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ANALYSIS OF THE FINANCIAL POTENTIAL OF THE INSURANCE MARKET IN UKRAINE

The activity of any entity is associated with constant risks, after all uncertainty is one of the main components of the market situation in each market of any state. The stable functioning of all branches of the national economy is ensured by the insurance market, which is an integral part of the financial market of Ukraine. Its successful development is ensured by state regulation of its activities, expansion of the list of insurance services, improvement of the system of tax regulation of its activities, increase of competitiveness and attraction of the insurance market to solve the problems of economic development.

The high significance of developing approaches to increasing the financial potential of insurance companies, the necessity to identify methods for assessing financial capacity and ensuring the financially sustainable functioning of insurers determined the direction of research. Moreover, the problem of increasing the financial potential of insurance companies is even more actualized in a constantly changing macro environment, especially during periods of economic crises,.

When analyzing the Ukrainian insurance market, it should be noted that, unlike European countries, the share of insurance in the Ukrainian economy is insignificant. This is explained by the fact that the insurance market is quite young and is in the process of formation. Therefore, an analysis of the financial potential of the insurance market in Ukraine is becoming relevant.

The dynamics of the growth of the number of insurance organizations in Ukraine during the period of market formation is characterized by the following indicators: 1991 - 28, 1992 - 171, 1993 - 455, 1994 - 616, 1995 - 655 insurance companies [30]. However, the quantitative growth of the insurance market in Ukraine has not changed at this stage in quality. Meanwhile, starting from 2008, the insurance market of Ukraine is in a stagnant phase. And in 2017, the number of insurance companies is 307.

The insurance market of Ukraine, as well as any other country, is characterized by constant changes in the main indicators of the activity of

insurance companies, depending on the economic situation in the country and changes in regulatory legal acts regulating relations in the field of insurance.

So, important macroeconomic indicator of the development of the insurance market is the ratio of insurance premiums to GDP which in countries with market economies, on average, in recent years is 8-12%, for example, in the UK, the share of insurance premiums to GDP is more than 15%, in Austria 16%, in Japan - more than 10%, in the United States - more than 8%.

In Ukraine this figure is very low and according to the forecast of the League of Insurers of Ukraine it can reach a record decline of 0.7% in the nearest future [1].

The statutory funds of individual Ukrainian insurance companies are still insignificant, which is evidence of the low competitiveness of insurers, since, in order to maintain successful competition in the world insurance market, the authorized fund should amount to about \$ 50 million. USA [31].

The low capacity of the insurance market for taking risks does not contribute to the use of insurance as a mechanism for financing risks and a tool for insurance protection of the state.

Analyzing the financial potential of the Ukrainian insurance market it is advisable to analyze the current state of the market and consider the changes that have taken place in it over the past three years.

The insurance market is the second in terms of capitalization among other non-bank financial markets. The total number of insurance companies by September 30, 2017 amounted to 296, including life insurance companies - 34 companies, non-life insurance companies - 262 companies (by 30.09.2016 - 323 companies, including insurance companies «life» - 43 companies, insurance companies «non-life» - 280 companies). The number of insurance companies tends to decrease, as in the 9 months of 2017 compared to the same period in 2016, the number of companies decreased by 27 insurance companies [2].

The classification of these two areas of insurance activity does not have any meaning. All insurance companies can be divided into two large groups: those who are engaged in life insurance and those who carry out general insurance.

The legislation of Ukraine stipulates that companies that have received a license for life insurance do not have the right to conduct general insurance, and vice versa. In Ukraine with the adoption of the Law "On Insurance" insurance companies can not claim concurrent activity in both spheres.

Receipt of insurance premiums is one of the main indicators of the insurance industry. In 2016 the share of gross insurance premiums and net insurance premiums in relation to GDP remained at the level of 2015 and amounted to 1.5% and 1.1% respectively.

It should be noted that the characteristic feature of the development of the insurance market of Ukraine is the fact that it is 85.1% comprised of insurance companies «non-Life» (insurance companies engaged in risky types). About 200

insurance companies are now frozen, collectively accounting for less than 1% of the market [2]. Therefore, such a decrease leads to an increase in the competitiveness among insurance companies, and, accordingly, to increase their financial potential.

Analyzing the Ukrainian insurance market and its financial potential, one can distinguish certain problems, namely:

- the presence of divergences in the domestic legislative framework on the issues of norms of macroeconomic indicators of the development of the insurance market;
- high inflation, resulting in disproportions in the cost of insurance premiums and final payments, which also destabilizes the life insurance market;
- low competition for a qualitative component of insurance services;
- insufficient level of insurance culture and the interest of the population in insurance due to a significant decline in the solvency of the population;
- insufficient development of long-term life insurance, retirement annuities and other types of accumulation insurance;
- low level of capitalization, solvency and liquidity of domestic insurers.

Thus, the insurance market of Ukraine is characterized by a low level of development and has a number of unresolved problems. During 2012-2017 it was possible to observe the tendency to increase such indicators: gross and net insurance premiums, gross and net insurance payments, insurance reserves. However, despite the increase in these indicators, the total assets of insurers and the volume of paid-up statutory capital decreased, which was due to a decrease in the number of insurance companies "Life" and "non-life".

On the basis of the analysis of macroeconomic indicators of the development of the insurance industry, one can conclude that Ukraine is characterized by a rather low level of financial potential of insurers, insignificant level of insurance penetration and insufficient amount of insurance premiums per capita in comparison with the leading countries of the world.

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