

ZK „Lev Ins” AD

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<i>Claims Paying Ability Rating</i>	Initial Rating 6/2006	Non-requested Update 11/2007	Non-requested Update 11/2008
Long-term rating :	BB+	iBBB-(n)	iBBB(n)
Outlook :		<i>positive</i>	<i>positive</i>
Short-term rating:		ia-3	ia-2

Bulgarian Credit Rating Agency is the only Bulgarian agency listed as eligible by the Financial Supervision Commission and its credit ratings are acknowledged for the aims of article 75, paragraph 2 of the Bulgarian Insurance Code equally along with these of Moody's, Standard & Poor's and Fitch. BCRA has already rated most of the leading local insurance companies. In 2004 BCRA adapted the Claims paying ability rating methodology for insurance companies from ICRA (An associate of Moody's Investors Service).

BCRA assigns long-term claims paying ability rating iBBB with stable outlook and short-term rating ia-2 to ZK „Lev Ins” AD. The officially adopted by BCRA methodology of awarding of claims paying ability rating to insurance companies is used (http://www.bcra-bg.com/files/method_6.pdf).

To elaborate the credit report and to award the rating BCRA uses information from FSC, National Statistical Institute, BCRA's database, consultants and other sources of public information.

In December 2008 BCRA ascertained changes in the Company's state during planned monitoring on the grounds of public information. During the period under review, the following changes were observed:

- The Company gained a very high growth (~41%) in the Gross Direct Premium compared to the average growth of the other companies – ~22%;
- The Company's market share continued growing up reaching to 8.2% compared to 7.2% as of 09.2007;
- The Net Claims Ratios registered a growth, however, they kept relatively low levels;

- The Expense and Commission Ratios occupied significantly lower values compared to the same period of the past year;
- The Combined Expense Ratio held stable, relatively low levels;
- The Company reached Positive Financial Result amounting to 13.764 millions leva.

Main Indicators	9.2008	9.2007
Net Claims Ratio	41%	33%
Expense Ratio	17%	20%
Commission Ratio	26%	32%
Combined Expense Ratio	84%	85%
Financial Result (thousand leva)	13 764	10 865
Market share	8.20%	7.18%

The Rating Committee of BCRA reviewed the claims paying ability rating of ZK Lev Ins AD and upgraded the Company's rating.