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FEATURES OF THE FUNCTIONING OF THE INSURANCE MARKET OF UKRAINE

Summary. The article considers the dynamics of development of insurance companies in Ukraine in 2015-2019. The requirements to insurance companies, which are set at the legislative level, are given. An analysis of the main indicators of the insurance market of Ukraine for 2015-2019 was also conducted.

Key words. Insurance market, moral safety, legislative regulation, personal insurance, insurance premiums, insurance companies, insurance products.

Main scientific results. The insurance market in Ukraine lags far behind foreign countries. This situation is explained by the fact that Ukraine is a country with a developing economy with such problems as low income of the population, low level of business development, low level of public confidence in financial institutions and others.

In Ukraine, insurance activities are regulated by the Constitution of Ukraine, International signed and ratified agreements, the Civil Code of Ukraine, the laws of Ukraine "On Insurance", "On Compulsory Civil Liability Insurance of Owners of Land Vehicles", "On Business Companies", "On Financial Services and state regulation of financial services markets", "On the prevention and counteraction to the legalization (laundering) of proceeds from crime" and others, as well as resolutions of the Cabinet of Ministers of Ukraine, regulations (instructions, methods, regulations, orders) adopted by the executive authorities or a special designated body supervising insurance activities, rules and insurance contracts.

For the reliability of insurance companies at the legislative level, requirements are established, the main of which are [1]:

- the establishment of the minimum size of the statutory fund of an insurance company that deals with types of insurance other than life insurance, equal to an amount equivalent to 1 million euros, and an insurance company dealing with life insurance - 10 million euros at the exchange rate of the Ukrainian currency;
- introduction of a solvency margin at the level of 18% of the amount of insurance premiums and 26% - of payments for the previous 12 months for risky types of insurance, as well as 5% - of the total amount of the reserve of long-term liabilities for life insurance;
- issuance of licenses to companies that meet the requirements and separation of licensing for life insurance and risk types;

- granting the right to the authorized body to carry out the reorganization, liquidation and reorganization of insurance companies and others.

Legislative regulation of insurance activity is of great importance, because it is, first of all, the struggle of the state for the "moral safety" of citizens. An analysis of the functioning of the insurance market in Ukraine shows that the share of insurance payments for personal insurance is 16,8%, which is quite small, because in the USA and Western European countries this figure reaches about 60%, in the UK - 70%, in Japan - 80% , the world average is 58% [2].

The indicator of the density of insurance is important, which shows how much one person spends on insurance. A Ukrainian spends an average of 65,4 dollars. USA, while in Poland it is at the level of 140 dollars. USA, Japan - 6 thousand dollars. USA, Germany - 1482 dollars. USA. The insurance market is considered developed if the insurance density indicator is more than \$ 140. USA. As you can see, this figure in Ukraine is half the normal minimum, that is, the insurance market is not developed.

The reason for such an insignificant share of insurance payments for personal insurance is both the mental characteristics of the population, the level of income of the population, depending on the economic situation in the country, and the transparency and honesty of insurers. To obtain more complete data, let us analyze the basic data of the development of insurance companies in the insurance market of Ukraine (see Fig. 1) [3].

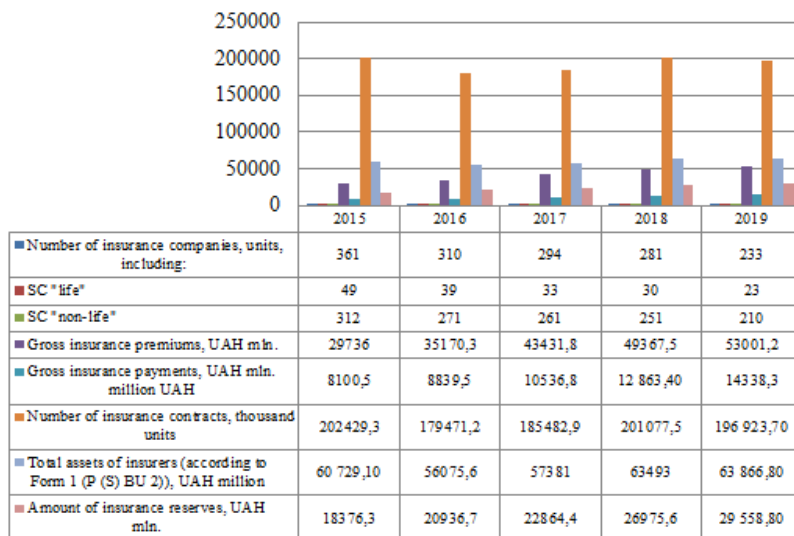


Figure 1. Dynamics of development of insurance companies in Ukraine in 2015-2019.

Analysis of the data on the functioning of the insurance market in Ukraine, shown in Figure 1, shows that the total number of insurance companies in Ukraine for the

period 2015-2019 decreased from 361 to 233 IC. There is also a tendency for the types of insurance companies, that is, there is a reduction in both IC "life" and IC "non-life". This trend is the reason for both the regulatory policy of state authorities, which establish requirements for insurance companies for their reliability and protection of customers, and the difficult economic situation that has developed in Ukraine in recent years.

In 2019, the share of gross insurance premiums in terms of GDP was 1,3%. This indicator decreased by 0,1 and. compared to 2018. The share of net insurance premiums in GDP did not change, remaining at the level of 1,0%.

In terms of its development, the Ukrainian insurance market lags far behind Europe, the USA, China, Japan and other developed countries. The reason for such a low development is the difficult economic situation in the country caused by such factors as the change of power in 2015, the occupation of part of the territory of the Russian Federation, which shook the previously unstable economy. Although in recent years the economic situation in the country has stabilized, this is still not enough for the insurance market and the financial market in general to reach the level of development of countries with developed economies.

Conclusion. Despite the influence of negative factors, the Ukrainian insurance market continues to develop. After analyzing the trends in the main indicators of IC activity for 2015-2019, it can be assumed that the main prospects for its development will be attracting capital not only from European countries, which will make the insurance market more attractive, the development of health insurance, since medicine is quite expensive and incomes are low, as well as introduction of new insurance products in connection with the development of all areas of management.

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