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VOLUNTARY INSURANCE OF PROPERTY IN BULGARIA

Finansi i Kredit (Finances and Credit),  
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The conscientious and careful farmer unconditionally insures his property; only he who does not think of the morrow fails to carry insurance (M. I. Kalinin).

In order to provide the TKZS (Trudovo-kooperativno zemedel'sko stopanstvo, Farm Workers Cooperative, the DZ<sup>3</sup> (Duzh'avni zemedel'ski stopanstva, state farms), and other public farms and enterprises, as well as citizens, with the possibility of insuring all their property (that not subject to compulsory insurance as well as that part of the value above the established insurance norm) voluntary insurance has been introduced. Through this kind of insurance huge funds are paid out as damages every year and enter individual public or private farms like a refreshing stream, while those sums remaining free are put at the disposal of socialist building.

Thus voluntary insurance, along with the compulsory insurance, protects the material interests of farms and citizens and collaborates in the constant and uninterrupted production process through which the economic power and material welfare of Bulgaria is strengthened to an even greater extent.

Voluntary insurance is based on a contract originating in the desire of the insurer, and is characterized by the following peculiarities.

(a) In its character compulsory insurance is not all-embracing, but selective.

(b) Usually no norm is applied to the amount of insurance in voluntary insurance. The insurer determines the amount of insurance himself, on which, in the case of property, the limit is the value of the property, while in personal insurance there is no limit.

(c) There is no permanent and continued insurance. In voluntary insurance continuity in the insurance of a given object exists only when the contract is renewed at the proper time.

(d) Any new object is not automatically insured, but becomes insured only by a special contract.

(e) The contract is not valid until the insurance premium, or part of it, has been paid.

Consequently, voluntary insurance cannot be expected on credit; and the liability of the insurer is directly dependent upon the payment of insurance premiums.

Following the principles of Soviet experience voluntary insurance was not included in the compulsory insurance law of 28 December, 1951 and is not regulated by law but by rules covering different kinds of insurance: livestock, crops, transportation of freight (goods), and fire insurance. Until the end of 1953 state administrations and enterprises as well as administrations and enterprises of the people's councils of deputies of

the working people voluntarily insured their property. This insurance will end as of 1 January, 1954.

### I. Voluntary Insurance against Fire and Other Acts of God

The following objects can be voluntarily insured.

Cooperatives and other public organizations can insure property which is entrusted to their keeping, or has been accepted by them for reshaping, and the TKZS can voluntarily insure agricultural produce which has remained on the farm in excess of that required to meet state quotas, and for the difference between the value of the produce at state purchasing prices and at state ceiling prices.

Citizens can insure: buildings in villages, for a sum established by the difference between their real value, the property tax evaluation, and the fixed norms for compulsory insurance; household furniture and equipment (furniture, carpets, etc clothing and unsewn fabrics; machines -- sewing machines, typewriters, and electric appliances; musical instruments, radio sets, wooden boards, and transportation means (excluding motor transportation means); agricultural produce (grain, flour, hay, fruit, etc); building materials, and others.

Not acceptable for voluntary insurance by the citizens are valuable documents, jewelry, stamp collections, etc.

Voluntary insurance can be contracted also for objects belonging to the family of the insured, but for other persons living with the insured or his family, there must be a special clause in the insurance contract.

The risks for which the DZI (Durzhaven zastrakhovatelnen institut, State Insurance Institute) bears liability in this kind of insurance are: damage caused by fire, thunder explosion storm, hurricane, torrential rain, landslides, hail, excluding the consequences of water soaking, property destroyed or damaged in salvaging during the accident, as well as expenditures incurred in salvaging.

Damages are not paid if they result from earthquakes, military operations, theft during an accident, or damage resulting from carelessness, etc.

Nonliability for payment of damage in fire insurance exists in cases of smoking, burning, melting, etc, if they are the result of a short circuit, but if as a result fire occurs, liability is recognized.

The property of citizens living in cooperative buildings can be insured for their real value.

In order that property insurance may play its full role, property must be insured for its full value, otherwise, in the case of misfortune, the insured will receive payment of damages insufficient to restore his destroyed property. The insured may augment the amount of insurance at any time on property which has been insured below for less than its total value or when such property increases in value; this is done by adding a supplementary document to the existing insurance policy. The additional insurance premium in this case is collected from the day of the change until the end of the already effective insurance contract to which the additional document has been added.



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Open policy insurance can be written only for the value of goods, packing equipment, and low value objects. Such subscription insurance is not drafted for a specific amount, and the liability of the DZI depends on the daily volume of goods carried on the books of the insured enterprise, and the premiums are collected on the basis of the amount of goods handled on the last day of the month.

The premiums are calculated and collected once every 3 calendar months, and for this purpose the insured enterprise must prepare and send to the DZI no later than 20 days after the 3 months period is over, a supplement (form No 222) bearing a monthly indication of the amount of insurance.

Voluntary insurance of buildings, equipment, machines, stock, etc, is drafted for one year, from the day of drafting, until the same date the following year. The material value of goods can also be insured for a shorter period, in which case the premiums are collected on the basis of short term scales.

Open policy insurance is valid for an unspecified period of time, and is valid until its cancellation by the DZI or the insured party, with advance notification in writing.

The premium depends on the nature of the subject, on whether it is more or less prone to fire, on the structure of a building being insured or in which movable property is stored, whether or not the insured object is industrial and whether it is located in a city or a village.

Insurance premiums are calculated on the basis of all these factors, and according to percentage scales in the general conditions for insurance.

The buildings and contents of industrial enterprises fall under the same percentage on this tariff scale. On the properties of industrial enterprises which have fire prevention systems, premiums are lowered by 10, 15, or 25%, depending on whether the fire prevention systems are in "good," "very good", or "excellent" condition to deal with fires in that enterprise.

These reductions are made on the basis of affidavits submitted by the okoliya fire prevention services.

Payment of premiums to the DZI is an important condition in voluntary insurance, for until payment has been made the institute does not consider itself liable on voluntary insurance policies. In insurance contracts requiring annual payment of DZI premium fees, it is considered that the insurance enters into effect at midnight on the day after the premium has been paid, while for subscription insurance it is valid at midnight on the day of payment of premium, according to article 19 of the general regulations, and article 6 of the special regulations.

The expansion of this kind of insurance during the past years as well as during the current year, 1953, is very good in the light of general fulfillment of the plan, which this year was overfulfilled in 11 months. However, in the area of private insurance coverage is only 27%. This shows that much work still remains to be done in establishing this kind of insurance, which is a necessity for the private economy, particularly now, when voluntary insurance has been removed from the field state insurance.



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## II. Voluntary Insurance of Animals

Eligible for compulsory insurance are: large-horned animals, publicly or privately owned, and older than 6 months, with no upper age limit; solid-hoofed animals belonging to the TKZS, and from one to 17 years old; those belonging to the public organizations and citizens, and from one to 15 years old; and small animals older than 6 months, (except sheep owned by the TKZS, citizens, and other public organizations, which can be insured from the age of one year up).

Solid-hoofed animals which have reached the age limit are not eligible for insurance even if they have previously been insured.

Sick, presumably sick, and defective animals are not eligible for insurance.

The insurance of sick animals which have already been insured can be continued for the following insurance period. However, their evaluation cannot be higher than that during the previous insurance period.

The insurance of animals which have contracted chronic diseases or other defects can be renewed if the evaluation is lowered in accordance with the evaluation of the animals.

The DZI compensates the insurers for losses resulting from the death of animals due to disease and accidents.

The DZI also compensates loss resulting from the compulsory slaughter of animals, under certain circumstances, when it has been done with the permission of a veterinary official, and in the case of animals of higher value, with the permission of the Sofia DZI.

The DZI does not compensate for damage resulting from earthquakes and military operations.

The contract for voluntary animal insurance can be signed at any time for one year. The following can be insured for less than one year: animals newly acquired by a farm which already has other insured animals; animals which will reach the upper insurance age limit before the expiration of the annual period for which the insurance of the other animals has been contracted; animals rejected for insurance at a previous date due to sickness or exhaustion, but cured before the expiration of the annual contract.

The liability of the DZI for animals newly accepted for voluntary insurance begins on the twenty-first day after the day on which the insurance premiums have been paid (for example if the premiums were paid on 7 March, 1953, the liability of the DZI would begin at midnight on 28 March, 1953 and would end on 28 March, 1954). If the animal dies before the end of the quarantine period, (713), and if a later check reveals it to have been irregularly insured, no damages are paid and the insurance premium is returned on demand of the insured, with the exception that damages are paid in case of an accident during the quarantine period.

The cattle and water buffalo subject to compulsory insurance can also be insured voluntarily for the difference between the value of each animal, based on the state price of animal flesh, and the value of the fixed compulsory insurance norm. The live weight is measured by scales and, where such are not available, with the help of written scales of weight available for the purpose, and by body measurements.

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In insuring cows and female water buffalo which have an above-average milk yield, and are not over 10 years of age, the amount of the insurance is determined by adding the above-average milk production based on normal productivity, to the value of the flesh.

Solid-hoofed animals can be voluntarily insured for the difference between their list or market value and the fixed norms established for compulsory insurance, according to the framework established by the scale of evaluation.

Large cloven-hoofed animals, horses and donkeys, which are registered as purebreds are insured for their list or market values.

Small animals (sheep, goats, pigs,) are eligible for insurance according to the scales of the DZI, but the amount of insurance for all animals of the same kind and category must be the same.

Voluntary insurance contracts are signed and drafted by the organs of the DZI on the basis of formal application signed by the insured (forms No 1012 and 1012a). Only completely healthy animals, after examination and evaluation by the insurance inspector (the insurance worker) and by the veterinarian, are eligible for voluntary insurance. Only in the case of the absence of the veterinarian (or the assistant veterinarian) is the inspector allowed to accept and draft the insurance policy without veterinary inspection, but in case of the slightest doubt he must require from the owner a note from the veterinary doctor before accepting the animal for insurance.

Collective insurance policies for animals can be obtained by TKZS members, workers, or employees, if there are 20 of them, owning a total of 20 large or 50 small animals of one kind. For such policies there is a 10% reduction in premiums.

The insurance premium is calculated according to the scale for voluntary insurance of animals approved by the Minister of Finance, and is paid in advance. The scales indicate in the vertical columns the 4 established groups of animals, while the horizontal columns indicate the insurance premium per 100 leva of insurance, for public and private insurance. The premiums for the insurance of public property are lower than those for the insurance of private property.

There are separate scales for large and small animals, where the premium to be paid for a given amount of insurance is indicated.

The TKZS which have fulfilled their livestock-breeding plan get a reduction of insurance premiums of up to 15%.

The TKZS pays the entire insurance premium to the DKS (Dirzhavna spetstovna kasa, State Savings Bank), or in the BNB (Bulgarska narodna banka, Bulgarian National Bank) to the account of the DZI. The number and dates of the documents are inscribed on the form before it is sent to the DZI branch.

Citizens, cooperatives, enterprises, administrations, and organizations pay the full amount of premiums to the insurance organ, and obtain a receipt whose number and date of issue are inscribed on the form.

The clauses in voluntary animal insurance policies include the following obligation: the insured must observe most meticulously veterinary and zoo-technical rules governing the keeping of animals, and take all necessary measures to prevent illness and death of the insured animals.

Sanitized Copy Approved for Release 2011/04/11 : CIA-RDP81-00280R000100070075-5 noncompliance with these requirements by the insured the animals are exposed to danger. the insurance policy can be cancelled by decision of the DZI, without returning the premiums.

In the case of illness of insured animals the insured must immediately notify and seek the help of a veterinary doctor to take care of the animal. In the case of death of an animal the insured must notify the chairman of the people's council or the representative of the DZI within 24 hours.

This year voluntary animal insurance will cover 87% of plan estimates for 11 months. It can safely be expected that by the end of the year the plan will be entirely fulfilled. But here, as in voluntary fire insurance, the plan is overfulfilled as regards the insurance of publicly owned animals, while in the private sector the plan is lagging by 42%. Explanatory work is particularly needed in this field, not only for the benefit of private owners, but also for members of the TKZS, so that they will insure the cattle which have been allocated for their personal use.

The rights deriving from animal insurance contracts expire 3 years after the accident has taken place.

### III. Voluntary Insurance of Agricultural Crops

Voluntary insurance can be contracted by TKZS cooperatives not included in the state of people's councils range of activities, administrations, enterprises, organizations, DZS, and citizens, for all their annual crops, rose gardens, fruit and vegetable gardens, crops, vineyards, strawberries, fruit nurseries, nurseries (not belonging to citizens), greenhouses, orangeries, and the vine matricaria and rootstock.

Excepted from or noneligible for voluntary insurance are:

(a) natural pastures, grazing lands, forests, flowers, decorative plants, seed beds for fruit and trees, maize, and plants for green manure:

(b) annual and biennial vines and matricaria, and also strawberries, during the year of their planting;

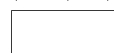
(c) american grape vines (of the hybrid, keratsa, zaybel, otelo, and other types);

(d) nurseries belonging to private citizens.

Voluntary insurance of agricultural crops carries liability for hail and storm, torrential rain, and fire while the crops are standing.

Before 9 September 1944, the insurance year started on 15 March (the coming of spring and the beginning of the vegetation period of agricultural crops), and ended on 15 October, when it was considered that the hail season was over, and the crops harvested. With the new liabilities undertaken by the DZI, and with the expanded risks not only as to amount but also the growing period of the crops, the insurance year has been made to coincide with the calendar year.

Thus, for instance, the liability for wheat crops starts at the moment the plants break ground in autumn, and not on 15 March in the spring, as in the past; for vines, from the moment the catkins are planted, and not as of 1 May; for fruit, from the time the blossoms fall, and not as of 1 May, etc.



liability continues until harvest time, but not later than the usual time for harvest. Only fire liability continues during the entire period that the crop is standing.

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The liability is limited to the main crop (fruit, grain) and does not cover the secondary crop (straw) except for flax and hemp, where the liability covers grain and stem, as in the USSR.

Crops subject to compulsory insurance can be insured voluntarily, within the limits set for insurance per decare, in the table for voluntary insurance, above the established sum (the norm) per decare of compulsory insurance. Agricultural crops not subject to compulsory insurance can be insured voluntarily within the limit of the maximum insurance permitted per decare, but never above the maximum expected yield per decare.

The yield values of various crops are determined after a most thorough study of the average yields per decare and prices fetched by agricultural crops when purchased by the state (from the producers) during the previous year. Expenses incurred in harvesting are deducted from the sum established.

During the current year there will be a differentiation in accordance with which for the same premium the DZI will recognize a 20% higher liability for TKZS and other public farms than for individually owned ones, since the yields of the former are considerably higher.

Changes in already drafted voluntary insurance policies regarding the increase of insurance per decare or correction of mistakes is allowed if the interested party makes a written request to the DZI to this effect before the crops have suffered any damage.

The premiums on voluntary insurance are calculated according to special scales for voluntary insurance, which, as far as crops are concerned, have been classified into 4 price groups. There is a definite premium to be paid for each crop thus classified in a price group according to its risk group (the delicacy of the crops and the amount of hail falling in a given region) which is calculated per leva of insurance.

The premiums on this kind of insurance are paid in advance. The only exception is the TKZS, which can delay until 25 September, if the DZI judges it necessary. Thus the policies are self-supporting.

The payment of premiums by the TKZS and other public farms is made through the DSK or the BNB to the account of the DZI, while citizens make their payments directly to the insurance branch of the DZI. They receive in exchange a numbered receipt, whose number and date of issue are entered on the form submitted to the DZI.

The development of voluntary agricultural crop insurance has not progressed very regularly. In 1952 the plan was fulfilled by twice the amount planned, but in 1953 we are lagging behind in the plan. Especially the private sector is lagging (14%). In the public sector on the other hand, this form of insurance is expanding with every passing year. There is a notable tendency especially to insure crops for their maximum values.

#### IV. Interior Transportation

This kind of insurance deals with the insurance of transportation of freight (goods), and of the transportation media.





The objects of this insurance are the goods and the material interests related to them: the value of the object, transportation expenditures; the insurance premiums, the expected 10% profits, and others, the transportation of the goods via railroads, motor transportation means, by air, water, and combinations of transportation by the BDZH (Bulgarski derzhavni zhelez-nitsi, Bulgarian State Railroads) and motor transportation means, also combinations of BDZH and water, air, etc. STAT

The DZI insures these goods against damage incurred during transportation on land, on water, and in the air, for the following liabilities:

accident of the transport medium (derailment, overturning, breakage, etc, fire, explosion; acts of God (thunder, flood, storm, landslides, etc); damage incurred in loading and unloading on to and from the transportation media.

Under a special clause in the contract and the payment of additional premiums the DZI will also assume liability for leakage, breaking, wetting, spilling, shortage, nonarrival, and other liabilities which can be assumed from the insurance point of view.

The DZI is not liable for damage resulting from military risks, floating or anchored mines, and for damage incurred through the fault of the insurer, the sender or the receiver and others, as enumerated in the clause.

The insurance contract is signed following an oral or written application made by the insured, and including the following data: name of the insured, kind, number, and weight of the amount of goods insurance, transportation media, risks covered, and other data he possesses, and which are of primary importance for the evaluation of the degree of risk involved.

If the insurance contract does not specify otherwise, the liability of the DZI begins at the moment of the loading of the first item or the first unit of weight of the merchandise onto the transportation media, and ends at the moment the last item, or the last unit of weight is unloaded from the transportation media at the place of destination. The DZI bears liability also at the points of transfer and reloading, but for not more than 30 days at each of these points, on condition that the point is under the jurisdiction of the transportation or intermediary authority (BRP (Bulgarsko rechno plavane, Bulgarian River Navigation), BDZH, UAT (Upravlenie avtomobilen transport, Automobile Transportation Administration), and others). Liability beyond the 30-day limit is borne only in cases when the delay has occurred for reasons beyond the control of the insurer. Liability may also start from the moment the merchandise is taken from one store to another, but this must be specified in the contract. Goods in transit can be insured, and the DZI is liable for risks incurred after the insurance contract has been signed, provided the insurer has no knowledge of damage already incurred.

In addition to ordinary insurance policies the DZI also writes open policy insurance.

Open policy insurance is required by enterprises which transport large quantities of goods. Under open policy insurance, all goods included in the insurance contract are considered insured in advance. The termination of open policy insurance contracts is done by a month's advance notice from either of the contracting parties.



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The insurance contracts (which carry numerous clauses enumerated in detail), have premiums calculated according to the scales for interior transportation.

Depending on the liabilities assumed by the DZI, the premiums are classified as: basic (which cover the main risks) and exclusive (which cover special risks in addition to the basic ones, such as spilling, breakage, leakage, etc).

The amount of insurance is indicated by the insured, and cannot be more than the factual value of the freight (the merchandise). This value is established on the basis of receipts or accounting records, and if such are lacking, by the prices quoted at the time and place of loading, adding to them the expense of transportation, the insurance fee, a 10% profit, and others. The sum for which goods are insured is the maximum liability borne by the DZI. In case this sum is lower than the real value the estimate of damage is made proportionally.

Insurance of Motor Transportation Media

Eligible for this kind of insurance are all automobiles, trucks, auto-buses, motorcycles, tricycles, motor coaches, etc; airplanes, skiplanes, etc; locomotives, motorized hand-cars, railroad cars, and other transport media owned by enterprises, self-supporting administrations, and citizens.

Insurance liability for transportation media covers the following 2 risks: breakdowns, i.e., collision with other transportation media or with other mobile or immobile objects, explosion of the engine, overturning, or crashing; acts of God, i.e., fire, thunder, floods, earthquake, storm, landslides, etc.

Insurance for Public Liability

This kind of policy insures the owner or holder against the consequences deriving from public responsibility as determined by the laws of the country, against body damage caused to transportation media, or to third parties outside of the transportation media as follows:

- (a) damage to individuals, i.e., death, injury, or damage to the health of third parties;
- (b) damage or destruction of the goods, animals, etc, of a third party.

Such voluntary insurance is issued only to transportation media of foreign legations, embassies, missions, and commercial representatives. The public liability risk is undertaken in combination with the "KASKO" liability (damage caused to the means of transportation and to their adjuncts), in the following manner.

Damage caused by breakdowns -- collision with mobile and immobile objects, or damage caused by acts of God -- fire, thunder, outside explosion, slides, landslides, and hail.

Liability begins on the day following the payment of the insurance premium.

The following risks are not covered by voluntary insurance: damage resulting from theft or premeditated activities on the part of the insured; damage -- breakdowns or breakage of the engine or of other parts, as a result of wear, fatigue, or factory deficiency; damage as a result of military operations.



The proper and prompt payment of damages to the insured in the cases of acts of God or accidents is an important part of conducting voluntary insurance work.

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This was considerably facilitated by the decentralization, thanks to which the work on and payment of damages is already being done by the branches. The latter are nearer to the insured and can service them more easily and quickly.

Everything considered, property insurance in Bulgaria is making constant advances. During 1952 there were 11% more such policies than in 1951. A general weakness in voluntary insurance is that insurance of privately owned property is lagging, and that is where the attention of our entire field network -- workers and inspectors -- must be focused.

A proper understanding of the role and significance of voluntary insurance to the public and private economy is the guarantee of the great future development of insurance work in Bulgaria.

To this end all leaders of TKZS and cooperatives, as well as private citizens, must remember that voluntary insurance is an expression of the owners' concern for public and private property and the guarantee of its further expansion.

That is why the cost of voluntary insurance, necessary to cover the voluntary insurance of property, must be included in the draft of the expenditure budget of a farm or enterprise. Farms and enterprises must make wise use of voluntary insurance, for the compensation it pays offers them the possibility of quickly restoring destroyed or damaged property.

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