the minds of consumers. In: Commerce 4.0 – science, practice and education: Collection of reports from international scientific conference. Varna: Science and Economics, pp. 188–195.
- 2) Hristova, Y. and Peeva, P. (2018) Consumer Attitudes Towards Life Insurance in Bulgaria. In: 5th International Multidisciplinary Scientific Conference on Social Sciences and Arts: SGEM 2018: Conference Proceedings. Vol. 5. Modern Science. Iss . 1.5. Business and Management. Sofia: STEF92 Technology Ltd., pp. 185–192.

- 3) Hristova, Y. and Peeva, P. (2016) Competitive positioning of life insurance companies in Bulgaria. In: Collection of papers Volume I of the Round Table with international participation “The trade and tourism business in the conditions of intelligent, sustainable and inclusive growth”. Svishtov: Academic Tsenov Publishing House, pp. 277–282.