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INSURANCE MANAGEMENT

HANDBOOK

the edition was changed and supplemented by the authors

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The textbook covers the main topics of the program "Insurance Management", the following materials reveal the content and basic provisions of the discipline.

After each topic of the course is presented, students are asked questions for self-examination, tests, literature. The textbook is intended for students of all forms of study under the program of study for students of the field of knowledge 07 "Management and administration, specialties 072 -" Finance, banking and insurance ", 071- "Accounting and taxation"

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CONTENTS

INTRODUCTION

The main problems of the development of the insurance market of Ukraine are the lack of purposeful government policy; imperfection of the legal framework; low solvency demand for insurance services; poor development of investment instruments for long-term placement of insurance reserves; insufficient level of competitiveness of insurance companies in comparison with commercial banks in the struggle for attracting free funds; low profitability of certain types of insurance, etc.

The discipline "Insurance Management" is aimed at preparing Masters in Finance, Banking and Insurance, who must know the theory and methodological principles of managing insurance organizations and their structural units in order to use this knowledge in the process of working directly in the insurance business or control with insurers business, and other relationships inherent in the relevant entities of the financial system.

The purpose of studying the discipline "Insurance Management" is to form in the future specialists a system of knowledge on the theoretical development and practical application of specific mechanisms for managing the business processes of insurance companies in order to effectively use the existing potential and take into account the financial interests of all participants in the insurance market.

The writing of this textbook is the result of didactic and methodological processing and systematization by the authors of theoretical, methodological and organizational issues of managing the activity of insurance companies, analysis of available educational material, rethinking and generalization of theoretical provisions of the disciplines "Finance", "Enterprise Finance," Economics »,« Insurance services »,« Management »,« Financial management »of domestic and foreign specialists.

The presented material takes into account the recent changes in the legislative and regulatory documents and the results of the latest scientific researches. The focus of the textbook was determined by modern requirements for the functioning of insurance organizations.

TOPIC 1. CHARACTERISTICS OF INSURANCE MANAGEMENT

1.1. Necessity and essence of insurance management
1.2. Aims and objectives of insurance management
1.3. Functions of insurance
1.4. Legal support of insurance management

Purpose: To clarify and consolidate the theoretical foundations of insurance management. To study the legal bases of insurance management.

Keywords: Insurance management, joint-stock insurance company, preventive function, investment function.

1.1. The need and essence of insurance management

Insurance business has features that distinguish it from other types of management. These features are as follows: insurance activity is defined in Ukraine as an exclusive activity and is regulated by the Law of Ukraine "On Insurance". In advanced market economies, insurers derive a large part of their profits from investment activity, not from insurance activities. The main task for the insurer is to increase the number of insurers and to use the collected insurance premiums for investment activity. All this is made possible by a thoughtful and balanced management policy. That is why insurers should carefully consider the issue of risk-taking, make effective use of reinsurance opportunities, and pay more attention to preventive measures.

Insurance business, like any other business activity, requires management in planning, organization, regulation and control. This is an activity related to the formation and use of resources of the insurance fund, rotating in the field of commodity-monetary relations. Insurance fund resources are formed and used by insurance organizations, among which the decisive role belongs to joint-stock insurance companies.

The activities of a joint-stock insurance company in a market economy requires a high level of organization, without which it is impossible to achieve the goal of this insurer, ensuring its competitiveness and efficiency. Specificity of management in the insurance business necessitates the allocation in management of its special direction - insurance management. In the most general form, the object of management in insurance management is a comprehensive insurance fund intended to compensate for possible losses. Insurance management is a component of the insurance system in place in the country, which includes institutional entities that form the financial resources of the insurance fund (non-state pension funds, joint-stock insurance companies, mutual insurance companies, insurance pools).

In the narrow sense, insurance management is the management of a joint-stock insurance company operating in a competitive economic environment, which includes setting goals, selecting tools and developing methods for achieving them. Effective management creates the basis for the economic prosperity of a joint-stock insurance company in the conditions of the established insurance market. The policyholder determines the real business of the policyholder because of the specific motives and benefits mediated by the insurance interest. Based on the existing insurance interests, the insurance company creates a certain package of insurance products, focused on meeting the requirements of insurers.

Thus, insurance management is a professional management of insurance activity of an insurance company, which is carried out in the conditions of market relations and aims to maximize profits with the rational use of all available resources. Insurance management studies the most rational technologies for managing insurance companies, as well as managing other professional members of the insurance market.

1.2. Aims and objectives of insurance management

The objectives of insurance management are determined by the goals of functioning of a joint-stock insurance company in the conditions of a certain economic environment (insurance market). General (economic) and specific (social) goals of insurance management can be distinguished.

These objectives are defined in the policy of the policyholder. They are formulated as protection of the property interests of legal entities and individuals through insurance activities aimed at obtaining | profit on invested capital in favor of the shareholders of the joint-stock insurance company.

The essence of insurance management is revealed in its functions. Functions of insurance management - are specific types of management activities, which are carried out by special techniques and methods, as well as the appropriate organization of work and control of the insurancecompany.

The process of selling insurance policies always involves direct contact with a future policyholder, as a result of operating technology force is subject to standardization. The work of an insurance agent, inwhich mainly lies with the load on the conclusion of contracts requirescreative approach, and its effectiveness is largely determined by his personal qualities, knowledge of insurance, as well as the psychology of communication with potential insurers. Insurance intermediaries act as a link that binds the insurer and the insurer with the relevant insurance contract, and therefore have the largest amount of information about insurance interests and benefits of the clientele. This leads to the emergence of new organizational formssale of insurance policies, contributes to the formation of an insurance proposal that meets the existingquiriescustomer and attractive to potential insurers.

The goals of insurance management are determined by the goals of the insurance organization. These goals of a joint-stock insurance company can be divided into economic and social.

It is believed that the most important economic goal of an insurance company is to maximize profits. This approach to an economic goal stems from the very nature of any business.

Maximizing the profit of a joint-stock insurance company is often understood unequivocally: an increase in the amount of insurance payments received through an increase in sales of insurance policies and a simultaneous decrease in the costs associated with the activity of the insurance company and the process of servicing concluded insurance contracts.

In a comprehensive plan, the economic objective of insurance management should not be to maximize the current profit of a joint-stock insurance company, but to maximize its value, including long-term profit, the potential increase in insurance operations, the allowable magnitude of insurance risks relative to the estimated insurance objects, market value of shares of a joint-stock insurance company and stable dividends.

A joint-stock insurance company is a special commercial enterprise that accumulates large funds of its client in the financial resources of the insurance fund, intended to secure the obligations to clients under concluded insurance contracts. Given the specificity of the insurance fund, insurance management should be oriented to ensure the preservation of the resource base of the insurance fund, having in mind the full provision of obligations to the insurers provided for in the terms of concluded insurance contracts. The realization of this goal involves the creation of a joint-stock insurance company management system of current liquidity, balance of assets and liabilities in terms of terms and amounts, the availability of appropriate insurance reserves and a system of assessment of insurance risks.

The social goals of insurance management are first and foremost related to the need to fully meet the insurance needs of the insurance company clientele, as well as to create the optimal set of insurance products that meet the existing insurance interests. At the same time, adequate insurance protection of these property interests must be ensured, as well as an adequate level of customer service of the joint-stock insurance company. For this purpose the management system should have at its disposal marketing research of the product and price insurance market, appropriate information developments, training programs that allow to develop the skills of specialists in dealing with potential clients of the joint-stock insurance company.

The social aspect of the objectives of insurance management is also the specific economic guarantees for small and medium-sized businesses, as well as the creation of new jobs in the insurance industry (insurance expertise, insurance marketing, acquisition, etc.). In a broad economic context, a joint-stock insurance company is a public institute that aims to closely link its activities with the overall economic development and thereby strengthen the resource base for further expansion of its operations.

The economic and social goals of a joint-stock insurance company determine the objectives of insurance management. Among the main tasks of insurance management include the following: the

- creation of an economic mechanism for managing the profitability of a joint-stock insurance company, keeping in mind the management of the volume and structure of active and passive operations of the insurance company, the value of shares, as well as income and expensesinsurance;
- liquidity management while optimizing profits, implying cash flow management, organizing the control of highly liquid assets, forecasting the insurance company's liquidity position;
- management of risks inherent in specific insurance objects, in respect of which the relevant insurance contracts are concluded. This means developing a methodology for assessing various insurance risks, maintaining statistics of insured events and the risk circumstances that provoked them, standardization of management procedures with respect to existing insurance risks;

management of the staff of the joint-stock insurance company, with the aim of achieving maximum realization of its potential capabilities. The organization of in-company training is envisaged to introduce an effective system of remuneration and moral incentives, internal control (audit), etc.

1.3. Functions of insurance management

Functions of insurance management include the essence and content of management activities of an insurance organization.

It is possible to define the following functions of insurance management: risky, creation of insurance funds (reserves), savings of funds, investment.

Preventive (prevention of an insured event, or reduction of the consequences of an insured event).

Risky (random) function.

Insurance is always tied to the probable insured event, that is, insurance is inherent in the casual nature of the relationship. In case of an insured event stipulated by the contract or the law, the insurer appeals to the insurer with a request to compensate for the consequences of the risk.

Creation of insurance funds (reserves) and theiruse.

Insurance becomes possible if the insurer has the means to cover the losses. This capital is generated from the contributions of insurers, as a payment for the risks that bear the responsibility of the insurance company.

Insurance involves a closed redistribution of loss through a specialized monetary insurance fund "created at the expense of premiums. In the process of insurance, redistributive relationships arise for the formation and use of this fund. the said function is performed by natural or legal persons within the framework of the existing insurance contracts. In accordance with the terms of insurance contracts and regulated by the state (licensing of insurance activities).

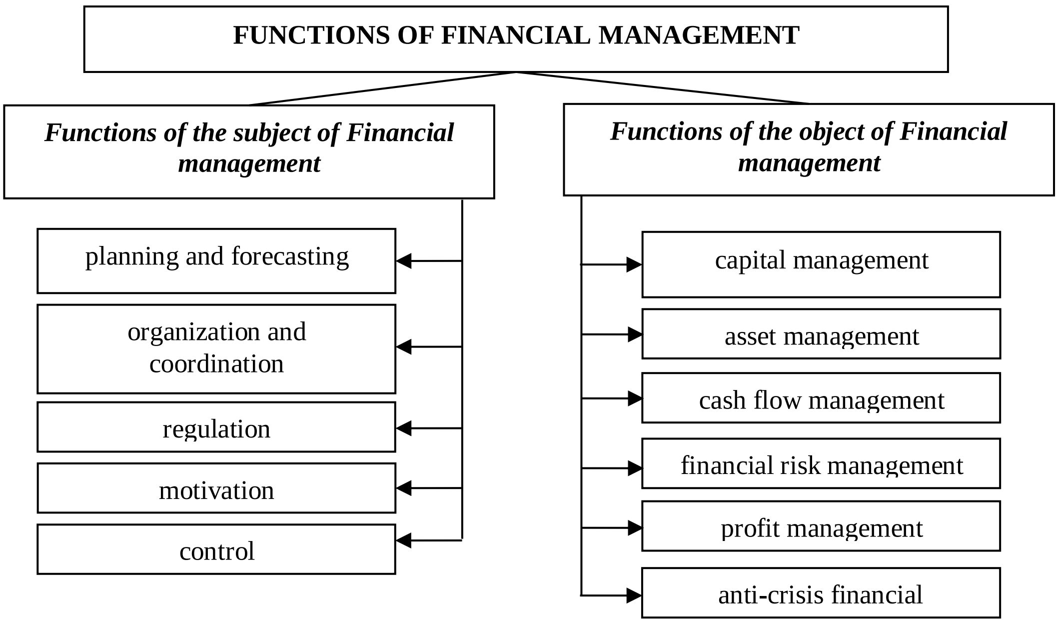

Fig1. Classification of financial management functions

This fund can be formed both compulsorily and voluntarily. The state, regulating the economic and social necessity regulates the development of insurance cases in the country

Savings of funds

Insurance through the function of the formation of a specialized insurance fund performs a risk-saving function. Each participant of the insurance process, with life insurance, is confident in receiving financial support in case of accident and after the expiration of the contract. During the implementation of property insurance through the function of forming a specialized insurance fund not only solves the problem of compensation for the value of the affected property within the limits of the insurance sums and conditions stipulated by the insurance contract, but also creates conditions for material compensation of part of the value of the affected property.

By contributing to the development of savings insurance, the state allows to influence the solution of social problems.

Investment function.

The formation of an insurance fund solves the problem of investing temporarily free funds in banking and other commercial structures, investing in real estate, purchasing securities and more. With the development of the market in insurance will always improve and expand the mechanism for the use of temporarily free funds.

The preventive function of

preventing an insured event or reducing the consequences of an insured event involves a wide range of measures, in particular the financing of those that should prevent the negative consequences of insured events, natural disasters. This includes the legal influence on the insured, enshrined in the terms of the insurance contract and focused on his caring attitude to the insured property.

1.4. Legal support for insurance management

Legal support for insurance is the legislative and regulatory acts that regulate insurance activity as a whole and in its individual areas.

The system of legal regulation of insurance activities contains rules defined by: the

- Constitution of Ukraine;
- international agreements signed and ratified by Ukraine;
- The Civil Code of Ukraine;
- Laws and regulations of the Verkhovna Rada of Ukraine;
- Decrees and Orders of the President of Ukraine;
- decrees, decrees and orders of the Government of Ukraine;
- normative acts (instructions, methods, regulations, orders) approved by the ministries, agencies, central executive bodies and registered with the Ministry of Justice of Ukraine;
- regulatory acts by bodies which, in accordance with the legislation of Ukraine, supervise insurance activities;
- normative acts of local executive authorities in cases where certain issues of regulation of insurance activity were delegated to these bodies by decision of the President or the Government of Ukraine;
- separate normative acts of the former Soviet Union and the USSR, which were not abolished by the legislation of an independentUkraine.

The Constitution of Ukraine, adopted on June 28, 1996, determined that only the laws of Ukraine set the foundations for the creation and functioning of the financial market (Article 92), and the Cabinet of Ministers of Ukraine ensures the implementation of financial policy (Article 116). Thus, the Constitution of Ukraine has established the general rules of legal regulation of financial policy, one of which is to ensure the calculation of insurance business.

The legislative regulation of insurance activity in Ukraine has a certain historical specificity, which significantly affects the whole system of legal support.

In the former Soviet Union, there was no basic law governing insurance business. As the insurance activity was carried out exclusively by the institutions of the State Insurance Company and the Industrial Insurance Company, which did not have completely independent status, it was not necessary to define legislative norms regarding the rights and obligations of these entities. Some aspects of insurance activity were regulated by the Resolutions of the Central Committee of the CPSU and the Council of Ministers of the USSR, normative documents of the USSR State Insurance and Ukrderzhstrakh.

During 1992-1993, most of the independent states that were formed after the collapse of the former USSR adopted insurance legislation.

In the summer of 1992, Ukrstromstrakh, with the participation of leading insurance companies formed between 1990 and 1992, submitted to the Cabinet of Ministers of Ukraine the first draft Law on Insurance aimed at harmonizing the positions of several ministries and agencies involved in the insurance business. In December 1992, after approval, this project was re-submitted to the Cabinet of Ministers of Ukraine. Since, according to the decision of the Verkhovna Rada of Ukraine during this period, the Government was given the right to issue decrees that had the status of laws, the draft was adopted as a decree in May 1993.

The Decree of the Cabinet of Ministers of Ukraine "On Insurance" became, in fact, the first basic legislative act that ensured systematic legal regulation of insurance activity. This Decree defines the basic terms and concepts related to insurance activities (insurance market).

The Decree "On Insurance" could only be regarded as an interim legislative act. Its main disadvantage was that an attempt was made here to combine contradictory provisions: on the one hand, the "state insurance" principles of insurance activity, based on a planned administrative economy, and on the other, the principles of insurance in the market. For example, the Decree provided for insurance payments at the expense of insurance reserves, which was in line with market principles, without defining the financial mechanism for forming those reserves, and strictly administratively limited the transfer to reserves of 50% of insurance payments. In addition, the Decree forbade the state to interfere in the activities of insurance organizations, and at the same time designated the state body responsible for the state of development of the insurance market. And there were many such contradictions.

Therefore, with the development of a market economy in Ukraine there is a need to adopt a new legislative act that would fully regulate both the conceptual apparatus and the procedure for carrying out insurance activities.

On March 6, 1996, the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On Insurance" (hereinafter - the Law), to which the Verkhovna Rada amended and supplemented. It is the main legislation in this area in our country.

The Law of Ukraine "On Insurance" has 5 main sections. The first section establishes the main terminological apparatus: defines such basic concepts as insurance, insurers, insurers, objects and types of insurance, forms of insurance, insurance risks and insured events, sum insured, insurance indemnity, insurance payments and tariffs, co-insurance , reinsurance, insurer associations, insurance agents and insurance brokers and some others.

Central to this section are the rules that determine the requirements for the insurer during its creation and registration, as well as the procedure for compulsory insurance. In particular, this Law establishes a special mechanism in Ukraine when the types of compulsory insurance can be determined only by this Law and not by other legislative acts. In this case, the Cabinet of Ministers of Ukraine is entitled to regulate the procedure for carrying out each type of compulsory insurance, provided that this type is provided by the Law.

The second section of the Law regulates the procedure for conducting insurance: defines the requirements for contracts and rules of insurance and the relevant currency, establishes the duties of insurers and insurers in each specific situation. The importance of the legislative provisions provided for in this section is that they reflect with maximum completeness the peculiarities of the contractual relations, rights and obligations of the parties in the field of insurance. In fact, specify the general rules of civil law in this sphere.

The third section defines the conditions for insurers' solvency and is very important. It is here that the financial mechanism for carrying out insurance activities is presented, certain restrictions are set as to the possibility of acceptance of obligations and the general principles of auditing of the insurer are determined. Important articles in this section are those that deal with the formation and types of insurance reserves, both technical and life insurance. A number of articles regulate issues related to the creation of guarantee funds, accounting procedures and reporting.

The fourth section defines the principles of state supervision of insurance activities. This section identifies a body that oversees insurance activities and establishes its rights and functions. This section describes the procedure for licensing insurance activities that provides legal regulation of the work of insurers in the insurance market. The law specifies, in particular, the peculiarities of liquidation, reorganization and rehabilitation of insurers, enabling them to be controlled after they cease their activity.

The final, fifth, section provides for the regulation of such general points as the consideration of international law, the procedure and stages of application of certain rules, etc.

When the law was passed, the Government introduced a number of by-laws, in particular, decrees and orders governing certain issues of insurance business.

Thus, a separate decree of the Government defines the procedure for regulating the system of reinsurance in Ukraine. , in the absence of violations within a certain time frame and in the case of a number of other requirements.

The Government's resolution on the legal regulation of the activities of brokers and agents in the insurance market was also adopted. First of all, there are certain requirements regarding the registration of brokers, restrictions on the activities of intermediaries, in particular regarding the possibility of accepting funds of the insurer on its own account, terms of concluding an insurance contract by intermediaries, and some other points.

A separate Government decree specifies the functioning of mutual insurance companies.

Government regulations regulate the procedure for the implementation of each type of compulsory insurance. A separate decree defines the marginal costs of conducting business in the case of compulsory insurance, as well as regulates the issues of establishing state and national insurance companies and compulsory associations of insurers.

The Government's orders provide separate instructions for conducting experiments in the field of insurance. Orders can also resolve certain issues of regulation of tariffs, terms of contracts, etc., when this is not contrary to the laws of Ukraine.

Legislative acts of ministries and departments - instructions, regulations, methods, orders, which are registered with the Ministry of Justice, detail certain legislative norms. This is especially true of issues that fall within the scope of several agencies. For example, such acts regulate the procedure for accounting and statistical reporting of insurers, joint financial and insurance supervision by customs or law enforcement agencies. Sometimes such acts approve methods of calculating insurance tariffs. Joint acts also establish the procedure for registration of insurers in the system of different agencies.

Thus, the most important current regulations of the former Ukrstrakhnadzor include the methodology of calculation of life insurance reserves, instructions for licensing of insurers, provisions on branches and separate representative offices of insurers, provisions for regulating the placement of insurance reserves and some other documents.

Regulations of local executive bodies, as a rule, are of an administrative nature, defining, within the limits of certain administrative units, the peculiarities of the implementation of measures defined by governmental or departmental documents. This may be an explanation for any experiments, features of municipal insurance. Due to the fact that most of the issues related to regulation of insurance activity at the national level, the role of local government legal acts in the insurance industry is insignificant.

The Law of Ukraine "On Insurance" defines the only body of the state executive power that carries out appropriate oversight: Committee on Insurance Supervision - Ukrstrakhnaglad, established on September 17, 1993. Ukrstrakhnadzor was the central body of the state executive power, which reported to the Cabinet of Ministers of Ukraine. By its status, the Committee was ranked the State Committee of Ukraine.

In the course of administrative reform, the Decree of the President of Ukraine "On Changes in the Structure of Central Executive Bodies" of December 15, 1999, assigned the function of Ukrstrakhnadzor to the Ministry of Finance under No. 1573/99.

Questions for self-control:

1. What is the specificity of insurance business management?
2. Justify the need and reveal the essence of insurance management.
3. Expand the goals and objectives of insurance management.
4. What are the main functions of insurance business management.
5. Explain the legal basis of insurance management.

Topics and reports:

1. The essence and functions of insurance management
2. The essence and prerequisites for the formation of insurance management.
3. The environment of insurance management and its structure.
4. System of indicators of insurance activity
5. Principles of insurance management
6. Strategy of insurance activity.
7. Kinds of strategies of insurance activity and principles of their formation.
8. Content and principles of organization of insurance management.
9. Management cycle of an insurance company
10. Basic methods of developing plans of management of insurance activity.

Tests:

1. Insurance management is:
a) professional management of the insurance company;
b) financial planning technology;
c) the process of budgeting, adoption and further control;
d) all answers are correct.

2. The objectives of insurance management are classified as:
a) state and public;
b) general and specific;
c) economic and political;
d) managerial and financial.

3. The functions of insurance management do not include the function of:
a) planning;
b) organizations;
c) reinsurance;
d) motivation.

4. Distinguish forms of control:
a) insurance and reinsurance;
b) individual and collective;
c) complete and selective;
d) previous, current and next.

5. The economic purpose of insurance management is:
a) development of the insurance market;
b) maximizing current profits;
c) development of quality insurance products;
d) maximizing the value of the insurance company.

6. The social purpose of insurance management is:
a) the development of insurance legislation;
b) meeting the insurance needs of clients of the insurance company;

c) creation of new jobs in the insurance sector;
d) profit maximization.

7. The desire to fulfill the established requirements of the management of the insurance company clearly stated in the insurance workers shall include the following functions:
a) planning;
b) organizations;
c) motivation;
d) control.

8. Comparison of the planned and actually obtained result is provided by the function of:
a) planning;
b) organizations;
c) motivation;
d) control.

9. The authorized body of the state executive power overseeing insurance activity in Ukraine is:
a) the Ministry of Finance of Ukraine;
b) National Financial Services Commission;
c) the Antitrust Committee;
d) League of Insurance Organizations of Ukraine.

10. Which of the following functions is assigned to Natcomfin Services?
a) determination of the minimum size of the authorized fund of insurers;
b) elaboration of insurance tariffs;
c) granting licenses for the right to carry out insurance activities;
d) registration of insurance contracts.

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TOPIC 2. INSURANCE MARKET AND INSURANCE RISKS

2.1. The essence of the insurance market and prospects for development
2.2. The structure and infrastructure of the insurance market
2.3. Regulators and instruments of the insurance market
2.4. Insurance services and insurance products
2.5. Risks in insurance

Purpose: Master the theoretical material of the lecture and form a responsible attitude to teaching, strengthening discipline and legitimacy.

Keywords: Insurance market, insurance risk, object of insurance, insurance service.

2.1. The essence of the insurance market and development prospects

The term "insurance market" combines two ambiguous categories, namely, "market" and "insurance". The market is a certain economic relationship about the sale and purchase, as well as a system of institutions that organize the exchange relationship. Insurance is a certain type of economic relations concerning the organization of insurance protection through the creation and use of the insurance fund and other funds and resources of the insurer in order to stabilize the economy, to share risks, to meet the needs of insurers and owners, to carry out business activities, to invest temporarily free funds in the economies of Ukraine. .

The number of UK in 2009 - 450, including life insurance company - 72 companies, non-life insurance company - 378 companies.

The number of ICs in 2018 is 285, including IC “life” - 31 companies, IC “non-life” - 254 companies.

The number of ICs decreased from 378 → to 254 вим The

mandatory conditions for the functioning of the insurance market are the presence of:

- insurance objects with consumer value;
- needs for insurance products, services;
- subjects of insurance relations - insurers, insurers and other entities that are able to meet these needs or consume them;
- possibility to make a decision on participation in the insurance agreement. The main functions of the insurance market include: the
- organization of insurance protection through the sale of insurance policies and the conclusion of insurance contracts;
- accumulation of significant financial resources with their further investment in certain areas;
- ensuring a "meeting", the interaction of the policyholder and the insurer.

In the modern insurance market of any country there is a system of objective and subjective laws of economic development. The main objective laws include: the

- law of supply and demand, which provides the emergence of those insurance services that are exactly necessary to the consumer and creates an adequate price, providing conditions for competition for insurers, creating conditions for constant search, improvement of forms and methods of organization of insurance protection;
- the law of value, which operates through price (the size of insurance tariffs) and promotes the balance of economic interests of participants of insurance relations, is an indicator of the quality of the insurance market;

- competition law, ensures the improvement of the quality of insurance services, their range, stimulates the expansion of the borders of the insurance market, the development of its infrastructure.

In addition, the insurance market has many subjective economic laws that create the legal field of the state, the international legal regime. The modern insurance market is territorially divided into:

local (regional); national (internal); world (external).

Depending on the place of consumption of insurance services, some scholars and practitioners distinguish insurance markets:

- internal;
- external;
- international.

In addition, the insurance market can be divided into types of insurance:

- personal insurance;
- property insurance;
- liability insurance etc.

In turn, each of these markets can be divided into separate segments according to the sub-sectors (subspecies) of insurance, depending on the form of insurance service, the object of insurance, the type of risks. For example, insurance of state property, collective property, private property, etc. And also insurance of buildings, constructions, means of transport, crops and more. Or accident insurance, child insurance, supplementary pension insurance, mixed life insurance, under-age insurance, and more.

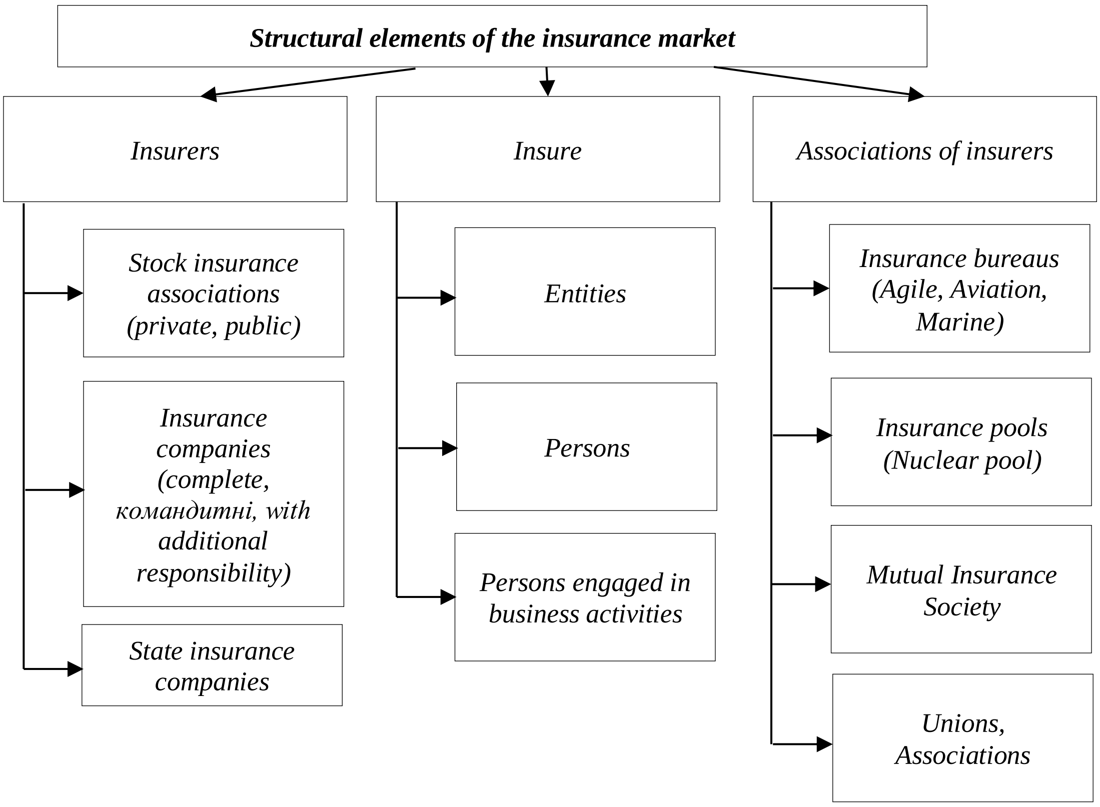

Figure 2. Structural elements of the insurance market

By type of state regulation, insurance markets are divided into:

- authoritarian (rigid) type - this is when each specific type of insurance undergoes a licensing procedure and must meet a certain system of requirements for insurance rules, financial and economic activities of the insurance company; competition between insurers is clearly regulated;

- the liberal (soft) type assumes that although insurance operations are subject to licensing, the supervision of insurance companies is relatively weak;
- mixed type uses to some extent two of these approaches - a sound system of regulation of insurance companies is combined with sufficiently flexible approaches that allow to ensure a sufficient levelcompetition.

Indevelopment, the insurance market is divided into:

- terms ofextensive, which implies a rapid increase in the number of insurance companies with low solvency and narrow range of insurance services;
- intensive, which involves the consolidation of insurance companies, increasing their equity, improving their financial condition, expanding the range of insurance services.

According to the demand in the insurance market, it is: saturated; unsaturated.

The above list of features for the classification of the insurance market is not exhaustive, so its choice depends on many factors and goals of creation. For example, there are suggestions to divide the insurance market into market research segments. In practical terms, the following features are most commonly used: by place of consumption of insurance services, by types, industries, branches of insurance and by type of state regulation of the insurance market.

The product offered on the insurance market is an insurance service. And the list of types and subspecies of insurance that the policyholder can use reflects the assortment of the insurance market.

The Ukrainian insurance market in 2019 the main trends in insurance:

1. Changing capital Overseas capital is

replacing European capital. So, the Ukrainian market was abandoned by the French insurer AXA, and its place was taken by the Canadian holding Fairfax.

This is Canada's second investment in Ukrainian insurance. Prior to that, Fairfax had already acquired one insurer - QBE.

Thus, the share of North American capital in the Ukrainian insurance market has grown to almost 10%.

2. Demand for health insurance

If the annual increase inhealth insuranceover the last 5 years was about 15%, in 2019 it is expected to increase to 35%.

There are several reasons:

- Organic market growth due to rising prices in clinics and medicines
- Companies are increasingly introducing social packages to attract and retain staff
- Public health reform, which has made health insurance the practically the only effective way to get quality health care

3. Globalization continues

Continued market expansion. This trend has been observed in recent years and, apparently, will continue. TOP-20 insurers own 80% of the entire Ukrainian insurance market.

Every year, small companies are knocked out of the market and their portfolios are immediately absorbed by market leaders. This further accelerates the process of market concentration in TOP insurers.

4. Emergence of new insurance products

Cyber risk insurance Business

losses from cyberattacks are growing at a rapid rate. Allianz analysts predict a rise in business losses from cyberattacks to 2 trillion in 2019.

Many companies have come to understand that cyber risk insurance, combined with their own technical protection, is far more reliable and, most importantly, cheaper than completely self-insured. More information on cybersecurity.

Cumulative pension insurance

Since 2019, state-funded cumulative pension insurance has been implemented in Ukraine at the state level. This initiative is pleased to be picked up by insurers, offering conditions that are more interesting and transparent than government ones.

2.2. Structure and infrastructure of the insurance market The

insurance market is quite complex phenomenon, has its own internal structural structure and external environment. Its internal structure, on the one hand, is represented by the subjects of the insurance market, on the other - insurance products that are sold. The external environment is represented by the links of the financial system of the state and the sphere of international finance, the relationship with which is determined by the directions of cash flow.

The internal structural structure of the insurance market for the subjects of insurance relations is represented by *three main sectors:*

*1st sector - the*authorized state supervisory body of an insurance company;

Sector 2 -structural elements of the insurance market - insurers insurers and insurers' associations;

Sector 3- Infrastructure elements - Insurance and non-insurance intermediaries.

The first sector is the Department of Financial Institutions and Markets of the Ministry of Finance of Ukraine.

The second sector of the structure of the insurance market of Ukraine is represented by:

- insurers - insurance companies in the form of joint-stock, full, limited partnerships or subsidiaries with additional liability, state insurance companies;
- insurers - legal entities, natural persons, natural persons engaged in entrepreneurial activity;
- associations of insurers - insurance bureaus; insurance pools, mutual insurance companies, unions, associations and other associationsinsurance.

An insurer in Ukraine can be considered from two positions: an

- institution that, under the license, undertakes to indemnify the insured against the insurance loss or to pay insurance sums;
- structure of a certain organizational form provided for by the legislation of the country.

In general, insurance organizations differ in many ways, for example:

- by affiliation (government, state, joint-stock, mutual, private);
- by area of activity (local, regional, national, transnational or international);
- by the nature of the work (those who carry out life insurance, carry out other types

of insurance, carry out only reinsurance);

- by specialization (specialized - carry out a certain type of insurance, universal - carry out different types of risk insurance or long-term insurance, reinsurance - carry out reinsurance of the biggest and most dangerous risks);
- by type of ownership (collective, state, mixed insurance organizations, private);
- by organizational form (joint-stock companies, partnerships, cooperatives etc.).

In accordance with the current legislation, insurers in Ukraine recognize financial institutions that have been created in appropriate forms and in accordance with the established procedure have been licensed to carry out insurance activities. Participants of the insurer must be at least three. Insurance activity in Ukraine is carried out exclusively by resident insurers of Ukraine.

The shareholder form of organization of the insurer is the most widespread in Ukraine. It is created through the centralization of cash through the sale of shares. There are open, closed, smoked joint-stock insurance companies. In the domestic insurance market, there are the following forms of joint-stock insurance companies:

- closed joint-stock insurance companies, whose shares are distributed among the founders (the predominant form in Ukraine);
- open insurance companies, whose shares are freely sold and bought on the stock market of the country;
- captive insurance companies - are created by powerful corporations, financial groups whose activities are limited by the interests of the founders.

The companies are full, limited, with additional liability represented on the insurance market less than joint stock companies. They are created at the expense of the founders' contributions. They differ in the liability of the founders for the obligations of the organization. creation of insurance companies in the form of a limited liability company in Ukraine is prohibited. In Ukraine, there are insurance organizations in the form of the followingcommunities:

- with additional liability (business companies, the authorized capital of which is divided into shares defined by the statutorydocuments);
- with full responsibility (each member of the company bears full responsibility for the obligations of the insurance company to all its property);
- limited liability companies (some participants are responsible for the obligations of the insurance company with all their property, and others are responsible only for their contribution). State insurance companies is a form of insurance fund organization by the state. Formed on the basis of foundingby the state or nationalization of joint-stock insurance companies. As a rule, they operate in a specific segment of the market (export credit insurance, health insurance for foreign nationals who come to Ukraine, compulsory rail accident insurance).

Legal entities and citizens (legal entities), as well as natural persons engaged in business activity can be insurers in Ukraine.

Insurers' associations are represented by - insurance bureaus; insurance pools, mutual insurance companies, unions, associations, etc.

The Motor (Transport) Bureau is an association of insurers who carry out the compulsory insurance of the civil liability of vehicle owners for damage caused to third parties; participation in it by insurers who carry out insurance of this type is obligatory.

The Motor (Transport) Bureau is the guarantor of indemnification in the territory of the Member States of the international Green Card motor insurance system, which is caused by the owners of the vehicles, if they have provided the relevant foreign bodies with the Green Card insurance certificate issued by the Motor (Transport) Bureau. This association of insurers establishes a single model of insurance policies, certificates, certificates, which reflect the terms of the contract of civil liability insurance of vehicle owners. The main tasks of the Motor (transport bureau) are:

- fulfillment of insurance obligations for compulsory insurance of the liability of the owners of vehicles in case of insolvency of its members-insurers;
- provision of compulsory liability insurance for vehicle owners to certain categories of car owners at the expense of centralized insurance reserve funds in accordance with the terms of the CMU;
- making payments from centralized insurance reserve funds within the limits and under the conditions provided by applicable law.

The Aviation Bureau is an association of insurers that take on aviation risks; participation in it is voluntary.

The Maritime Bureau brings together, on a voluntary basis, insurers authorized to engage in marine risk insurance.

Insurance Pools - The Nuclear Pool - is a compulsory form of pooling insurers licensed to cover the liability of nuclear facility operators for damage that may result from a nuclear incident.

Mutual insurance companies are a form of association of citizens and legal entities in order to protect their property interests.

Unions, Associations (League of Insurance Organizations of Ukraine) - association of insurers on a voluntary basis in order to protect the interests of its members and the implementation of social programs; cannot be engaged in insurance activities. League of Insurance Organizations of Ukraine as a voluntary non-governmental non-profit association of insurers, founded in 1992. It operates on the principles of legality, openness, equality of its members, compromise resolution of issues taking into account the interests of all participants of insurance relations, trust and mutual assistance.

The third sector of the insurance market is represented by elements of infrastructure, which include:

- direct intermediaries - insurance agents acting on behalf of an insurance company; insurance brokers acting on their own behalf under a brokerage agreement with a person in need of insurance as an insurer; reinsurance brokers also acting on their own behalf and under a brokerage agreement with an insurer in need of reinsurance as a reinsurer;
- indirect intermediaries - carry out insurance expertise, that is, those who professionally assess insurance risks (underwriter) and those who evaluate insurance losses (emergency commissioner);
- non-insurance intermediaries - perform work in a different direction, such as market research, its servicing, rating, etc.

Insurance agents (no mandatory registration) - legal entities for which the intermediary activity in the insurance market is the exclusive activity (insurance agencies); other legal entities that combine mediation with other types of entrepreneurship; entrepreneurial citizens working under an agency agreement;

individuals working under contract; insurance companies with agency agreements with foreign insurers; specialized associations of insurers.

Insurance brokers (subject to obligatory state registration) - legal entities, citizens-entrepreneurs, representations of foreign insurance brokers, officially registered in the state register of insurance brokers of Ukraine. The activity of insurance brokers is directly regulated by the CMU Resolution No. 747 of 29.04.1999.

Underwriter (insurance risk assessor) - acts on behalf of the insurer and has the right to take on proposed risks, determine tariff rates and terms of insurance contracts based on the rules of insurance law.

Surveyor (insurance risk assessor) - an inspector or agent of an insurer, examines the property to be assessed, determines the likelihood of realization of insurance risk.

Emergency Commissioner (Insurance Loss Estimator) - establishes the causes of an accident, the nature and amount of losses, usually deals with road accidents.

Ajastar (insurance loss appraiser) - acts on behalf of the insurer in resolving and settling the claims of policyholders.

Dispatcher (insurance loss assessor) - a specialist in the field of maritime law, which calculates in the case of a general accident, distributes damage between the ship, cargo and freight.

In addition, non-insurance intermediaries operate in the insurance market infrastructure, providing advisory, information, advertising, credit-banking, financial, auditing, notarial, exchange and other services.

There are five subsystems in the insurance market infrastructure: regulatory and legal; technological; informational; technical; organizational.

2.3. Regulators and instruments in the insurance market

There are certain regulators in the Ukrainian insurance market, and the insurance process is carried out with the help of appropriate instruments.

The main market regulators that affect all its structural elements, the pricing of insurance services are:

- taxes;
- other mandatory payments (fees, contributions, deductions);
- stock insurance.

The peculiarities of insurance taxation are quite specific for each individual national market.

Thus, in accordance with the Law of Ukraine "On Amendments to the Law of Ukraine" On Corporate Income Taxation "with amendments and supplements, there is a certain procedure for taxation of insurers.

In contrast to the common practice, where taxation is based on general criteria, ie on the principles of income taxation, in Ukraine, gross income from insurance activities (except life insurance) is taxed.

Other compulsory payments, such as earmarked extrabudgetary public funds, local taxes and fees, other taxes and fees are made on the generally accepted basis of an entity of the appropriate organizational form.

The Exchange is a universal regulator of market relations. Exchange insurance activity in Ukraine in its purest form is absent, as direct exchange insurance activity in modern conditions is not carried out in almost any country in the world. However, the global role of the exchange is played by theinsurance market

Lloyd, which sells policies in the following main areas: marine, non-marine, aviation, motor vehicle insurance.

The currency of insurance is limited by currency laws and currency clauses in Ukraine: insurance payments are made only in the currency of Ukraine, and non-residents can except in the freely convertible foreign currency. The insurance payment is made in the currency stipulated by the insurance contract.

The legislation of Ukraine establishes certain requirements for termination of the insurance contract and conditions for its invalidation.

Another instrument in the Ukrainian insurance market is an insurance policy that confirms the fact of concluding an insurance contract, in some cases replacing the contract itself (accident insurance for schoolchildren, property of citizens, civil liability of owners of vehicles, etc.), ie, where the general rules and conditions apply insurance or insurance rates are limited by the state.

2.4.Insurance Services and Insurance Products

In today's context, the terms "insurance products" and "insurance services" are often used in the insurance process. In the economic literature, both of these terms are widely used, often substituting for each other.

It would seem more correct to use the term "insurance product" to indicate a specific type of insurance. And the term "insurance service" is somewhat broader, encompassing a wide range of other related and insurance operations, such as actuarial calculations, professional insurer and insurance loss assessors, information on the likelihood of an insured event, and the magnitude of probable risks and losses etc. This must also be taken into account when conducting transactions in the insurance market. However, there are other approaches to defining these terms that actually identify them.

There are several concepts of the insurance product:

- compensation, the basis of the insurance product is the risk compensation from the insurer, which is based on the likelihood of risk of deterioration of the financial status of the insured, which is offset by the possibility of insurance payment;
- information (sponsor - V. Müller) - the product is not provided to the insurer, not a service, but a guarantee that is provided by a certain amount of information - the insurance product is material, and the insurance service is information;
- 3-tier insurance product (sponsor Haller) - the basic level of insurance product is the expectation that the risk is not realized because it is a consequence of the existence of a dynamic environment and processes, which include social, technical and financial subsystems;
- D. Farney's concept - an insurance product, as a system, includes risky, cumulative, providing subsystems.

Insurance services, for the most part, are implemented as follows:

- direct sale;
- selling through intermediaries.
- Direct sale is carried out:
- in the office of the insurance company;
- specially hired workers-inspectors;

- at addresses of references;
- postal items;
- on the Internet.

Sales through intermediaries are on a commission basis through:

- agents;
- brokers;
- other intermediaries - banks, travel agencies, the Internet etc.

The presence of intermediaries in the insurance business indicates a sufficient maturity of market relations. An agent or broker acts as an intermediary between the insurer and the insurer, increases the efficiency of contracting and increases the assets of the insurer.

In Ukraine, the most widespread are such ways of selling insurance products both in the office of the insurance company and with the help of insurance agents.

2.1. Risks in Insurance

can be such uncertainty that can be quantified. Measurement of uncertain values is most accurately calculated by the probability of their occurrence. This probability is characterized by the frequency of occurrence of the event and the magnitude of the loss, that is, the magnitude of the negative deviation of the actual result expected,

so the risk indicator is not only the probability of occurrence of the event at all, but also the probability of a negative result.

Depending on the basis of calculation, as well as the nature of random phenomena, the probabilities of the types are determined:

1. Mathematical;
2. Statistical; It is based on the law of big numbers,
3. Expert; peer review.
4. Natural risks (statistical nature)

Anthropogenic - due to scientific and technical activities. By objects, risks are divided into property and personal. According to the criterion of the magnitude of the risks are divided:

- Catastrophic risks;
- high risks;
- medium risks;
- low risks;
- ordinary risks.

Given the potential consequences of accidental events, the risks can be divided into *pure* and *speculative ones*.

Questions for self-control:

1.Describe the insurance market and its types.
2.Discover the value and structure of the insurance market.
3.What regulators and instruments are in place in the insurance market.
4.Define the concepts of insurance product.
5. Risks in insurance.

Topics and reports:

1.The essence of the concept of "risk management", its purpose and content in insurance.

2. The essence and importance of insurance management

2. Procedures for risk management in insurance activities. Features of identification and assessment of risks of insurance activity.

3. Peculiarity of insurance of risks of activity of insurance organization.

4. Full cycle of risk management and features of the main stages of its application.

5. Communications and information management of insurance management

6. Risk management in insurance activity

7. Management of marketing activity in insurance business

8. Resource potential, structure and bodies of management of insurance organization

9. Financial monitoring in insurance organizations

10. Communications and information management of insurance management

Tests

1.Themarket is:

insurancea) all forms of providing insurance protection;

b) this is the sphere of economic relations, in the process of which the demand and supply for insurance services are formed and the act of their sale is carried out;

c) the totality of its entities and insurance services that are the subject of sale;

d) economic relations, which result in the act of buying - selling insurance services.

2. The insurance market is:

a) a set of insurance companies and services provided by them;

b) the totality of the bodies providing insurance;

c) the totality of services provided by insurance companies.

d) all answers are correct

3. Classification by insurance is:

a) marine, aviation, motor insurance;

b) personal, property, responsibility;

c) commercial, mutual, state;

d) voluntary, mandatory.

4. Compulsory state social insurance insurers are:

a) insurance companies;

b) trust insurance funds;

c) physical workers;

d) employers.

5. What forms of insurance do you know?

a) voluntary and compulsory;

b) life insurance and general insurance;

c) by type of safety (maritime, aviation, automobile);

d) personal, property, responsibility.

6. The fulfillment by the policyholder of obligations under the insurance contract is:
a) an integral part of the insurance product;
b) part of the insurance premium;
c) one of the conditions for obtaining insurance indemnity;
d) timely payment of insurance premiums.
7. Insurance risk is:
a) a certain event in the event of which insurance is carried out and which has the likelihood and accidental occurrence;
b) a single event that is subjective and subject to regulation by humans;
c) natural disasters;
d) adverse circumstances in the economic activities of economic entities.

8. Qualitative risk assessment is:
a) peer review;
b) statistical method;
c) method of using analogs;
d) identification of types of risks.

9. The methods of risk management include:
a) risk absorption;
b) risk distribution and transfer;
c) risk avoidance;
d) all answers are correct.

10. Net risk:
a) enables to obtain a negative, zero or positive result;
b) it is a threat of monetary losses;
c) does not depend on subjective factors;
d) related to financial transactions.

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TOPIC 3. PLANNING AND CONTROL IN INSURANCE PLAN

3.1. Content Composition and strategic management of insurance company

3.2. The strategic planning process in the insurance company

3.3. introduction of the activities of insurance companies upravlinnyana based balanced scorecard

3.4. Control of insurance activity

Purpose: mastering the knowledge of the study and implementation of complex management decisions issues that ensure the rational formation and use of the potential of insurance companies in the harmonization of financial interests with consumers of insurance services, owners and staff of insurance companies, intermediaries and the state.

Keywords: Social insurance, Insurance, Risk management in insurance, Finances of insurance organizations, Insurer strategy

3.1. Content, components and system of strategic management of insurance organization

Recently, more and more attention is paid to the strategic development of insurance companies, which caused the term "*strategic management of insurance".* under which a set of long-term management goals and methods can be defined based on a

scientific methodology and aimed at achieving the ultimate goal of creation of an insurance organization.

Financial problems encountered by economic entities are often caused by lack of clear strategic development goals, long-term financial plans and misunderstanding of the entity's mission.

Management decisions that provide only temporary benefit and are made without assessing their impact on the future development of the company are certainly harmful. Therefore, every insurance company must have a strategic development concept that takes into account the purpose of the company and its ability to achieve this goal.

The top management of the company should initiate the development of the strategy, and the shareholders should support it as significant human and financial resources are diverted to the strategic planning processes.

The process of strategy development is shown in Figure 3.1.

The strategy is considered as a comprehensive plan or program of action for the future, the purpose of which is to improve the position of the company or to achieve the main goal of its activities. It should also be noted that the strategy should take into account the factors of both the internal and external environments in which the company operates.

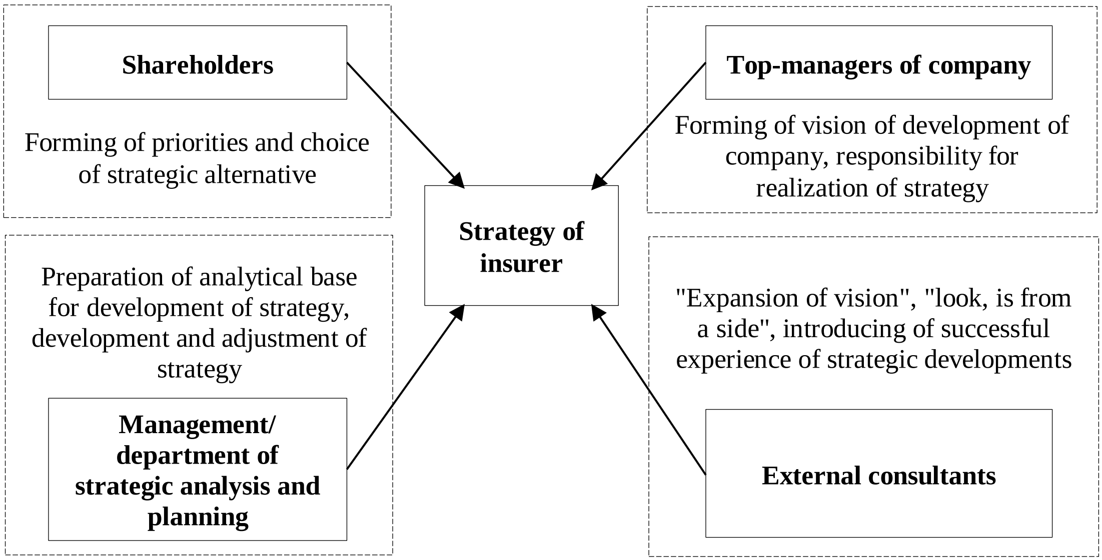

Fig. 3.1. Participants in the Process of Forming an Insurance Company Strategy Strategic directions for managing an insurance company can thus be defined as a set of actions aimed at ensuring long-term growth of financial indicators by taking and implementing decisions in financial and non-financial spheres, achieving at the expense of this competitive advantages in the market and increasing well-being owners.

In insurance companies, as in most other corporations operating in today's business environment, a general strategic development plan is drawn up for a term of at least 5 years. An important role in the paradigm of strategic management is played by differentiation of types of company development strategies by their levels. In the system of this management there are usually three main types of strategies: *corporate strategy; functional strategies*; *strategies of individual economic units* (Fig. 3.2).

Fig. 3.2. System of strategic management of an insurance company

The corporate strategy determines the prospects of development of the company as a whole.

It is aimed at fulfilling the mission of the company and most comprehensively provides the realization of the main purpose of the company functioning - maximizing the welfare of its owners. At the corporate level, the strategy of the insurance company covers such important issues as the choice of types of insurance, ways to ensure the long-term competitive advantages of the company in the relevant segments of the insurance market, various forms of conglomerate reorganization (mergers, acquisitions), principles of allocation of all major types of resources between separate strategic areas and structural units. Among the insurer's functional strategies, the most important are the marketing and financial strategies.

Strategic factors of a firm's competitive advantage can be divided into factors of the macro-environment (country), the region's infrastructure and the micro-environment of the firm. For example, with regard to the impact of the region's infrastructure on the insurance market, according to statistics, the vast majority of insurance services are provided in the cities of Kyiv and regional centers.

More complex is the study of the formation of factors of competitive advantage at the company level. Very often, companies with roughly the same initial data develop differently. In this regard, the microenvironmental factors of the insurance company are fundamental in shaping its competitive advantages.

The directions of implementation of these strategies can be shown by the following scheme (Fig. 3.3).

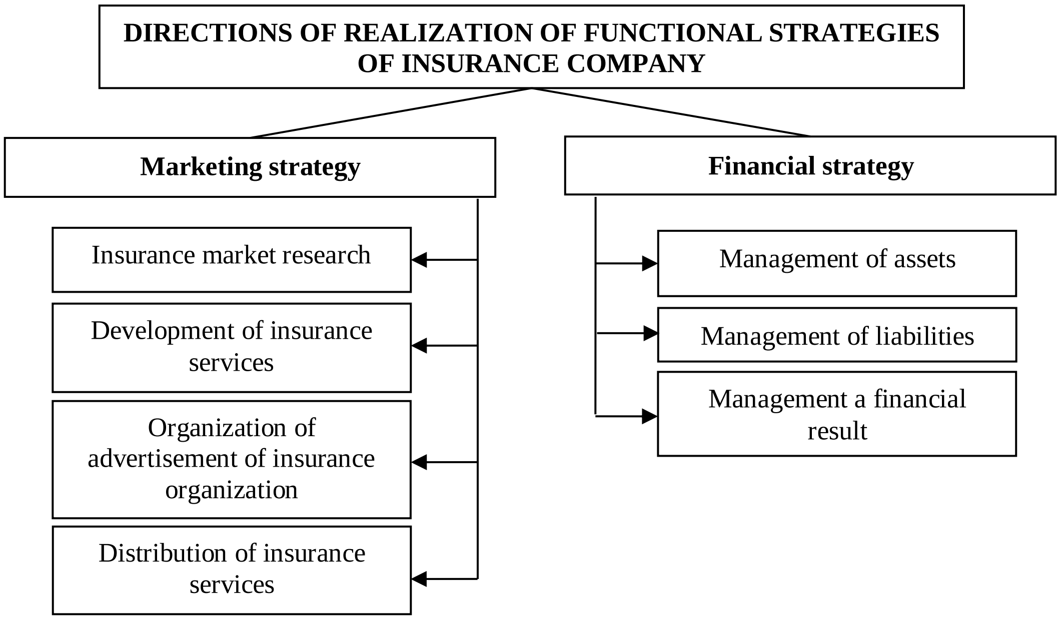

Fig. 3.3. Directions of implementation of functional strategies of the insurance company

Functional strategies of the company are formed, as a rule, by the main types of its activity in the context of the most important functional divisions of the company. The main strategies at this level are: *marketing, insurance services*, *financial, personnel, innovative.* Functional strategies of the company are aimed at detailing its corporate strategy and to provide resources to the strategies of individual business entities.

Business unit strategies (business strategies) of a company are usually aimed at solving two main goals - providing competitive advantages of a particular type of business and increasing its profitability. Strategic decisions made at this level are usually related to the creation of new insurance services, expansion or reduction of distribution networks, investments in new technologies of promotion of insurance services, the volume of deductions of advertising.

3.2. The strategic planning process at an insurance company

The strategic planning process begins with defining the mission of an insurance company.

The mission of a company is usually understood to mean the ultimate purpose of its mission. Accordingly, they define three elements of the mission: the

- needs of consumers for the services that will be offered by the company;
- service facility-the market segment in which the company will operate;
- a set of actions, technologies and knowledge, at the expense of which the company must create consumer value and meet the needs of its customers.

Based on the mission, a general vision of the company's development is developed. This vision is developed for a minimum of five years and includes the following elements:

- changes in the segment of the insurance market and their impact on the developmentcompany;
- changes in consumer needs that companies need to take into account when developing new insurance services;
- the emergence of new market segments that the company can master;
- forming a positive image of the company during its entire existence.

After forming the mission and vision of the development, the company proceeds to the setting of more specific goals and indicative terms of their implementation. In this case, the strategic goals of the insurer may be attributed to:

- an increase in the company's share in the sale of its services in the market as a whole or in a separate segment;
- formation of own trademark;
- achievement of competitive advantages over costs for realization of insurance services;
- formation of the most effective channels of realization of insurance services;
- achievement of the championship in the quality of personnel.

The achievement of strategic goals is usually measured by financial indicators, which include:

- increase in the market value of the company;
- increase of the company's income as a whole or in a separate segment of the insurance market;
- growth of net cash flowcompany;
- getting the planned rate of return.

Planning involves the establishment of a general period for the formation of the financial strategy (1-5 years), on the basis of which the strategic goals of operational, financial and investment activities are carried out. Based on the above procedures, the marketing and financial policy of the insurer is formed.

The process of forming a company development strategy goes through a number of stages (Fig. 3.4).

Setting goals must provide for monitoring their implementation and the timing of such controls. Control over the implementation of a strategic plan of the company does not require the use of many indicators (usually there should be no more than ten). Strategic management uses the term "*quantitative key indicators"* (from the English *Key Performance Indicator)*.

The Key Performance Indicator (KPI) is a metric by which you can quantify your company 's strategic goals.

To manage the strategy of an insurance company, it can be such indicators as: the

1) share of the company in the insurance market as a whole;
2) the share of the company in a separate segment of insurance;
3) number of branches, representative offices, points of sale;
4) number of staff and insurance agents;
5) amount of positive cash flow;
6) return on assets;
7) return on equity;
8) share of equity in financing sources;
9) the level of reinsurance;
10) the level of absolute liquidity.

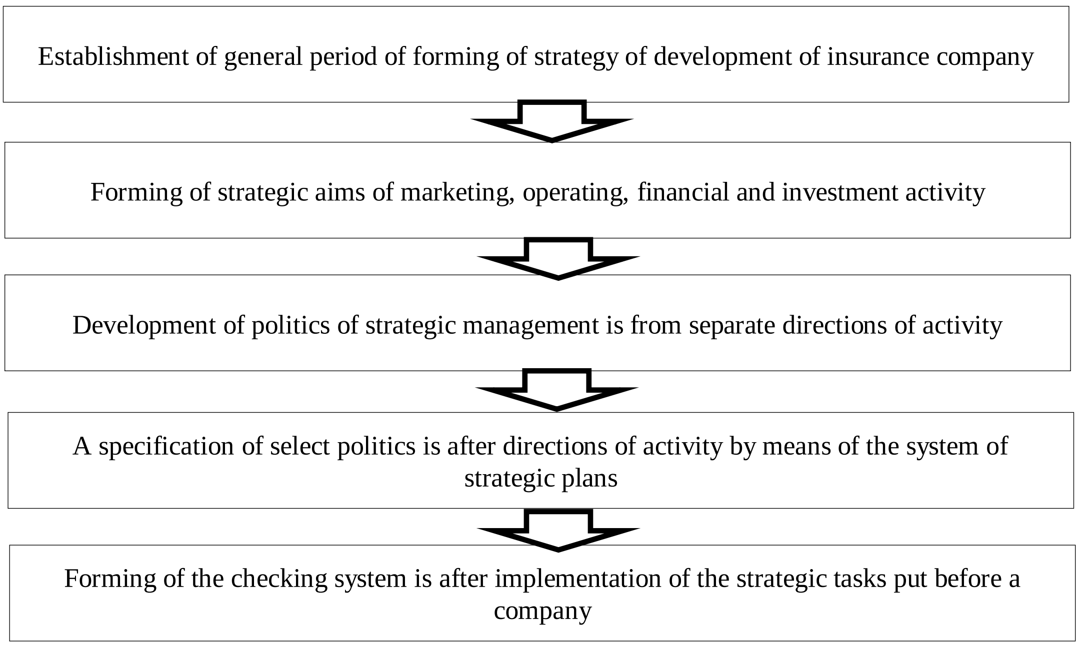

Fig. 3.4. Main stages of the strategic development management process of the company

The first four indicators characterize the market position of the company, and the next six indicators characterize its economic and financial position.

In terms of practical management, business owners need to formulate strategic management goals, describe them with the CRI, and solicit reporting from the managers exclusively in the CRI format.

Any insurance company is an open system, since its development, realization of the set goals is significantly influenced by external economic environment. The high dynamics of the main macroeconomic indicators related to the financial activity of enterprises, the pace of technological progress, the frequent fluctuations in the financial market conditions, the volatility of state economic policy and forms of regulation of financial activity do not allow to effectively manage the finances of the insurance company based on only the accumulated experience and traditional methods of financial management. In these circumstances, the absence of a developed strategy adapted to the possible changes in environmental factors can lead to the management decisions of certain structural units of the insurance company will be multidirectional, lead to contradictions and decrease in the efficiency of financial activity as a whole.

Of particular importance for the formation and further adjustment of the financial strategy in recent years is the influence of factors of the external economic environment. An effective element in managing a financial strategy in this matter is PEST analysis and expert analysis. PEST analysis shows in which economic environment the company has worked in recent years, and what impact this environment has had on the company's performance.

The components of PEST analysis are as follows: P - political and legal environment; E - economic environment; S - socio-cultural environment; T - technological environment. REST analysis of the environment in which Ukrainian insurers have operated in recent years.

Certainly, insurance companies must respond to negative changes in the external economic environment and adjust their financial strategies to reflect these changes. The definition of the objectives of the financial strategy for the future must be made using expert methods. The objectives of the financial strategy of the insurance company, taking into account the economic situation in Ukraine, are presented in Table 3.1.

Table 3.1.

Assigning a Financial Strategy to an Insurance Company Taking into account Foreign Economic Conditions

Assignment	Rationale
Asset Management	Despite the crisis, companies should seek to increase their assets. The need to increase assets is due to the fact that the value of assets is one of the main indicators by which clients evaluate the financial potential of an insurance company. Companies with larger assets have greater potential to generate investment returns. In conditions of possible decrease in demand for insurance services (as a result of the economic crisis in the country) the financial assets of the company providing investment profit become one of its main competitive advantages. However, given the crisis in the stock market and the decline in the reliability of banks, the main focus in asset management should be on assessing the risks of losing them and taking appropriate safeguards.
Equity management	This is the second most important indicator that characterizes the financial potential of a company. The increase in this indicator depends on the financial capacity of the company, its ability to take risks with large sums of insurance. As the index grows, the company will be able to carry out reinsurance. In the face of diminished demand for insurance services, the value of assets and capitalization of the company, as well as the ratio between them, will be the criteria for choosing one or another insurer by corporate insurers. Namely, the corporate sector will continue to generate higher profits. In a time of economic

	crisis, given the high level of elasticity of demand for insurance services, a significant influx of individual clients cannot be expected.
Management of marketing activity	Despite the crisis, companies should form balanced insuranceportfolios and not give up work in retail insurance. Formation of a balanced insurance portfolio is possible only with the active marketing actions of the insurer. A company that has a significant share of the insurance premiums from individuals in its insurance portfolio significantly reduces the financial risk of its activities. Insurance contracts with individuals are characterized by relatively small sums of insurance and the inability to accumulate catastrophic losses. Thus, balancing a portfolio with such contracts reduces the likelihood of large insurance premiums. With the worsening economic situation in the country, only some of the most powerful insurers can step up their work with individuals. Moreover, this activity is likely to be loss-making at least during the period of exacerbation of the crisis.
Management Profit	Despite the negative changes in the external economic environment, every insurer should try to work profitably. In times of economic crisis, the management of companies should analyze the costs and find the reserves to reduce them. It is possible to resort to such unpopular, in principle, actions such as reducing staff, reducing the level of remuneration, the cost of servicing the insurance process, administrative costs.

3.3.Implementation of the management of insurance companies based on a balanced scorecard

Management of insurance companies should implement new management technologies as soon as possible. This will depend on the long-term financial success of the insurer in the insurance market and the efficiency of use of its available resources.

Nowadays, the Balanced Scorecard is expanding in the modern business environment.

The system is a concept of strategic management and measurement that considers the unit's activities from the perspective of four dimensions: *financial*, *market* (in terms of customers), *internal business processes*, as well as *development and training.* The concept for the Ukrainian corporate sector is quite new. The concept of managing an organization on the basis of a balanced scorecard is proposed as an alternative to the traditional system of budgeting the activities of economic entities.

However, the critical approach to the new system indicates the feasibility of its application precisely in the financial and credit sphere, because:

- The arrival of many foreign strategic investors in the banking and insurance industry has led to the arrival of new management technologies and progressive corporate standards.
- The number of staff in financial institutions is not as large as, for example, in industry, which makes it possible to have a greater degree of decentralization and to bring the foundations of corporate and functional strategies to the majority of employees.
- Powerful financial institutions have the means to implement state-of-the-art management technologies and provide ongoing staff training.

Thus, the introduction of a balanced scorecard is quite possible in domestic insurance companies and in the Ukrainian insurance market.

Strategic management is based on a balanced scorecard, following a number of principles, among which there are some (Table 3.3).

Table 3.3.

Principles of Strategic Management of an Insurance Company Based on a Balanced Scorecard

Principle Management	Content of the Principle
Translating a Strategy to an Operational Level	A balanced scorecard provides a model by which to formulate a strategy and communicate it to all employees in the most consistent and accessible way. A tool for translating a strategy to the operational level is a balanced scorecard and a strategic map developed for it.
Creating Strategic Matching of an Organization	Any insurance company consists of many divisions and structural units, each of which may have its own strategy. In order to achieve the greatest managerial effect, all individual strategies must be organically linked. Determining be corporate strategy, determining the development of the insurance company in accordance with the intended mission and developed goals, market strategy, which characterizes the policy of the company to implement the insurance and financial strategy under which formed a long-term task of financing the insurer tainvestuvannya free resources
strategy as the daily work of each employee	All employees of the organization oriented to the strategy are obliged to understand it and to take an active part in its realization with the ascension of maxima to contribute to the overall effort. Accordingly, employee motivation must be tied. For example, the vast majority of employees should be covered by the new insurance contracts.
Strategy as a continuous process	A close link between the insurer's strategy and the drawing up of operating budgets must be established. In the process of strategy development and implementation, a cause-and-effect relationship must be established between actions and outputs, after which strategic objectives can be adjusted. The most important is the sales budget (insurance premiums). In the process of changes in the external environment, budgets should be adjusted, which ensures the continuity of the strategic process.
Activation of change as a result of the active management of top managers	The implementation of the strategy should be under the control of established persons who report to the shareholders. At the same time, the main goal is to achieve better results relative to the previous periods of the enterprise. Particular attention is paid to such indicators as the growth of the company's presence in a particular segment of the insurance market, the increase in sales of insurance services, the gross profit from insurance activities

We formulate in greater detail the financial component of a market strategy based on a balanced scorecard for a typical insurance company that deals with insurance other than life insurance (Table 3.4).

A key tool for implementing companies and businesses in a balanced scorecard is a strategic card that can be developed in the form of diagrams or tables.

Table 3.4.

Directions of implementation of financial component of business strategy for a typical insurance company

Direction	Characteristics
Objectives	To achieve long-term financial stability, which will be ensured by: a-financing - high share of self; - accelerated asset rotation relative to insurance premiums; - a significant proportion of highly liquid assets; - excess of investment over the amount of insurance reserves; - Profitability indicators above the industry average
Indicators	Autonomy ratio - not less than 0.3 Share of current liabilities in financing - not more than 15%. Assets profitability - not less than 18%
Objectives	To achieve the maximum possible amount of net profit and to invest it in insurance company, given the problems with capitalization, which are common to all domestic insurers. Monitor the profitability of investment activities (this is the most problematic link in shaping the financial results of domestic insurers). Ensure ongoing monitoring of the level of costs of doing business. Plan the issue of securities in case the company needs to increase its presence in the market
Initiatives	To achieve the maximum possible effect on the main activity through the introduction of comprehensive customer service, provision of related insurance services, introduction of new types of insurance. Review the investment policy of an insurance company, given the emergence of new financial institutions (joint venture funds, asset management companies, etc.). Implement modern methods of improving the management of internal business processes in the business of an insurance company

Strategic map can reflect a set of company strategies (from corporate to functional), and may reflect some areas that are important in terms of the strategic goals set before the insurer. One of these areas is the formation of profits from operating (insurance) activities, taking into account the requirements that relate to its solvency.

3.4 Control of insurance activity

Successful functioning of an insurance company is largely achieved through effective control, which allows to obtain the necessary information for making management decisions. The assessment of the real situation, which is drawn up in each specific insurance company, which functions as an independent business entity of the insurance market is ensured by control. This creates prerequisites for making adjustments to the planned indicators of the development of insurance activity.

Control acts as a function of managing an insurance company, without which other management functions cannot be fulfilled: planning, organization, motivation. Through control, the insurance company receives one of the main tools for policy making and decision making that ensures the insurer's normal functioning in a complex market environment. In many ways, the control achieves the goals of the insurance company, both in the long run and in matters of operational management.

The control function includes the collection, processing and analysis of information on the actual results of insurance activities, comparing them with the planned indicators, identifying deviations and analyzing the reasons for these deviations, developing measures necessary to achieve this goal. In this regard, control is considered not only as a fixation of deviations, but also as an analysis of the causes of deviations and the identification of possible trends in development. The exercise of control is accompanied by the establishment of its standards and criteria. Control standards - specific results, states or actions, the degree of deviation from which is determined in the control process.As standards, the values of indicators,

regulations, reflected in the provisions, orders, rules and instructions can be used.

The main objectives of control include:

- timely identification of deviations, errors and disadvantages | in the work of contractors and structural units of the insurance company;
- finding ways to eliminate deviations;
- generalization and dissemination of best practices. The main tasks are controlled by:
- diagnostics of the state of the insurance company;
- feedback from insurance workers;
- informing insurance workers;
- motivation or motivation of insurance workers.

Elements are controlled by:

- administrative control, which is based on the plan of the organization of works, procedures and keeping documentation related to the granting of authority to carry out insurance activities;
- control over the cash flows of the insurance company;
- control over the results of insurance activities, based on the maintenance of documentation related to the control of planned and actual indicators.

In essence, the notion of control as a function of managing an insurance company is reduced to controlling the plans of an insurance company, controlling the powers of insurance workers, controlling the documentation of insurance operations, controlling the preservation of assets of the insurer. In this regard, specific control procedures are implemented, ie a sequence of control activities. These control procedures include the step of developing criteria and standards, the step of comparing actual results with them, and the step in taking the necessary corrective action.

The development of criteria and standards involves the determination of specific parameters of insurance activity, the changes of which are measurable. The same parameters are also used in the planning of insurance activities. All standards must be consistent with the goals and strategy of the insurance company. Objectives that can be used as standards for control are characterized by the existence of a timeframe and a specific criterion against which to assess the degree of performance.

Comparison of the achieved results with the established standards is the second stage of the control procedure. It determines how well the results achieved meet the set values.

Adopting the necessary corrective actions will eliminate the deviations. It is also possible that standards will be revised at this stage of the monitoring procedure. The clearer the link between the goals of the insurance company and the standards used for control, the more likely it is that the control process will be accepted and understood by all structural units of the insurer. In the process of adjustment, goals are modified, plans are revised, and tasks are redistributed to individual structural units of the insurance company and individual executors.

Control system. The control being implemented must be organically incorporated into the management system of the insurance company. The control functions should be integrated into the planning functions, the development of the insurer's organizational structure, the distribution of powers and responsibilities, the organization of work and the promotion of insurance company staff.

Adaptability of control to changes in the external and internal environment of the insurance company The control is restructured in accordance with the changed requirements. The changes primarily relate to standards, timing, frequency, means and methods of control.

Optimality of control. The amount of control should be sufficient to meet the objectives of the insurance company. Excessive control will result in inefficient spending on the collection and processing of unnecessary information. Control "pressure" annoys staff, worsens the psychological climate in the workforce of the insurance company.

Economical control. The cost of operating a control system should be consistent with the effect of its implementation. In the end, the control measures taken should generate additional revenue or contribute to maintaining it at a certain level, preventing losses.

In management practice distinguish: general control, (control of the insurance company as a whole); functional control (control of a separate function of an insurance activity or a separate structural unit of an insurance company).

Forms of control can be distinguished on the basis of how it is implemented. From this point of view distinguish between preliminary, current and final control. Preliminary controls take place before the task is started. The purpose of ex ante control is to identify conditions that may impede performance of the work and to prevent unwanted deviations.

Ongoing control is carried out in the process of the task and plays the role of the basis of the feedback system. It aims at stopping deviations and irregularities in the process of implementation of the plan, as well as to determine the stage at which the problem is solved. The current control can be continuous or selective.

Final control is carried out after the completion of the task or work. It is aimed at determining the correspondence between the planned and actual achieved indicators. Depending on whether the goals have been achieved and the extent to which they are achieved is determined by the evaluation of the work of the employee responsible for the task.

Budgetary control. The content, scope and form of this control is determined by the responsibility center. It is based on the budgeting of the structural units of the insurance company.

Control in the insurance business is divided into internal and external. Internal control is exercised by the management and internal control department of the insurance company. External control is carried out by specialists from or by third-party specialized organizations (eg audit firms). The practical side of an external audit is to audit an insurance company for a specified period of time in accordance with established accounting standards and audit procedures.

Questions for self-control:

1. Specify the place of financial planning in the insurance business management system.
2. What financial planning methods do you know?
3. Name the main sections of the business plan.
4. Explain the difference between a business plan and a financial plan for an insurance company.
5.Describe the technology of the plans in the insurance company and explain how they can be implemented.

Topics and reports:

1.Describe insurance as a type of business activity.
2.Name the features of the insurance company.
3. Name the components of the insurer's resource potential.
4.Define the concept of "risk"?
5.How are the risks in the insurance business classified?
6.What risks can be taken on insurance?
7.Describe the nature of the risk factors. Give examples.
8. What is the financial reliability of the insurer?
9. What are the methods of risk assessment?
10. What are the actions of the insured in the event of an insured event?

Tests:

1.The direct activity of the insurer is:
a) reinsurance;
b) receiving bail;
c) trading in precious metals;
d) audits.

2. By affiliation, insurance companies are classified as:
a) specialized and universal;
b) local and regional;
c) private and public;
d) private and public.

3.What forms of enterprises can be created by insurers in Ukraine?
a) natural persons registered as business entities;
b) legal entities registered in the form of joint-stock, full, limited partnerships and subsidiaries;
c) legal entities in the form of limited liability companies and private enterprises;
d) foreign legal entities.

4.The main purpose of the business of mutual insurance companies is:
a) insurance operations for any type of insurance;
b) creating insurance protection for members of the company;
c) reinsurance;
d) development and implementation of uniform insurance rules.

5. Captive insurers are:
a) joint-stock insurance companies of public and private type;
b) insurance companies created with the participation of foreign persons;
c) insurance companies, created at the expense of individual industries, ministries, agencies, with the purpose of servicing intra-industry risks;
d) insurance companies created at the expense of the state.

6. A branch of an insurance company shall have the right:
a) to conclude and maintain insurance contracts;
b) decide on its liquidation;
c) to audit the activities of other branches;
d) engage in advertising activities.

7. Association of insurers:
a) coordinate the activities of insurance companies;
b) carry out insurance activities;
c) carry out mediation activities;
d) ensure the financial reliability of insurance operations.

8. Reorganization of insurance organizations may be carried out by:
a) merger;
b) accession;
c) separation;
d) liquidation.

9. The change of the legal form of the company, in the form of which the insurance company was created, provides for:
a) merger;
b) accession;
c) transformation;
d) selection.

10. The reorganization of the insurance company is carried out in the case of:
a) the decision of the highest body of the insurance company;
b) at the request of the League of Insurance Organizations of Ukraine;
c) decisions of insurers;
d) at the request of the National Financial Services Commission for violation of insurance legislation.

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TOPIC 4. MANAGEMENT MARKETING ACTIVITIES IN THE INSURANCE BUSINESS

4.1. Tasks, functions and features of the organization of marketing activities in the insurance company's

4.2. System development and salesinsurance services

4.3. Advertising management of insurance company

4.4. Management relationships with insurance agents insurer

Purpose: To generate in students a deep understanding of business processes in insurance companies, to form the ability to think independently, identify and analyze insurance relationships, make management decisions to acquire the objective necessity, essence and role of insurance management in the conditions of development of socially oriented market economy;

Keywords: Insurance organizations, reinsurance companies, insurance intermediaries, insurance service.

4.1. Tasks, functions and features of organization of marketing activity in an insurance company

Analysis of the activity of an insurance company in a market economy proves that a number of areas of marketing functions are common to the activities of different insurers. These include: the orientation of the insurance company on the market, the use of standard approaches to a number of typical types of insurance, relationships between insurance intermediaries, insurance advertising in the media, etc.

Marketing strategy and tactics are to ensure that the demand for insurance services is constantly monitored and that strategic programs and competitive tactics are formulated and restructured in a timely manner.

An important concept is the marketing complex of an insurance company, which is a set of tools, the use of which in the aggregate allows to obtain the desired reaction of the target market of insurers. The insurer's marketing complex is presented in Table 4.1.

No less important than the insurer's marketing complex is the concept of the marketing environment. The marketing environment is a collection of entities and forces acting outside and inside the insurance company that influence the development and support of profitable relationships with target insurers by marketing services. The marketing environment contains both threats and opportunities. Its structure can be summarized in Table 4.2.

Table 4.1

Structure of marketing insurance company

marketing mix			
insurance	Price	Promotion	Distribution
Terms of Service guarantee	insurance rate premium Insurancecost insurance amount payment schedule insurance premium	Advertising Private Promotion Promotion Public Relations	distribution channel market coverage Location of points of sale

Table 4.2

Structure marketing environment insurer

level of hierarchy in relation to the insurance company	Composition e Elements of the
Macrosystem	Political-legal, demographic, economic, socio-cultural, natural, scientific and technical and information systems
Single-level with the insurance company system	Marketing intermediaries (agents, brokers), contact audiences (mass media, government agencies, public organizations) , the target audience (insured corporations and individuals)
subsystem insurance company	branch of an insurance company, collaborating with marketing service
marketing service of insurance company	erivnytstvo marketing and service staff (marketing)

There are strategic, operational and organizational marketing insurance company.

Strategic marketing measures *include:*

- insurance market research and its segmentation;
- definition of indicative indicators of insurance products;
- development of proposals and projects for the strategy of further development of the insurer.

Operational marketing *involves:*

- analysis of the current state of insurance services;
- professional training of specialists and insurance intermediaries;
- organization of advertising events and public relations;
- development and implementation further of services to policyholders.

Within the limits of *organizational marketing the* following tasks are solved:

- monitoring of organizational relationships in the structure of an insurance company;
- increasing the efficiency of interaction of structural unitsinsurance;
- implementation of measures to strengthen the corporate culture of staffinsurance.

Marketing activities of the insurance company are subject to careful planning. Marketing plan is one of the main documents. Its development, review and adoption precede the preparation of other plans of the insurer.

Forming the demand for insurance services is the most difficult task arising from the specifics of the insurance service, its difference from other goods and services (Fig.4.1).

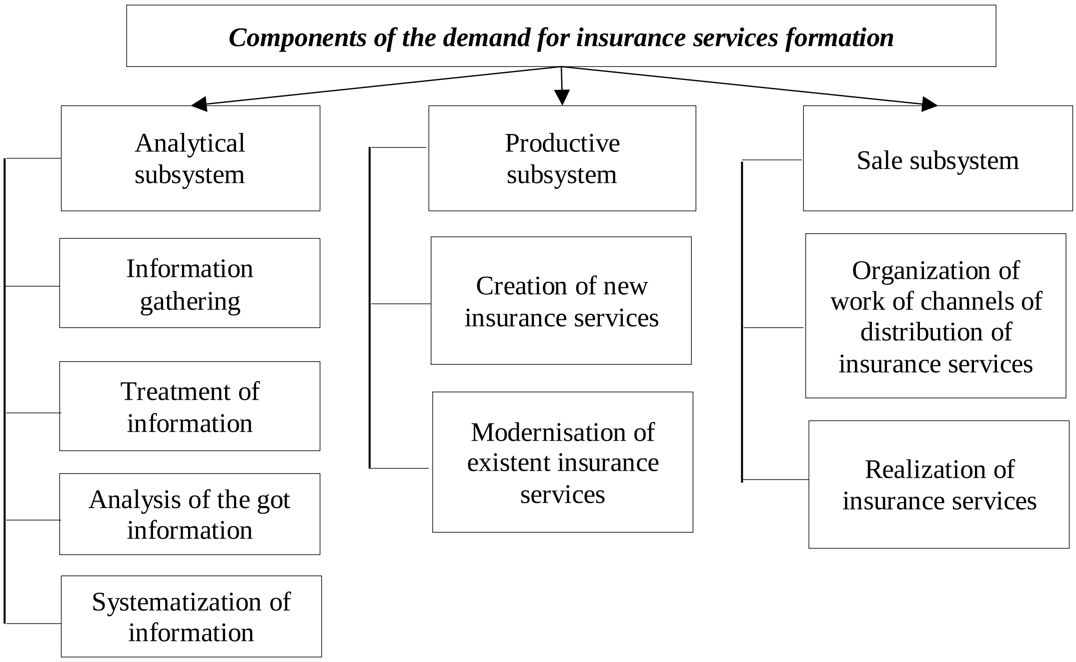

Fig. 4.1. Components of the demand for insurance services formation

The function of satisfaction of insurance interests is realized with the help of high culture of insurance service, clear organization of the insurer's work on making insurance payments. The main principle of most insurance companies is that any-that visitor is a potential customer and how will be a first call, which will be office interior is largely dependent on that visitor becomes a client of the company or it will turn to competitors. However, it should be noted that increasing the level of service requires the cost of maintaining an insurance company and, as a consequence, an increase in the cost of insurance services. It is very important for the image of the insurer to timely and fully fulfill its obligations under insurance contracts.

Given the important role of marketing for the development of any insurance company and achieving its strategic goals, activities in this area is carried out by a separate structural unit. The task of such a service is usually to develop a marketing complex to bring its services to the insurance market and to provide them with competitive advantages through efficient positioning.

For the development of the marketing complex, the marketing service of the insurance company conducts marketing research, develops new insurance services, forms marketing plans in the areas of insurance. Ensuring the implementation of insurance services developed by the insurance company is a major product of the insurer's marketing service.

4.2. The system of development and sale of insurance services

Marketing policy has traditionally been divided into the following main types:

- focused on the choice of potential insurer, that is, the search for individual categories of citizens, conditionally selected on certain grounds - by type of work; relation to property; region of residence (for example, tenants, vehicle owners, truckers, risk workers, etc.);
- targeted at certain types of insurance or group of insurance products - medical, accident, provision of insurance package to those traveling abroad, etc., or the

comparative value of insurance products, service in their implementation, investigation of the insurance event and payment of insurance reimbursement, assistance with assistance, risk support (for example, by rail freight insurance);

- it is oriented towards specific channels of realization - for example, the distribution of insurance policies at enterprises selected by certain group characteristics (freight forwarding, tourist, etc.).

Under all circumstances, marketing policy involves marketing research. The object of such research is the insurance field. Under this generalized term, the practical work proposes to consider the following two main concepts:

- customers as actual or potential consumers of insurance services;
- objects of insurance.

Performers of marketing research in the work must be guided by such principles as objectivity, completeness, conciseness and timeliness.

Thus, in the course of marketing research, the marketing department conducts research in the following areas:

- determining the needs of potentialinsurance;
- market research, actionscompetitors;
- analysis of the status and trends of the economic situation among potential insurers;
- assessment of competitors' potential in one or another area of insurance activity;
- assessing and establishing the company's work opportunities in the region, in the market segment, by type of insurance, etc .;
- conducting socio-demographicestimates and forecasts and extrapolating the results to the company's potential.

On the basis of marketing researches the analysis and forecasting of the conditions of the insurance market is carried out, under the concept of which should be understood the set of factors and conditions that determine its current state and prospects for future development.

One of the most important tasks of insurance marketing is to develop and promote new types of insurance services. In this case, new insurance services can be of two types: the

- first type - (the most common option) a service that was not sold by the company, but was already marketed by other insurance companies;
- the second type is a service that is generally marketed for the first time, has no analogues, and accordingly there are no competitors regarding its implementation by other insurers.

In the first case, the management of the insurance company must find out through marketing research - whether there is a real possibility of entering the market with a particular type of insurance services. At the same time, the following are established:

- competitors companies, their number, financial capacity, potential in case of intense competition;
- the number of potential insurers (for example, if their reduction is expected, the decision to enter the market with this insurance service may be canceled);
- jointly with the finance department, the necessary investment for the development and promotion of new insurance services is calculated.

Company policy on the launch of new insurance services should be based both on the study of individual segments of the market, as well as on a thorough study and forecasting of the situation in the country.

A rather effective tool for increasing the customer base may be the introduction of additional conditions or additional service to already existing insurance services, including compulsory types of insurance.

The system of sale of insurance services should be formed taking into account the specifics of one or another type of insurance. Yes, certain services cannot be implemented without insurance intermediaries (for example, a regular insurance policy on accident in transport cannot be implemented without the involvement of an intermediary - the cashier of a motor transport enterprise).

In the process of forming channels for the implementation of insurance services, the company must take into account the cost factor. The costs of forming a channel for the implementation of insurance services are divided into initial and constant. Initial costs are the costs of organizing a sales channel and fixed costs are those associated with maintaining the channel. Accordingly, start-up costs are always greater than maintenance costs. In this regard, there are two strategies: the

- first - assumes that to form an effective channel for the promotion of insurance services, the company deliberately goes on unprofitable activity for a certain periodtime;
- the second - involves taking into account all the costs of the company, including the initial costs for the formation of the sales channel when determining the insurance rate.

The first strategy is more commonly used in highly competitive insurance markets. In order to operate for a certain period of time in a loss-making mode, a company needs to have significant financial reserves. The second strategy is more inherent in the emerging market, as often companies simply cannot afford to compete with the price because they do not have the money to cover the planned losses. The second strategy can also be applied if the service being sold is new enough to the market and the company has no clear competitors (in which case price competition is simply absent).

Nowadays companies are actively using modern information technologies for advertising, informing clients and selling insurance services. In particular, through the Internet you can get acquainted with the offers of services provided by insurers, often you can determine the cost of insurance services (on the websites of many companies have so-called "Insurance calculators"), the acquisition of insurance services over the network is the pinnacle of using information technology. This channel of realization of insurance services will be used more and more often, as by the criterion of expenses connected with realization of insurance services, this channel is by far the most economical.

An important factor that should be taken into account when choosing channels for the implementation of insurance services is the situation in the external macroeconomic environment. Thus, in the conditions of predicted growth and rapid development of the financial market, a so-called "can be a sufficiently effective channel of realization of insurance and other financial services*financial supermarket"*. A financial supermarket is the sale of insurance, banking and other financial services on one trading floor.

In practice, a "financial supermarket" is an office established mainly on the basis of banking branches, insurance companies, in which the client can obtain a full range of financial and credit services.

The main component of the concept of "*financial supermarket is* certainly marketing. Its purpose is to maximize satisfaction of the needs of the retail customer. To a large extent, this goal is achieved by the correct choice of format"*financial supermarket ".* The concept of format means: the

- choice of the target audience;
- location of the institution;
- internal logistics (convenience of passing information and documentary streams, location of work areas of managers);
- stylistics of exterior decoration and interior.

The correct format implies the availability of simple, maximally needed financial services, as well as professional salespeople (highly qualified financial managers).

The "model,*financial supermarket*"in principle, provides all participants with competitive advantages.

First of all, the use of the model allows to increase the realization of financial services by all participants. Working closely together has other benefits. Thus, banks enter into agreements with insurers to store their funds received on bank deposits, and insurers have access to bank risk insurance. With the further development of the financial market insurance companies within the "*financial supermarket"* actively cooperate with leasing companies, asset management companies. New combined services are emerging that include features of both insurance and other financial services. A typical example would be the unit-linked investment insurance. Such insurance includes an element of life insurance and investing.

4.3. Management of Advertising Insurance Company

A large number of insurance services catches the attention of insurers, but complicates their choice.coming to the rescue *Insurance advertising* ***is-*** brief information aimed at a specific category of consumers of insurance services, carried out through the media or by any other means of public access. The purpose of advertising is to facilitate the conclusion of new and renewal of existing insurance contracts.

The main means of advertising are: press advertising; print advertising; advertising by means of broadcasting; mail advertising; outdoor advertising; movie and video ads; advertising on transport; on-site advertising; other types of advertising. All of these ways of advertising can be called straightforward. Indirect way of advertising, which is carried out by the clients of the company who received the insurance indemnity, is important enough. This way of advertising shapes the image of the company and greatly facilitates the arrival of new clients to the company. a (Fig. 4.2).

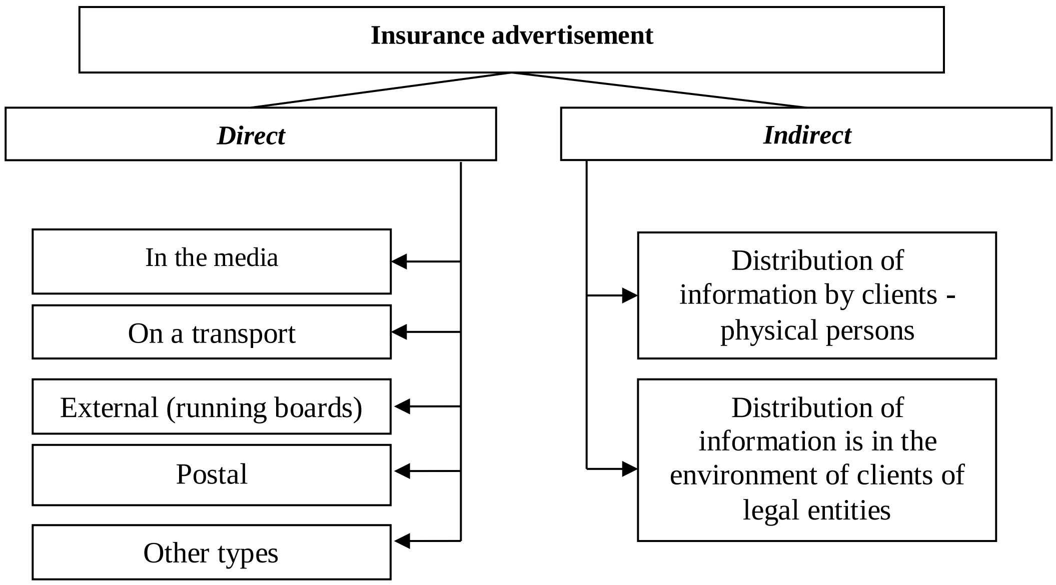

Fig. 4.2. Types of Insurance Advertising

Other types of direct advertising include advertising by a company provided by its employees and insurance intermediaries (insurance agents and insurance brokers). Also, insurance companies enter into contracts with professional institutions (advertising agencies) that can determine advertising activities at their discretion.

There are general and specific requirements for advertising insurance services.

The general requirements include truthfulness, specificity, targeting, planning.

Truthfulness - Advertising must be business-like, consistent with objective reality, carrying information that is true.

Specificity - expressed in simple and reasoned text.

Addressability - is the extent to which advertising means are addressed to specific population groups and business entities.

Scheduling - advertising is an integral part of a plan for mass events at any insurance company.

Indirect advertising is closely linked to the formation of the image of the insurance company. Rumors about the insurer's failure to meet its obligations, the financial difficulties of the company spread to existing and potential customers very quickly and confidence in the insurer diminishes. It is difficult to refute such rumors and it will take some time. Instead, customers who have received insurance reimbursement and are completely satisfied with the service provided by the company often become free advertising agents for the company.

The company can spend significant amounts of money on advertising services. Therefore, advertising costs are regulated by a separate advertising budget. If the insurance company self-formulates its advertising policy, then the budget is drawn up by the company's specialists as a result of agreed decisions on the means of dissemination of advertising information. If the advertising policy of the company is implemented by the advertising agency, then the budget is made by its specialists in coordination with the management of the company.

4.4. Managing the Insurer's Relationships with Insurance Intermediaries

The main insurance intermediaries in Ukraine are insurance agents and insurance brokers.

Insurance Agents - legal or natural persons who mediate in the insurance market on behalf of the insurer for the appropriate commission.

Insurance brokers **are** legal or natural persons who are registered as business entities and carry out intermediary activities in the insurance market on their own behalf in favor of the policyholder. Under current law, insurance brokers can only receive commission from the policyholder.

As a rule, the work of insurance brokers is used in the implementation of complex, specific insurance services, the sale of which, in addition to knowledge in the field of

insurance requires special knowledge in other areas (eg, freight transportation, foreign economic activity, medicine, etc.). A separate link is reinsurance intermediaries, which carry out brokering activities in the reinsurance sector (usually with non-resident companies).

If the company policy involves the active use of the work of insurance intermediaries for the implementation of insurance services, then a system of managing the relationship of the insurer with insurance intermediaries should be formed. Such a system should include:

- planning for work with insurance brokers (it is desirable that the marketing plans of the company reflect how much the company should receive insurance premiums with the participation of insurance agents and insurance brokers);
- motivation of intermediaries (monetary and non-monetary). Specific percentages or thresholds of commission must be set;
- contractual relations (especially in the case of contracts with insurance brokers that are more complex than contracts with agents);
- education system (now insurance companies increasingly prefer to formulate approaches to training insurance agents according to the content of insurance services provided).

Planning to work with insurance intermediaries begins with an analysis of the receipt of insurance premiums in the previous period. It is estimated what is the share of insurance premiums received from insurance intermediaries in the total amount of insurance premiums received, and by individual lines of insurance. The same analysis is made according to the type of insurance intermediaries (insurance agents, insurance brokers, reinsurance brokers). On the basis of studying the relevant data of the previous period, forecasting the market situation and conducting negotiations with intermediaries, the planned tasks for the next year are formed.

It is important to conduct a permanent analysis in the system of motivation of insurance intermediaries. This motivation is based on a monetary factor, but a number of companies also use non-monetary ways of motivation (obtaining a full-time position, free training, vacations at the expense of the company, business trips to other countries to exchange experience and training, etc.). Quite often, additional non-monetary motivation is applied by life insurance companies. Whether the results of each period determine the reasonableness of the commission rates, the current rates are compared with the rates paid to the intermediaries of competitors.

A more challenging task is to generate motivation in dealing with insurance brokers. The rule that insurance brokers can only receive commissions from the insurer is discriminatory and significantly complicates the relationship between the insurer and the insurance broker, since the insurer must in most cases provide the broker with a remuneration (and often such remuneration bypasses official channels) . In addition, the insurance company must constantly prove to the insurance brokers the quality of their insurance services and the presence of competitive advantages in providing the insurance service.

Collaboration with insurance brokers can take place both individually and on a tender basis. Yes, insurance brokers recently launched a service that was previously available only to legal entities - a tender to select an insurer to insure individuals' risks. In particular, under the terms of the tender, insurance brokers offer to select insurers for insurance of property and motor transport of individuals.

The procedure for cooperation between the insurer and the insurance intermediary is as follows. The broker announces a tender for insurance of one or another object. Insurance companies wishing to participate in the tender submit their respective risk insurance programs to the broker. The broker evaluates the applications and selects the winner, who then pays a commission.

There are two models of tendering. Under the first model, the insurance broker creates a virtual tender site on the Internet and invites insurers and their clients to register for the tender. The client fills in a questionnaire, which provides information about the type of insurance that interests him and information that allows him to calculate the insurance rate. At the same time, the insurance broker chooses an insurance company that, in his opinion, offers the best deal. This takes into account the experience with this company in previous periods. If this experience is negative, then the company is excluded from tendering.

According to the second model, the content of the process does not change, but the communication takes place not through the online mode, but through direct negotiations between the insurer and the intermediary. The broker communicates with clients through letters. In this case, at the client's request, the insurance intermediary provides an opportunity to get acquainted with the full terms of the contract or rules of insurance.

Questions for self-control:

1. What is the specificity of insurance business management?
2. Justify the need and reveal the essence of insurance management.
3. Expand the goals and objectives of insurance management.
4. What are the main functions of insurance business management.
5. Explain the legal basis of insurance management.

Topics of abstracts and reports:

1.Management of marketing activities in the insurance business
2.Tasks and functions of marketing services of the insurance company.
3. Management of advertising activity of an insurance company.
4. Management of relations of the insurer with insurance intermediaries
5. The essence and content of the communication policy of the insurance company.

6. The main characteristics of insurance advertising media.
7. Public relations as an element of marketing communications.
8. Event Insurance Marketing.
9. Informal verbal marketing communications (viral and mobile insurance marketing).
10. Personal selling as an element of marketing communications.

Tests:

1.Insurance management is:
a) professional management of the insurance company;
b) financial planning technology;
c) the process of budgeting, adoption and further control;
d) all answers are correct.
2. The objectives of insurance management are classified as:
a) state and public;
b) general and specific;
c) economic and political;
d) managerial and financial.

3. The functions of insurance management do not include the function of:
a) planning;
b) organizations;
c) reinsurance;
d) motivation.

4. There are forms of control:
a) insurance and reinsurance;
b) individual and collective;
c) complete and selective;
d) previous, current and next.

5. The economic purpose of insurance management is:
a) development of the insurance market;
b) maximizing current profits;
c) development of quality insurance products;
d) maximizing the value of the insurance company.

6. The social purpose of insurance management is:
a) the development of insurance legislation;
b) meeting the insurance needs of clients of the insurance company;
c) creation of new jobs in the insurance sector;
d) profit maximization.

7. The desire to fulfill the established requirements of the management of the insurance company clearly stated in the insurance workers shall include the following functions:

a) planning;
b) organizations;
c) motivation;
d) control.

8. Comparison of planned and actual results is provided by the function of:

a) planning;
b) organizations;
c) motivation;
d) control.

9. The authorized body of the state executive power overseeing insurance activity in Ukraine is:

a) the Ministry of Finance of Ukraine;
b) National Financial Services Commission;
c) the Antitrust Committee;
d) League of Insurance Organizations of Ukraine.

10. Which of the following functions is assigned to Natcomfin Services?

a) determination of the minimum size of the authorized fund of insurers;
b) elaboration of insurance tariffs;
c) granting licenses for the right to carry out insurance activities;
d) registration of insurance contracts, under which part of the risks are transferred for reinsurance to non-residents.

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TOPIC 5. INSURANCE COMPANY MANAGEMENT MANAGEMENT

5.1. Features and structure of the insurance company's workforce
5.2. Methods of personnel management of an insurance company
5.3. Assessment of insurance company staff

Purpose: To study the concept and composition of the insurance companies' resource potential; to learn the basic types of organizational structures of insurance organizations in the domestic market; to know the governing bodies of the insurance organization, to master the features of planning in the insurance organization;

Keywords: management, management, types of management, manager, insurance management, system of insurance management, functions of insurance management, principles of insurance management, methods of insurance management.

5.1. Features and structure of the insurance company's workforce

The human factor largely ensures the success of the insurance company. Working with staff in terms and concepts of insurance management is defined as a complex purposeful action on the workforce and individual insurance workers, designed to achieve the goal of the insurance company. This is a key component of all insurance activities. Personnel management forms a favorable environment in which work potential is realized, skills are developed; people enjoy the work they do and the public recognition of their achievements. The main focus is on the long-term development of the employment potential of insurance workers. Investing in human resources and staffing are a long-term factor in the competitiveness of an insurance company in the face of dramatic changes in its external environment.

Specificity of insurance activity determines the peculiarities of the personnel of the insurance company. This is due, first of all, to the availability of certain professional skills and knowledge associated with the general lines of insurance business. According to their functional obligations, insurance employees are grouped into the respective functional structural units of the insurance company. Improving staff utilization becomes a strategic goal. The staff of the insurance company is divided into three major interconnected groups:

1. Specialists who directly serve the insurers (front office). Agencies, representative offices and branches of the insurance company are formed from among them.
2. Specialists in the formation of insurance portfolio, tariffs, insurance conditions, settlement of losses.
3. Specialists who provide the work of all units of the insurance company as a whole. It combines the efforts of employees from different divisions: financial, information technology, personnel management, business and others.

4. The targeted efforts of these units are of a combined nature and focus mainly on the issues of profit generation, as well as the rational reduction of costs of doing business.

There is an objective link between staff development processes and the strategy of the insurance company. The development of non-human potential (intellectual and social) becomes an investment item of the insurer, not a cost. The insurance company increases the intellectualization of the work of staff, there is a need to improve professional skills and increase the level of training of staff. In this regard, the role of continuous training of managers and specialists is increasing, taking into account the constant conditions of work of the insurance company, which are complicated.

The workforce of an insurance company is the only social organism that consists of individuals who realize their creative potential in the process of joint insurance activities. However, a simple set of professionals working in one place is not yet an organic system capable of self-development.

A unifying element here is the awareness of common goals that encourage insurance workers to coordinate and optimize joint actions. An important condition for successful work of an insurance company is the creation of a team of like-minded people. This is achieved through the harmonization of the interests of individual insurance workers and the workforce of the insurance company as a whole.

The experience of insurance companies allows us to identify new typical approaches to personnel management:

- improving the efficiency of the system of recruitment, recruitment and placement of employees;

- the system of motivation and remuneration is fair to insurance workers, competitive and well-managed;

- individual problems of individual insurance workers are solved quickly, fairly and effectively;

- the salary of insurance workers is based on the results of individual work and the effectiveness of the relevant structural unit of the insurance company;

- development, training, transfer and promotion of properly insured employees is carried out in accordance with the results of their work, qualifications, abilities, interests and needs of the insurance company.

5.2. Methods of personnel management insurance company

Principles of personnel policy determine the ratio of methods of its implementation. Methods of personnel management of an insurance company are ways of management action on the collective as a whole, its individual groups and directly on employees, providing the implementation of the personnel management strategy. There are several *classifications of methods for managing an insurance company*.

By type of action distinguish methods of direct and indirect action. Methods of direct action are targeted and imply compliance. Indirect action methods are aimed at achieving a specific goal, but the performer remains free to choose behavior.

The scale of use methods are divided into general and private. General methods are applicable for the implementation of several activities of the head. Specific methods can be used to perform specific operations.

The source of action distinguishes methods of centralized and decentralized action. Their ratio is determined by the external and internal conditions in which the insurance company operates.

Induration, terms ofthe methods are subdivided into long-term, medium-term, and operational methods.

The method of producing the action distinguish between individual, collegial and collective methods. Their ratio is determined by the management style of the insurance company.

The mechanism and nature of the action on the staff of the insurance company distinguish between administrative, economic and socio-psychological methods. Administrative methods are a necessary basis for the use of other management methods. Levers of their implementation are direct instructions of management. Indirect effect is made by economic methods of personnel management of the insurance company on the basis of monetary and non-monetary stimulation of work of insurance workers.

Administrative methods of personnel management of an insurance company provide for the existence of regulations that allow the manager to evaluate the achievement of a specific result and coordinate the activities of staff in the overall management system of the insurance company. Distinguish the following forms of regulation:

- provisions of general organizational nature, establishing the organizational isolation and functioning of the insurancecompany;
- provisions that determine the composition of elementsystem;
- job regulations that set clear requirements for the activities of a certain official;
- rules and job descriptions that determine the directions, procedures and general interludes.

Economic methods of personnel management of an insurance company are a set of methods of management action on the economic interests of the personnel, which ensure the unity of the goals of the employer and the hired worker. They are divided into two main groups: material incentives and economic responsibility.

5.3. Valuation of insurance company personnel

In the insurance company management system, personnel assessment is an informational basis for making a whole set of strategic decisions. Evaluation of the employment activity of insurance company staff is the process of determining the contribution of an insurance worker or their group in achieving the goal of the company, which provides information to make decisions and make adjustments necessary to optimize the functioning of the workforce.

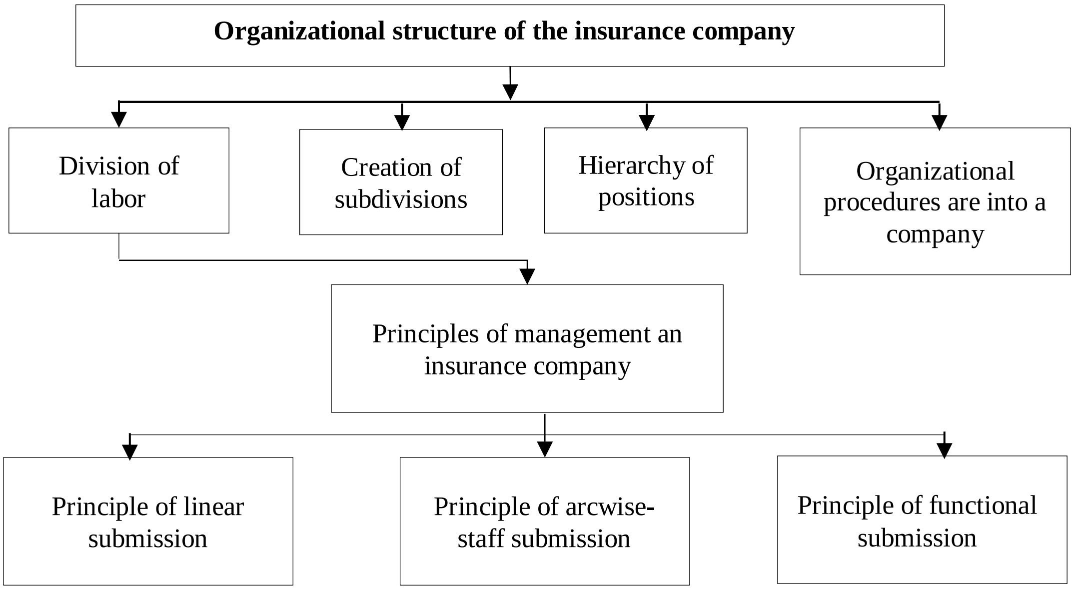

Fig.5.1.Organizational structure of the insurance company

In accordance with the content of the tasks that are solved with the help of staff assessment, it is possible to distinguish a comprehensive assessment and assessment, which is carried out in separate areas. There is also a distinction between continuous and periodic evaluation. A number of administrative personnel decisions are made on the basis of periodic assessment materials. A typical form of periodic evaluation is staff certification. The time of certification of a particular insurance employee is often determined by the length of service of his work in an insurance company. This evaluation is carried out by a specially appointed appraisal commission. The work of the commission is based on a specific purpose, subject, criteria and object evaluation.

In practice, the main stages of the evaluation procedure should be implemented: function - area of responsibility - indicators. The selection of evaluation indicators is carried out by an expert group consisting of employees of the personnel department and specialists of the insurance company, who have full information on the specifics of work in these or other positions. The list of indicators and their ratio in conditional points is determined in each case.

Organic follow-up of staff assessment activities is its development activities.

Personnel development is a set of activities that include retraining and upgrading of personnel, as well as career planning for the organization's staff. The purpose of staff development is to ensure that the organization is well-trained workers in accordance with its goals and development strategy.

Professional training is required when a new employee appears in the company, when an employee is transferred to a new position or assigned to a new job, when the employee lacks the skills to do their job, and when there are major changes in the economy organizations or in the external environment.

Qualified training affects many components of social performance. Increasing the professional skill of the staff has a positive impact on:

- guarantees (preservation) of the workplace
- opportunities for professional and career growth of the organization to
- increase the income of the employee's

- sense of dignity and its opportunitiesrealization.

The purpose of professional training in the company should be to create a system of continuous staff development based on the optimal combination of different forms of training new employees, retraining and training "old" employees to additional professions, improving their skills and knowledge, taking into account the dynamic changes in technology of sales of insurance products, organization of insurance activity, analytical work

Questions for self-control:

1. Who direct management of the insurance company? What functions does it perform?
2. What is the difference between strategic and operational management?
3. What are the main approaches to defining a business strategy.
4. Name the functions of strategic management of insurance activities.
5. Outline the main steps in forming the financial strategy of an insurance company.

Topics for abstracts and reports:

1. Describe the main types of organizational structures of management of an insurance company.
2. Characterization of typical problems in the organization of work of the head of the insurance company.
3. Rights and responsibilities of heads of structural divisions, chief accountant, specialists of the insurance company.
4. Financial monitoring in insurance companies.
5. What are the elements that make up the practical work with the staff of the insurance company.
6. Payment systems for employees of an insurance company.
7. Requirements for the system of economic incentives for employees of the company.
8. Positive and negative consequences of conflict situations for the insurance company.
9. The main stages of formation of financial strategy of an insurance company.
10. Basic approaches to defining business strategy.

Tests:

1. The top management of an insurance company includes:
a) branch manager;
b) the head of the department;
c) specialist;
d) chief accountant.
2. Typical functions of an insurance company chairman include:
a) risk assessment;

b) formation and implementation of personnel policy;
c) coordination of standard parameters of the insurance contract;
d) adjusting the amount of insurance tariffs.

3. The emergency commissioner shall:
a) analyze the circumstances of the insured event;
b) negotiating the conclusion of insurance contracts;
c) analysis of the financial statements of the company;
d) analysis of the level of risk in the insurance process.

4. The process of developing and implementing personnel policies covers the following processes:
a) financing of the retraining system;
b) development of a remuneration system;
c) development of internal rules;
d) registration of pensions.

5. Bureaucratic recruitment involves the following processes:
a) preparation of a reserve pool;
b) development of social programs;
c) development of collective agreements;
d) development of job descriptions.

6. Conflict is:
a) influence on the individual through certain benefits;
b) model of behavior of a group of people;
c) control over the fulfillment of the requirements of labor discipline;
d) specificity of the insurance company.

7. Forced motivation is:
a) belief;
b) threat of reducing the standard of living of the employee;
c) informing;
d) meeting with heads of structural units.

8. Regulatory motivation is:
a) threatening to reduce the standard of living of an employee;
b) additional monetary remuneration;
c) encouraging a person to behave;
d) employee rating system.

9. Economic incentives are:
a) bonuses and profit participation;
b) clarification of the company's goals;
c) creating an atmosphere of mutual respect;
d) involving employees in discussing problems.

10. Moral and psychological methods of stimulating work are:
a) control over the quality of work;
b) performance bonuses;
c) attentive attitude towards employees;
d) benefits.

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TOPIC 6. SETTLEMENT OF INSURANCE CLAIM

6.1.Claims settlement service, its tasks and place in the insurance company
6.2. Settlement of insurance claims with reinsurers
6.3. Settlement of insurance claims under contracts providing "assistance"

Purpose: To master the basic approaches to managing the selection of risks for insurance; to study the technology of settlement of insurance claims; adopt cash flow management approaches.

Keywords: insurance, diversification, limits, self-insurance, economic efficiency of insurance, rules of insurance, economic standards of insurance activity, insurance claim.

6.1. Claims settlement service, its tasks and place in the insurance company

The occurrence of the insurance claim should be understood as a situation in which the insurance company received a notification from the insurer about the occurrence of the insured event, the estimated amount of damage and the circumstances of the event. In addition, it is obligatory to establish the fact of the claim of the insured to pay insurance indemnity.

The insurance claim must be recorded in writing, which must initially include the insured's statement of the insured event. The statement must state the circumstances of the insured event and the victim.

Acceptance of such statement by the insurer does not mean automatic payment of the insurance payment. This is only the initial stage of settling the insurance claim. The final stage is either an insurance payment or a justified refusal.

Large (and sometimes medium-sized) insurance companies have *special insurance claims settlement services.* The purpose of the creation of such services is to conduct qualitative investigations into the circumstances of the occurrence of insured events, to determine the perpetrators, to determine the amount of losses received. Accordingly, the tasks of such services are:

- checking the claims of insurers on the occurrence of insurance incidents;
- assessment of the reasons for the occurrence of the insured event and the accuracy of the facts presented;
- study of insurance acts (certificates) on the correctness of their formal filling in, interviewing of witnesses of insurance cases and recording the results of such survey in the relevant documents;
- estimation of losses caused by an insured event;
- cooperation with state bodies on the circumstances of the insured event;
- determination of the share of the property which has not suffered from the insured event and assessment of the possibilities of its realization;
- the establishment of guilty persons in the occurrence of an insured event and, if possible, registration of recourse actions.

The insurance service may include experts in different areas of insurance, persons entitled to conduct work on damage assessment, certified emergency commissioners, lawyers.

According to the results of the work done in the indicated directions, the Insurance Claims Settlement Service forms a conclusion on the expediency (impracticality) of carrying out the insurance payment by the insurer. The decision on refusal to pay is filed in writing to the policyholder and can be appealed to him in court.

The company claims settlement service must report to senior management and report on their work. All insurance claims settlement activities must be documented. The main documents for the investigation of insurance claims should include: the

- statement of the insured on the occurrence of the insured event (the statement should be accompanied by a description of the losses received, circumstances of the accident occurrence, may be accompanied by photos or videos from the scene of the accident);
- insurance contract (it is important that the contract is effective at the time of the event that led to the loss);
- an emergency act (certificate) drawn up by a representative of the insurer or an emergency commissioner who is in employment with the insurance company (the document must contain information about the circumstances of the insured event and the expected amount of damage, but not from the point of view of the victim but from the point of view of the representative of the insurance company);
- loss assessment materials (such materials include certificates issued by medical authorities on damage to health, third party performance, property loss assessments issued by professional appraisers);
- other supporting materials (video and photo taken by representatives of the insurance company, information provided by the witnesses of the incident, information from public authorities if necessary, other materials).

The composition of the insurance claims settlement service should include:

- specialists who record claims on the occurrence of an insured event and plan further work to settle insurance claims;
- persons acting as emergency commissioners (may also be certified emergency commissioners) who, upon receipt of a notification of an accident, should conduct an initial investigation of his circumstances, collect the necessary information for further in-depth investigation, and determine the amount of loss;
- lawyers - in many cases already at the initial stage of investigation of the insurance claim, disputes arise between the insurer and the insured regarding the assignment of a particular event to the insured event, therefore, the presence of a qualified lawyer is obligatory;
- IT specialists - investigation of insurance claim is impossible without the use of modern information technologies. In addition, it is mandatory to accumulate a wealth of information on claims and the formation of internal search engines.

The Insurance Claims Service must cooperate with the structural units of the money management company. Thus, when receiving information about the occurrence of an insured event from the insurance claims settlement service, financial services must reserve money for insurance payments in the amount not less than the sum insured, specified in the insurance contract.

The process of settling an insurance claim begins with the receipt by the insurer of a claim on the occurrence of an insured event, after which the duty of the insurer is to determine the cause of the insured event, the guilty persons, the amount of losses, ie there is a need for a qualitative and comprehensive investigation.

The insurance company may investigate on its own, and if necessary may involve persons from the side (emergency commissioners, professional appraisers, specialized lawyers, etc.). The legislation states that, if necessary, the insurer (as well as the Motor (Transport) Insurance Bureau of Ukraine (MTIBU)) may make inquiries related to the insured event to law enforcement agencies, banks, medical institutions and other enterprises, institutions and organizations that have information about the circumstances of the insured event, and can Th independently investigate the cause and circumstances of the insured event.

Enterprises, institutions and organizations are obliged to respond MTIBU insurers and requests for information related to the insured event, including information that is a trade secret.

However insurer and MTIBU are responsible for their disclosure in any form, except as provided by the legislation of Ukraine.In

investigating the insurance event, the specialists of the insurance company should first of all ensure that:

- at the time of the insurance event ir insurance was valid; the person applying for payment is indeed the insured or his representative;
- the said object was indeed insured; the incident occurs in the list of insured events by contract;
- the insurer has taken reasonable and reasonable steps to reduce the loss;
- in this insurance case there is no possibility to apply exceptions and restrictions stipulated by the insurance contract (for example, that there are no items in the insured property that were left unharmed or partially damaged and those that are not covered by insurance coverage);
- the location of the insured object corresponds to the place specified in the contractinsurance;
- the insurer fulfilled the condition of inadmissibility to change the picture losses;
- the insurer promptly informed the competent authorities (police, fire service, metrology service, etc.) of the accident, and they confirm the fact of such occurrence;
- when handling the insured object the insurer (his staff; family members) adhered to the pre-established safety rules;
- there are no persons interested in insuring this object for the purpose of obtaining insurance indemnity, or persons guilty of causing damage to which the insurer's right to subrogation can be applied.

Based on the results of this investigation, the insurer resolves the issue of payment of insurance.

When carrying out work to settle insurance claims, it should be borne in mind that such work can often be complicated, costly and time-consuming. In this regard, there is a practice of setting limits on payment amounts. Setting a limit does not require a thorough investigation if the claimed amount of compensation does not exceed the amount of the limit.

After settlement of the insurance claim, all necessary actions are carried out, an insurance payment is made. It can be done on a one-off basis (in the vast majority of cases) or in several stages (if large sums are involved and reinsurance companies are involved in the calculations).

6.2. Settlement of insurance claims with

reinsurers Reinsurance has been and remains the most important tool for ensuring the financial reliability of an insurance company. Now and in the future, no insurance company (even the largest one) can conduct its operations without reinsurance, since without a reinsurance mechanism, sufficient risk dispersion cannot be achieved.

Since the insurance company is a party to the insurance relationship and a material stakeholder, it cannot stay away from the process of settling losses (as well as when assessing risks when taking them for insurance)

The main participants in the reinsurance process are the *cedant - the company* that gives risk in reinsurance, and *cesiopary - the company.* which takes risk in reinsurance.

From the point of view of insurance loss settlement, the assignee expects the assignee:

- promptness and coherence of the process of settlement of losses, with the possible minimum terms within which the insurer pays the reinsurer its part of the losses. This issue is important enough, given that most reinsurance contracts provide for a procedure by which the direct insurer investigates and pays insurance itself, then transfers the materials to the reinsurance company and receives compensation as a result of their assessment. This mechanism often results in a cash gap (between the insurance payment made and the expected reinsurer's compensation). If the amount of the insurance payment is large, then this situation will require additional financing;
- the use of a cash loss mechanism, ie a fixed amount of damage, for which the reinsurer is obliged to pay his share of the insurance indemnity to the reinsurer before he pays the insurance indemnity. Such a practice is more of an exception than a rule, as it is unprofitable for a reinsurer. But in some cases, it is possible to enter into agreements of this type (especially if a higher share of risk is reinsured).

The stages and main actions of the reinsurer and reinsurer in the settlement of the insurance claim can be summarized in Table. 6.1.

When settling insurance claims, controversial situations may arise between the assignee and the assignee. The most vulnerable is the assignee, as he is obliged to make insurance payments even in cases where the assignee does not agree to determine the event by insured event, or delays (intentionally or not intentionally) consideration of documents and calculations provided to him.

Table 6.1

Stages and main actions of the reinsurer and reinsurer in the settlement of the insurance claim

Stages of the settlement of the insurance	Main actions of the	
	Reinsurer of the	reinsurer

claim		
Information on the occurrence of the insured event	Information to the reinsurer. Involvement of reinsurers in the settlement, coordination of actions 3 by the emergency commissariat. Transmission to the reinsurers of all necessary documents informing about the insured event, the amount of the expected loss	Confirmation of receipt of the notification of the insured event. Examination of the documents provided on the circumstances of the insured event. Deciding whether to participate in the settlement process or refusing to postpone
Billing and Agreed Documents	Determination of the final loss amount and its distribution between the reinsurer and the reinsurer. Formation of a document package for reinsurers. Harmonization of the procedure and terms of payment of losses. Confirmation of the end of the settlement process.	Verification of correctness of calculations and completeness of the submitted package of documents. Settlement of controversial and doubtful points. Deciding whether to pay or refuse to pay. Presentation of all necessary documents to the reinsurer.
Adjustment of the amount of loss	Reconciliation of additional costs. Provision of information on recourse payments for subrogation. Recalculation of the amount of loss on the part of reinsurers	Confirmation (or non-confirmation) of the agreement on participation in additional expenses. Control over the claim process. Confirmation of the correctness of the calculations

In the Ukrainian and foreign practice there were situations in which the assignor could not make the payment independently. In such situations, it is possible to carry out several financial transactions:

- attracting funds from shareholders;
- obtaining a bank loan;
- assignment of the right of insurance payment to another insurer (with corresponding transfer of all documents confirming the claim of the concessionaire).

6.3 Settlement of insurance claims under contracts providing assistance assistance

In the 1950's and 1960's, the idea arose to arrange for insurance (automobile, medical, tourist, etc.) service units for insurance (automobile, medical, tourist, etc.), where all expenses for providing appropriate assistance would reimburse Insurance Company.

First and foremost, it concerns travelers (on business trips and tourists). The idea was productive, the number of people leaving the world was constantly growing and the demand for a new service, which became known as, was formed *"assistance"* **- a type of**entrepreneurial activity in providing technical, medical, service, legal and financial assistance to individuals and legal entities.

In European countries, assistance is allocated to a separate direction of insurance. In Ukraine, this type of insurance is not individually allocated, but it is carried out as a combination within the different types (medical, motor, tourist insurance, etc.).

The settlement of claims within the assistance service differs from other types of insurance in that the provision of the service precedes the investigation and compensation of losses.

Therefore, in this case, the companies providing services are primarily responsible for the quality of the investigation and the validity of the insurance payment.

Then the insurance claim is settled between them and the insurers who wrote out the insurance policy. The specifics of the service determined the features of the business process.

The business process of settlement of losses with the assistance of the assistance company can be represented as follows:

1. stage - at the occurrence of an insured event, the insured (insured) or his authorized person calls the service of the assistance company, whose number is registered in the insurance policy. The following information is communicated: contract number, term, validity, program, insurance amount, other data.
2. stage - having received the notification, the operator of the assistance center should make sure that the applicant has insurance protection and, in some cases, receive an additional message from the insurer who issued the policy. After confirmation, a further complex is performed.
3. Stage - Depending on the nature of the insured event, assistance is sent to the scene.
4. stage **- an** invoice is issued for the services rendered and processed and fixed by the assistance company.
5. stage - the operator of the assistance center draws up an insurance act, in this case a document confirming the work done, which is approved by the insurer. It specifies the amount payable to institutions that provided services and assistance to the company. This document provides all information about the accident and assistance provided, namely: the accounts of the institutions that provided the services; information about the materials used; expert evaluation of damages received and / or damage caused. If necessary, the assistance center can give an expert opinion to the expert within its competence to ask the insurer on certain issues of insurance case settlement.
6. stage **- the** representative of the assistance center signs the act on the services provided by the policyholder, and in some cases by the service provider.
7. stage - all documents are transferred to the insurer.
8. Stage **- the** operator of the assistance center archives documents about the accident and services provided.
9. stage **- the** insurer pays the bill for the services of the assistance center. Very often, insurers make a certain advance payment (deposit) for the services of an assisting company. The amount of such a deposit may depend on the number of policies sold by the insurer or the amount of insurance premiums received. If necessary, the insurer may control the price of services. If the control results in controversial issues, they are brought to court.

In the long run, assistance services may become widespread - for example, now and abroad, and in Ukraine, the so-called "expanding*home assistance" is,* when the insurance company pays for the contract services of institutions that perform urgent repair of premises that were damaged due to sudden adverse conditions events specified in the contractinsurance.

Self-Control Questions:

1. A Claims Assignment and Place in a Claims Insurance Company
2. Who is a Claims Service Member?
3. What does reinsurance mean? And who are reinsurers?
4. What are the main stages of reinsurer and reinsurer when settling an insurance claim?
5. What is Assistance?

Topics for abstracts and reports

1. The essence of the insurance claim.
2. The purpose of the insurance claims settlement service and the composition of its employees.
3. The task of the insurance claims settlement service.
4. The results of the work of the insurance claims settlement service.
5. The purpose, objectives and procedure of the insurance investigation.
6. Requirements of the assignor to the assignee in the settlement of insurance claims.
7. Stages of settlement of insurance claims.
8. The main problems of settlement of insurance claims between the reinsurer and the reinsurer and the ways of their solution.
9. The essence of the assistance service.
10. Business process of settlement of losses with the assistance of the assistance company.

Tests

1. The situation in which an insurance company received a notification from the policyholder about the occurrence of an insured event, the estimated amount of losses and the circumstances of the event that occurred, is called: the

1. occurrence of the insured event;
2. the occurrence of insurance indemnity;
3. occurrence of insurance payment;
4. the occurrence of an insurance claim.

2. Pre-trial investigation of all circumstances of an insured event, based on the specifics of a particular type of insurance, which aims to give its comprehensive characteristics - is:

1. insurance expertise;
2. insurance claim;
3. insurance act;
4. insurance case.

3. An event stipulated by an insurance contract or legislation that has occurred and with which an insurer has an obligation to pay the sum insured to an insured, insured or

other third party is called:
1. insurance expertise;
2. insurance claim;
3. insurance act;
4. accident.

4. The sum of money within which the insurer is obliged to make payment upon the occurrence of an insured event in accordance with the insurance conditions shall be: the
1. redemption amount;
2. insurance payment;
3. insurance amount;
4. insurance indemnity.

5. The sum of money paid by the insurer in accordance with the terms of the insurance contract at the occurrence of the insured event is: the
1. redemption amount;
2. insurance payment;
3. insurance amount;
4. insurance indemnity.

6. A document containing comprehensive information on an insured event is:
1. an act of insurance examination;
2. insurance contract;
3. notification of an insurance event4 an
4. insurance act.

7. The sum of money paid by the insurer to the insurer as compensation for the losses caused by the insured event stipulated by the insurance contract is:
1. redemption amount;
2. insurance payment;
3. insurance amount;
4. insurance indemnity.

8. Insurance, which is caused by risks related to life, disability or occurrence of such losses that cannot be compensated by an individual, is called:
1. voluntary;
2. collective;
3. compulsory;
4. risky.

9. Insurance payments in case of property insurance and liability insurance in the form of insurance indemnity:
1. are made;
2. carried out with the permission of the National Financial Services Commission;
3. are carried out only with the obligatory form of insurance;
4. are not implemented.

10. Insurance payments in the personal insurance shall be made:
1. in the amount of the insurance sum (or part thereof);
2. in the form of compensation for losses;
3. in the form of personal expenses;
4. in the form of insurance indemnity.

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TOPIC 7. MANAGEMENT OF FINANCIAL RESULTS AND SOLVENCY OF INSURANCE COMPANIES

7.1. Composition of income and expenses of insurance company
7.2. Management of formation of profit of insurance company
7.3. Solvency management mechanism of insurance company.

Purpose: To study the main financial indicators of an insurance company: income, expenses and profits; study of key methods of managing the financial results of the insurer.

Keywords: Insurance premium, sum insured, insurance rate, insurance rate, insurer, insurer. financial result from investment activity, earned insurance premium, reserve of unearned premiums, investment

7.1. Composition of income and expenses of the insurance company

The main feature of the insurance company is that, unlike the industry, the insurer initially accumulates funds coming from the insurer, creating the necessary insurance fund, and only after that it bears the expenses, which are connected with the compensation of losses under the concluded insurance agreements, The dual nature of the financial activity of the insurer is to merge financial and investment activities.

The insurer's income can be divided into three broad groups:

1. Insurance income (insurance and reinsurance premiums).
2. Income from investing and placement of temporarily free funds (both own and insurance reserves).
3. Other income, that is, those that do not belong to either insurance or investment income, but appear with the insurer in the ordinary course of business (for example, leasing its own facilities).

Consider each group separately.

Income from insurance activities is the primary income of an insurance company. The insurer counts on attracting this income when it appears on the insurance market and offers insurance services for a fee. Payment for insurance is the insurance premium that the policyholder is obliged to pay to the insurer under the insurance contract. Payment for insurance may come in cash and non-cash, mostly in national currency (with the exception of non-resident insurance payments).

The insurance premium is determined depending on the amount for which the insurance contract is concluded (insurance amount and insurance rate). The price of insurance service (insurance premium) is calculated by the formula:

Insurance premium = Sum x*insuredInsurance tariff.* *(7.1)*

The sum insured for voluntary insurance shall be determined with the consent of the parties. In compulsory types of insurance, the sum insured is usually determined by appropriate legislative or regulatory acts.

Insurance rate is the second component of the insurance premium. It is the rate of insurance premium per unit of the sum insured or the value of the object of insurance for a specified period of insurance.

From obligatory types of insurance insurance tariffs are set by legislative acts, from voluntary types - are developed by insurers and approved by the Authorized body for supervision of insurance activity when considering the issue of a license. Insurance rates are calculated solely on the basis that the insurance premiums calculated on the basis of these rates are sufficient to enable the

- Insurer to fulfill its obligations to the insurers (to make payments).
- cover the cost of maintaining the insurance company and getprofits.

The insurance tariff consists of a *net tariff*that provides a cost for insurance payments, and a load that provides the insurer to cover the costs of business and profit. The ratio between the net rate and the load varies, depending on the "*cheap*" and "*more expensive*" type of insurance. The net tariff can be calculated using mathematical methods based on probability theory, and in this case the load is determined empirically with the actual cost of doing the case. The latter can be considered "contingent" costs. In Ukrainian insurance companies, there is a tendency to overestimate insurance rates, in Western companies - on the contrary. In the conditions of competition, insurance companies underestimate net premiums and do not plan profits at all, the costs of doing business are covered by investment income. Reduced premiums are used to attract customers. This tool is very dangerous, because in adverse conditions, the solvency of the company is threatened.

The *second group of* income includes income from investment activities (income from investing and placement of temporarily free own funds and temporarily free funds of insurance reserves). This income is derived from the primary income of the insurer. By collecting insurance premiums, accumulatingincome from insurance activities, the insurer can during a certainperiod manage the funds received from insurers, invest them in various fields.

In countries with developed insurance markets, insurers are one of the most important investors. Investment activities are related to the nature of the funds, which are divided into groups:

1. Own funds in the form of authorized capital (capital), special and reserve funds, free reserves, undistributed profit.
2. Funds raised in the form of insurance reserves.

Under current law, insurers of Ukraine can investinsurance reserves in stocks, bonds, bank deposits, investments in the Ukrainian economy on a government-determined list, bankingmetals, real estate, life insurance companies, can lend to their insurers or to build housing for individuals. *the third group of* income of the insurer is other income. These incomes are not related to insurance. These include: operating andfinancial leasing (rental income), income from foreign currency translation compared to its carrying amount at the end of the reporting period: gains in the form of non-repayable financial assistance, income from advisory services, fines, penalties and other income . This group of income of the insurer is objectively the smallest.

In Ukraine, in accordance with applicable law, in addition to insurance income, an insurance company may receive:

- rewards (commissions) from the transfer of reinsurance risks;
- share of insurance sums and insurance claims paid by reinsurers;
- amounts recovered from centralized reserve reserve funds;

- the amounts of technical provisions other than the unearned premium reserve calculated as the difference between the amount reserved and the amount actually paid to the policyholder.

The expenses of an insurance company are divided as follows:

- expenses for conducting insurance operations (form the cost of insurance services);
- expenses for other operations (accompanying the receipt of income frominvestment and placement of temporaryfundedinsurance).

More than 90% of the total expenses of the insurance company are expenses for conducting insurance operations. In economic terms, expenses are divided into three groups:

- payment of insurance sums and insurance indemnities under insurance contracts and reinsurance;
- the cost of servicing the insurance and reinsurance process;
- the cost of maintaining the UK.

The last two groups of costs can be combined with the concept of "business*expenses*". The most important is the first group - payment of insurance sums and insurance indemnities.

The costs of servicing the process of insurance and reinsurance in the practice of insurers of developed countries are divided into acquisition, collection, liquidation.

Activation costs are costs associated with attracting new insurers and entering into new insurance contracts. These costs may include the payment of terms and conditions, insurance policies, actuarial calculations, brokerage fees, business expenses, and more.

Collection costs are expenses related to the maintenance of cash circulation of insurance premiums; to pay the employees of the insurance company, the cost of making bank receipts and information on receiving insurance premiums, to pay for banking services.

Liquidation costs are loss settlement costs. They include payment for the services of specialists for clarifying the reasons and determining the amount of losses caused to the objects of insurance, the cost of accumulating relevant information, the payment of banking services related to the payment of insurance indemnity, the cost of travel of experts to the place of insurance event and back , legal fees, postal and telegraph costs.

The third group of expenses - maintenance costs for IC - include administrative and management expenses. Yours include salaries of company staff (basic and additional) with accruals, rent for premises, payment for utilities, telecommunication services, expenses for the purchase of office and business goods, advertising. Business trips, maintenance and maintenance of motor vehicles, depreciation and other expenses, which according to the current legislation refer to the cost of insurance. The policy of formation of these costs includes some contradictions. Yes, the higher these costs, the better the quality of customer service (better specialists, the rapid arrival of agents and emergency commissioners to the customers, the best interior office, etc.), but on the other hand, these costs significantly increase the cost of insurance for customers.

In compulsory types of insurance, all calculations in the formation of insurance payments, and therefore income from insurance activities are regulated by the state. This also applies to the costs of doing business. Thus, the Decree No. 358 of 1999 "On

Improvement of the Mechanism of State Regulation of Tariffs in the Insurance Sector" laid down the standards for conducting insurance business, which could not be greater for:

- for compulsory personal insurance - 15 '% of the tariff;
- on compulsory property insurance and liability - 20% of the tariff.

If the cost structure of the insurance company is presented analytically by cost groups, then we have that: the

- costs of doing business (costs for maintenance of IC and maintenance of the insurance process) are in the range of 20 - 25%.
- expenses for payment of insurance sums and compensation - within 60 - 80%.

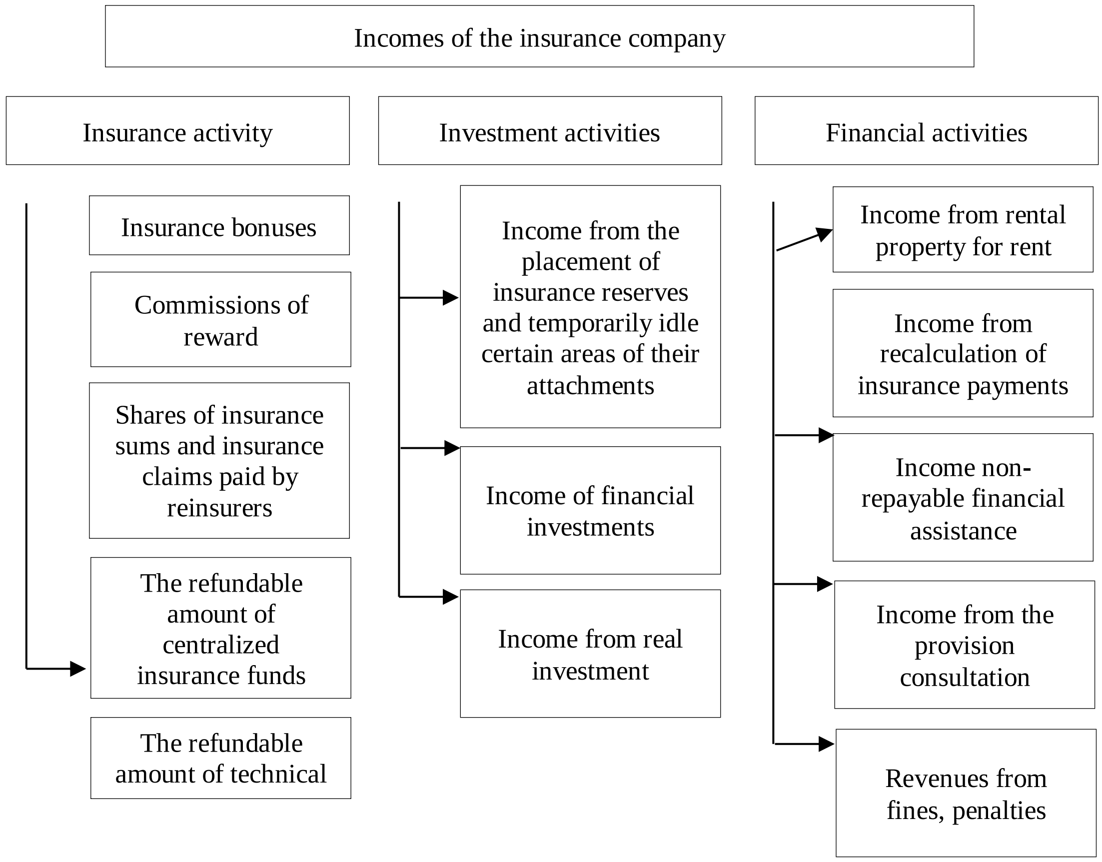

Fig.7.1.Incomes of the insurance company

In calculating the profit of the insurer expenses are divided into:

- payments of insurance sums and insurance indemnities.
- contributions to centralized insurance reserve funds.
- contributions to technical provisions other than unearned premiums.
- costs for insurance (maintenancefirm).
- other costs, including the cost of insurance services.

7.2. Management of the formation of profit of an insurance company

The profit of an insurance company is the financial result of its activity for a certain reporting period (quarter, six months).

*The financial result*is a cost estimate of the insurer's management results. It is defined as the difference between income and expenses.

The overall financial result should include the results of the financial results: insurance activities; investment activity; business activity.

*Profit from insurance activity*is the difference between the income from insurance activity and the cost of the insurer to provide insurance services.

Profit from insurance activities can be increased by reducing the cost of insurance services through:

- Reducing business expenses;
- Loss Reduction (losses in the reporting year should be less than in the base year; compliance with the principle of equivalence between the amount of net premiums collected and the amount of actual payers).

The basis of the total profit of the insurer may be provided by profit from insurance activity or profit from investment activity. In Ukraine, insurers receive a large share of profits from insurance activities, and in western countries from investment (insurance rates in a competitive environment tend to decline). Profit from insurance activities (PSD), according to Ukrainian law, is calculated on a cash basis

$$PSD = (RFP + CP + VP + PCR + PTR) - (BC + HRV + VTR + BBC), \quad (7.1)$$

where the amount in the first brackets - this is income from insurance activities; the amount in the second brackets is the cost of the insurer to conduct insurance operations;

FE - earned insurance premiums undercontracts insurance and reinsurance;

KP - reinsurance commissions;

EE - the share of insurance payments paid by reinsurers;

PCR - amounts recovered from centralized insurance reserve funds;

RTD - amounts recovered from technical provisions other than unearned premium reserves;

AF - payment of insurance sums and indemnities;

WRC - contributions to centralized insurance reserve funds;

VTR - deductions to technical reserves;

Air Force - the cost of doing business.

The basis of the insurer's profit from the insurance activity is earned insurance premiums. Earned premium is the insurer is the premium, which remains with him after the expiration of the contract, and compensation orpayment from which were not made due to non-occurrence of an insurance event. But for the duration of the contract, the insurance premium consists of two parts: one that is considered earned and one that cannot currently be considered earned. For example, if the contract is concluded for a year, and six months have passed and the insurance event has not come, then half of the insurance premium will be earned.

Since thousands of insurance contracts can be valid for different periods of time, it is inappropriate to calculate what part of each premium is earned and which is not. Therefore, the calculation of the total amount of earnings for the period of bonuses is carried out analytically through the mechanism of formation of reserves of unearned premiums. Insurers pay considerable attention to the unearned premium, which is called the "unearned premium reserve", since the solvency of the insurer depends on its correct determination.

Total earned premiums (CL) is given by

$$W = (ANP_{beg} - PE)_{beg} + (SP - AP) - (ANP_{con} - CHPcon) \quad (7.2)$$

where *the* $ANP_{beginning}$- unearned premium reserve at the beginning of the reporting period;

PE_{start}- the share of the reinsurer in the reserve of unearned premiums at the beginning of the reporting period;

JV - insurance premiums received in the reporting period;

PE - premiums provided in reinsurance in the reporting period;

RNP_{horse}- reserve of unearned premium at the end of the reporting period;

PE_{horse}- the share of the reinsurer in the reserve of unearned premiums at the end of the reporting period.

The financial result depends on the accuracy of the division between earned and unearned premiums.

7.3.Solvency management mechanism of an insurance company

An insurance company functions as a single mechanism in the process of analyzing, underwriting, accepting risks for insurance, fulfilling obligations to owners, insurers, employees, the efficiency of which is achieved if all processes of the insurer are effectively managed. The content of insurer solvency management is revealed through the development and effective use of financial mechanism tools for the practical implementation of the insurer's financial policy objectives. From the most general standpoint, the term "mechanism" means a set of components, that is, details of an entire system, which, interacting, serve to transmit and transform the movement at each stage and ensure the movement of the system in a 24 defined direction. It is advisable to consider the solvency management mechanism through the lens of the concept of "financial mechanism". The financial mechanism is essential for the effective organization of the control of insurance organizations, depending on which the definition of the mechanism for managing the solvency of insurance companies.

The overall purpose of the solvency management mechanism of insurance organizations is to ensure the solvency of insurance organizations; protection of the rights of consumers of insurance services; protection of the rights of investors and shareholders. The solvency management mechanism is ensured by the internal financial control of the insurance companies, that is, the control exercised by a specialized unit of the company through a set of measures to oversee the business processes of the company in order to investigate compliance with the procedures and the overall impact on the development of the company, in order to help the management of the insurance company in managing financial resources and performance of its tasks to ensure the solvency and efficiency of business her organization's business processes - is the basis of the mechanism of their quality performance depends on the success of the company. According to many experts, modeling business processes, their description and regulation are integral components of the process of building effective process-oriented activities of insurance organizations.

Without this, it is extremely difficult to successfully implement and effectively operate a comprehensive information management system for an insurance company. A business process is a sequence of actions, operations, procedures of a specialist insurance company, the result of which is the processing of information, the formation of a document, the fixation of the results of the contact with the client in the information system.

In other words, the business process is a certain sequence of actions of specialists to perform specific operations within a separate direction of the main activity of an insurance company. In real life, the head of the unit explains to the specialist what and how he should do, how to act in a particular situation, how to interact with specialists from other departments of the insurance company. The success of the organization, its financial stability is the result of effective allocation of funds and impeccable implementation of procedural rules, which cannot be achieved without quality internal financial control and understanding of the importance of business processes for the development of the company, awareness of the impact of each of them on the end result.

In the table. 7.1. The business processes of the insurance company, which are the most important in its activity and require control and analysis in terms of financing and solvency, are presented.

Table 7.1.

Classification of business processes of an insurance organization

Name of a business process	Tasks of a business process
Business processes of the main activity	Conclusion, support, renewal of insurance contracts; reinsurance; settlement of losses under concluded insurance contracts; calculations with agents and brokers.
Business processes ofmanagement	budgeting; quality management services; Managerial Accounting; control over the implementation of regulatory documents; internal audit and monitoring of business processes; control of software implementation.
Business development processes	Development and implementation of a development strategy; development and introduction of new insurance products; development and use of development plans; opening of territorially separated units; marketing and advertising, customer relationship management; involvement of agents and insurance intermediaries.
Business processes for ensuring the activity	Development of a contract center; IT and technical support; maintenance of work of own networks; internal control; legal support; administrative and economic activities; calculations; accounting and insurance.

Today, the capabilities of information systems, as a management tool, are used in part, which, in our opinion, is due to: insufficient understanding of the importance of internal financial control of 26 insurance companies by software developers; ignorance of the features of insurance business; incomplete implementation of control procedures when integrating automated management information system subsystems; the complexity of the procedures that require maintaining an information fund in full and developing sufficiently complex algorithms. The system for assessing the solvency of insurers has undergone significant changes during the independence of Ukraine, but nonetheless, it needs further improvement, which is also due to the fact that a number of elements for determining solvency currently used have proved to be ineffective. In this regard, there is a need to further improve the system of assessment of the solvency of domestic insurers.

A positive aspect of incentives for insurance companies to "not eat" their own funds and increase their solvency requirements is the introduction in the legislation that the value of the net assets (net assets) of the insurer at any date after the end of the second financial year from the date of entry of the insurer to the State Register of Financial Institutions shall be not less than the minimum size of the authorized capital of the insurer, as provided by Article 30 of the Law of Ukraine “On Insurance”.

Therefore, a new standard for controlling the actual solvency of insurers has been implemented, which has been in force since 2010. If the net assets are less than the authorized capital, the company will be obliged to reduce the last, but not lower than the minimum value stipulated by Article 30 of the Law of Ukraine "On Insurance". Otherwise, the insurance company will be liquidated. The issue regarding the solvency of insurance companies of the National Financial Services Commission regulates on the basis of section III “Solvency” of the Law of Ukraine “On Insurance”.

Thus, at any date the actual solvency margin of the insurer must exceed the estimated 27 regulatory solvency margin. The solvency of insurance companies is controlled by auditing and analyzing the financial statements. The essence of the mechanism of control and evaluation of solvency in insurance is to compare the actual solvency margin with its normative value. In this case, the regulatory solvency margin reflects the minimum amount of own funds that an insurance company must have in view of the commitments made, and the actual solvency margin reflects the actual amount of available own funds.

The main disadvantages of the domestic model of state regulation of insolvency are: - the application of sanctions to insurers is provided only if the actual solvency is less than regulatory, which does not allow to make effective and timely decisions to prevent their insolvency; - actions to regulate the solvency of the insurer are carried out only after the reporting date, so it is quite possible to make a decision late in order to prevent its insolvency; - when determining regulatory solvency, mainly insurance risk is taken into account, while investment risk in the field of life insurance and in the field of risky types of insurance is poorly taken into account; - there is no correction factor in the life insurance industry that would take into account the reinsurer's participation in the insurance contract.

In addition, the current legislation of Ukraine does not establish the normative ratio of own funds and obligations of the insurance company (solvency margin), the exception is only one of the requirements for conducting the activity of compulsory insurance of civil liability of owners of land vehicles under which the insurance company should at any date have an excess of actual solvency margin over the regulatory minimum of 25% [49]. 28 Another rule to ensure the solvency of an insurance company is the prohibition of excess of the sum insured on a separate subject of the insurance contract 10% of the amount of paid-up authorized fund and formed free reserves and insurance reserves, otherwise the insurer is obliged to conclude a reinsurance contract. But the above solvency standards no longer meet the current requirements of exercising control and supervision of the insurance market. Financial control standards in the near future should be consistent with the principles of supervision by the International Insurance Supervision Association, which are represented by Solvency II solvency standards. These standards involve the use of mathematical models and the potential of information technology.

Achieving permanent solvency in the amount of solvency is one of the primary tasks of managing the financial aspects of the insurer. At the same time, qualitative changes from the successful implementation of the rules of the EU SolvencyII Directive into domestic insurance practice will contribute to the modernization of the insurer's solvency assessment methodology in the context of taking into account all its system components and risk components.

If we consider the mechanism of managing the solvency of insurance companies through the prism of requirements set by the legislation of Ukraine, then one must return to the consideration of the condition that is to create insurance reserves, which should be sufficient for future payments of insurance claims. In addition to own funds, insurance reserves are one of the main elements of the insurer's financial guarantee system. They are created to ensure the fulfillment by the company of the assumed insurance obligations in accordance with the current Rules of formation of insurance reserves.

The need to evaluate insurance reserves in terms of their sufficiency arises from the nature of the operations performed by the insurer. Their structure is extremely diverse, as are the methods by which they can be calculated. Therefore, it is possible to speak 29 about the sufficiency of insurance reserves on behalf of one company. Although some conclusions can be drawn only by analyzing the reserves of companies with a similar insurance portfolio structure. It would be wrong to say that the insurance reserves should be as high as possible, because although their level reflects the "scale" of the company's activity, it should not be forgotten that it also shows the corresponding level of the company's insurance obligations. In general, the level of insurance reserves should be adequately accepted by the company under the insurance contracts. In doing so, the following indicators are calculated:

1. Provision of insurance reserves (P1).

It is calculated as the ratio of insurance reserves (CPT) (the share of company property formed by insurance premiums) to the sum of insurance premiums received (Prnetto) by the formula: P1 = CPT / Prnetto • 100% (7.1.)

The greatest interest may be given if to compare its value with the values of similar indicators in companies with a similar structure of the insurance portfolio.

2. Provision of life insurance insurance reserves (P2). It is calculated as the ratio of life insurance (RZ) insurance reserves to life insurance premiums (PnTo) by the formula: P2 = PJ / PnToTo • 100% (7.2.)

The value of this indicator, as in the previous one, should be equal to 100%.

Reinsurance is one of the conditions for ensuring the solvency of an insurance organization. It contributes to the equalization of insurance sums taken for risk insurance and the creation of a balanced insurance portfolio, bringing the potential liability under insurance contracts in line with the financial capacity of the insurer and ensuring the financial stability of insurance operations.

The following indicators are calculated:

Reinsurance share (P1). It is calculated as the ratio of the amount of insurance premiums (PP) transferred to reinsurance to the total amount of insurance premiums collected (PR): П1 = ПП / ПР (7.3) The high value of this indicator, as a rule, indicates the low financial capacity of the insurance company with which it is forced to attract assets of other reinsurers to fulfill its obligations to clients.

But the low value characterizes the company more negatively than positively: it may indicate some riskiness, that is, ill-considered insurance policy. Thus, both too high, close to one and too low, close to zero, the value of this indicator is undesirable.

Yes, in the first case we are talking about over-reliance on the reinsurer and in the second case there is insufficient diversification of the risks taken by the company. The optimal value is considered to be between 15% and 50%, although it depends on the structure of the insurance portfolio of the company (for large portfolios of small risks, lower values may be acceptable).

Part of reinsurance determined by insurance claims (P2). It is calculated as the ratio of the amount of insurance payments (EE) covered by the reinsurers' funds to the total amount of insurance payments (E): $P2 = EE / E$ (1.12)

By this indicator, the effectiveness of reinsurance protection can be estimated. Thus, having a large diversified insurance portfolio must be consistent with the effectiveness of the protection. If the share of reinsurers is large enough, their financial position should be analyzed. A specific feature of insurance activity is the advance payments for services provided by the insurer. Thus, at its disposal for a period of time are temporarily free of liabilities funds that can be invested in order to generate additional income. In addition, insurance operations in any reporting period may not be profitable or unprofitable, and sufficient investment income can provide an overall positive financial result. The impact of investment activity on the financial position of insurance companies is determined by two factors in general, namely: the level of risk involved in making investments and the profitability. The magnitude of investment risk can be calculated by weighing individual types of investments according to their degree of riskiness and determining the overall risk ratio. Additionally, when analyzing investment activity, you can determine the degree of diversification of assets, determine the proportion of investments in the largest investment objects. However, it is desirable that the volume of investments in one object does not exceed 10% of the insurer's investment assets.

The return on investment can be determined by dividing the investment income earned over the year by the average annual amount of investment assets. It is especially important to estimate the income from investment activity through life insurance operations. Here, the ratio of annual income from investment reserves to the annual average of the life insurance reserve should be used. The result should be compared with the rate of return laid down in tariff rates under life insurance contracts.

If the actual return on investment is lower than the rate laid down, the insurer risks losing the ability to form reserves sufficient to meet the obligations to the insured against payments in connection with the expiration of contracts. Therefore, it is necessary to change the investment policy or reduce the rate of return laid down in the tariff rate.

Questions for self-control

1. In which three groups can the insurer's income be divided?
2. What is the financial result of an insurance company?
3. How is the insurance premium determined?

4. What are the costs used in Western countries to maintain the insurance process.
5. The profit of the insurance company is ..?

Topics for papers and reports:

1. The composition of the insurer's income.
2. A method of generating income from insurance activities.
3. The primary component of the insurer's income.
4. Revenue management strategies for an insurance company.
5. Insurer expenses by major groups.
6. The optimal ratio between the costs of the insurer.
7. Features of formation of insurance tariffs in obligatory types of insurance
8. Procedure of formation of profit of the insurer.
9. The essence of the earned premium and the method of its calculation.
10. Stages of the investment process of the insurance company.

Tests

1. Insurance premiums are a source of formation of:
a) insurance technical reserves;
b) the authorized capital of the insurers;
c) free reserves of insurers;
d) profit of the insurer.

2. The contributions of the founders of the insurer are a source of formation of:
a) the authorized capital of the insurers;
b) the reserve capital of insurers;
c) insurance reserves.
d) insurance payments.

3. The standard of costs for doing business in the structure of tariffs for mandatory types of insurance is established:
a) by the insurer;
b) the insured;
c) the Cabinet of Ministers of Ukraine;
d) National Financial Services Commission.

4. The standard of costs for doing business in the structure of tariffs for voluntary types of insurance is established:
a) by the insurer;
b) the Ministry of Finance of Ukraine;
c) the Cabinet of Ministers of Ukraine;
d) National Financial Services Commission.

5. Part of the tariff, which is intended to cover the cost ofinsurance, is called:
a) the gross tariff;
b) net tariff;

c) load;
(d) risk premium.

6. The insurance rate shall be equal to:
a) gross rates;
b) net rates;
c) gross rates and net rates;
d) gross rates and load.

7. What parts of the gross rate of the insurance tariff?
a) net rates;
b) net rates and load;
c) load;
d) net rates and risk premiums.

8. The main source of income from insurance activities is:
a) shares paid by reinsurers;
b) amounts of insurance reserves returned;
c) the amounts of technical provisions returned;
d) insurance premiums under insurance and reinsurance contracts.

9. The investment activity of the insurer is related to:
a) the investment of capital;
b) receiving funds from other insurers;
c) with formation of investment reserve;
d) receiving funds from the state.

10. Revenues of the insurer from financial activities include:
a) insurance premiums under insurance and reinsurance contracts;
b) stock dividends;
c) the amounts of technical provisions returned;
d) cash inflow from the placement of treasury shares

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TOPIC 8. MANAGEMENT OF FINANCIAL RELIABILITY INSURANCE COMPANY

1. Defining financial stability of the insurance company and factors that
2. managesthe insurance portfolio of the insurance company
3. The economic essence of insurance reserves
4. management forming the required reserves of insurance risk
5. management the formation of additional reserves of insurance risk
6. insurance Provisioninglife
7. Officeinsurance reserves placement

Purpose: Defining financial stability of the insurance company vyvennya EC nomic essence of insurance reserves.

Keywords: financial reliability of the insurer, financial stability of the insurer, financial reliability indicators.

1. **Determination of the financial reliability of an insurance company and the factors that provide it**

The peculiarity of the insurer's activity determines the peculiarity of the insurance process, at the inlet and outlet of which are money that is only temporarily withheld from the insurer and paid by the insurer in advance.

One of the guarantees is the financial reliability of the insurer, which is related to its tariff, financial, investment and reinsurance policy.

Under the financial stability (reliability) of an insurer means the ability of an insurer to fulfill insurance obligations assumed under insurance and reinsurance contracts in the event of adverse factors.

The list of factors that ensure the financial stability (reliability) of the insurer, is thus (Table. 8.1).

The list of factors that ensure the financial stability of the insurer is sufficiently comprehensive. Only factors that have an indirect effect on financial sustainability and are subjective can be added to it. These factors include the possible low level of professionalism in dealing with finances, financial abuse, poor competition, industrial espionage, and other actions that could lead to unplanned financial losses and cause breach of financial stability.

Table 8.1

Factors that ensure the financial stability (reliability) of an insurance company

Factor	Characteristics
Size of own funds	In Ukraine, according to accounting standards, the size of the insurer's own funds includes authorized capital, other additional capital; additionally invested capital, reserve capital, guarantee capital. At the same time, the standards are set to the value of the authorized capital only (€ 1 million for risk companies and € 1.5 million for life insurance companies).
Guaranteed Insurance Portfolio	A balanced insurance portfolio is achieved through a combination of safer and more dangerous insurance, which is characterized by the frequency of occurrence of the event and the amount of damage. More dangerous risks generate large, potentially possible losses, but also bring higher premiums.

Properly calculated tariff rates	The tariff rate is the price for the insurance service. In this case, the real cost of risk is taken into account, the uniformity and stability of insurance operations are ensured. Thus, when calculating the tariff rate it is necessary to take into account: • formed insuranceportfolio; • statistical information on the occurrence of insured events in past periods; • dynamic changes of the above indicators
Sufficiency of the Insurance Reserves The	amount of the insurance reserves should be adequate to the assumed insurance obligation. Premiums accumulated in insurance reserves for some time are located in the insurer and can be invested to generate additional income
Placement of insurance reserves	Placement of insurance reserves in various assets provides for the investment activity of the insurer. Investments should be liquid and profitable. In certain periods, the losses of the insurer for the main activity may be covered by the investment activity. In practice this Ukrainian insurance element of financial stability is the biggest problem, because financial markets in Ukraine so far rozvynutinedostatno causing trouble finding marketable and profitable financial instruments to ensure the placement of insurance reserves
Reinsurance	Reinsurance is a very important element in ensuring the financial stability of the insurer. The need for reinsurance can be caused by an imbalance of the insurance portfolio, fluctuations in the results of the insurer. Without the use of such a tool as reinsurance, the financial reliability of an insurance company cannot be considered normal. It is normal to consider such a situation when the reinsurance company provides from 5 to 50% of all risks.

It should be noted that in all countries the financial reliability of insurers is subject to state control.

Thus, in EU countries, Ukraine and the Baltic States, insurance companies cannot simultaneously deal with life insurance and risky types of insurance. These types of insurance are different in economic sense, involve the formation of completely different financial mechanisms, and therefore it is fair to believe that the combination of these two activities in one company will threaten its financial stability (the most common type of violation is the use of life insurance reserves for making insurance payments for other types of insurance).

In addition, in each more or less developed country, there are government supervisors for insurance activities that control the financial stability of insurance companies through established legal and economic standards. Failure to adhere to one or another standard may endanger the financial stability of the insurance company, and hence its insurer clients and may therefore be grounds for revocation of a license to carry out certain types of insurance.

8.2.Management of the insurance portfolio of an insurance company The

insurance portfolio is the actual number of insured persons and objects or a set of insurance contracts in a certain territory, at an enterprise, in an organization.

In the practice of insurance, the term insurance portfolio means the existing structure of services provided by the insurance company, fixed by insurance policies, the validity of which at the reporting date (at the balance sheet date) has not yet expired.

A balanced insurance portfolio is achieved by combining in it safer and more dangerous types of insurance, which are characterized by the frequency of occurrence of events and the magnitude of losses. More dangerous risks generate large, potentially possible losses, but also bring greater premiums. For example, passenger insurance for transport is a safe type of insurance, but the rate of return on it will be negligible, while nuclear facilities insurance is a more dangerous type of insurance and can bring a higher rate of profit to the insurer.

As an economic management system, an insurance portfolio is a series of decisions regarding the development of certain types of insurance in a company. At the same time, as in the theory of portfolio investment, the approach to the optimal combination of risk and return is applied.

The task of the management of an insurance company is to form such an insurance portfolio that would provide it with a normal (market) level of return on moderate risk (Fig. 8.1).

Management involves the formation of strategic and tactical tasks. The strategic and tactical tasks of managing the insurance portfolio can be presented as follows (Fig. 8.2).

Formulation of an insurance portfolio management policy begins with the establishment of long-term marketing goals of the insurer. It is the marketing unit that should provide information about the market need for certain insurance services and evaluate the opportunities for the company in the selected market segment. The marketing department should forecast the receipt of insurance premiums by lines of activity of the insurance company and form a forecasted insurance portfolio (thus concluding its balance or imbalance).

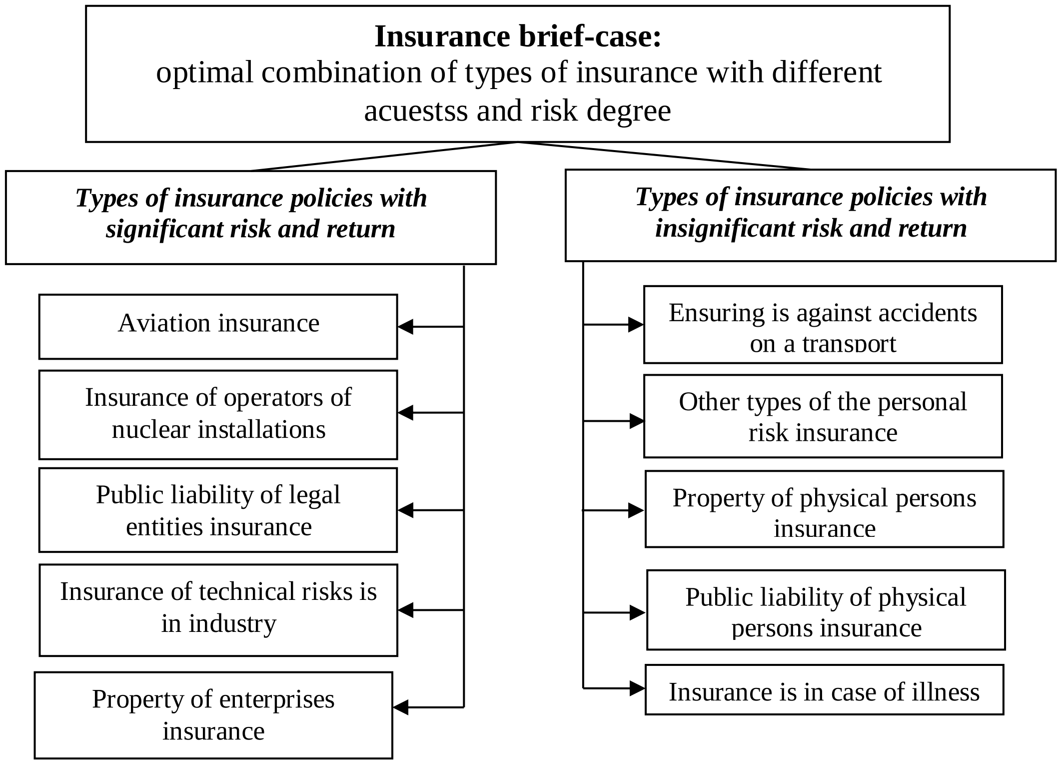

Fig. 8.1. Optimal relationship between types of insurance as an element of a balanced insurance portfolio

The strategic goals of an insurance company in managing its insurance portfolio include the formation of a reinsurance policy. Yes, no insurance company can begin to handle the placement of one or another risk without having adequate reinsurance coverage. Therefore, negotiations on reinsurance should be conducted at a stage preceding the launch of the insurance service on the market.

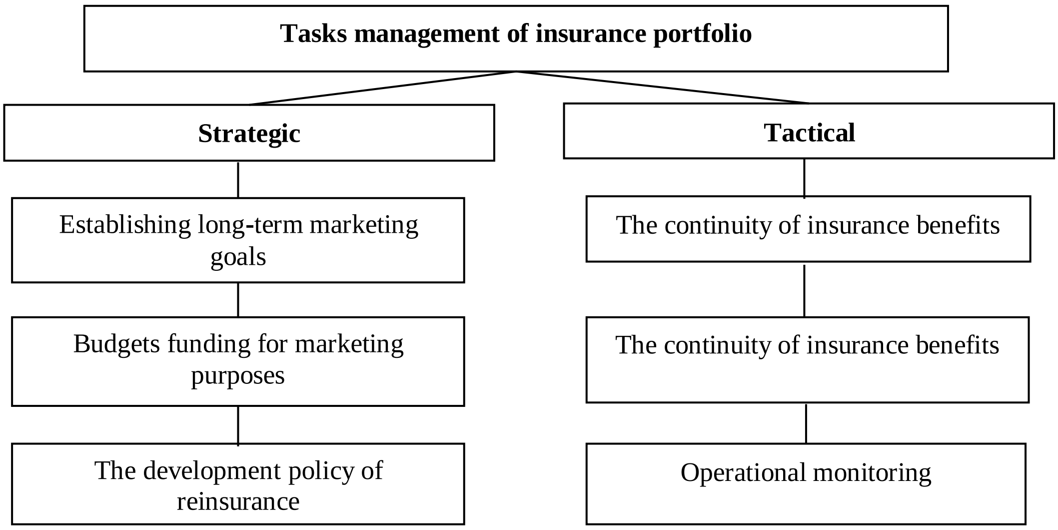

Fig. 8.2. Strategic and tactical tasks of managing the insurance portfolio

In the tactical plan of managing the insurance portfolio involves the organization of constant monitoring of the implementation of the plan of insurance premiums and insurance payments (the main thing here should be that the amount of payments for a certain type of insurance does not exceed the amount of insurance premiums received for it) .

8.3. Economic nature of insurance reserves

Insurance reserves can be characterized as a set of funds of funds, which are intended for use and are at the disposal of the insurance company, and through which the distribution of losses among the participants of insurance is ensured.

It is possible to define life insurance reserves as funds formed by deducting part of the insurance premium, which is provided for insurance payments (net premium), and part of investment income from placement of temporarily free funds of the insurer.

Thus, the formation of insurance reserves is a rather complicated process. The material considered can determine the main factors under the influence of which the system of insurance reserves of the insurer is formed:

- inversion of the cycle of the insurance organization;
- stability of the insurance portfolio;
- risk structure of the insurance portfolio;
- organizational structure of the insurance company;
- investment activity of an insurance company;
- the level of development of reinsurance in the market;
- inflation.

8.4. Management of formation of obligatory reserves from risk types of insurance

Companies that deal with risk insurance form technical provisions.

*Technical provisions*are an indicator that reflects the monetary valuation of the insurer's obligations under insurance liabilities, and at the same time - the amount of money that is guaranteed to fulfill obligations to insurers given the insurance contracts in the portfolio of the insurer.

Technical provisions allow the insurer to see the total amount of liability under the existing insurance contracts. The amount of technical provisions should be sufficient to cover the reimbursement of all losses under existing insurance contracts, even in the event of termination of premiums received under these contracts.

According to the Law of Ukraine *"On Insurance"*, Ukrainian insurers dealing with risky types of insurance must form technical reserves, which are divided into the reserve of unearned premiums and the reserve of losses.

The unearned premium is reservea reserve that includes portions of the amount of insurance premiums received that meet insurance risks that did not expire at the reporting date.

*The loss reserve*is the reserved unpaid amount of insurance indemnity under the known claims of the insured.

In Ukraine, the floating quarter method is used to determine the reserve of unearned premiums. The use of this method is enshrined in the Law of Ukraine "*On Insurance"*, that is, Ukrainian insurers, unlike insurers of other countries, have no right to determine independently what method to use when calculating the reserve of unearned premiums, and this to some extent hinders their financial activity. According to the Law of Ukraine *"On Insurance", the* amount of unearned premium reserves at any reporting date is set depending on the share of insurance premiums (insurance premiums, insurance premiums), which may not be less than 80% of the total insurance premiums (insurance premiums) , insurance premiums), of the respective types of insurance in each month from the previous nine months (billing period) and calculated in the following order:

- shares of receipts of insurance payments (insurance premiums, insurance premiums) for the first three months of the billing period are multiplied by one fourth;
- the share of the proceeds of insurance payments (insurance premiums, insurance premiums) for the next three months of the billing period is multiplied by oneother;
- the share of receipts of insurance payments (insurance premiums, insurance premiums) in the last three months of the billing period is multiplied by three-fourths; the resulting products are added.

In this case, the last month of the billing period will consist of the number of days on the billing date.

The same method of formation of the reserve of unearned premiums is provided by the *Regulation on the procedure of formation, placement and accounting of insurance reserves* by types of insurance other than life insurance, but in it instead of quarters are the months.

At once it is possible to draw attention to the fact that the Ukrainian method does not take into account either the type of insurance, the term of the contract, or other essential conditions. This indicates that this technique is very approximate and may give an inaccurate value to the unearned premium reserve and may distort the financial result of the insurance company, since it depends largely on how accurately divided the insurance premium is earned and unearned, ie how accurately calculated the amount of the unearned premium reserve. Therefore, in the practice of Western insurance companies, special attention is paid to the use of the most suitable methods, depending on the nature of the insurer's activities and the types of insurance that he offers.

Another required reserve is the loss reserve. Loss reserves can be defined as instant reserves. their formation is connected with the fact that between the date when the insured declared the occurrence of the insured event and stated the estimated amount of the loss, and the payment of insurance indemnity by the insurer takes some time. During this time, the insurer must send its specialist and find out the circumstances and the actual amount of damage. Such claimed but unpaid damage is called incomplete damage. The total amount of such losses creates a loss reserve. The formation of a reserve of claimed but not settled losses is conditioned by the specifics of the insurance business. The payment of insurance indemnity for an insured event or the elimination of damage is not made immediately, but within a certain time after the claim is submitted by the insurer. For some types of insurance, such as construction and installation risk insurance, marine insurance, liability insurance, the process of settling a claim can take quite a long time. In this regard, for the amount of claims (claims) of insurers, the insurer creates a reserve intended to finance the claimed but unsettled final losses.

If the damage is claimed, but the amount of damage is not set, the maximum amount of damage not exceeding the sum insured is accepted for calculation.

According to the rules of formation of insurance reserves by types of insurance other than life insurance, the loss reserve is calculated according to the formula

$$\textit{Loss reserve at the end of the period} = (RH_n + SP - JI) \cdot 1.03, \quad (8.1)$$

where $P3_p$- *loss reserve at the beginning of the reporting period period;*

JV - claims for payment of insurance sums and insurance claims, made by insurers during the reporting period;

JI - insurance payments are actually made in the reporting period.

Multiplication by a factor of 1.03 provides for financing the costs associated with the settlement of insurance claims. There is a rule in the management of technical insurance reserves, according to which, upon receipt of the notification of an insured event, the insurer must transfer the entire amount of the insurance claim from the reserve of unearned premiums to the provision for losses.

EU insurers carrying out risk insurance also form premium and loss reserves. At the same time, almost 2/3 of the amount of the annual premium falls on the reserve of losses, and 1/3 - on the reserve of premiums. In Ukraine, by contrast, a large proportion is the premium reserve. There is no provision for the loss reserve at all in the balance sheet of the insurance company and it is accounted for together with the insurance premium reserve, which in itself is incorrect.

The amount of the provision for losses includes reserved unpaid insurance sums and insurance indemnities for known claims of insurers, from which no decision has been made to pay or subcontract the insurance sum or insurance indemnity. However, the Order does not specify the control over the implementation of this provision, therefore, it can also be defined as sub-declarative.

Thus, only the introduction of the formation of a catastrophe can be considered a new direction reflected in the Order.

The magnitude of the catastrophe reserve at any date is formed • anddepending on the total amount of insurance payments (insurance premiums, insurance premiums) earned in the relevant reporting period under mandatory civil liability insurance contracts for nuclear damage under the following formula

$$P_k = P_p + C_{pl} \cdot K\text{-}PK, \quad (8.2)$$

where P_k- magnitude of catastrophe reserve at the end of the reporting period; P_p - magnitude of catastrophe reserve at the beginning of the reporting period; *From* $_{PL}$- earned premiums at the beginning of the reportingperiod;

K - contribution to the reserve of catastrophes in the amount of not less than 80% of the total amount of insurance premiums earned in the reporting period;

PC - the amount of returns from the disaster reserve.

Deduction to the catastrophe reserve shall be made until the amount equal to the liability of each insurer - Pool member, determined by the Pool General Meeting, is reached.

8.5. Managing the formation of additional reserves for risk vydivstrahuvannya

Law of Ukraine*"OnInsurance"* insurers may decide to introduce from the beginning of the calendar year in accordance with the established Authorized Agency method of forming and accounting of technical reserves by type of insurance other than life insurance (except for reserve disasters which has already been considered): a

- reserve of claimed but not paid losses;
- reserve for losses incurred but not reported;
- loss reserve fluctuations.

Insurers are obliged to notify the Authorized Body in writing of the introduction of the formation and maintenance of the specified technical reserves by types of insurance other than life insurance, not later than 45 days before the start of the calendar year.

A past-due risk reserve is formed in addition to the unearned premium reserve to offset the possibility of a tariff reduction.

Loss fluctuation reserve allows insurers to compensate for the excess of their expenses related to indemnification in cases where the actual loss of the insurance amount by type of insurance exceeds the expected level of loss, which is taken as a basis for calculating the tariff rate for the period. Lessonssuccessful activity of the insurer, this reserve is replenished by the surplus received as a result of the insurance activity, in the loss - it is withdrawn from the funds to cover the losses associated with the implementation of insurance operations.

The reserve of fluctuations of losses and the reserve of catastrophes are especially important in the activity of reinsurers. This is explained by the very nature of their activities. Therefore, reinsurers should approach these reserves with great care.

A loss reserve, which is claimed but not yet settled, is formed to ensure obligations related to the settlement of losses in the case of insured events, the occurrence of which has been declared in due course to the insurer. The reserve is the sum of the following elements:

- unspecified losses, which are calculated in the amount of 5% of the amount of premiums received;

- losses incurred but not yet settled, ie losses for which the insurance indemnity has not yet been calculated;
- regulated but not yet paid losses, ie losses claimed by the insurer and recorded in the registers of accounting by the insurer and for which the insurance indemnity is calculated, but the indemnity has not yet been provided.

The amount of the loss reserve that has been claimed but not yet settled. is determined by each unsettled statement from the policyholder. If the damage is claimed, but the amount of damage is not set, the maximum possible amount of damage, which does not exceed the sum insured, is taken into account.

The provision for losses, but not yet known, is formed in connection with the cases that have occurred, but the fact of occurrence of which the insurer was not notified at the reporting date and the obligations to be fulfilled in the next reporting period.

Consider the existing methods of creating additional technical reserves of the company (foreign experience).

Next, consider the reserve for losses that have not yet been reported. The economic essence of this reserve is that from the time of occurrence of the insurance event to the notification and registration of the claim, a certain period of time passes.

The use of the funds of this reserve is probabilistic, which determines the mechanism of its formation. This reserve is formed not on separate contracts, but on the totality of contracts of insurance companies concluded for a certain period.

According to common methods, the value of this reserve is calculated:

- either at the rate of 10% of the amount of the basic insurance premium received in the reporting period, if the reporting period is considered a year;
- or 10% of the amount of the basic insurance premium received in the reporting period and the three periods preceding the reporting period if the reporting period is considered to be quarterly.

Sometimes the value of this reserve is 5%. More optimal is the average value between the maximum and the minimum, that is, 7.5%.

The catastrophe reserve is intended to cover the extraordinary loss resulting from an insurmountable force or a large-scale accident and entailed the need for insurance payments under a large number of insurance contracts.

Loss fluctuation reserve is formed by the following types of insurance: voluntary medical; means of air transport; means of water transport; cargo; financial risks; civil liability of the owners of vehicles; civil liability of enterprises - sources of high risk; liability for default; professionalresponsibility.

The calculation of deductions in the reserve of fluctuations of losses is carried out by the following method. Actual loss of insurance amount by type of insurance for the reporting year is calculated as the ratio of the sums actually paid to the insureds under the insurance contracts stipulated by the terms of the insurance contract and the amount of reserves as at the reporting date to the total insurance amount under the insurance contracts concluded in the year with the insurance contract concluded by the formula:

$$Ф_з = \frac{C_в + P_{зз} + P_{внз}}{C_с}, \qquad (8.3.)$$

where $Ф_з$is an indicator of the actual level of loss of the insurance amount by type of insurance for the reporting year;

C_{in} - payments on insurance cases for the reporting period;

P_{from}- reserve of claimed losses;

$P_{higher\ education\ institution}$- reserve of losses that have occurred but not yet declared;

C_c- the sum insured under insurance contracts concluded during the reporting year.

formation of the *RCF* Not more than 50% of the amount calculated as the product of the earned insurance premium for the reporting year shall be allocated to thefor the amount of deviation of the actual level of loss for the reporting year from the expected level of loss by the formula

$$P_{kz} = (P_s - F_s) \cdot C_{sp} \cdot k, \quad (8.4.)$$

where $P_з$- figure planned by type of insurance loss ratio calculated in the calculation of insurance rate;

$F_з$- ***the*** indicator of actual loss;

With$_{Cn}$ - earned insurance premium;

k is the risk factor (ranges from 0.1 to 0.5).

The amount of loss allowance for the type of insurance may not exceed the aggregate amount of the insurance amount under the insurance contracts, effective as at the reporting date.

It should be noted that in the pre-crisis period, the vast majority of insurers did not form additional technical reserves, as they did not see this need.

8.6. Formation of life insurance reserves

Under the life insurance contract the insurer receives the sum insured in any case, the deadline being the expiration of the contract. In the case of general types of insurance, insurance indemnity is paid only for the occurrence of adverse events specified in the insurance contract. If the insured event does not occur, the insurance indemnity is not paid and the funds remain with the company. Accordingly, the profit of the insurer for these types of activities is formed in different ways: in the first case only due to investment activity, in the second - from the share of the load in the structure of the net rate and due to investment activity.

The basic principle of regulation of insurance reserves is the principle that insurance reserves for life insurance and health insurance are accounted for separately from insurance reserves for general types of insurance. This principle is based on the fact that in the EU, Ukraine, Russia and the Baltic States, insurance companies can not simultaneously deal with life insurance and risky types ofinsurance.

Formation of life insurance reserves is deducted from part of the insurance premium, which is provided to ensure insurance payments (net premium), and part of investment income from the placement of temporarily free funds insurer.

Life insurance reserves include long-term liabilities (mathematical reserves); reserves for proper payment of insurance sums.

Provisions for long-term liabilities consist of a reserve of net premiums, a reserve of expenses for doing business, a reserve of bonuses.

The main factors affecting the magnitude of mathematical reserves (in regulatory documents is defined as the basis of the forecast calculation of mathematical reserves) are:

- demographic indicators of life expectancy;
- the likelihood of an accident or illness;
- the annual rate of investment income.

Provisions for due payments consist of a reserve of claimed but not paid damages and a reserve of losses that have arisen but not claimed.

The calculation of the reserve of the claimed but not paid losses is made for each contract effective on the reporting date. The calculation of the provision for losses incurred but not claimed is carried out on the aggregate of contracts as a whole. The total amount of the provision for the proper payment of insurance sums is equal to the sum of these reserves.

The value of long-term liabilities reserves is calculated actuarially. separately for each contract by the method of formation of life insurance reserves.

8.7. Management of placement of insurance reserves

Receiving funds from insurers in advance gives insurance companies the opportunity to engage in investment activities.

The investment activity of the company is the acquisition and sale of non-current assets, as well as financial investments, which are not part of the cash equivalents.

Under Ukrainian law, insurance companies that carry out risk insurance can invest in real estate, stocks, bonds, securities issued by the state, the Ukrainian economy in the areas defined by the Cabinet of Ministers of Ukraine, precious metals. In addition, life insurance companies can also provide loans to policyholders who have concluded life insurance contracts, as well as housing loans.

The investment activity of insurers is based on the probabilistic nature of the circulation of funds in the course of the insurance activity, since a certain period of time has passed from the moment the premiums of insurers to the accounts of the insurer have been paid as insurance indemnity.

Assets of the insurer should be placed in accordance with the principles of safety, liquidity, profitability. Diversification is a means of ensuring the implementation of these principles.

The principles of managing the assets of an insurance company should be applied taking into account the specificity of the insurance activity, namely: the

- economic basis of financial stability of the investment activity of an insurance organization with a balanced investment portfolio. Its features are the guaranteed return on funds, liquidity and profitability, and the method of formation - diversification;
- the strategy and tactics of investing an insurance company, its predominant orientation for liquidity or profitability are determined, first, by the structure of the insurance portfolio, and only the second is the market environment for investments;

- the main focus in regulating the investment of assets of an insurance organization is paid to those funds that are intended to fulfill obligations to insurers;
- regulation of investment is in the following areas: compliance with the so-called principle of congruence, according to which obligations to insurers in a particular currency must be covered by assets in the same currency or in one that can be easily converted to the same currency; regulation of the structure and composition of the investment portfolio and by establishing a minimum and maximum by types of investments; control over the condition of the investment portfolio, regulation of the process of information of insurance supervisory bodies about its changes.

The need to make payments on insurance claims from time to time necessitates the need to balance the insurer's investment portfolio, which provides additional income, with the amount of cash and cash equivalents. Both risk insurance and life insurance companies must have cash and cash equivalents on their balance sheets (cash on hand, cash on hand, currency denominated in currency, bank deposits). The ratio between the insurer's investment portfolio and the amount of cash and cash equivalents in the companies may be different and will depend on the asset management policy (subjective factor) and the company insurance portfolio (objective factor) selected. Under the insurance portfolio can be understood the structure of types of insurance, which deals with an insurance company, in the context of its clients - individuals and legal entities. The validity of contracts and types of insurance will be essential for deciding whether to keep the required amount of cash and cash equivalents on the balance sheet.

Thus, we can distinguish the following factors that affect the investment policy of an insurance organization: the

- nature of the risk distribution, which determines the ability of the insurer with sufficient degree of accuracy to determine the need for funds for the payment of insurance indemnity and insurance sums at one time or another;
- terminsurance;
- the amount of accumulated cash resources;
- the need for investmentincome.

The above factors are internal. They can be subjectively influenced by company management. But there are external factors that management cannot influence, but which may affect the structure and dynamics of the insurer's assets. These are factors such as changes in the state norms for ensuring the solvency of an insurance company, changes in the conditions of investment in the market, changes in tax policy, the level of business activity, and others. Therefore, when developing an asset management policy for insurance companies, one must take into account both internal and external factors of influence and consider the possible relationship between them.

The management of the assets of an insurance company will also have a significant impact on which business the insurance company belongs to - life insurance or risk insurance.

As a rule, insurance premiums under life insurance contracts are paid once in a certain percentage of the sum insured. They do not accumulate, that is, they are not considered by the insurers as investments and are not returned to the insurers if the insurance event does not occur. Thus, non-life insurance contracts only provide compensation for losses and these contracts are concluded for a short period.

Insurance companies that carry risk insurance usually have a term of insurance of no more than one year; the amount of cash accumulated here is less than in life insurance because there is no cumulative contribution; the need for investment income may vary depending on the state of the market. The main concern of such organizations is the liquidity of assets, the need for which is determined by the nature of the risk, which may accumulate or be catastrophic. In this regard, insurance companies carrying out risky types of insurance invest mainly in short-term highly liquid investments. A large portion of the securities portfolio of such organizations is usually held by fixed income securities, which provide the insurer with speedy realization in the event of large losses.

We can distinguish the following factors that influence the choice of policies for the provision of insurance reserves by companies that carry risk insurance: the

- size of the reserves in relation to insurance premiums is much smaller than in life insurance;
- in times of economic complications insurance compensation of the masses tends to increase;
- adverse factors are often more important than life insurance;
- Despite the reinsurance, the realization of catastrophic risk, which requires large urgent payments, is possible.

Some principles of investment policy of insurers that carry life insurance is the same as those characteristic of life insurance, but there are more,

- of paramount importance is the availability of funds for the payment of insurance compensation. This requires that investments be made for a relatively short period of time or that investments can be easily converted into cash. For example, investing in inventory is not suitable for this purpose;
- individual insurance liabilities, such as liability insurance, can remain unpaid for a long time. In this regard, the funds may remain in the company, but they must retain their real value and generate revenue that would be accumulated for the next final payment;
- catastrophic risk also necessitates the retention of short-term securities in the portfolio whose exchange rate is little adjusted for fluctuations, which reduces the likelihood of loss of capital.

Ukrainian realities do not always make possible the use of foreign experience. Thus, the above data indicate that companies that carry life insurance in Ukraine do not have the opportunity to buy short-term securities in sufficient volumes, since the relevant segment of the financial market is simply not working.

The basic rule of investing insurance reserves with insurance companies is that insurers who choose a non-life insurance policy have the ability to make more short-term liquid investments, while life insurance companies rely on long-term investment.

In life insurance companies, the insurer's income can be generated by placing the insurers' funds and the company's own funds. But there is a difference in managing these funds.

Funds for life insurance reserves are not the property of the insurer and should be separated from its other assets. The insurer is obliged to account for the reserves of life insurance reserves on a separate balance sheet and to keep them separately. The funds of life insurance reserves may not be used by the insurer to settle any obligations other than those corresponding to the assumed obligations under life insurance contracts, and may not be included in the liquidation estate in the event of bankruptcy of the insurer or its liquidation for other reasons. , and shall be transferred to another insurer with the consent of the insured person and the insured person or shall be transferred to the insured person.

Life insurance insurers accumulate significant resources over the long term. Demand requirements are determined by demographic statistics and actuarial calculations with great precision. The need for investment income is high because, firstly, the tariff is discounted; secondly, for many types of life insurance under the conditions of insurance, the insurers' participation in the insurer's income is assumed. Hence, life insurance companies, developing an investment strategy, focus on the profitability of assets, but less interested in liquidity. Therefore, investments in real estate and mortgages are made mainly by life insurance companies.

You can point out the following features of investments by life insurance companies:

- because of the long-term contracts (up to 60 years) insurance reserves are usually placed in long-term securities;
- since the income of life insurance companies generally exceeds their costs and all insurance indemnities and expenses can be paid out of premium and investment income, there is no need to place life insurance reserves in short-term securities;
- the experience of actuaries proves that the most appropriate policy for life insurance companies is to harmonize the expiration of insurance contracts with the terms of expiration of agreements in the investment portfolio;
- most investments in life insurance funds are made in the medium and long term, while investments in pension funds are only in the long term.

One of the differences between the investment policies of Ukrainian life insurance companies, enshrined in law, is that they have the ability to conduct separate credit operations. In particular, life insurance companies may lend to life insurers who have concluded life insurance contracts, within the redemption amount at the time of the loan and on the security of the redemption amount. In this case, the loan may not be issued earlier than one year after the insurance contract comes into force, and for a period exceeding the period remaining before the expiration of the insurance contract.

The funds of life insurance reserves may be used for long-term housing loans, including individual developers, in accordance with the procedure established by the Cabinet of Ministers of Ukraine.

Question for self-control

1. Is the insurer's financial stability (reliability)?
2. What are the factors that provide financial sustainability?
3. Is the insurance portfolio?
4. The task of managing an insurance company is?
5. The economic nature of insurance reserves.

Topics for reports and reports

1. Determination of financial reliability (stability) of an insurance company.
2. Differences between the concepts of financial stability and the solvency of an insurance company.
3. Factors for ensuring the financial reliability (stability) of an insurance company.

4. The purpose of government oversight of financial sustainability.
5. The essence and purpose of the insurance portfolio.
6. Factors influencing the formation of insurance reserves.
7. The concept of technical reserves, their role in ensuring financial sustainability.
8. Reserve of unearned premiums and methods of its calculation in Ukraine. Additional technical reserves.
9. Life insurance reserves and their economic content.
10. Factors influencing the size of the mathematical reserves of the insurer.

Tests

1. The financial management of an insurance company includes:

a) the development and implementation of the financial policy of the company through various financial instruments;

b) making financial decisions, specifying them and developing methods of implementation;

c) information support through the preparation and analysis of the financial statements of the company;

d) evaluation of investment projects and formation of investment portfolio;

e) financial planning and control.

2. Financial stability of insurance operations is characterized by:

a) the ratio between equity and attracted capital;

b) scarcity of funds;

c) the number of insurance contracts concluded;

d) involvement of the insurer in investment activities.

3. Liquidity of assets is:

a) financial stability of the insurer;

b) distribution of investment funds between categories of investment assets;

c) ability to attract additional resources;

d) the ability of the insurer to settle for immediate liabilities.

4. Insurers' solvency is an integral part of:

a) profitability;

b) liquidity;

c) financial stability;

d) profitability.

5. Insurers are obliged to maintain the level of solvency margin in accordance with the volume of insurance activity:

a) regulatory;

b) factual;

c) settlement;

d) balance sheet.

6. The regulatory margin of solvency of the insurer, which performs life insurance, at any date is equal to the value, which is determined by:

a) multiplying the total value of the long-term liability reserve by 0.26;

b) multiplying the sum of insurance premiums for the previous 12 months by 0.18;

c) multiplying the amount of payments made in the previous 12 months by 0.23;

d) by multiplying the total value of long-term liabilities (mathematical reserve) by 0.05.

7. The insurer's actual solvency margin is its:

a) equity;

b) net assets;

c) gross assets;

d) insurance reserves.

8. The conditions for ensuring solvency, which the insurers are obliged to comply with, are not:

a) the presence of paid-up share capital and the guarantee fund of the insurer;

b) availability of a reserve fund;

c) availability of free reserves;

d) excess of the insurer's actual solvency margin with excess settlement regulatory solvency margin.

9. When applying the early warning tests, the following shall not be performed:

a) analysis of the external and internal market environment;

b) analysis of the composition and structure of the insurer's assets;

c) analysis of profitability and profitability;

d) analysis of the insurer's current liabilities.

10. On the basis of early warning tests, insurers may obtain ratings issued on:

a) a five-point system;

b) four-point system;

c) a ten-point system;

d) a twelve-point system.

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TOPIC 9. crisis management in insurance companies

9.1. Sutnist, causes and consequences of the financial crisis in the insurance business

9.2. Process restructuring, reorganization and liquidation of the insurance company

9.3. State control over the solvency of insurance companies, leverage and respond to financial irregularities insurers

9.4. Organization of crisis management in insurance companies

Purpose: Mastering knowledge of elaboration and implementation of management decisions on complex issues that provide efficient formation and use of the capacity of insurance companies to form the ability to think independently, to identify and analyze insurance relationship management decisions

Keywords: Insurance market crisis losses, sanitation

9.1. Essence , causes and consequences of the financial crisis in the insurance company

The Ukrainian insurance market has already experienced two financial and economic crises (1998 - 1999 and 2008 - 2009). The impact of these crises on the development of the market was different. The main difference was that in 1998 the Ukrainian insurance market was just beginning to develop. Therefore, the market decline was not very noticeable, given its low level of development in the pre-crisis period. In this regard, the market recovered quickly enough and by the end of 1999 the main financial indicators of the companies had gone beyond the pre-crisis level. Another difference is that in 1998-1999, the vast majority of insurance services were provided to legal entities (fewer insurers resulted in fewer insurance claims, lawsuits for insurers' failure to fulfill their obligations). In 2000 - 2008 the insurance market developed very actively, the main financial indicators of the companies increased, and the main thing was the rapid growth of the insurance of individuals. It is for this segment that major struggles have unfolded between leading companies, with insurers often resorting to poor competition (for example, dumping in the formation of insurance tariffs, concluding contracts without a franchise), formulating their market and financial strategies on the basis of "*unprofitable failure*". Due to a very risky market and financial policy, the vast majority of insurance companies were unprepared for the financial and economic crisis. The losses of the insurance market in the financial crisis of 2008 - 2009 were more significant than in the crisis of 1998 - 1999. Accordingly, market recovery will take much longer.

Given the current theories of crisis management financial management, we will provide a definition of financial crisis in the insurance company. The financial crisis of an insurance company should be considered a situation of imbalance of its financial indicators for a long enough time (three months or more), which is accompanied by a limited influence of management on financial relations formed in the management process.

According to the Ukrainian insurance law, a crisis is recognized as a condition of a company when it delays payments with insurers for more than three months. But this approach for practical management can be considered very simplistic. *Well,* three months is a very long time: the inability of a company to fulfill the terms of a contract for more than a month can already be considered a sign of its crisis. *In* addition to settlements with insurers, the company has other creditors (banks, purchasers of its bonds, other entities), and the inability to pay with them is also a sign of financial and economic crisis.

In practice, with the crisis, as a rule, the threat of insolvency and bankruptcy of the enterprise, its activity in the non-profit zone or the lack of this enterprise's potential for successful functioning are identified. From the point of view of the financial management of an insurance company, its crisis state is the inability to provide financial support for insurance payments on other (non-insurance) liabilities.

The probabilistic nature of an insurer's activity often generates the possibility of unforeseen large financial losses (usually due to higher insurance premiums expected).

As a rule, the following factors, which are clearly illustrated in Fig. 10, lead to a financial crisis in an insurance company.

A rather threatening situation may arise if more than one factor of the financial crisis is acting simultaneously. In any case, the causes of the financial crisis should be identified in all the above directions.

Signs of a possible financial crisis in an insurance company may be: a

- decrease in insurance premiums for a long time (especially dangerous if it is accompanied by a simultaneous increase in insurance payments);
- delays in making insurance payments (this can be traced to an excessive level of accounts payable for settlements with insurers);
- growth of investments in insufficiently liquid assets (for example, in real estate);
- rising costs of servicing insurance operations in the absence of an adequate increase in insurance premiums;
- not substantiated increase in accounts receivable.

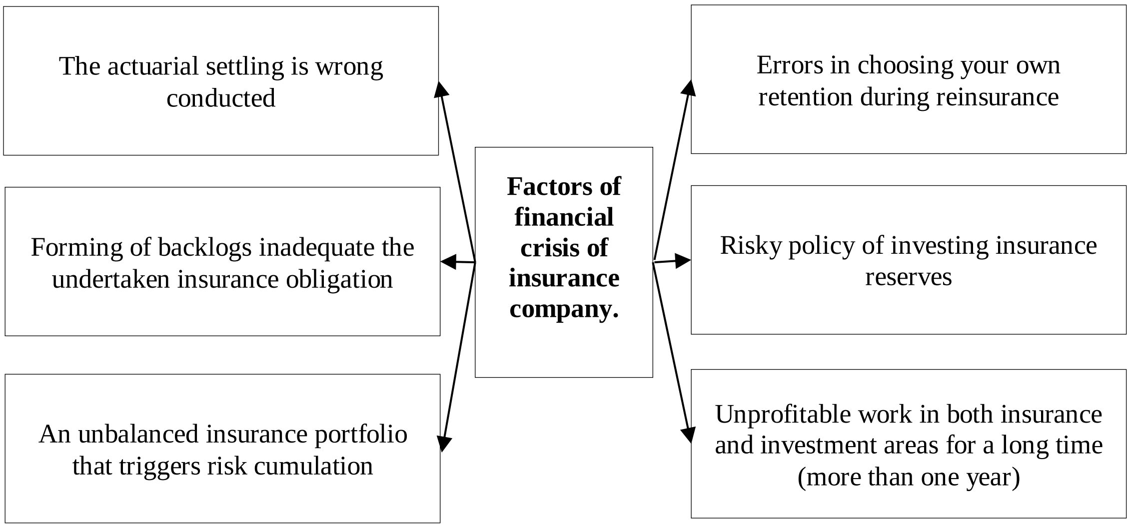

Fig. 9.1. Factors shaping the loss of financial equilibrium by an insurance company

Bankruptcy and liquidation of an insurance company for the reasons stated above leaves without insurance protection for its clients, which has negative consequences for business and the social sphere. In particular, it should be borne in mind that clients pay their money in advance and it is often impossible to repay them during the financial crisis.

In order to identify the signs of a financial crisis in an insurance company, it is often enough to analyze its financial statements over the last two years (the financial statements of companies are published on the Internet, in the *Ukraine-Business newspaper*, which is the official publication of the League of Insurance Organizations of Ukraine) and to study the materials of the public. publications. But often a crisis can have a hidden character (yes, the emergence of crises in such well-known foreign insurance companies as AIG, ING, Fortis failed to predict and known rating.)

agenciesThe main exogenous factors of financial crisis to the activity of an insurance company, they can be:

- economic downturn in the economy as a whole; a
- decline in the purchasing power of the population and the business sector (the impact of this factor can be decisive, given that the insurance service is a passive demand service); a
- significant level of inflation (or significant and inflation expectations);
- instability of economic, financial, insurance and tax legislation;
- instability of financial and currency markets (in particular, insurance companies are very dependent on the financial market in terms of free funds allocation);
- increased competition in the industry (especially relevant with the entry of foreign markets insurance companies, which often apply dumping tariffs),
- seasonal fluctuations in demand,
- increased monopoly in the market (in Ukraine, this is more characteristic of life insurance);
- political instability in the country of location;
- conflicts between the founders (owners).

The influence of external factors of the crisis is connected with the choice of strategy of development of the insurance company. Thus, an analysis of the activities of insurers in the pre-crisis period and during the financial and economic crisis showed that the greatest losses were suffered by insurance companies, which in times of economic recovery tried to capture as much market share as possible, without much regard to the losses incurred. Such a strategy can be defined as a strategy of *"planned loss"* (excess cost over revenue that occurs in the implementation of such a strategy is covered by shareholders). .

Experience the impact of financial crisis on Ukraine's insurance market has shown that protection against the negative impact of the above factors can be the early warning system and response and the first evaluation and prediction of changes occurring in the external environment.

Among the endogenous factors of the financial crisis, the insurance company can be identified:

- the low quality of management (in Ukraine is quite a bit of professional managers insurance, as universities began to cook comparison recently, not all companies have their own system of training and training),
- problems in the formation of optimal organizational structure (in this case triggered one of the legis s mechanics - increase of system elements with different levels of reliability reduces the stability of the entire system);

- low level of qualification of personnel (in this direction the problem is faced with the problem of low quality of management and has the same basis, up to the same level of wages in the insurance sector and in the pre-crisis period was low);
- deficiencies in the development of insurance services (both in the pre-crisis period and during the financial and economic crisis, domestic insurance companies offered a sufficiently limited list of insurance services to clients, although it should be noted that the range of insurance services increased in recent years);
- low level of marketing in the company (a systematic approach to the organization of marketing is used by a small number of Ukrainian insurance companies);
- miscalculations in investment policy (in recent years, there has been an increase in risky investments in securities of domestic enterprises, which subsequently led to a significant depreciation of assets of insurance companies);
- problems with financing (such problems may arise in the case of insurance companies in the case of incorrect calculation of insurance rates, inconsistency of the rate of growth of the company's assets with the volume of its activity, in case of force majeure circumstances);
- the absence or poor performance of the controlling services (planning,

analysis, information support, control).

Like other companies, there are three types of crisis in insurance companies:

- strategic crisis (the company has no long-term success factors);
- profitability crisis (permanent losses on insurance and non-insurance activity reduce equity and cause deterioration of balance sheet structure);
- liquidity crisis (an insurance company is insolvent because of an unsatisfactory asset structure, that is, it cannot generate large amounts of cash quickly enough for settlements).

There are close cause and effect relationships between the above types of crisis: a strategic crisis causes a crisis in profitability, which in turn leads to a loss of liquidity by the company.

An important prerequisite for applying the right anti-crisis measures is to identify the depth of the financial crisis. There are three phases of the crisis*: the*

- phase of the crisis, which does not directly threaten the functioning of the insurance company (provided it is transferred to the mode of crisis management);
- a phase that threatens the continued existence of the insurer and requires immediate financialisation;
- crisis, which is not compatible with the continued existence of the insurer and leads to its liquidation.

9.2. The process of reorganization, rehabilitation and liquidation of an insurance company

The reorganization, rehabilitation and liquidation of an insurer are governed by the insurance legislation and bankruptcy legislation of Ukraine.

The State Commission for Regulation of Financial Services Markets in Ukraine deals with the issues of reorganization, rehabilitation and liquidation of the insurer.

The State Commission shall have the right to appoint a compulsory rehabilitation of the insurer in the following cases:insurer to

- Failure by thefulfill its obligations within three months;
- failure to reach the statutory size of the statutory fund;
- occurrence of other cases, determined by the current legislation of Ukraine.

Compulsory rehabilitation involves:

- conducting a comprehensive audit of the financial and economic activities of the insurer, including mandatory audit;
- determination by the State Commission of a governing person, without which the financial, economic and personnel management of the insurer cannot be exercised;
- imposition of a ban on the free use of property of the insurer and acceptance of insurance obligations without the permission of the person appointed by the Commission;
- establishing a binding schedule of payments to insurers;
- deciding whether to liquidate or reorganize the insurer.

The liquidation of the insurer shall be carried out in accordance with the procedure provided by the current legislation of Ukraine.

The reorganization of the insurer by the decision of the State Commission provides for:

- reorganization of the insurance intermediary in accordance with the normative acts regulating the activity of insurance intermediaries;
- merging several insurers with determining the procedure for transferring insurance liabilities, subject to the consent of the owners of the insurers;

To attract other insurers (including foreign insurers) to the insurer's part, provided that they have made payments on the insurer's obligations and debts, the maturity of which has already come.

During the liquidation of the insurer in the event that the insurer's members have made such a decision and the insurer has no obligations to the insurers, the State Commission shall decide to exclude the insurer from the Unified State Register of Insurers (Reinsurers).

The liquidation of the insurer, which has obligations to the insurers, in case of recognition of its bankruptcy, shall be carried out in the manner prescribed by the bankruptcy law.

The exclusion of the insurer from the state register of business entities by state authorities and local self-government bodies in connection with its liquidation or reorganization is carried out only after the corresponding changes in the Unified State Register of Insurers (Reinsurers) are made.

The reorganization of the insurer (merger, accession, division, separation, transformation) shall be carried out in accordance with the procedure established by the current legislation of Ukraine, taking into account the peculiarities of securing succession to the conclusion of insurance contracts established by the State Commission.

In particular, when carrying out the reorganization of the insurer by the accession to the insurer, the assignee shall transfer all the rights and obligations of the insuring insurer (including under insurance contracts).

According to the legislation of Ukraine on bankruptcy, there are the following features of bankruptcy of insurers:

1. In the process of considering the bankruptcy case of the insurer, the state body for insurance supervision activities is recognized as a participant in the bankruptcy case.
2. The bankruptcy case may be filed with the debtor, creditor or other government agency authorized by the commercial court.
3. Sale of property of the insurer-debtor as a complete property complex is carried out in the procedure of reorganization according to the rules established for other subjects.

During the liquidation procedure, the entire property complex of the insurer can only be sold if the buyer agrees to assume the insurer's bankruptcy under the insurance contracts, for which the insured event did not occur until the day the insurer was declared bankrupt.

4. Buyer holistic property complex of the insurer can only insurer.
5. In case of sale of the whole property complex of the insurer in the procedure of rehabilitation, all rights and obligations under the insurance contracts are transferred to the buyer, for which at the date of sale of the property of the insurer the insured event did not occur.
6. In case of insolvency of the insurer by the economic court and the opening of the liquidation procedure, all insurance contracts concluded by such insurer, in which the insured event did not occur before the date of the said decision, shall be terminated, except in cases provided for by part three of this article.
7. Insurers under insurance contracts whose termination is terminated on the grounds provided for in part six of this Article shall have the right to demand the refund of part of the insurance premium paid to the insurer in proportion to the difference between the period for which the insurance contract was concluded and the period during which the insurance contract actually took effect. not provided by law.
8. Insurers under insurance contracts, in which the insurance event occurred before the date of adoption by the economic court of the decision to declare the insurer bankrupt and the opening of the liquidation procedure, have the right to demand payment of the insurance sum.
9. In case of recognition by the economic court of the insurer bankrupt and the opening of the liquidation procedure, the claims of the creditors of the fourth stage are subject to satisfaction in the following order:

- first of all - the claims of the creditors under compulsory personal insurance contracts;
- secondly, the claims of creditors under other compulsory insurance contracts;
- in the third place - the claims of other creditors-insurers, V including the requirements provided for in part seven of thisArticle;
- fourth, the claims of other creditors.

S*isation* is a process of financial recovery that is ensured through the impact of measures on the financial, investment and operational components of an enterprise.

Improvement of the financial position of an insurance company and increase of its competitiveness in the market should result from the rehabilitation. Improvements in financial condition (solvency and profitability) can be attributed to tactical redevelopment goals, and increased solvency to strategic ones.

The main feature of the reorganization of insurance companies is that its main purpose is the restoration of the state when the company will be able to settle smoothly its obligations to the insurers. In particular, when the readjustment started at the request of the State Committee for Financial Services, at the initial stage a schedule of settlements with the insurers is drawn up.

It is necessary to develop measures for increase of profitability and solvency in a complex and at the same time it is necessary to remember that activity of an insurance company is divided into insurance and non-insurance. For insurance company it is important to investigate changes in insurance premiums, insurance payments and other expenses (expenses for doing business). Normal is a situation where an increase in payments and expenses to conduct business is accompanied by an increase in insurance premiums, abnormal is a state where an increase in all expenses is accompanied by a decrease in insurance premiums.

In the course of an investigation in this area, it is necessary to find out the reasons for the decrease in insurance premium receipts and to distribute them to those affected by the company and to those that are limited by such influence.

For example, a company may have an impact on the range of insurance services offered to clients, their value, and the impact on reducing the overall level of business activity in the country is limited.

If a company has separate branches or divisions, it is necessary to analyze the work of each of them. For remediation purposes, some of them, which have been unprofitable for a long time, may be closed. Such measures cause a reduction in the total cost of the company.

It is necessary to compare the costs of the case by period and to conduct a structural analysis of costs. The purpose of such actions is to find the opportunity to reduce costs in certain areas.

The payroll of a network of agents should be sufficiently detailed as management may abuse its remuneration.

If the amount of insurance payments exceeds or approaches the value of insurance premiums, the quality of actuarial calculations of the company should be checked. Specialists from other companies or specialized affiliates can be involved. Also in this case, you need to check the company reinsurance policy. The amount of your own maintenance may not be adequate for the company.

The work should be completed by drawing up a plan for the formation of a financial result from insurance activities for the nextperiod.

Dealing with investments and sources of their formation during the rehabilitation is mostly about restoring the solvency of the company.

Such work should begin with an inventory of all the assets of the company. It is necessary to check:

1. The presence of fixed assets and their value according to the documentation;
2. Availability of long-term financial investments and compliance with their value, specified documentation;
3. Availability of short-term financial investments and correspondence to their value specified in the documentation;

4. The presence of short-term and long-term receivables (special attention is paid to the cost of reflection, the causes and the possibility of recovery).

When appointing a management program at the request of management or shareholders, the audit may be conducted either internally or externally (with the agreement of the stakeholders). If the readjustment begins with the submission of the SCFM, then a comprehensive audit by an audit firm (external audit) is appointed.

After an inventory of assets, an inventory of liabilities is made. Liabilities are divided into insurance and non-insurance, after which a schedule of their repayment by terms.

The next stage is the plan of realization of assets, the proceeds of which can be directed to repayment of liabilities. A cash flow plan is drawn up in accordance with the debt settlement plan. If there is insufficient funds, then it is planned to receive funds from internal sources:

- obtaining short-term bank loans;
- issue of shares;
- sale of receivables (factoring);
- receiving financial assistance for insurance payments from other insurance companies.

It should be noted that it is very important for the company to identify the need to independently identify the signs of the financial crisis and start remediation activities. Since, if the remediation starts with the submission of the State Committee for Financial Services, an important condition enters into force, which significantly reduces the mobility of the company in carrying out remedial measures, namely: the establishment of restrictions on the free use and disposal of property of the insurance company.

9.3. State control over the solvency of an insurance company, means of influence and response to financial violations of

insurers State supervision over insurance activities is carried out in order to comply with the requirements of the legislation of Ukraine on insurance, effective development of insurance services, prevention of insolvency of insurers and protection of interests of insurers.

State supervision of insurance activity in the territory of Ukraine is carried out by the State Commission for Regulation of Financial Services Markets in Ukraine.

SCFM can help prevent financial crisis in the insurance company through:

- licensing mechanism;
- conducting checks on the correct application of insurers (reinsurers) and insurance intermediaries of legislation on insurance activities and the reliability of theirreporting;
- development of normative and methodological documents on the issues of insurance activity and establishment of economic standards;
- analysis of compliance with the law by associations of insurers and insurance intermediaries;
- exercising control over the solvency of insurers in accordance with their insurance obligations undertaken by reinsurers;
- establishing rules for the formation, accounting and placement of insurance reserves and reporting;

- implementation of organizational and methodological support for actuarial calculations.

In order to prevent the insolvency status of the insurer, the State Commission for Financial Services has the right: to

1. receive in due course from the insurers reporting on insurance activity, information on their financial position and necessary explanations about the reporting data,
2. not more than once a year to appoint an additional mandatory audit audit at the expense of the insurer the auditor;
3. issue instructions to insurers on elimination of revealed violations of the requirements of the legislation on insurance activity, and in case of their failure to suspend or limit the validity of licenses of these insurers until the elimination of detected violations or make a decision on revocation of licenses and expulsion from the state register of insurers (reinsurers);
4. conduct thematic inspections of the insurer in case of need to check the facts set forth in the complaints, applications, appeals insurers reliability metrics reporting, the requirements of past regulations on behalf of law enforcement or state authorities, counter validation and pravylnostiukladenyh

contracts of insurance and reinsurance and in in case of receipt of information from insurers about violations

5. to go to court to cancel the state registration of the insurer (reinsurer) or insurance intermediary in the cases provided by law.

Measures of state influence on insurers that violate the insurance legislation and may therefore lose their solvency, may be the following:

- oblige the offender to take measures to eliminate the violation;
- require the convening of an extraordinary shareholders meeting; to impose penalties in accordance with the law;
- suspend or revoke licenses;
- remove management from administration and appoint a temporary administration;
- approve the financial institution stability recovery plan;
- raise the issue of liquidation of the institution of the insurer [38].

9.4. Organization of crisis management in insurance companies

The main preventive measures to prevent the onset of the financial crisis in insurance companies will be financial diagnostics and constant monitoring of financial indicators, effective state control over compliance with companies standards.

In a financial and economic crisis, every insurance company must adequately respond to the negative changes occurring in the field of consumer

demand for insurance services (in the insurance business), as well as in the formation of capital and placement of own funds and insurance funds. reserves (financial and investment activities). The insurer's management response to the negative changes should be rapid. Delay in making certain anti-crisis decisions often causes additional losses.

In order to ensure rapid response to the period of negative changes in the economy, it is advisable to introduce a number of anti-crisis measures into the activity of the insurance company, among which organizational and financial ones should be highlighted.

Organizational measures of crisis management of an insurance company form an anti-crisis process, the essence of which can be expressed in the form of a scheme (Fig. 10.2).

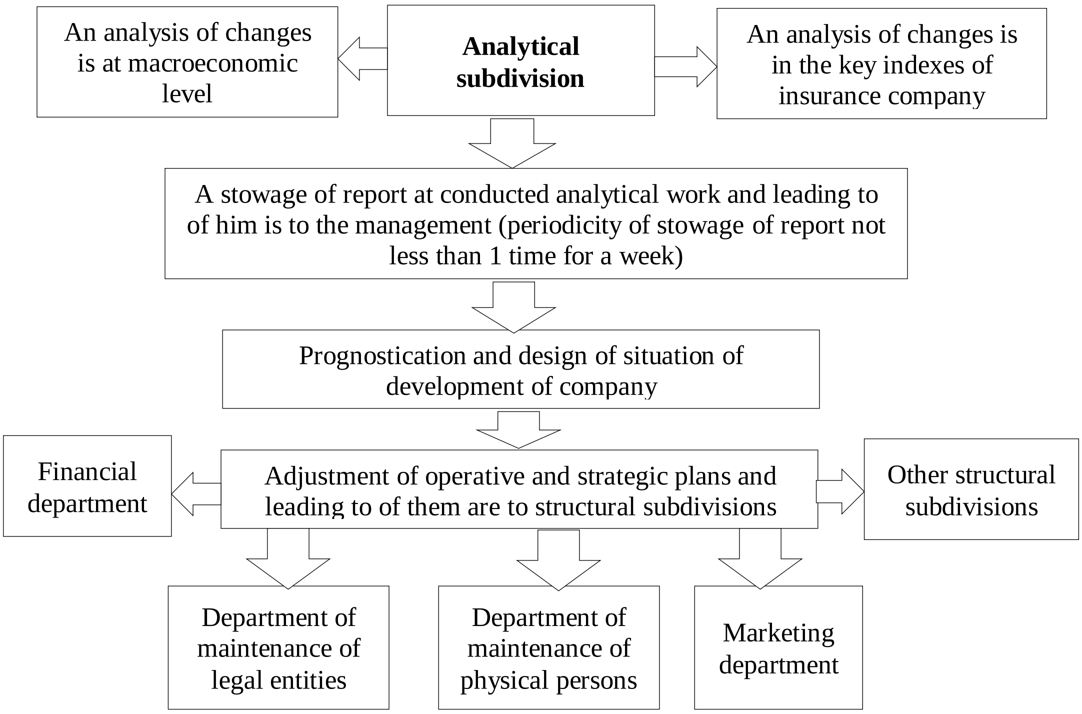

Fig. 9.2. The process of crisis management of an insurance company

Organizational activities will include: the

- formation of analytical units that will monitor the situation in the financial market and its insurance segment (the format of the report on changes and frequency of reporting management should be established);
- continuous monitoring of a number of key indicators that characterize insurance and investment activities;
- adjusting the operational and strategic financial plans of the insurance company in accordance with changes at the macro-micro level.

The proposed scheme (Fig. 10.2) can be traced the stages of anti-crisis measures in the insurance company.

In the *first stage, an* analytical unit is formed that collects information on changes occurring both at the macro level and at the level of the insurance company.

The information received is undergoing analytical processing and conclusions are drawn thereon, which are communicated to the management of the insurance company.

At the same time, in times of financial crisis, reporting period should be at least 1 week. The main points that the report should contain should be as follows (Table 9.1).

Table 9.1.

The main points of the analytical report on the crisis

macroeconomic level	**level insurer**

inflation	of insurance premiums in terms of individual insurance
dynamics of stockindices market	of insurance benefits in terms of individual insurance
Fiscal and budgetary policy	cash inflows from other (nestrahovyh) of
political situation in the country	cash expenditures associated with another (nestrahovyh) Activity
Dynamicsconsumerindex	ofliquidity(excess belch TION fundsover expenditures for all activities)
development of certain sectors of the economy	Profitability of

the *second stage of* the company (possibly with the owners) evaluate the situation (work to assess possible developments may involve professionals from different structural units). Product evaluation may be projections or various kinds of models on the impact of negative

factors (which belongthe **to** factors of the financial crisis) for further devel**current** insurance company. At the same time, measures are being developed to prevent the negative impact of these factors, or measures to minimize losses, if the negative impact has already occurred.

In the *third stage* , adjustments are made to operational and strategic financial plans and necessary instructions are given to the structural units of the company.

To prevent the emergence of profitability or liquidity crises or minimize their effects, the insurance company has a sufficiently broad toolkit, namely: a

- change in the structure of the insurance rate, which is carried out through loading (the company may reduce or increase the rate of planned profit and expenses for doing business depending on the situation and type of financial crisis);
- formation of reserves adequate to the assumed insurance obligation (today the regulatory framework provides the opportunity to form additional technical reserves to fulfill the insurer's obligations);
- implementation of new types of insurance is applied to balance the insurance portfolio, but this measure requires new investments, which is not always possible in the financial crisis;
- errors in the choice of own retention in reinsurance can be covered by additional contracts concluded on an optional basis;
- changes in the policy of investing insurance reserves (in times of crisis at all levels of investment management, liquidity should be preferred, therefore, it is advisable to increase the share of funds when placing reserves);
- cost optimization, especially administrative costs (in the event of a financial crisis being identified, the insurance company must freeze the vast majority of investment projects).

Question for self-control

1. Financial crisis is -?
2. What are the factors causing the financial crisis?
3. What are the main exogenous factors of the financial crisis in the activity of an insurance company.
4. Crisis management is it?
5. What is the right of the State Committee for Financial Services to prevent theinsolvency insurer's?

Topics for abstracts and reports

1. Features of financial crises in insurance companies.
2. Specific factors of occurrence of financial crises in insurance companies.
3. Endogenous and exogenous factors of financial crises in insurance companies.
4. To reveal the essence and significance of types of financial crises
5. The purpose and essence of the three phases of financial crisis development.
6. The concept of compulsory rehabilitation of the insurer.
7. Forms of reorganization of the insurer.
8. The complex of actions in case of deciding bankruptcy of the insurer.
9. Measures to prevent financial crisis in insurance companies.
10. Organization of crisis management in insurance companies

Tests

1. The insurance market is…

a) it is a part of the financial market where the object of purchase and sale is insurance protection, demand and supply for it are formed;

b) the period during which you, or someone for you, such as your employer, paid insurance contributions to the Pension Fund of Ukraine;

c) is the contribution rate per unit of insurance amount;

d) there is no right answer.

2. The financial crisis of an insurance company should be considered…
a) a situation of imbalance of its financial indicators for a long enough time (three months or more), accompanied by limited influence of management on financial relations formed in the management process

b) such a state of the company when it delays settlements with insurers for more than three months

c) the situation when the risk insurance companies form technical provisions.

d) a reserve that includes portions of the sums of insurance payments receivable that correspond to insurance risks that have not expired at the reporting date.

3. Remediation is it?

a) the element of the legal norm that establishes disadvantageous consequences in case of violation of the rule determined by the disposition

b) it is a complete or partial replacement of the owners of corporate rights of the enterprise, change of the organizational and legal form of business organization, liquidation of separate structural units;

c) a system of financial, economic, production, technical, organizational, legal and social measures aimed at achieving or restoring the solvency, liquidity, profitability and competitiveness of the debtor in the long term.

d) there is no right answer

4. Compulsory readjustment involves:

a) conducting a comprehensive audit of the financial and economic activities of the insurer, including mandatory audit audit;

b) determination by the State Commission of a governing person, without which the financial, economic and personnel management of the insurer cannot be exercised;

c) imposition of a ban on the free use of property of the insurer and acceptance of insurance obligations without the permission of the person appointed by the Commission;

d) all answers are correct.

5. State supervision of insurance activities on the territory of Ukraine shall:

a) Supreme Council of Ukraine

b) State Commission for Regulation of Financial Services Markets

in Ukraine)CMU

d) State Social Security Service

6. Compliance with legislation on insurance shall:

a) State Financial Monitoring Service

b) State Fiscal Service

c) National Commission for State Regulation of the Market

d) DFS

7. Allocate the following types of financial monitoring:

1. monetary and non-monetary
2. mandatory and internal financial
3. system and structural
4. synthetic and analytical

8. Reflect the internal financial monitoring system of the company, determine the procedure and conditions for measures and mechanisms for their implementation to prevent the use of the entity for the purpose legalization (laundering) of proceeds from crime,

1. the criteria for financial monitoring
2. rules for the financial monitoring
3. program of financial monitorynin
4. Recommendationsthe financial monitoring

9. Plan arrangements for financial monitoring activities in view of the subject and its separate units and plan inspection performance these measures - is:

1. the criteria of financial monitoring
2. rules for the financial monitoring
3. program financial monitoring
4. of recommendations of the financial monitoring

10. List of measures and terms (dates) of their implementation, which are determined by the entity taking into account regulations in the field of prevention and counteraction to the legalization (laundering) of proceeds of crime, provides:
1. criteria for financial monitoring
2. rules for conducting financial monitoring
3. program for financial monitoring
4. recommendations for conducting financial monitoring

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TOPIC 10. COMMUNICATION AND INFORMATION SYSTEM SUPPORT INSURANCE MANAGEMENT

10.1. Definition and characteristics of management information
10.2. External and internal information sources

Purpose: To study the economic nature, role and role of insurance management in a market economy.

Key words: insurance management, world insurance economy, insurance market, insurer, insurer, insurance intermediaries, financial and economic crisis, league of insurance organizations, National commission for state regulation in the sphere of financial services markets.

10.1. Definitions and characteristics of management information

Information systems, information technology, coordination and control of information flows became key concepts of the theory and practice of corporate governance in the late XX - early XXI centuries. The role and importance of these parameters of corporate development is steadily increasing. Suffice it to say that, according to US researchers, 90% of their time managers spend on sharing information. Information becomes a vital resource of the organization, on the basis of which decisions are made regarding the structure, technologies, customers, finances, personnel in production and economic systems. Financial, marketing, investment and other functional strategies are built on the basis of information systems and technologies. The real information revolution began in 1991, when for the first time US investment in information technology ($ 112 billion) exceeded investment in production ($ 107 billion). Gradually, information squeezed out permanent capital in the assets of companies, whose share in 1982 was 62.3% and in 1992 - 37.9%.

The initial definition of information (from Latin informatio - explanation, presentation) characterized the information conveyed by people verbally, in writing or otherwise. The further evolution of the concept of information has shown that information is meaningless without connection with the purpose of obtaining or processing it. True information exists only when a goal is set in advance, the pursuit of which leads to a conscious analysis of environmental signals. Another aspect of the notion of information is that simply adding new information to the available volume does not provide the key to understanding the issues of interest to the manager. It is more modern and more correct to understand management information as new useful data coming into information channels and confirming or changing managerial decisions of managers. There are many classifications of management information based on its properties and characteristics. Thus, information is classified according to a number of features, in particular:

- functional content (economic, legal, technical, social, etc.);
- presentation form (visual, audio, paper);
- purpose (single-purpose, associated with the solution of one specific problem, multi-purpose - to solve several differentproblems);
- degree of readiness for use (primary, intermediate, final information for management decisions);
- degree of importance (important, desirable, background);
- completeness (partial, complex);

- nature of use (universal, individualized);
- degree of reliability (unreliable, probable);
- sources (external, internal);
- means of distribution (personal contact, telephone, document, messages via the Internet, other means of television, video, media communication);
- terms of use (constant, variable, operational, predictive). Modern management theory and practice introduces significant changes in the content,

organization and technology of enterprise management in the form of influence of information technologies and dynamic conditions of the external environment.

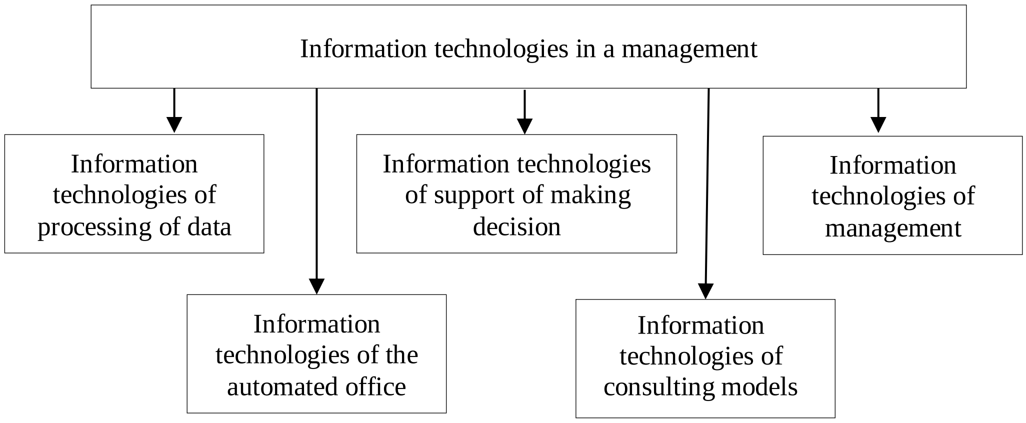

Fig.10.1. Information technologies in a management

Information forms the external and internal information environment that influences the organization through information channels, and participates in the management of the organization through the system of organizational communications based on modern information technologies.

The amount of information received and circulated in a corporation is determined by the nature and established rules of interaction with the external and internal environment. Traditional hierarchical organizations are unable to process information coming from the external environment because addressing it to one person at the top of the hierarchy (the head of the organization) impedes its timely processing. Even forwarding and distributing information by level leaves no time for decision-making and monitoring of implementation.

Due to the increasing number of sources and channels of information, its volume has increased, along with the traditional new network, multimedia, audio and visual forms have appeared. Intensive video conferencing on the Internet is becoming the most common form of obtaining and distributing information by organizational structure elements in planar organic structures. New networking and virtual organizations are leaving the senior management function of strategic information management. In this case, there is a "virtualization of the manager", when every employee can contact through the network without mediocrely with the boss, bring to the attention the necessary information, but never meet in person.

Value (utility) is defined by the properties of information as a specific product or resource. As a commodity, information has a consumer value that can be estimated in monetary terms. Specificity of this product lies in its novelty and ability to create a new product. If information replicates existing information and is not useful in decision making, its value is zero.

It should also be noted that the value of information is determined by its consumer. Information can have zero and highest value for different groups of consumers. Therefore, it is important to rationalize the flow of information in the organization, so that only the information required in the work of a particular department (marketing, finance, production, personnel), flows into their designated information channel.

If we consider information as a resource, its value lies in the possibility of saving other types of resources (material, financial, labor). The difficulty remains in determining the cost of information and the adequacy of the results obtained from its use. The problem is the uncertainty of the information production process itself, as well as the estimation of the share of the profit received from the allocated information resource among others. Dynamics of uncertainty of the ratio between the cost of information and operational results is already determined by the fact that information transfers its value both directly and indirectly to the product created or the decision made. The process of creating an information product consists of several stages (production, storage, transfer), which also requires additional costs.

The quality (validity) of information is closely linked to the cybernetic notion of entropy, that is, the ability of information to be scattered and changed during transmission and reception formation.

There are several reasons why this information may be incorrect. The main thing is the unreliability of the source and the content of the information itself. The increase in reliability can be achieved by:

- increasing the reliability of this source;
- improving the reliability of transmission channels information;
- the use of additional alternative sources;
- duplication of information channels.

These techniques are implemented using technical, organizational, psychological and other methods.

The main reasons for the existence of untrue information in organizational systems lie in the field of human relations psychology. From this point of view, the information may be changed unintentionally or knowingly. Deliberate misrepresentation alters the content of the message in the interests of the source of the message, unintentional misrepresentation modifies the information due to inadvertent reference to the source.

The likelihood of information may change as a result of filtering. Filtering tends to distort messages as they move vertically or horizontally across the organization.

According to the organization's goals, filtering restricts messages to all structural levels and elements in order to eliminate information congestion and protect information. However, filtering can be negative in order to achieve organizational goals.

To accelerate the flow of information or provide greater clarity, different information is modified and simplified when transmitting messages to different segments of the organization. The information transmitted vertically upwards may be untrue, since the subordinates are interested in transmitting to the higher link only the positively perceived information. Lower levels of the management hierarchy often do not inform the higher levels of potential or existing problems, as they only want the approval of the manager.

An additional reason for the inaccuracy of upstream information may be the increased attention of middle-level executives to communications from upper levels of government compared to information from their subordinates. Other reasons that prevent employees from passing information up may include fear of punishment and a sense of futility.

The saturation of information is closely related to the volume and usefulness - the amount of useful information contained in the total amount of information transmitted, received and processed per unit of time. The information age is accompanied by an excessive amount of intrusive and repetitive information, which in most cases is a continuous information noise. Japanese researchers say that every person is exposed to a flow of information equivalent to a million words each, equivalent to approximately 1000 pages, every day. In this case, the ratio between the assimilated information and the received information is at best 1: 100.

With the advent of modern communications, global and local networks, the volume of information has sharply increased and its usefulness has saturated. This inverse proportion is due to the presence of a powerful "information noise" that directly relates to the activities of the organization transmitted with the information. "Information noise" is created by other organizations that operate for their own purposes single information channels. "Noisy" information includes advertising, sports, political, cultural and other information that is not involved in the organization's tasks. Such information takes time away from employees, scatters attention, worsens health and distracts from production tasks. In many companies the problem is computer games, non-business correspondence, reading news on the Internet during working hours.

Along with the negative impact, the "noise background" can have a positive impact and contribute to a better perception of information by raising the emotional level, improving mood, psychological alertness, relieving fatigue and tension. Methodsincrease the saturation of information include:

- grouping,
- visual,
- distributedaccess,
- duplication of important information,
- emphasis,
- reducing access time.

The last method of increasing the saturation of information has to do with another, no less important feature - the promptness (timeliness) of information. Information, like any other product of an organization's life, is subject to the aging process. This process is greatly accelerated due to the introduction of new information technologies, increasing the volume, speed and frequency of information change. Efficiency reflects a proportional relationship between the "age" of management information and its value.

The considered characteristics of information are in constant interaction and interdependence in the formation of input, output and circulating inside the organization of information flows.

The organization as a whole is perceived by the external environment (customers, suppliers, partners, community) also through the information environment it creates within and outside its structure. Thus, in today's environment, it is necessary to treat information not only as a resource or product, but also as an accompaniment to all business processes that play a crucial role in the life of the corporation.

10.2. External and Internal Information Sources

The corporate governance process has at all times been reduced to making management decisions based on the collection, processing and analysis of existing information. An important problem is the use of external and internal sources and the formation of channels of information flow.

In a joint stock company, when making strategic decisions, members of the supervisory board, or non-executive directors, rely mainly on information prepared by managers and provided by the board. But relying on executives as the only source of information is always fraught with obvious risk. However, the legal requirements for conducting external audits of the Company's financial statements and the activities of audit committees are designed to verify the reliability of the Company's internal financial statements to reduce this risk to some extent. Many US companies encourage their boards of directors to obtain the necessary information through unofficial channels, both within and outside the company.

The sources of external information channels for the corporation are: legislative, executive, competitors, suppliers, consumers, financial institutions, and the public. Each of these information bases corresponds to the components of the environment in the context of three spheres: direct sphere of action, sphere of interest, sphere of influence. Each of these spheres affects the intensity of information flows in the channels.

We list the most influential external information channels:

- special and general publications, based;
- information through contacts with customers, suppliers, bankers, dealers;
- consulting, expert and marketing research of third-party organizations and consulting firms:
- personal contacts at fairs, presentations, conferences, salons;
- contacts with representatives of legislative and executive authorities;
- information from random, erratic sources. The flow of information from the external environment through the channels is regulated and managed by the information system of the corporation depending on the accepted methodology of information gathering.

These techniques are different in purpose, technology of information gathering and processing, resources used and time required to create information support management decision. There are two basic strategies for developing techniques for managing external information channels:

1. Information from channels is received continuously, without restrictions, and immediately analyzed. In this case, considerable resources are needed to support the environmental monitoring system, but the maximum completeness of the information picture is achieved.
2. The information from the channels comes into question and is analyzed according to the set goal. In this case, the information channels are in the "cold reserve" and require much less maintenance costs in their working condition.

External sources are important for the executive directors and management of the corporation as a basis for formulating the strategy of the corporation and its operational financial and economic activities. For all non-executive participants in corporate relations (primarily shareholders) and stakeholders, the source of information is the corporation's internal sources.

The main and most informative source in international practice is the corporation's annual report, which allows shareholders to evaluate the performance of a joint-stock company for the year. Here are some recommendations for the annual best practice report included in the Code of Conduct for Russia.

- The annual report should cover first and foremost the general issues of the company. These include the state of the company in the industry, the results achieved during the year, the strategic goals of the company, the prospects for its development, relations with competitors. General questions include a description of the main activities of the company, an overview of the most significant agreements concluded by the company over the past year.
- Of fundamental importance to shareholders is information about the securities of the company, including information on the issue of shares and capital movements for the year (changes in the list of shareholders holding large stakes in the company), on the payment of dividends, and if no dividends have been paid, reasons for their non-payment.
- The annual report recommends that the members of the board, the amount of the remuneration and the criteria for determining it, as well as information about the agreements between these individuals and the community, be specified.
- The most important information for any shareholder is the activity of the company. Therefore, the main financial performance of the company should also be included in the annual report of the company.
- The annual report should submit a statement by the chairman of the board of directors, as well as a report prepared by the executive body for the evaluation of the company's activities for the year.
- The annual report must be signed by the CEO of the company, heads of financial and accounting services, members of the board of directors.

In addition to financial statements (section 10) and securities reporting, joint stock companies have other types of reporting that can also be considered as internal information sources. The Joint Stock Company periodically reports to:

- Bodies of Statistics - reports on arrears of wages, reports on environmental payments, payments for natural resources and current payments for nature protection, on external labor migration and others;
- public employment service - reports on the number of employees in a joint-stock company, the availability of jobs, dismissed and hired workers and others;
- pension fund - accounting documentation, reports on payment of insurance contributions to the pension fund, other documentation;
- other bodies - in accordance with the current legislation of Ukraine. In order to facilitate the work at the enterprise, it is recommended to develop and adopt regulations on the organization of reporting in AT, which would provide for the procedure of reporting at the enterprise, the term of its submission to state bodies,

the person (s) responsible for the proper preparation of reports and their timely submission to state bodies.

For informed and effective management of the corporation, members of the supervisory board and board of directors should have certain information at their disposal, such as:

- business performance reports, balance sheets, cash flow statements, which allow comparison of the performance for the current period and year with benchmarks and performance for the past year;
- information on current activities, reports of the corporation's departments and services, including a detailed explanation of the reasons for deviation from benchmarks and specified performance indicators up to the end;
- information about the company's participation in market activities;
- minutes of meetings of the Management Board and Supervisory Board;
- reports of financial experts on the activities of the company and its main competitors;
- the results of the analysis of personnel potential and employee surveys on working conditions in the company;
- market research data on consumer trends and preferences;
- information on the coverage of the company and its main competitors in the media, as well as media information on market trends.

The choice by the company of channels of dissemination of information about its activity is of great importance for realizing the possibility of timely receipt of complete information about the company. Dissemination channels should provide free, unrestricted and cost-free access for interested parties to disclosed information.

Questions for self-control

1. What is information?
2. Classification of information.
3. Classification of management information.
4. Name the sources of external information channels.
5. What is the main role of information systems in insurance management?

Topics for abstracts and reports

1. The essence, functions and role of insurance management in the information system
2. The importance of information in insurance management.
3. Content and procedure of strategic plan development.
4. Information flows of management activity of the insurer
5. Information approaches in management of insurance activity.
6. Information and technical support of insurance activity.
7. Search, processing, analysis and synthesis of information in insurance business.
8. Information system functions in an insurance company.
9. The purpose, tasks and basic functions of automated office systems in insurance companies.
10. Structure of the office insurance management system

Tests

1. Distinguish the following types of communications of managers of the insurance company:

1. vertical, horizontal and diagonal;
2. between the company and the environment and interpersonal;
3. written and oral;
4. formal and informal.

2. Distinguish the following types of formal communications communications managers insurance companies:

1. vertical, horizontal and diagonal;
2. between the company and the environment and interpersonal;
3. written and oral;
4. systemic and structural.

3. Distinguish the following types of communications of the insurance company:

1. vertical, horizontal and diagonal;
2. between the company and the environment and interpersonal;
3. written and oral;
4. formal and informal.

4. Distinguish the following classes of communications of the insurance company:

1. vertical, horizontal and diagonal;
2. between the company and the environment and interpersonal;
3. written and oral;
4. formal and informal.

5. Exchange of information between the subcontracting (hierarchical) levels of the insurance company management structure is:

1. vertical communication;
2. horizontal communication;
3. diagonal communication;
4. informal communication.

6. Communications that are carried out between persons who are at the same level of the hierarchy are:

1. vertical communications;
2. horizontal communications;
3. diagonal communications;
4. informal communications.

7. The principle of managing information flows, according to which all customer information should be concentrated in a single place to create an individual client profile, is called: the

1. principle of relevance;

2. the principle of openness;
3. the principle of reliability;
4. the principle of centralization.

8. There are the following basic types of CRM-system:
1. vertical, horizontal and diagonal;
2. operating, analytical and combined;
3. systemic and structural;
4. formal and informal.

9. CRM systems, intended for their use by employees of the insurer, who directly interact with the client, are called:
1. analytical;
2. vertical;
3. combined;
4. operating.

10. CRM systems that are essentially based on logical knowledge and the discovery of essential information about clients and relationships with them that is not intended to directly work with the client are called:
1. analytical;
2. vertical;
3. combined;
4. operating.

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TOPIC 11: REINSURANCE MANAGEMENT

11.1. Conceptualization, functionality and role of reinsurance in the system of insurance relations
11.2. Trends in the domestic reinsurance market
11.3. Positives world experience of reinsurance protection and the possibility of testing in domestic practice

Purpose: Study financial reliability of the insurance company and the main factors that provide it.

Keywords: financial stability (reliability) of the insurer; insurance portfolio; insurance reserves; technical reserves; reserve of claimed but not paid losses; reserve for losses incurred but not claimed; catastrophe reserve; loss reserve fluctuations; mathematical reserves; modification of mathematical reserves; basis for forecasting the calculation of mathematical reserves; own retention in reinsurance; the amount of the repricing in the reinsurance; slip; bonus.

11.1.Conceptualization, functional purpose and role of reinsurance in the system of insurance relations.

Insurance is an integral attribute of a market economy, as it provides insurance protection for individuals and legal entities from all kinds of accidental events and dangers.

At the same time, insurance activities are able to stimulate the development of other participants in financial investment transactions and markets by placing part of the funds of insurance reserves in related financial instruments and securities. In turn, reinsurance is a powerful tool for minimizing and preventing the consequences of the risks that accompany the operation of the insurance companies themselves. It allows them to guarantee their financial stability and stability and, as a result, compensation for losses to policyholders.

In the global insurance market, the use of a risk reinsurance mechanism is driven by the need for securitization of risks, which are accompanied by increased socio-economic challenges and threats.

In general, reinsurance is a form of insurance, so it is also subject to the rules that insurance, namely the principles of insurance interest, compensation within the real damage, the highest honesty, insurance risk, etc. The emergence of reinsurance as a system of redistribution of insurance risks and losses is historically conditioned by the development of the world economy, the emergence of new insurance objects and the search for insurers for new forms and methods of their insurance protection on a qualitatively new financial basis. According to A. Bozhenko, "the development of the sphere of material production, the attraction of material values in increasing volumes, the emergence of money circulation and securities market, monopolies and joint-stock forms of entrepreneurship, the growth of industrial production and increasing the quantitative parameters of insurance objects - all this gradually led to an increase in the amount of risks taken on insurance. Therefore, at one stage of the society's development, insurance companies' ability to insure new risks that accompanied the economic activity of individuals and economic entities appeared to be extremely limited, and therefore the question of redistribution of their liability among other insurers (reinsurers) was raised.

So there was a reinsurance as a new branch of insurance relations with its features, mechanism of implementation, methods, forms, functional purpose. In general, reinsurance has a fairly rich history. The first known contract of the so-called reinsurance at that time was written in Latin and final in the city of Genoa (1371). It concerned cargo that was to be shipped by sea. However, because of the dangerous nature of the trip, the insurer transferred most of the risk to another insurer. However, only part of the route from Cadiz (Spain) to Slace (Flanders) was reinsured, as it was considered to be of high risk.

This method of risk sharing embodied a genuine reinsurance between the insurer and the reinsurer without the involvement of the cargo owner. Today, reinsurance is, in fact, insurance for insurance companies. It is a contractual agreement under which the insurer receives reinsurer protection through the potential cost of offsetting the risk to customers. It should be emphasized that despite the long practice of using the reinsurance mechanism to maintain the financial stability of the insurer itself, a consensus has still been reached on determining its economic nature and purpose in the system of insurance relations.

Thus, the simplest interpretation of the term "reinsurance" is written in the German statute, according to which: "Reinsurance is insurance for the risk taken by the insurer." A more classic interpretation of the above definition emerged in the nineteenth century. in the UK, where reinsurance has already been interpreted as a new insurance for already insured risk, to protect the insurer from risks previously taken on insurance. Article 12 of the Law of Ukraine "On Insurance" states that reinsurance is the insurance by one insurer on the terms of the contract the risk of performing part of its obligations to the insurer by another insurer resident or non-resident who has the status of insurer or reinsurer, according to the law of the country, in which he is registered.

Most economists view reinsurance as a mechanism for transferring risk in full or in part from one insurer to another insurer (reinsurer). Instead, legal scholars consider the definition data 11 incorrect and tend to believe that the policyholder is or is still a carrier of risk, that is, risk transfer does not occur. The Insured only receives protection from this risk. From a social point of view treats Khudyakov AI The author shows reinsurance as part of the risk taking by a third party or organization.

Such scientists as V.K. Reicher and V.I. Serebrovsky defines reinsurance because of the legal nature of the reinsurance contract. However, in our opinion, to agree with these approaches is not entirely legitimate. In particular, disclosure of the content of reinsurance only because of the concept of reinsurance contract is too narrow and does not overlook the peculiarities of carrying out this activity, as well as the state-legal mechanism of its regulation. Restricting reinsurance solely to the variety, industry or field of insurance, we believe, is also not sufficient, although it is worth agreeing that insurance and reinsurance both economically and legally have certain similarities.

Despite the differences and differing views on the interpretation of the economic nature of reinsurance, scientists agreed that its purpose is to ensure the profitability of the insurance (reinsurance) company, to strengthen its financial stability and improve financial reliability, to create a balanced insurance portfolio. In our opinion, reinsurance is not a mechanism for transferring risk, because it acts as an independent category, which has specific features that distinguish it from other categories and concepts, principles of organization and functional purpose.

Thus, the important role of reinsurance plays in the context of: - ensuring the solvency of the insurer in the event of an unexpected increase in the frequency of occurrence of insurance risks and the associated increase in the number and volume of insurance claims; - stabilization and improvement of financial results of the main 12 activities of the insurer; - reducing the financial burden on the insurer's own capital and giving it the opportunity to release part of its assets in the form of insurance reserves for the purpose of using them for other purposes. This is the balancing (homogenization) of insurance risks in the insurer's portfolio by limiting part of its participation in the indemnification; - expanding the financial capacity of an insurance company to take on insurance risks and assist in carrying out a better assessment of risks; - assistance to the insurer in providing the insurers with additional services and in improving the methods and methods of conducting its main activity. Prior to further research, we will note that both insurance and reinsurance, performing their basic functions, act as mechanisms for minimizing and compensating for possible losses of other entities seeking insurance or reinsurance protection. In addition, in the event of an insured event, insurance and reinsurance undertakings are obliged to make insurance payments, thereby ensuring the stability of the financial position of consumers of the relevant services. Also, both institutions create conditions for continuous activity of business entities, namely - prevent them from bankruptcy, thereby protecting the domestic economic system.

The essence of the main function of reinsurance is to provide the insurer (reinsurer) to the insurer (insurance company) with such a guarantee that would correspond to its financial capacity. In this case, the reinsurer is an insurer who takes the risk under the insurance contract, thus providing a service to the direct insurer. In other words, there is a secondary redistribution of risk between the primary insurer and other reinsurers.

This allows you to better perform your duties and get good results in insurance business. There is also some risk that the major Reinsurance Functions Main Auxiliary Secondary Risk Redistribution Opportunity to cover expensive and unique risks Expand product range International trade in insurance guarantees (export-import) Formation of a balanced portfolio of risks ensuring national insurance guarantees reinsurers experience in risk assessment and management the insurer leaves to itself. It is also called "own deduction" because it is not profitable to transfer too much of the risk in reinsurance.

Therefore, reinsurance is an important condition for ensuring the normal operation of insurance companies and guaranteeing their financial stability and stability. For insurance companies, the outlined way to hedge some of the risks helps to ensure solvency and to create a balanced insurance portfolio. As a mechanism for ensuring the financial stability of insurers, reinsurance ensures the timely fulfillment of obligations to insurers, that is, the interests of both insurers and insurers are protected. In addition, it has a direct impact on most of the underlying instruments, thereby optimizing its operations, improving financial performance, and helping to take insurance relations to the next level. However, its implementation requires additional financial costs in the form of reinsurance premiums, and their overestimation or understatement adversely affects the stability of the insurance company (it is the stability and sufficient volume of financial resources that determine the development and stable activity of the company).

11.2. Trends in the development of the domestic reinsurance market

Under the current economic conditions, the reinsurance market of Ukraine is not able to fully strengthen and maintain the financial stability of the insurance sector. At the same time, the proper development of the reinsurance market is determined by the nature of its regulation and the limits of state influence, as well as by other external and internal factors.

In the context of the above, V. Basilevich emphasizes the excessiveness of the state's interference in reinsurance activities, as a result of which the cost of reinsurance services increases and the volume of reinsurance decreases. At the same time, imperfect state regulation contributes to the weakening of the state control over the activity of participants of the reinsurance market, which creates conditions for the spread of "scheme" reinsurance [90].

The internal factors that determine the trends of the domestic reinsurance market can be attributed to: the legislative requirement to reinsurance risks exceeding 10% of the capacity of companies, the "regulated" external reinsurer, the impact of the transferred premium on tax liabilities (from the premium amount) and the premium amount due to delayed investment demand.

External ones include: large capacities of international reinsurers, mass supply of offshore reinsurance, requirements for availability of reinsurer ratings, reservation of restrictions on the volume of transportation and sale of currency, concentration of the international reinsurance market through mergers and acquisitions.

The essence of reinsurance is revealed through the functions it performs. There are different views of scientists on the number and nature of reinsurance functions, so the following reinsurance functions are:

- secondary risk redistribution;
- The ability to take out very expensive and unique risks. Indeed, by sharing the financial responsibility of the insurance company with other insurers, it becomes possible for them to cover various risks together, including unique ones;
- facilitating the introduction and dissemination of new types of insurance. We believe that the proposed function does not fully correspond to the content of reinsurance, since reinsurance acts as one of the possible (and not essential) tools for creating new types of insurance;
- the function of creating conditions for the formation of a homogeneous balanced portfolio, which is necessary for the insurer to reliably control its medium and long-term policy reveals the decisive role of reinsurance in the formation of a balanced insurance portfolio. It is through the introduction of a reinsurance mechanism that insurance companies can insure risks with different rates of damage, in different types and sizes;
- the entry forms of foreign trade, if redistribution of risk carried out between companies of different countries, believe that this function reveals the essential features of the organization of cooperation between insurance companies, not the process of reinsurance

with a combination of interest reinsurers and reinsurers and forming, respectively, supply and demand in the market , the reinsurance market is beginning to play an increasingly important role both in the insurance market and in the economic sector of the country as a whole.

The profitability of this industry is not expected to be at the highest level, but it is still in high demand, because under the insurance contracts obligations are transferred to the reinsurer, which, in turn, reduces the risk of the insurance company itself.

Reinsurance involves the secondary redistribution of risks between the direct insurer and the reinsurer.

By concluding reinsurance contracts, the insurer ensures the balance of its portfolio (with the uniformity of risks), the possibility of expanding financial capacity, which will facilitate the conclusion of new contracts, as well as the reduction of insolvency risks. A variety of insurance services will help increase revenue from core business.

Investigating the dynamics of changes in the number of insurance companies in Ukraine, we can say that its decline (Table 11.1.).

As of December 31, 2013, there were 407 insurance companies in Ukraine, and in the same period of 2014 there were already 382 companies. As of 2016, the number of insurance companies amounted to 310, of which 39 were life insurance and 271 insurance companies other than life insurance.

In 2016, the number of insurance companies decreased by 51. Such a rapid decrease in the number of insurance companies is directly related to the economic and political situation in the country, as a result of which insurance companies cannot provide adequate compensation.

Table 11.1.

Number of insurance companies in Ukraine in the period 2015-2016

Number of insurance companies	**as of December 31, 2015**	**as of December 31, 2016**
Total number of	361	310
incl. Non-Life IC	312	271
incl. IC Life	49	39

Analyzing activity of the reinsurance market (Table 11.2), we can conclude that 2014 was a turning point for the reinsurance market of Ukraine.

Reinsurance payments to residents and non-residents in 2014 decreased significantly compared to the same period last year.

In 2015, the reinsurance market was optimized by achieving 2013 performance. Payments offset by resident reinsurers increased rapidly from UAH 85.2 million in 2013 to UAH 497.7 million. in 2016, followed by a downward trend (UAH 278.5 million in 2016), and non-resident reinsurance companies doubled to UAH 848.1 million. in 2015 and 954.7 in 2016. Following the dynamics of payments offset by non-resident reinsurers, we see an uneven variation in indicators with a decreasing trend.

Table 11.2.

Performance of the reinsurance market 2014–2016, mln.

Indicator	22014	22015	2016	Growth rates	
				2015/2014	2016/2015
Paid for reinsurance, including:	9704.2	9911.3	12 668.7	2.1	27.8
resident	reinsurers	8173.7 7381.1	8 706.4	-9.7	18.0
- to non-resident	insurers 1530.5	2530.2	3 962.3	65.3	65.3
Payments offset by reinsurers, including:	640.9	1345.8	1 233.2	110 0	8.4
-perestrahovykamy resident	172.4	497.7	278.5	188.7	-44.0
-perestrahovykamy-resident	468.5	848.1	954.7	81.0	12.6
premiums received from reinsurers non-residents	12.9	38.1	40.1	0195.3	5.2
Payments offset by non-resident reinsurers	9, 9	12.9	14.2	30.3	10.1

Along with the positive ones There are also some development gaps in the reinsurance market in Ukraine. The imperfection of the provisions and requirements of the legislative acts gives rise to a decrease in the level of culture in the sphere of insurance and reinsurance relations. And the lack of professionalism of the state structures stimulates the appearance of non-transparency of cooperation between the reinsurance market participants. This confirms the overall decrease in the value of assets, the decrease in their liquidity, mainly assets placed in banking institutions and the stock market.

The loss of access to the asset of real estate located in the temporarily occupied territories of Ukraine (Crimea, Donetsk, Lugansk) and a noticeable rapid increase of expenses for ensuring the fulfillment of insurance obligations due to the significant devaluation of the national currency have a significant impact.

Today, companies that have pursued a moderate conservative investment policy in recent years have a sufficient margin of safety to control and manage the risks involved.

In a context of sustainable development, a competitive market economy can function effectively offline, while performing the functions of self-regulation and self-organization. But the market mechanism is characterized by failures that can result from inefficient allocation and use of economic resources.

The processes of the economy require active state intervention directly in their reformation, because the possibilities of market self-regulation are too limited.

The influence of the institute of the state is magnified by the fact that certain spheres of economic life have remained outside the influence of the market mechanism. Therefore, there is a need to study the state regulation of the reinsurance market, which will allow to determine the role of public institutions in its development and functioning.

However, to develop the domestic insurance and reinsurance market is one of the priority directions of the state policy in the field of financial markets, which is conditioned by Ukraine's desire to expand and deepen cooperation with international partners, accession to the EU on the rights of associate and, subsequently, full member, becoming a national actions of globalization processes, expansion of business and growth of positive image of the country in the world, growth of its investment attractiveness.

The main directions of stimulating the development of the reinsurance market are conventionally divided into macroeconomic and microeconomic. The first direction, accordingly, is based on the formulation of state policy so that incoming reinsurance serves as a powerful tool to stimulate the attraction of funds into the economy of the country. The second direction is to expand the range of innovative reinsurance services to insurance companies, which would have high competitiveness not only within the domestic market, but also with its borders.

Although a market economy is capable of self-organizing its basic economic processes, at the stage of its formation, market relationships are characterized by instability due to the imperfect competitive environment and certain gaps in state regulation.

The instability of the political and economic situation in the country is related to the destabilizing impact of the devaluation of the national currency. As a consequence, there is a difficulty in settling insurers when buying currency to transfer premiums or make payments under insurance contracts with foreign parties. Therefore, due to the difficult political and economic situation in the country, the implementation of investment projects is also complicated.

The market regulator, represented by the National Commission for State Regulation in the Financial Services Market, implements a policy of comprehensive supervision.

State control and control in Ukraine is carried out using direct and indirect methods of influenza. The essence of the direct method of state influenza is the direct involvement of the state in the formation and implementation of a system of surveillance and control using legal and administrative methods. The state, represented by the National Commission, which implements state regulation in the field of financial services markets, coordinates the work of the market, is responsible for the protection of interests of market entities, ensures fair competition, represents the interests of domestic insurers in the international insurance market. The indirect method of state regulation involves the use of purely financial and economic levers, that is, determines the market rules of the game, regulates market activities, that is, the formation of an attractive investment climate and the conduct of antitrust policies.

The current domestic reinsurance market is characterized by imperfect legal regulation. Therefore, to improve state regulation of the reinsurance market will allow to define in the legislation (Law of Ukraine "On Insurance") the concepts of "reinsurance service", "reinsurance market", "professional reinsurer", "reinsurance contract", secondary transfer of risks in reinsurance (retrocession) participants. This will distinguish the functions and characterize the activities of important participants in the reinsurance market: professional reinsurer, retrocessionary and retrocessionary (in the presence of re-transferring risks to reinsurance).

Reinsurance licensing also plays an important role in reinsurance operations. In Ukraine, reinsurance operations may be performed by all insurers licensed for one or another type of insurance. This gives rise to a lack of uniform standards and requirements for reinsurance contracts. The issue of reinsurance licensing is relevant and necessary in the current conditions of development of the reinsurance market in Ukraine. Thus, reinsurance is considered as a separate line of professional activity in the insurance market. The license will be granted to professional reinsurers and ordinary insurers who have formed reinsurance rules, a reinsurance strategy for the next 3 years and have adequate financial support (minimum authorized capital of EUR 3 million).

Creation of professional reinsurance companies with significant liquid assets in their possession. This will create the prerequisites for solving problems related to improving the quality and expansion of the types of services offered.

The unresolved issue today is the completeness and transparency of information provision of the reinsurance market. In addition to providing additional statistical information to the National Financial Services Commission, there is a need to provide educational retraining of key participants in the reinsurance market, taking into account the main trends of the domestic and world insurance and reinsurance market, such as reinsurance underwriters, reinsurance brokers, professional appraisers.

Quality information support will avoid gaps and misunderstandings in the market, make it more open, as well as transparent and understandable for foreign partners and domestic insurance companies.

Analysis of the domestic reinsurance market has revealed the problems of its development, such as: lack of a stable policy of the state to ensure the development of market environment, which gives rise to the lack of interest of foreign partners in cooperation with domestic insurers; incompleteness of information support of the reinsurance market; the ability to carry out reinsurance and insurance operations at the same time can lead to a decrease in reinsurance opportunities as a separate activity in the market.

The modern market economy has the ability to self-regulate its basic economic processes. At the same time, there is instability associated with the imperfection of the competitive environment, inefficiency of redistributive resources.

The development of the insurance and reinsurance market in Ukraine is one of the priority directions of the state policy in the sphere of financial markets [4, p. 152]. This can be explained by Ukraine's desire to expand and deepen its cooperation with international partners, to become a domestic economy under the influence of globalization processes, to expand its business and to increase the positive image of our country in the world.

11.3. Positives of the world experience of reinsurance protection organization and the possibility of their testing in domestic practice.

Global processes and changes occurring in the global economy determine the development of insurance. The reinsurance market is one of the important mechanisms that helps secure the insurance system and therefore plays an important role in the development of the economy of many countries. The combination of markets 83 of reinsurance in different countries creates a world reinsurance market that is a significant basis for the development of the insurance market in each country. In Ukraine, the reinsurance market is only emerging, which necessitates the study of the world experience of its functioning in developed countries in order to test them in domestic practice. The economic prerequisite for the formation of the reinsurance market in the world was the sharp development of industry in European countries. Insurers with significant financial resources could cover the cost of reinsurance themselves. Particularly popular were reinsurers who had branches in other countries. However, with the development of reinsurance, it became clear that insurers' own assets were not sufficient to cover risks without significantly harming the financial position of the company. This led to the emergence of optional reinsurance, which in a short time showed its shortcomings and was changed to a new form of reinsurance - contractual. At the same time, in 1846, an independent association was formed in Cologne, exclusively engaged in reinsurance - the Cologne Reinsurance Community, which was the first to meet demand in the reinsurance market. Thanks to the specialization in reinsurance, the new company had more opportunities to meet the individual needs of the insurer. Subsequently, independent companies specializing in reinsurance were created, the so-called professional reinsurance companies. At the time, the Munich and Swiss Reinsurance Companies were established. German reinsurers occupied a leading position in the world market, due to the sharp growth of reinsurance in European countries. During the war, reinsurance companies suffered significant losses and, only 15-20 years later, were again able to meet the demand that was present in the market. Today, there are a number of factors that affect the reinsurance offering in the world. The first is large amounts of capital of reinsurance companies. The second is the likelihood of global catastrophes. But at the same time, it should be noted that since the 90-ies of the twentieth century there has been a significant increase in global economic losses, which occurred under the influence of man-made and anthropogenic factors.

Nowadays, the reinsurance market is an integral and important component of all highly developed countries. Its stable functioning determines not only the reliability of insurance operations, but also provides stimulation of socio-economic development of economic entities, reduces social tension in society, activates insurance activities and provides adequate insurance protection for the population of the country. Integration in the field of reinsurance, the main manifestation of which is the reinsurance of risks of foreign insurers, expansion of foreign capital, the creation of joint reinsurance companies or pools, enhances the interconnections and interdependencies between national reinsurance markets, contributes to the mutual convergence of their contexts in the world scale to provide global reinsurance protection.

That is, the reinsurance of risks in non-residents to date fulfills its classic and accepted worldwide role, guaranteeing not only the insurer but also the insurer for large losses and financial stability. Regarding the relationships and cooperation of Ukrainian insurers and non-resident reinsurers, over the period 2009-2015, they gradually decline, professional companies turn down work with domestic reinsurers (as an example - one of the oldest partners in the Ukrainian market - Munich Reinsurance Company). Among the reasons for the decrease in the investment attractiveness of the domestic reinsurance market are the following: - decrease in the growth rate of the insurance market; - strengthening of requirements for quality of risks and compliance of tariffs by foreign partners; - delay in payment of premiums by domestic insurers; - in 2014-2015, problems with currency conversion under reinsurance contracts in connection with the introduction of NBU restrictions and, as a consequence, violation of insurance payment terms. The situation of the domestic reinsurance market reduces the possibility of international integration into the world market. Ukrainian insurers leave risks as well as their losses, which is one of the reasons for the growth of domestic reinsurance. The following factors will be distinguished in the future, which will contribute to the development of the Ukrainian reinsurance market and its integration into the world reinsurance market: - revision of the terms of bond agreements concluded with Ukrainian companies by Western reinsurers, as over the past few years there has been a cumulation of risks transferred from Ukraine. Major international reinsurers have become more alert and restrictive about the coverage of risks, which in the future may lead to higher reinsurance costs.

As a result, a number of specific risks that were previously reinsured under large bond contracts may now remain covered in the Ukrainian reinsurance market. liberalization of the legislation of the CIS countries, which will enable to strengthen the relationship between insurers of these countries and domestic companies in the reinsurance segment; - capitalization of insurers to ensure their financial stability will allow to expand the capacity of the insurance market to accept more and more coverage of risks from assignors; - Establishment of a professional reinsurance institute will increase the demand for reinsurance and improve the quality of sales of reinsurance services; - the use of the latest effective management technologies in insurance companies will allow them to bring them to a higher level and 86 to ensure their competitiveness increase in comparison with insurers; - deepening further territorial diversification of businesses and expanding the geography of risk redistribution through reinsurance; - transformation of traditional types of reinsurance through convergence of reinsurance and financial services, as well as the formation of alternative (financial) reinsurance and use of reinsurance based on the rational management of the reinsurer's assets (securitization); - introduction of innovative types of reinsurance services will enhance the investment attractiveness of the domestic market and increase the competitiveness of Ukrainian insurers. Reinsurance of risks abroad allows to increase the capacity of the domestic insurance market, contributes to its effective and safe functioning, so in modern realities the issue of involvement of the insurance market of Ukraine in the international markets of insurance and reinsurance is one of the primary solutions. Understanding the processes taking place in the international reinsurance market and activating socio-economic transformations in the country, as well as the noticeable growth rates of the Ukrainian insurance market in recent years, are a good basis for the functioning of the reinsurance market in Ukraine, its development and the formation of active demand and supply for reinsurance services.

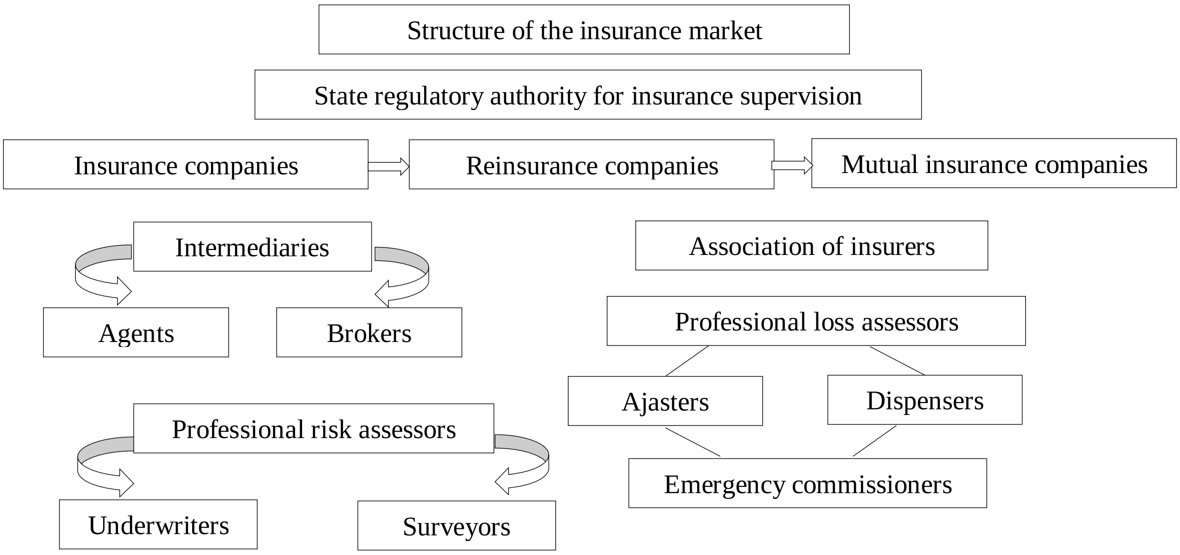

Figure 11.1 Structure of the insurance market

Reinsurance markets with insufficient capitalization, coverage of risks within the country and low competitiveness, in turn, were able to occupy lower positions in the rating.

Trends in the global reinsurance market also depend on economic factors. Numerous catastrophes, which involve considerable losses, can negatively affect the economic growth of countries prone to natural disasters. Thus, the United States has been experiencing slow and modest economic growth over the last few years due to the numerous natural catastrophic losses.

Low rates of economic growth, in turn, can lead to a decrease in insurance premiums in developed markets, which account for about 70% of world insurance premiums. According to Swiss Re Sigma, in 2011, the global growth in premiums in developed markets is quite insignificant for non-life insurance and reinsurance business and has a negative tendency for life insurance and reinsurance business. However, all the negative trends observed in today's reinsurance markets do not diminish the importance of the formation and further development of national reinsurance markets. The ability of insurers to take risks for insurance is limited due to factors such as financial condition, the ability to adequately assess the risks taken for insurance, forecasting the consequences of their occurrence. Such situations are characteristic of both the domestic insurance market and the insurance markets of developed countries. These are precisely the problems that can be offset by reinsurance operations. The peculiarity of reinsurance is that it involves the interaction of insurers not only domestically but also abroad, enabling access to the world reinsurance market. In turn, insurers and reinsurers should respond in a timely manner to opportunities that help increase their profitability and grow their market position. The special and large risks, the need to maintain an adequate level of solvency, encourage insurance companies to use reinsurance as an effective source for solving these problems.

It is reinsurance companies that are able to ease the pressure that insurers face. Recently, participants in the global reinsurance market have been trying to expand their capabilities by entering competitive markets, as well as expanding emerging markets, which are a source of new revenue.

In the current political situation, the most promising are the markets of Western and Eastern Europe, USA. Reinsurance markets of EU countries for domestic insurers are a priority due to a number of factors: - convenient territorial connection allows to save time and financial resources when conducting insurance and reinsurance business (conducting underwriting policy, settlement of insurance cases); - the acquisition by the domestic insurers of the best practices of European companies in conducting reinsurance operations (the UK reinsurance market, the Lloyd's market, the reinsurance markets of Germany, France). It should be noted that the main consumers of reinsurance services are the markets in which the Institute of Insurance is highly developed, namely: the markets of Europe, North America and East Asia. These regions are the leading centers in which demand for reinsurance is concentrated, even here it exceeds the share of direct insurance.

In addition, more than two-thirds of the demand for reinsurance is concentrated in the major direct insurance markets: the US, Germany, the United Kingdom, France, Switzerland, Canada and Japan. It should also be noted that such a high concentration of demand for reinsurance services is due to the fact that the legislation of different countries is brought to the maximum or maximum approximation to international standards, and the insurance and reinsurance markets are completely open and transparent to international cooperation.

The world reinsurance market is one of the segments of the system of international economic relations. The processes of concentration, integration and globalization, which have been active in the world economy since the mid-1990s, actively influence the qualitative and quantitative parameters of the world reinsurance market, changing its regional and corporate structure, state regulation of reinsurance activity both within national economies, and and at the level of regional agreements. Thus, one of the factors influencing the development of the world reinsurance market is globalization, which at the present stage of world development is making its adjustments in increasing competition in regional reinsurance markets [94]. In this situation, regional reinsurers have to use different strategies to overcome the problems inherent in emerging markets.

Emerging markets create favorable conditions for the development of most regional reinsurers and open up great opportunities for international reinsurance groups. At the same time, increasing competition in the global reinsurance market is causing a decrease in regional reinsurers' capabilities. As international reinsurers have a number of competitive advantages over their regional counterparts, regional companies are forced to adapt their strategies so that they remain competitive in the international reinsurance market. Some regional insurers use a strategy focused solely on their domestic markets, while others pursue an international expansion strategy. For example, in 2011, the floods in Thailand had a serious impact on Thai Re's financial sustainability, since most of its operations were concentrated in its own internal market. At the same time, regional participants may be left out of catastrophic losses if they do not fall within their coverage, as, for example, many regional reinsurers in Europe, the Middle East, Africa and Latin America were beyond compensation for catastrophic losses in Asia. in 2011. Also, a trend in the development of the international reinsurance market can be considered as a policy of reinsurers entering new markets in order to increase the diversification of their activities. For example, Trust Re and Saudi Re are regional reinsurers, historically focusing on the Middle East, today exploring opportunities to expand their operations to other regions, such as Eastern Europe and the Far East. Similarly, IRB Brasil Re is currently focusing on expanding its main market in Brazil beyond its borders, namely in Argentina and other Latin American and African countries. There is also a tendency for reinsurers to enter underdeveloped markets with a view to their further development. For example, Eastern European reinsurers such as Polish Re and Moscow Re are increasingly cooperating with Commonwealth of Independent States markets, such as Armenia and Ukraine.

Another important aspect that may be of interest to the domestic practice of state regulation of reinsurance is the insurance supervision system of Germany, which includes direct supervision, which includes two procedures: registration and permanent supervision and indirect supervision, which provides supervision not for the reinsurer, but for reinsurance activities. The reinsurer is supervised on an ongoing basis. At the time the company applies for registration, the regulator checks whether the 92 head office of the insurer is located in Germany, otherwise such company cannot be registered.

In Lithuania, however, the supervisory system is similar to the German one, where insurer supervision is complete and professional reinsurers are limited. Reinsurance can be done by both insurers and professional reinsurers. A company that deals solely with reinsurance should not receive any licenses. The higher the financial stability of the reinsurer, the greater the proportion of its risks can be transferred to it. Insurance and reinsurance activities in Belarus are regulated by the Law "On Insurance" of 03.06.1993 № 2343-XII. The state regulator is the Insurance Supervision Commission under the Ministry of Finance.

Insurance companies and reinsurance companies are subject to full and direct oversight by the regulator. There is a possibility for the existence of insurance organizations and professional reinsurers, whose only type of activity is reinsurance. Regarding taxation of insurers, Ukraine is now close to offshore centers (Saint Lucia, British Virgin Islands, Bahamas, Panama), where there is no tax on income from insurance activities and a high license fee (usually from 55 thousand. up to UAH 175 thousand per year). The global reinsurance market is concentrated in such regions as North America (about 56%), Latin America (about 4%), Western Europe (about 26%), Asia (about 12%) and other countries (about 2%).

The top 5 largest reinsurance companies in the world by collected insurance premiums under reinsurance contracts include Munich Re (Germany), Swiss Re (Switzerland), Lloyd's (United Kingdom), Hannover Re (Germany), Reinsurance Group of America (USA).

We distinguish the following perspective directions of development of the reinsurance market taking into account the world experience of functioning of reinsurers and realization of reinsurance activity:

a) introduction of licensing of reinsurance activity in Ukraine and creation of a single state reinsurance company;

b) creating the conditions for the development of national reinsurance brokers and actuaries, which will save time on risk placement and increase the level of risk assessment;

(c) the introduction of Solvency II provisions, which will increase the real level of reinsurance operations and the level of input reinsurance;

d) development and implementation of a strategy for the development of reinsurance by 2020, which will allow to structure all lines of activity in the field of reinsurance and to enter the international reinsurance market.

The state, in our opinion, should participate in the reinsurance market by constantly monitoring the level of financial stability of reinsurers. Public authorities should also monitor the pricing and rules of reinsurance operations within all reinsurance market participants. Despite the reluctance of most domestic insurers to adopt new business rules, it is the change in organizational and managerial aspects of their operation that will in the long run increase the profitability of their operations by consolidating and optimizing the capital structure and achieving financial stability. While maintaining the existing model of the market, there can be instability of its development, high competition, low self-holding, poor capitalization and low investor interest in Ukrainian reinsurance. Thus, without the experience of world reinsurance, the domestic market can develop, but at a slight pace. At the same time, Ukrainian insurance companies will perform the function of protecting the national economy and its subjects only to a limited extent.

Self-control Questions

1. What is Reinsurance?
2. What are the factors affecting your own retention limit?
3. What is the difference between active reinsurance and passive reinsurance?
4. What are the types of proportional reinsurance contracts?
5. Name the types of disproportionate reinsurance contracts.
6. What is the difference between a quota reinsurance contract and an eccentric one?
7. What is the content of reinsurance in excess of losses?
8. How and to whom is the insurance indemnity paid by the insurer and the reinsurer in the event of the insured's insured event?
9. In which case is the co-insurance contract concluded?
10. How is liability shared between insurers when concluding an insurance contract?

Topics for papers and presentations

1. origins and history of the global reinsurance.
2. Co-insurance and its importance in the development of insurance.
3. State regulation of reinsurance relations in Ukraine.
4. History of reinsurance in EU countries.
5. Trends in reinsurance market development in Ukraine.

Tests

1. The types of reinsurance contracts include:
a) proportional and obligatory;
b) compulsory and voluntary;
c) proportional and disproportionate;
d) quota and incident.
2. Reinsurer is:
a) the assignee;

b) assignor;
c) retrocedent;
d) Retrocessionary.

3. Active reinsurance is:
(a) enhancing the active and reinsurance activities;
b) strengthening of active activity of reinsurers; b) transfer of risks of domestic insurers to foreign reinsurers;
d) acceptance of foreign risks in reinsurance by domestic companies.

4. The forms of reinsurance are:
a) proportional and disproportionate;
b) quota, incident and quota-incident;
c) optional, obligatory and optional-obligatory;
d) active and passive.

5. The assignor is:
a) the insurer;
b) reinsurer;
c) reinsurer;
d) the assignee.

6. Reinsurance by the method of holding is divided into:
a) proportional and disproportionate;
b) quota, incident and quota-incident;
c) optional, obligatory and optional-obligatory;
c) active and passive.

7. A risk-sharing method whereby several insurers on an equal footing are liable for one insurance contract within the limits of their share is:
(a) a loss incident;
b) the loss factor;
c) reinsurance;
d) co-insurance.

8. A document containing a list of risks to be reinsured and sent by the assignee in case of incidental reinsurance is:
a) a declaration;
b) the slip;
c) border;
d) proposal.
9.Is the insurer obliged to inform the insurer that its risk taken on insurance will be reinsured ?:
a) yes;
b) no.

10. Passive reinsurance is:
a) reduction of active activity of reinsurers;
b) reduction of active activity of reinsurers;
c) transfer of risks of domestic insurers to foreign reinsurers;
d) acceptance of foreign risks in reinsurance by domestic companies.

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TOPIC 12. FINANCIAL MONITORING IN INSURANCE COMPANIES

12.1. Economic essence and features of organization of financial monitoring system
12.2. Insurance organization as the subject of initial financial monitoring
12.3. Internal financial monitoring in the activity of insurance organizations

Purpose: To acquire knowledge of financial monitoring of insurance companies, its legal support, by the applicants of higher education.

Keywords: financial monitoring, subjects of financial monitoring, internal financial monitoring, initial financial monitoring, public financial monitoring

12.1. Economic essence and peculiarities of organization of financial monitoring system

The current state of the domestic insurance market requires managers and managers of insurance organizations to make managerial decisions in conditions of uncertainty when the activity of insurance organizations is influenced by internal and external risks.

Financial problems that occur with insurers are often caused by the lack of clear strategic development goals in the management, the failure of current and prospective financial plans, the untimely response to negative factors. As a consequence, insurance companies have difficulty in determining the predicted financial stability, the main factors of external and internal impact on it, as well as the modeling of possible scenarios of their development, especially in conditions of economic instability.

In this regard, of particular importance is the problem of maintaining the insurers' solvency, which is the key to the fulfillment of their insurance obligations. An important role in solving this extremely important scientific and practical problem is played by financial monitoring, which is an integral part of financial management in insurance organizations and, at the same time, an effective instrument of state supervision of insurance activities.

Financial monitoring - a set of measures undertaken by financial monitoring entities in the field of preventing and counteracting the legalization (laundering) of proceeds of crime or terrorist financing.

Methodological financial monitoring system is a set of forms and methods of relationships that arise when conducting financial transactions with clients through financial institutions, taking into account the legally assigned duties to ensure measures to fully and timely prevent and counter the legalization of criminal proceeds and terrorist financing taking into account the leading global trends in the industry, methods and methods of revenue legalization, as well as the totality of the collection, processing and analysis of information and its transfer on the specialized bodies of the state, which carry out the verification of the legality of such operations and check the sources of origin of clients' income and in order to ensure the economic equality of market entities, stimulate production and business activities, ensure a sustainable and consistent economic and social development of society and the fight against socially dangerous phenomena (terrorism, drug addiction, human trafficking, etc.).

In our system of financial monitoring, in our opinion, we should distinguish the economic mechanism of financial monitoring and the entities that arise in the course of conducting a financial transaction and providing control over it, which should be interpreted as a set of economic ties between financial entities, financial intelligence units, financial intelligence units. regulators and supervisors, clients of financial entities and international specialized organizations and associations.

According to this approach to formulating the concept of financial monitoring system, the specificity of its mechanism is the existence of relationships between financial monitoring entities at 5 levels:

- between clients of financial transaction entities and financial institutions;
- interconnections in the internal mechanism of financial monitoring entities, for example, between owners, managers and staff of financial monitoring entities;
- between financial institutions and units and economic regulators operating at the level of regulators and supervisors;
- between financial intelligence units and economic regulators and national regulators (Verkhovna Rada of Ukraine, Cabinet of Ministers of Ukraine, National Bank of Ukraine, etc.);
- between international specialized organizations and associations and the system of combating the legalization of illegal income in Ukraine.

According to the Law of Ukraine "On prevention of the legalization (laundering) of proceeds from crime, terrorist financing and the financing of the proliferation of weapons of mass destruction," the *national system of counteraction to the legalization (laundering) of proceeds of crime consists of two levels :***public** (state financial monitoring) and **primary** subjects of(subjects of primary financial monitoring).

Primary financial monitoring - a set of measures undertaken by the entities of primary financial monitoring and aimed at fulfilling the requirements of the legislation, regulations of the entities of public financial monitoring, including, in particular, the carrying out of mandatory and internal financial monitoring.

The subjects of the initial financial monitoring are:

- banks, insurance companies, credit unions, pawnshops, etc. financial institutions;
- payment organizations, members of payment systems, acquiring and clearing institutions;
- commodity, stock, etc. exchanges;
- professional participants of the securities market;
- asset management companies;
- postal operators and other institutions that carry out financial transfers;
- branches or representative offices of foreign economic entities providing financial services in the territory of Ukraine;
- business entities that provide intermediary services in the implementation of transactions of sale and purchase of real estate;
- economic entities that trade in cash for precious metals and precious stones and articles thereof, if the amount of the financial transaction is equal to or exceeds the amount specified by law;
- lottery and gambling entities, including casinos, e-casinos;
- Notaries, attorneys, auditors, audit firms, individuals - accounting firms, business entities providing legal services (except for persons providing employment services), in cases provided for by law ;

- other legal entities, which by their legal status are not financial institutions but provide separate financial services.

State financial monitoring, conducted by the central executive body, which implements the state policy in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime, terrorist financing and financing of the proliferation of weapons of mass destruction, collection of information on analysis and analysis on financial transactions submitted by entities of primary and state financial monitoring and other state bodies, relevant bodies of foreign countries , other information that may be related to the suspicion of the legalization (laundering) of proceeds of crime, or the financing of terrorism or the financing of the proliferation of weapons of mass destruction and / or other illegal financial transactions, and measures to verify such information in accordance with the law Ukraine;

State financial monitoring of other entities of public financial monitoring - a set of measures taken by other entities aimed at meeting the requirements of legislation in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime, terrorist financing and proliferation financing.

The subjects of state financial monitoring are:

- National Bank of Ukraine;
- Central executive body for the formation and implementation of state policy in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime, or terrorist financing (State Financial Monitoring Service of Ukraine);
- Ministry of Finance of Ukraine,
- Ministry of Justice of Ukraine,
- Central executive body providing state policy in the field of postal services (Ministry of Transport and Communications of Ukraine),
- Central executive body providing state policy formation in the field of economic development (Ministry of Economy of Ukraine),
- the National Commission for Securities and Stock Market,
- the National Commission for the state regulation of financial services markets.

The State Financial Monitoring Service of Ukraine (SCFM) is a central executive body, whose activity is directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance and which implements the state policy in the field of prevention and counteraction to the laundering (laundering) of proceeds, financial fraud and distribution weapons of mass destruction.

SCFM was established and started its activity in 2002 within the Ministry of Finance of Ukraine as a State Department of Financial Monitoring.

Since 2005, in accordance with the Law of Ukraine, SCFM has acquired the status of a central executive body.

In its activities SCFM is governed by the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of Crime Proceeds, Financing Terrorism and Financing the Proliferation of Weapons of Mass Destruction", and uses international standards aimed at counteracting legalization (laundering) and terrorist financing.

The SCFM is charged with the following main tasks:

- implementation of the state policy in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime, terrorist financing and financing of the proliferation of weapons of mass destruction;

- submitting to the Minister of Finance proposals for ensuring the formation of state policy in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime, terrorist financing and financing of the proliferation of weapons of mass destruction;

- collecting, processing and conducting analysis (operational and strategic) of information on financial transactions subject to financial monitoring, other financial transactions or information that may be related to suspicion of legalization (laundering) of proceeds of crime or terrorist financing or financing the proliferation of weapons of mass destruction;

- ensuring the functioning and development of a unified information system in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime, terrorist financing and the proliferation of weapons of mass destruction;

- conducting a national risk assessment;

- establishing cooperation, interaction and information exchange with state bodies, the National Bank, competent authorities of foreign states and international organizations in the field of preventing and counteracting the legalization (laundering) of proceeds from crime, terrorist financing and the proliferation of weapons of mass proliferation;

- ensuring, in due course, the representation of Ukraine in international organizations on the prevention and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction.

With the purpose of introducing quality training of financial monitoring specialists, continuous improvement of their qualification and professional level, in 2004 a Training and Methodological Center for retraining and advanced training of specialists in financial monitoring in the field of combating the legalization (laundering) of the proceeds by means of crime was established and operates. , and the financing of terrorism under the auspices of SCFM.

SCFM actively cooperates with leading international organizations and agencies dealing with anti-money laundering and terrorist financing issues, such as the Anti-Money Laundering Financial Action Group (FATF), regional organizations of the FATF type - Special Committee on Action Money Laundering (MONEYVAL), Council of Europe and European Commission, United Nations Office on Drugs and Crime, Egmont Group of Financial Intelligence Units, World Bank, International Monetary Fund, Organization for Security and Co-operation in Europe (OSCE).

In cooperation with the Council of Europe, SCFM experts have been regularly participating in the plenary meetings of the MONEYVAL Committee since 2002.

Today, SCFM cooperates with more than 150 financial intelligence units in other countries and receives information from foreign partners that may be related to illegal activities. This makes it possible to investigate more complex and transnational schemes more quickly and fully.

The National Securities and Stock Market Commission regulates and supervises the prevention and counteraction to the legalization (laundering) of proceeds of crime or the financing of terrorism against stock exchanges, asset management companies and other professional stock market participants (except banks), respectively. to the Law of Ukraine "On Prevention and Counteraction to the Legalization (Laundering) of Proceeds of Crime or the Financing of Terrorism".

In the field of preventing and counteracting the legalization (laundering) of proceeds of crime or terrorist financing, the NCSSMC has the following powers:

- to oversee the activities of the entities of the primary financial monitoring by, in particular, by carrying out planned and unscheduled audits, including;

- to provide methodological, methodological and other assistance to the entities of primary financial monitoring;

- to regulate and supervise policies, procedures and control systems, risk assessments to determine the compliance of the measures taken by the entities of the initial financial monitoring and to reduce the risks in the activities of such entities;

- require the entities of initial financial monitoring to comply with the requirements of the legislation governing relations in the field of preventing and counteracting the legalization (laundering) of proceeds of crime or terrorist financing, and in case of violations of the requirements of the legislation, take measures provided for by law;

- to carry out an audit of the organization of vocational training of employees and heads of units responsible for conducting financial monitoring;

- to inform the specially authorized body with the purpose of fulfilling the tasks assigned to it about the detected violations of the legislation in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime, or the financing of terrorism and the measures taken to eliminate them;

- annually, but no later than January of the following year, to provide to the Specially authorized body summarized information on the compliance of the entities of the primary financial monitoring with the requirements of the legislation in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime, or the financing or theft, violations and measures taken to remedy them;

- to secure the storage of information received from the entities of primary financial monitoring and law enforcement;

- to coordinate with the specially authorized body any draft legal acts on issues related to the fulfillment of the requirements of the law;

- to submit to the Specially authorized body information, in particular documents, necessary for the fulfillment of the tasks assigned to it (except for information on the personal life of citizens), in the manner prescribed by law;

- in the cases established by the legislation, take measures to prevent the formation of authorized funds of the respective entities of the primary financial monitoring at the expense of funds whose sources of origin cannot be confirmed;

- use the information of the Special Authorized Body on the signs of violation by the entities of the primary financial monitoring of the requirements of the legislation in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime, or financing of terrorism to establish the presence of such violations.

The direct control over the fulfillment by the entities of the primary financial monitoring of the tasks and duties stipulated by the legislation in the field of prevention and counteraction to the legalization of proceeds from crime and terrorist financing is vested in state regulators: in the insurance market - Natcomfinance Services.

In accordance with the "Regulation on the *National Commission for State Regulation in the Markets and Financial Services*", approved by the Decree of the President of Ukraine of November 23, 2011 No. 1070/2011, the National Financial Services Commission, in particular:

- performs within its powers the function of the public financial entity monitoring;
- determines, in agreement with the SCFM, requirements for the organization of financial monitoring by financial institutions and legal entities, which by their legal status are not financial institutions, but are entitled to provide financial services in accordance with the laws and regulations of the National Financial Services Commission, to fulfill their requirements acts of legislation on the prevention and counteraction to the legalization (laundering) of proceeds from crime and the financing of terrorism.

To effectively combat the legalization (laundering) of proceeds of crime and terrorist financing in Ukraine, within the limits of the powers granted, the National Financial Services Commission, in accordance with the concluded interagency agreements (memoranda), cooperates with the following state executive bodies: The State Financial Monitoring Service of Ukraine; The National Securities and Stock Market Commission; The National Bank of Ukraine; Ministry of Internal Affairs of Ukraine.

In order to improve the legal mechanism to counteract the legalization (laundering) of proceeds of crime or terrorist financing, the National Financial Services Commission was finalized, approved by the Order of the National Financial Services Commission of June 6, 2014 # 698 and published on the official web site employees responsible for financial monitoring of entities of primary financial monitoring, government regulation and oversight of which is carried out by the National Audit Office. an commission that carries out state regulation in the field of financial services markets, and recognizes that some regulations of the State Commission for Regulation of Financial Services Markets of Ukraine have lapsed. " Adoption of this project makes it possible to streamline the training of employees responsible for conducting financial monitoring. In addition, with a view to implementing international standards for combating revenue laundering and terrorist financing and the proliferation of weapons of mass destruction approved at the FATF Plenary Session on 16.02.2012, the draft regulation extends the list of training measures for employees and heads of financial institutions, units of financial institutions monitoring. The main indicators of the effectiveness of this regulatory act are the improvement of the quality of financial monitoring by the entities of the primary financial monitoring, in particular by insurance organizations.

As a result of these measures, it is envisaged at the micro and macro levels to create such an internal financial monitoring system that would make it impossible to use an insurance (reinsurance) company to launder proceeds from crime.

A financial transaction is subject to mandatory financial monitoring if the amount for which it is carried out is equal to or exceeds 150,000 hryvnias (for lottery or gambling entities and gambling operators in the casino, any other gambling, including electronic (virtual) casino - UAH 30,000) or equal to or exceeds the amount in foreign currency, bank metals, other assets equivalent to UAH 150,000 (for lottery or holding and giving entities the ability to access casino gambling, any other gambling, including electronic (virtual) casino, - 30,000 hryvnia), and having one or more such features :

1) transfer of funds to an anonymous (numbered) account abroad and receipt of funds from an anonymous (numbered) account from abroad; transfer or transfer of funds in case at least one of the parties involved in the financial transaction has a corresponding registration, place of residence or location in the country, which is assigned by the Cabinet of Ministers of Ukraine to the list of offshore zones, as well as transfer of funds to an account opened in a financial institution, registered in that country;

2) purchase and sale for cash checks, travelers checks, including other payment instruments or means of payment or means of payment;

3) crediting or transferring funds, granting or obtaining a loan (loan), carrying out other financial transactions if at least one of the parties involved in the financial transaction has a proper registration, place of residence or location in the non-performing country (territory) or improperly complies with the recommendations of international, intergovernmental organizations active in the field of combating the legalization (laundering) of proceeds of crime, or the financing of terrorism or the financing of the proliferation of weapons of mass destruction (including the diplomatic mission, embassy, consulate of such foreign country), or one of the parties involved in the financial transaction is a person who has an account with a bank registered in the specified state (territory). The list of such states (territories) shall be determined in accordance with the procedure established by the Cabinet of Ministers of Ukraine, on the basis of the conclusions of international, intergovernmental organizations whose activity is aimed at counteracting the legalization (laundering) of proceeds from crime, or the financing of terrorism or the financing of the proliferation of weapons, mass destruction to be made public;

4) cash transactions (deposit, transfer, receipt of funds);

5) payment for the financial transaction in cash;

6) depositing funds into the current account of a legal or natural person - entrepreneur or debiting funds from a current account of a legal or natural person - entrepreneur whose period of activity does not exceed three months from the date of registration, or transferring funds to a current account or debiting funds from a current legal account or a sole proprietor if the transactions on the specified account have not been carried out since the day of its opening;

7) transfer of funds abroad under foreign economic agreements (contracts), except transfers of funds under contracts (contracts), which provide for the actual delivery of goods to the customs territory of Ukraine;

8) exchange of banknotes for banknotes of another denomination;

9) carrying out financial transactions with bearer securities not deposited with depository institutions;

10) transactions with promissory notes (other than Treasury bills), warrant securities;

11) transfer or receipt of funds by a non-profit organization;

12) execution of financial transactions by transactions, the form of payments for which is not defined;

13) receipt (payment, transfer) of insurance or reinsurance payment (insurance or reinsurance contribution, insurance or reinsurance premium), except payment of a single contribution to obligatory state social insurance;

14) carrying out insurance or reinsurance payments or insurance or reinsurance reimbursement or payment of the redemption amount, except for crediting or debiting of funds to / from the account (s) of state off-budget funds;

15) payment (transfer) to the person of the lottery prize, purchase of chips, tokens, payment by the person in another way for the right to participate in the gambling, payment (transfer) of the prize to the gambling entity;

16) granting credit facilities to a person who is a member of a non-bank credit institution on the same day twice or more, provided that the total amount of financial transactions equals or exceeds the amount specified in part one of this Article;

17) financial transactions of persons at high risk.

Insurance (reinsurance) brokers carry out obligatory financial monitoring if they are involved in making payments and receive insurance or reinsurance premiums in the amount of 150,000 UAH.

Regulatory support system of financial monitoring:

- the Law of Ukraine "On prevention of legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction"

- Cabinet of Ministers of Ukraine "Some aspects of the organization of financial monitoring"

- Resolution Of the Cabinet of Ministers of Ukraine "On Approval of the Procedure for Provision of Information by State Bodies, State Registrars at the Request of the Subject of Primary Financial Monitoring about the Client "

- Resolution of the Cabinet of Ministers of Ukraine" On Approving the Procedure of Organization and Coordination of Work on Retraining and Training of Specialists in Financial Monitoring "

- Resolution of the Cabinet of Ministers of Ukraine" On the Procedure of Determining Countries (Territories) Not Implementing or Improperly Implementing International Recommendations , intergovernmental organizations active in the field of combating the legalization (laundering) of proceeds of crime, or the financing of terrorism or the financing of proliferation of weapons of mass destruction

"-Resolution of the National Commission for State Regulation of Financial Services Markets of 13.10.2015 number 2481" On approval of the criteria for assessing the risk for sub of primary financial monitoring, state regulation and supervision of the activities of the National Financial Services Commission

- Order of the National Commission for State Regulation in the Market of Financial Services No. 0172 of 01.10.2015 "On approval of the procedure for the application of sanctions , the fosterbirds and theirs, as the Law of Ukraine "on the prevention and counteraction to the legalization (laundering) of proceeds of crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction", the presentation of claims and the implementation of control over their implementation by the national commission, which carries out state regulation in the sphere of financial services markets, and recognition as having lost, some orders of the state commission for regulation of financial services markets of Ukraine »

12.2. Primary financial monitoring of insurance organizations The

insurance company is obliged to develop, implement and constantly in compliance with the legislation to update the financial monitoring rules, financial monitoring programs and other internal documents on financial monitoring issues and to appoint an employee responsible for its implementation, taking into account the requirements of the legislation.

Financial groups of which the entities are the entities of the initial financial monitoring shall develop and implement uniform financial monitoring rules, including the procedure for the use of information within the group for the purpose of financial monitoring. Such rules shall apply to all entities of the initial financial monitoring that are members of a financial group.

The insurance company as the subject of the initial financial monitoring is obliged:

1) to be registered with the specially authorized body as the subject of the primary financial monitoring;

2) carry out the identification, verification of the client (the client's representative), the examination of the client and the clarification of information about the client in cases established by law;

3) ensure that financial transactions subject to financial monitoring are identified before, in the process, on the day of suspicion, after their conduct, or when they attempt to conduct them or after the client refuses to conduct them, in particular using automation means. The peculiarities and timing of the detection of the entities of the primary financial monitoring of financial transactions, depending on the specifics of their activity, may be established by the normative legal acts of the entities of the state financial monitoring, which are the functions of state regulation and supervision of the entities of the primary financial monitoring;

4) provide risk management and develop risk criteria in its activities;

5) ensure the registration of financial transactions subject to financial monitoring, not later than the next working day from the date of their detection, in particular with the use of automation means;

6) notify the specially authorized body of:

a) financial transactions subject to obligatory financial monitoring - within three working days from the date of their registration or attempt to carry them out;

b) financial transactions subject to internal financial monitoring, as well as information about their suspicion of activity of persons or their assets, if there are grounds to believe that they are related to a crime defined by the Criminal Code of Ukraine, on the day of suspicion or sufficient grounds for suspicion or attempted financial transactions, but no later than the next business day following the registration of such financial transactions;

(c) financial transactions suspected of being related, related to, or intended to finance terrorism or the financing of the proliferation of weapons of mass destruction, on the day of their detection, but not later than the next working day following the registration of such financial transactions; also inform law enforcement agencies and their participants of such financial transactions;

7) in the case of notification from a specially authorized body:

- with non-zero error codes for individual financial transactions, or generally for the financial transaction subject to financial monitoring provided by the subject of the primary financial monitoring or for monitoring (monitoring) of financial transactions within three working days from the date of receipt of such notification to a specially authorized body, a duly executed notification;

- to submit an error in the processing of additional information (information to fulfill the request of a competent authority of a foreign country) within two working days from the date of receipt of such notification in the form of supplementary information duly executed;

8) assist within the limits of the legislation to the employees of a specially authorized body in carrying out the analysis of financial transactions;

9) to submit at the request of a specially authorized body:

a) additional information that may be related to the financing of terrorism or the financing of the proliferation of weapons of mass destruction, as well as information that may be related to the suspension of a financial transaction (s) in accordance with legislation - within one working day of receipt of the request;

b) any additional information not specified in subparagraph (a) of this paragraph - within five working days from the date of receipt of the request or in another period, agreed in accordance with the established procedure with a specially authorized body;

10) to submit at the request of a specially authorized body additional information necessary to fulfill a request received from a competent authority of a foreign country, in particular information with restricted access, within five working days from the date of receipt of the request or at another time agreed in accordance with the established procedure. with a specially authorized body;

11) to submit at the request of a specially authorized body information on tracking (monitoring) of financial transactions of a client whose transactions have become the object of financial monitoring, in the manner established by the central executive body for the formation and implementation of state policy in the field of prevention and counteraction to legalization (laundering)) proceeds from crime or terrorist financing, in agreement with the relevant entities of the state financial monitoring, which in accordance with the legislation of the the functions of state regulation and supervision of the entities of the primary financial monitoring;

12) in case of failure to comply with the deadlines for objective reasons (taking into account the amount of information requested, the form of its submission - electronic or paper, copying or scanning, obtaining data from archives, etc.), agree with the specially authorized body within two working days from the day receipt of the request within the deadline for submitting the requested information in the manner established by the central executive body on the formation and implementation of state policy in the field of prevention and counteraction to the legalization (laundering) of income criminals, or terrorist financing;

13) timely and in full submit (formalize, certify) in accordance with the procedure established by the relevant state financial monitoring entity, which performs the functions of state regulation and supervision of the entity of primary financial monitoring, at the request of this state financial monitoring entity information, documents, copies of documents or excerpts from documents necessary for the performance by the relevant

entity of public financial monitoring of functions of state regulation and supervision of entities initially financial monitoring, including to verify the facts of violations of the requirements of the legislation in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime, terrorist financing or financing the proliferation of weapons of mass destruction, control over the implementation of entities of primary financial entities state financial monitoring of the application of sanctions, written requirements;

14) take measures to prevent the disclosure (in particular to persons whose financial transactions are being audited) of information submitted to a specially authorized body and other information on financial monitoring (including the fact of submitting such information or receiving a request from a specially authorized body) ;

15) keep official documents, other documents (including electronic documents created by the subject of the initial financial monitoring), their copies regarding the identification of the persons (clients, representatives of the clients), as well as the persons who were refused to carry out the subject of the initial financial monitoring financial transactions, customer studies, clarification of customer information, as well as all documents relating to business relations (conducting a financial transaction) with the client - at least five years after the end of the operation, closing the account, termination of business relations. A legal act of a public financial monitoring entity that performs the functions of state regulation and supervision of a subject of primary financial monitoring may provide for longer retention of documents;

16) ensure unhindered access of relevant public financial monitoring entities performing the functions of state regulation and supervision of the entities of primary financial monitoring, and at the request of law enforcement authorities to the documents or information contained in them in full in accordance with the requirements the law;

17) on behalf of a specially authorized body, submitted for the purpose of fulfilling the request of a competent body of a foreign state, to suspend or ensure the monitoring of a financial transaction of the relevant person in the manner prescribed by law;

18) upon the decision of a specially authorized body provided for the purpose of suspending a financial transaction (financial transactions) as such that may be related to the legalization (laundering) of proceeds from crime, or the financing of terrorism or the financing of the proliferation of weapons of mass destruction, or ensure the monitoring of the financial transaction (s) of the person concerned in the manner prescribed by law;

19) conduct, in the manner established by the subject of state financial monitoring, which performs the functions of state regulation and supervision of the relevant subject of primary financial monitoring, its activity in order to comply with the requirements of the legislation in the field of prevention and counteraction to the legalization (laundering) of income, criminal or terrorist financing and the proliferation of weapons of mass destruction, or an independent audit of their activities (other than banking) in this field;

20) take measures in accordance with the legislation to ensure that a responsible employee receives training in preventing and counteracting the legalization (laundering) of proceeds of crime, terrorist financing and financing the proliferation of weapons of mass destruction within three months from the date of his / her appointment, by training at least once every three years on the basis of the respective educational institution, which

belongs to the field of management specially the authorized body, and in other educational institutions in agreement with the specially authorized body;

21) to take on an ongoing basis measures to train staff to identify financial transactions subject to financial monitoring, as well as to carry out other measures on financial monitoring through educational and practical work;

22) to analyze the correspondence of financial transactions conducted by the client, the available information on the content of his activity and financial status in order to identify the financial transactions subject to financial monitoring;

23) manage the risks associated with the introduction or use of new and existing information products, business practices or technologies, including those that provide for financial transactions without direct contact with the client;

24) fulfill the requirements of the relevant entities of the state financial monitoring, which perform the functions of state regulation and supervision of the entities of the primary financial monitoring, regarding the fulfillment (elimination of violations) of the requirements of the legislation governing the relations in the sphere of prevention and counteraction to the legalization (laundering) of income, the proceeds of crime, terrorist financing and the proliferation of weapons of mass destruction;

25) to confirm during the verification that the identity of the client's person (client's representative) is consistent with the information specified in the official documents received from him, as well as the compliance of the official documents with the requirements of the legislation and verify their validity (validity);

26) establish, distribute by means of determination of employment contracts (in job descriptions, contracts, etc.) and inform the responsible employees and other employees of the subject of the initial financial monitoring their functional responsibilities for carrying out the initial financial monitoring, identification and verification of the client (client's representative)), investigating the client, identifying (detecting) and conducting the risk of laundering (laundering) the proceeds of crime, terrorist financing or financing the proliferation of weapons of mass destruction, the monitoring of customer risks, and the like.

The Insurer is obliged to independently carry out the risk assessment of its clients, taking into account the risk criteria defined by the central executive body for the formation and ensuring the implementation of state policy in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime, or the financing of terrorism and terrorist financing. financial monitoring, carried out by the state regulation and supervision of the activity of the relevant entities of the primary financial monitoring, during the implementation of their identification , as well as in other cases provided for by law and internal financial monitoring documents, and take precautionary measures against high-risk clients.

The entity subject to the initial financial monitoring is required to identify high risk, in particular with regard to the following clients:

- clients whose place of residence (stay, registration) is a country where the recommendations of the Anti-Money Laundering Group are not being applied or are not sufficiently applied. money (FATF) and other international organizations active in the prevention and counteraction to the legalization (laundering) of proceeds of crime and the financing of terrorism;

- foreign financial institutions (except for financial institutions registered in the Member States of the European Union, the Member States of the FATF) with which correspondent relationships are established;

- national, foreign public figures and figures, perform political functions in international organizations or related entities, which fact of belonging to a client or a person acting on their behalf established entities

-clients included and to the list of persons related to the conduct of terrorist activities or subject to international sanctions

The subject of initial financial monitoring is obliged to carry out the following additional measures to high-risk clients:

1) in relation to the foreign financial institution with which correspondent relations are established. in the manner determined by the respective entities of state financial monitoring functions of regulation and supervision of entities:

a) ensure collection information about its reputation, and whether the foreign financial institution was subject to the application of measures of influence (sanctions) by the state regulatory authority and its oversight activities in the field of prevention and counteraction to the legalization (laundering) of proceeds of crime and the financing of terrorism;

b) determine what measures are taken by a foreign financial institution to prevent and counteract the legalization (laundering) of proceeds of crime, terrorist financing and the proliferation of weapons of mass destruction;

c) find out, on the basis of the information obtained, the sufficiency and effectiveness of measures taken by a foreign financial institution to combat the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction;

d) open correspondent accounts with a foreign financial institution and in foreign financial institutions with the permission of the head of the entity of the primary financial monitoring;

2) in relation to national, foreign public figures and figures performing political functions in international organizations, their close persons or related persons (related persons are persons with whom family members of national, foreign public figures and figures who perform political functions in international organizations have business or personal relations, as well as legal entities whose ultimate beneficial owners (controllers) are such persons or their family members or persons with whom such persons have business or personal relations. ulcers):

a) detect according to the internal financial monitoring documents, the fact of the client or the person acting on its behalf to the specified category of clients during the identification, verification and in the process of their servicing, and whether they are the ultimate beneficial owners (controllers) or heads of legal entities;

b) establish business relations with such persons with the permission of the head of the entity of initial financial monitoring;

c) before or during the establishment of business relations, take measures to find out the sources of origin of such persons on the basis of documents and / or information received from them from other sources, if such information is public (open), confirming the sources of origin of their assets, rights to such assets, etc .;

d) to follow the recommendations of the relevant public financial monitoring entity, which performs the functions of state regulation and supervision of the primary financial monitoring entity, the primary financial monitoring of financial transactions, participants or beneficiaries of which are such persons, in the manner determined for high-level clients risk;

e) at least once a year to update customer information.

Insurers (reinsurers), insurance (reinsurance) brokers, in addition to the measures provided for above, also take measures to establish the fact that such a person under the contract (policy) is life insurance beneficiary (beneficiary). In case of establishing the fact that such person is the beneficiary (beneficiary), prior to making the insurance payment under such policy, the head of the subject of the initial financial monitoring shall be informed and an in-depth check of the client-holder of such insurance policy shall be conducted, the results of which shall be decided upon. informing a specially authorized body.

In order to ensure compliance with the requirements of the legislation in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime, or terrorist financing, they appoint a responsible employee.

The responsible employee manages and coordinates the internal system of preventing and counteracting the legalization (laundering) of proceeds of crime and the financing of terrorism by the subject of the initial financial monitoring.

The responsible employee is appointed by the post at the level of management of the entity of the primary financial monitoring.

A person who is appointed to a position of a responsible employee must meet the following requirements:

- have perfect business reputation;
- have higher education and work experience of at least one year in the relevant field of activity of the entity of primary financial monitoring, or experience of management position in the entity of primary financial monitoring of at least one year, or at least one year of work experience in the field of prevention and counteracting the legalization (laundering) of proceeds of crime and the financing of terrorism.

If for the last ten years a person has been a manager, member of a governing body or chief accountant of a bankrupt financial market participant, or has been subjected to a measure of influence (sanction) by a body that regulates the relevant financial services market by removing management from management of a legal entity - a participant in the financial services market, revocation of a license to carry out the relevant type of activity, such person may be appointed responsible employee by agreement with the relevant entity of public financial monitoring.

The responsible employee must know the legislation of Ukraine and international standards in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime and terrorist financing and have the skills to apply in practice:

- the rules of conducting internal financial monitoring and its implementation programs;
- the procedure for identifying financial transactions subject to financial monitoring that may be related, related and / or intended to finance terrorism;

- the procedure of identification of financial transaction entities and the receipt and storage of documents relating to the identification of financial transactions and documentation of financial transaction operations;

- the procedure for registration of the subject of the initial financial monitoring of financial transactions subject to financial monitoring;

- order of termination of financial transactions;

- the procedure for submitting to the SFMS information on financial transactions subject to financial monitoring or being the object of financial monitoring, and assisting public financial monitoring entities in conducting the analysis of such financial transactions;

- the procedure for training the personnel of the entity of the initial financial monitoring in order to identify the financial transactions subject to financial monitoring;

- the criteria for assessing the risk of conducting transactions that may be related to the legalization (laundering) of proceeds of crime or terrorist financing;

- the procedure for notifying law enforcement authorities of financial transactions that are or should be suspected of being related, related or intended to finance terrorist activities, acts of terrorism or terrorist organizations;

- requirements for preventing disclosure of information provided to SCFM, other information on financial monitoring issues, including the fact of its submission;

- other requirements imposed on the entities of initial financial monitoring in accordance with the legislation in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime and the financing of terrorism.

The responsible employee must be fluent in the official language.

A person first appointed as a responsible employee must have completed a long-term training course in the prevention and counteraction to the legalization (laundering) of proceeds of crime and terrorist financing within the scope of relevant educational programs of the educational institutions, approved or approved .

The accountable employee should maintain his / her level of knowledge by periodically passing short-term professional development in the amount of relevant educational programs of educational institutions, approved or approved by the entities of public financial monitoring. Improvement of the qualification of a responsible employee on certain issues of financial monitoring can be carried out by passing other forms of training (seminars, workshops, seminars, meetings, round tables, etc.) and independent study of regulatory documents in the field of prevention and counteraction to legalization (laundering). criminal offenses and terrorist financing.

The responsible employee may improve his / her qualification in educational institutions licensed by the Ministry of Education and Science of Ukraine and concluded contracts with the entities of public financial monitoring.

The responsible employee is appointed by the post at the level of management of the entity of the primary financial monitoring.

The appointment of a responsible employee is carried out in the manner determined by the relevant entity of public financial monitoring, which performs the functions of state regulation and supervision of the subject of primary financial monitoring.

Responsibilities of the responsible employee include:

1) providing notification to the specially authorized body about financial transactions subject to obligatory and / or internal financial monitoring, about financial transactions of persons, if there are sufficient grounds to believe that their activities or assets are related to committing a crime defined by the Criminal Code of Ukraine;

2) providing a notification to a specially authorized body and law enforcement agencies of financial transactions (their participants) concerning which there are grounds to suspect that they are related, related or intended to finance terrorism or to finance the proliferation of weapons of mass destruction;

3) carrying out audits of the activity of any subdivision of the entity of the primary financial monitoring and its employees with regard to the fulfillment of their internal documents on financial monitoring;

4) the right of access to all premises, documents, information, databases, telecommunication facilities, archives of the subject of the initial financial monitoring;

5) involvement of any employees of the entity of primary financial monitoring in the implementation of measures to prevent the legalization (laundering) of proceeds from crime, or the financing of terrorism or the financing of the proliferation of weapons of mass destruction and checks on these issues;

6) organizing the development, submission for approval, ensuring constant updating in accordance with the requirements of the legislation, as well as monitoring the implementation of internal documents on financial monitoring;

7) obtaining explanations from the employees of the subject of the initial financial monitoring irrespective of the positions held on the issues of financial monitoring;

8) facilitating the carrying out by authorized representatives of entities of public financial monitoring, performing the functions of state regulation and supervision of relevant entities of primary financial monitoring, inspections of the activity of the entity of primary financial monitoring regarding compliance with the legislation in the field of prevention of legalization (laundering, laundering) crime, terrorist financing and the proliferation of weapons of mass destruction;

9) making a decision on submission of information on financial monitoring issues at the request of a specially authorized body and relevant law enforcement agencies.

The responsible employee is independent in his activity, is accountable only to the head of the entity of the primary financial monitoring and is obliged to inform at least on the last working day of the reporting month not later than the last working day of the reporting month about the identified financial transactions subject to financial monitoring and measures taken in particular to:

- ensure the implementation of financial monitoring measures;
- development and continuous updating of internal documents on financial monitoring, taking into account the requirements of the legislation;
- training staff to comply with the requirements of the legislation through educational and practical work.

The responsible employee is obliged to prepare at least once a month written reports of an arbitrary form on the detected financial transactions subject to financial monitoring and the measures taken to implement the rules of legislation in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime , or terrorist financing. The accountable employee must sign the report.

The report may, in particular, contain information on:

- identified financial transactions subject to financial monitoring and measures taken;
- registered financial transactions with signs of obligatory and internal financial monitoring;
- stopped financial transactions;
- financial transactions which were refused by the institution;
- measures taken to develop and update the Rules and Programs;
- the results of internal audits of the units or employees conducted by the responsible employee;
- training staff to comply with the requirements of the legislation through educational and practical work.

If the responsible employee is not the manager, the report after its preparation shall be sent to the head of the institution or the person performing his duties for information.

The acquaintance of the manager or the person performing his duties with the report is confirmed by the signature.

The subject of the initial financial monitoring in accordance with the law is obliged on the basis of submitted by the client (the client's representative) official documents or certified copies of them to carry out the identification and verification of the client (the client's representative).

The entity of primary financial monitoring in the process of customer service is obliged to clarify information about the client in the manner established by the entity of state financial monitoring, which performs the functions of state regulation and supervision of the relevant entity of primary financial monitoring.

Identification and verification of the client is carried out in the case of:

- establishment of business relations (except for business relations established on the basis of insurance contracts for types of insurance other than life insurance, for which the client is an individual and the total insurance payment does not exceed 5000 hryvnias or its equivalent the specified amount, including in foreign currency, business relations arising from the lottery agreements provided that the amount of the player's bet does not exceed 5000 hryvnias; organization, participant or member of a payment system, bank, branch of a foreign bank of financial transactions performed without opening an account for an amount less than UAH 150,000 or the amount of which is equivalent to the specified amount, including in foreign currency, banking metals, other assets, units of value);
- suspicion;
- conducting a financial transaction subject to financial monitoring;
- carrying out transfers (including international ones) by an individual, by an entrepreneur without opening an account for an amount equal to or exceeding UAH 15,000, or an amount equivalent to that amount, including in foreign currency, precious metals, other assets, units of value, but less than the amount prescribed by law;
- conducting a one-time financial transaction without establishing business relations with clients for an amount equal to or exceeding UAH 150,000, or an amount equivalent to that amount, including in foreign currency, precious metals, and other assets.

In case of doubt about the accuracy or completeness of the information provided about the client, the entity of the initial financial monitoring is obliged to conduct an in-depth audit of the client.

The procedure for entrusting financial institutions with third parties to carry out the identification and verification of a client may be determined by the legal acts of the entities of public financial monitoring, which perform the functions of state regulation and supervision of the respective financial institutions.

The subject of the initial financial monitoring has the right to request, and the state authorities, state registrars are obliged to provide within 10 working days from the day of the request in accordance with the legislation information concerning the identification and / or necessary for the examination of the client, clarification of information about him or her or conducting an in-depth customer review. This information is provided free of charge. The order of submission of information is determined by the Cabinet of Ministers of Ukraine.

The entity of the initial financial monitoring has the right to demand, and the client, the client's representative are obliged to submit the information (official documents), necessary (necessary) for identification, verification, examination of the client, clarification of information about the client, as well as for execution by such entity. initial financial monitoring of other requirements of the legislation in the field of prevention and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction.

In order to establish the ultimate beneficial owner (controller), the entity of the initial financial monitoring requires from the client - the legal entity information and / or documents confirming the ownership structure of such client.

Details of the bank where the client's account is opened, current account number, place of residence or place of residence of the natural person - resident of Ukraine (residence or temporary residence of the natural person - non-resident in Ukraine), information about the executive body, as well as other information necessary for the client's studies are established by the subject of the initial financial monitoring on the basis of official documents and / or information received from the client (client's representative) and certified by him, as well as from other sources, if any information is public (open).

Identification and verification of the client are carried out before / or during the establishment of business relations, transactions (except in cases provided by domestic law), but prior to conducting a financial transaction, opening an account.

The subjects of the initial financial monitoring during the identification and verification of residents establish:

1) for an individual - surname, first name and patronymic, date of birth, number (and if available - series) of the passport of the citizen of Ukraine (or other document certifying the identity) the person and according to the legislation of Ukraine may be used in the territory of Ukraine for entering into transactions), the date of issue and the issuing authority, the registration number of the taxpayer's tax card (or the identification number in accordance with the State Register individuals - taxpayers and other obligatory payments) or the number (and, if available - a series) of the passport of the citizen of Ukraine, in which the mark on refusal to accept the registration number of the taxpayer's

registration card of Ukraine or the passport number with a record of refusal to accept the registration Taxpayer account number of Ukraine in electronic contactless medium;

2) for the natural person - entrepreneur - the surname, first name and patronymic, date of birth, number (and if available - series) of the passport of the citizen of Ukraine (or other identification document and according to the legislation of Ukraine may be used in the territory of Ukraine) for the transaction), the date of issue and the issuing authority, the registration number of the taxpayer's account card (or identification number according to the State Register of natural persons - taxpayers and other obligatory payments) or the number (and, if available - a series) port citizen of Ukraine, which bear the mark of refusing to accept the registration number of the taxpayer registration card or passport number Ukraine with a record of refusing to accept the registration number of the taxpayer registration card Ukraine contactless electronic media; the date and number of the entry in the Unified State Register of Legal Entities and Individual Entrepreneurs on State Registration; details of the bank where the account was opened and the current account number (if any);

3) for a legal entity - full name, location; the date and number of the entry in the Unified State Register of Legal Entities and Individuals - Entrepreneurs on state registration, information on the executive body; the identity of the persons entitled to dispose of the accounts and / or property, data enabling them to identify the ultimate beneficial owners (controllers); identification code according to the Unified State Register of Enterprises and Organizations of Ukraine; details of the bank where the account was opened and the current account number.

During the identification and verification of non-residents, the entities of the initial financial monitoring establish:

1) for an individual - surname, name and (if any) by patronymic, date of birth, number (and if available - series) of the passport (or other document, identity card and, in accordance with the legislation of Ukraine, may be used in the territory of Ukraine to conclude a transaction), the date of issue and the issuing authority;

2) for a legal entity - full name, location; details of the bank where the account is opened, bank account number; find out information about management bodies; the identity of the persons entitled to dispose of the accounts and / or property, data enabling the identification of the ultimate beneficial owners (controllers). The subject of the initial financial monitoring shall also be provided with a copy of the legalized excerpt from the commercial, banking or court register or a notarized registration certificate of the authorized body of a foreign state on the registration of the respective legal entity.

In the field of life insurance, insurers (reinsurers), insurance (reinsurance) brokers for the purpose of identifying the beneficiary (beneficiaries) under contracts (policies) of life insurance, in addition to the identification measures carried out:

1) for the beneficiary (beneficiaries), which are specifically identified policy), - establish the surname, first name and (if any) by middle name;

2) for the beneficiary (s) identified by their characteristics or category (for example, spouse, or children at the time of the occurrence of the insured event) or otherwise (for example, by will), - collect information about the beneficiary sufficient for the insurer's confidence (reinsurer), an insurance (reinsurance) broker able to identify the beneficiary when making the insurance payment.

Insurers (reinsurers), insurance (reinsurance) brokers carry out the identification and verification of the beneficiary (s) under life insurance contracts (policies) according to the requirements during the insurance payment.

In case it is impossible to fulfill the above requirements, the insurer (reinsurer), insurance (reinsurance) broker shall notify the specially authorized body of such operation.

12.3. Internal financial monitoring in the activity of insurance organizations

The system of financial and economic security of insurance organizations covers a number of instruments that can effectively counteract the losses and losses at different stages of the functioning of these institutions. Financial monitoring, as one such instrument, is aimed at preventing the implementation of large-scale transactions with financial resources, that is, operations on the legalization of proceeds from crime.

Internal financial monitoring - a set of measures to identify financial transactions subject to internal financial monitoring, using an approach based on the assessment of the risks of legalization (laundering) of proceeds from crime or terrorist financing; identification, verification of customers (customer representatives), record of such transactions and information about their participants; mandatory reporting to the central executive body implementing state policy in the field of preventing and counteracting the legalization (laundering) of proceeds of crime, terrorist financing and financing of the proliferation of weapons of mass destruction on suspected and suspected financial transactions and other information where required by law.

In carrying out internal financial monitoring, an insurance company, in accordance with legal requirements, must ensure that certain major steps are fulfilled (Fig. 12.1).

The organization of internal financial monitoring of an insurance company is carried out on the basis of the Rules and Program for conducting financial monitoring.

The rules reflect the internal financial monitoring system of the company, determine the terms and conditions of the measures and the mechanisms for their implementation to prevent the use of the entity for the purpose of legalization (laundering) of proceeds of crime or terrorist financing.

The rules cover the following issues: description of the entity's internal financial monitoring system; a list of the rights and responsibilities of the responsible employee, as well as other employees involved in financial monitoring; the procedure for registration with the SCFM of the entity and its separate subdivisions; the procedure for identifying and examining clients conducting financial transactions and other persons involved in them; the procedure of taking actions in case of refusal of the client, with whom the business relations are established, to carry out further financial transactions in case they are not provided with the necessary information for identification and study of financial activities; the procedure for refusing to establish a business relationship or conduct a financial transaction in the event that the identification of the client in accordance with the requirements of the law is impossible.

The procedure for refusing to conduct a financial transaction if the financial transaction contains features that are subject to financial monitoring; the procedure for identifying financial transactions subject to financial monitoring that may be related, related to or intended to finance terrorism; the procedure of classification of clients, taking into account the risk criteria set by the SCFM, and the procedure of taking precautionary measures against clients whose activity indicates an increased risk of such operations; the procedure for registering financial transactions subject to financial monitoring that may be related, related to or intended to finance terrorism; the procedure for notification to the SCFM of financial transactions subject to financial monitoring or for which there are reasonable grounds to suspect that they are related, related or intended to finance terrorism; the procedure of actions of the employees of the subject on preparation and submission to the responsible employee of the information necessary for making the decision on informing in accordance with the legislation of SCFM and law enforcement agencies; the procedure for the notification by law enforcement agencies of financial transactions identified by a subject, for which there are reasonable grounds to suspect that they are related, related or intended to finance terrorism; the procedure for submitting at the request of the SCFM additional information on financial transactions that have become the object of financial monitoring and the information necessary for the SCFM to fulfill a request received from an authorized body of a foreign country; the procedure for submitting at the request of SCFM the information necessary for verifying the facts of violation of the requirements of the legislation in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime, or terrorist financing; description of measures aimed at preventing disclosure of information provided to SCFM and other information on financial monitoring; the procedure for the collection and storage of identification documents for persons who have carried out a financial transaction that is legally subject to financial monitoring or may be related, related or assigned to terrorist financing, as well as all documents relating to the conduct of a financial transaction and business relationship with a client; the procedure for suspension or monitoring of a financial transaction on behalf of the SFMS, submitted with the purpose of fulfilling the request of the authorized body of a foreign state to suspend the respective financial transaction as such, which may be related to the legalization (laundering) of proceeds or criminal proceeds; a list of measures aimed at limiting the risk of abuse related to services provided with the use of the latest technologies, in particular ensuring transactions without direct contact with the client; the procedure for suspending a financial transaction if such transaction contains the features stipulated by law; the procedure for suspending a financial transaction if its party or beneficiary is a person included in the list of persons related to terrorist activities or subject to international sanctions; the procedure for sending requests to public authorities for the purpose of fulfilling the tasks assigned to the subject by law; procedure for acquaintance of employees with internal documents on financial monitoring; the procedure for informing the manager about the identified financial transactions subject to financial monitoring and the measures taken to implement the rules of the legislation in the field of preventing and combating the legalization (laundering) of proceeds from crime or terrorist financing.

The Company's internal financial monitoring program is a plan of organizational measures for conducting financial monitoring, taking into account the directions of activity of the entity and its separate units, and a plan of carrying out audits of the implementation of these measures.

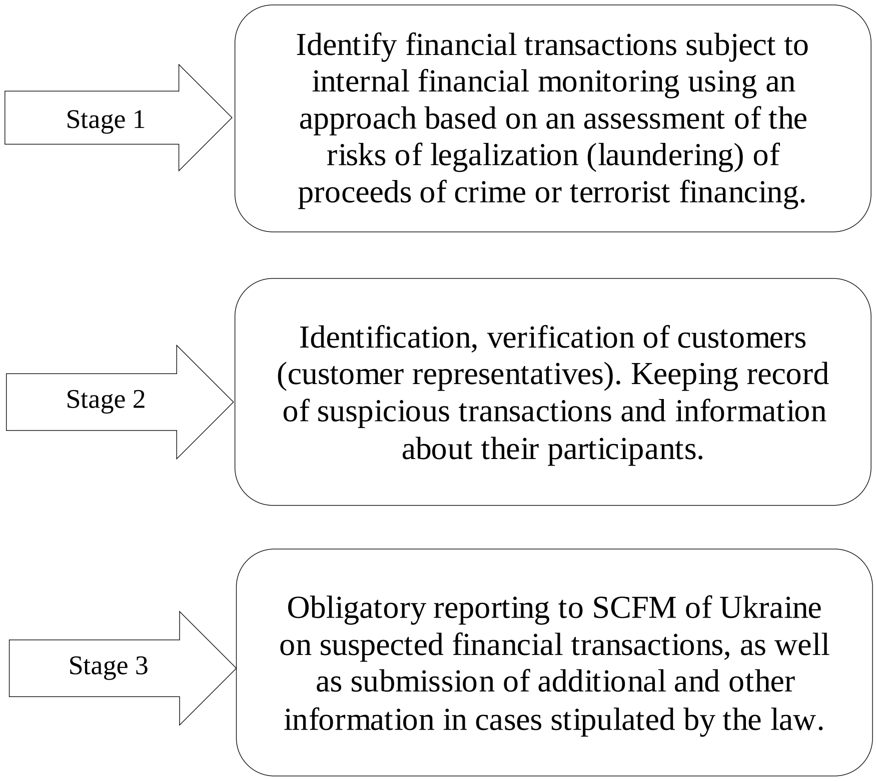

Fig. 12.1. Main stages of internal financial monitoring by an insurance company

The program should provide a list of measures and terms (deadlines) for their implementation, which are determined by the subject, taking into account regulations in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime or financing.

In addition to the Rules and the Program, the entities of primary financial monitoring (to which insurance companies, reinsurers belong) must submit to the SFMS accounting forms to provide information related to the implementation of financial monitoring:

- 1-FM "Form of accounting of the entity of primary financial monitoring";
- 2-FM "Register of financial transactions subject to financial monitoring";
- 4-FM "Report on financial transactions subject to financial monitoring".

According to the requirements of the legislation, the entities of the primary financial monitoring submit to SCFM of Ukraine information on financial transactions, which are subject to obligatory financial monitoring or suspected of involvement in money laundering or terrorist financing.

A financial transaction shall be subject to internal financial monitoring if the entity subject to the initial financial monitoring has suspicions based, in particular, on:

- the risk criteria identified independently by the entity of the primary financial monitoring, taking into account the risk criteria established by the central authority and established ensuring the implementation of state policy in the field of preventing and combating the legalization (laundering) of proceeds of crime or terrorist financing;
- establishment of the results of the analysis of the fact (s) of inconsistency of the financial (financial) transaction (s) of the financial condition and / or content of the client's activity;

- typological studies in the field of combating the legalization (laundering) of proceeds of crime, or the financing of terrorism or the financing of the proliferation of weapons of mass destruction prepared and promulgated by a specially authorized body.

Questions for self-control.

1. Discover the economic nature and role of financial monitoring to stabilize the domestic insurance market.
2. What are the types of financial monitoring.
3. Name the entities of the initial financial monitoring.
4. List the entities of public financial monitoring.
5. Describe the features of monitoring insurance operations.
6. Name the operations subject to financial monitoring.
7. Identify the features of customer identification and verification
8. Describe internal financial monitoring in the activities of insurance organizations
9. What are the main stages of internal financial monitoring by an insurance company
10. Name the authority of the responsible employee to perform financial monitoring.
11. Discover the powers of the State Financial Monitoring Service of Ukraine

Tests:

1. The controlling body of the insurance company, which monitors the implementation of the charter, decisions of the general meeting of shareholders, compliance with the law - is:

a) the supervisory board of the insurance company;
b) the secretariat;
c) the board of directors;
d) audit committee.

2. Which of the following is not a primary financial monitoring entity?

1) a lawyer;
2) legal counsel of a private firm;
3) notary public;
4) entities of entrepreneurial activity that provide intermediary services in the course of transactions for the purchase and sale of real estate;

3. What is the amount of financial transaction subject to mandatory financial monitoring?

1) equals or exceeds 10,000 UAH;
2) equals or exceeds 30,000 UAH;
3) equals or exceeds UAH 50,000;
4) equals or exceeds UAH 150,000.

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GLOSARRY

A

A fronting company is an insurer that issues a policy on its behalf at the request of another company, provided that 100% of the accepted liability will be reinsured in the second company. In this case, F. K. retains legal responsibility for the policyholder. F.K. is entitled to a commission on fronting.

A stock (stock) is a security with no fixed turnover, which certifies that a share in the authorized fund of a joint stock company confirms membership in this company and gives its owner the right to receive income in the form of dividends, as well as to participate in the distribution of property in the event of liquidation partnerships. A. may be simple or privileged, nominal or bearer.

Abandon (abandonment) - the waiver of the insured from their rights to the insured object (insured property) in favor of the insurer upon receipt of the insurance sum in full (the obligation to pay the insurance sum in full within the specified period). It is applied in case of total loss of the object of insurance, disappearance of the unknown, economic impracticality of elimination of damages or delivery of cargo on purpose. For example, in auto insurance, when paying for a damaged car, 100% of the possible reimbursement will be transferred to the insurer's property. Also used in marine insurance: in the event of a missing vessel, in the economic impracticality of restoration or repair of the insured vessel. Usually, insurance companies transfer such objects to the recycling of raw materials.

Acceptance - the consent of one party to an insurance relationship (insurer or insurer) with the other party's proposals for the conclusion of an insurance or reinsurance contract on terms that meet these offers.

Accident - A fire, a car accident, a catastrophe, chemical product poisoning, or any other event that caused the insured person's death or injury, damage or destruction of the insured's property.

Accident in marine insurance (average in marine insurance) - damage caused to a ship, cargo and freight during sea transportation. Such A. are divided into general and partial. Damage caused by a general accident is shared between the ship, the cargo and the freight. In the case of a partial accident, the losses are attributable to the person responsible for its occurrence or to the victim.

Accident insurance (accident insurane) - a type of personal insurance. Traditionally, it is done to assist insured persons in the event of temporary or permanent disability. The insured event is also the death of the insured. Then the insurance sum is paid to the beneficiary, who is specified in the policy, and in his absence - to the heirs by law.

Acquisition - the conclusion of new insurance contracts. Acquisition activity is considered normal when the number of new insurance contracts exceeds the number of contracts that expire.

Actuarial calculations are a system of mathematical and statistical methods for calculating insurance rates. A.'s methodology is based on the application of probability theory, demographic statistics and long-term financial calculations of the insurer's investment income. AAs allow you to determine the share of each policyholder in creating an insurance fund.

Actuary is an authorized person, a specialist who calculates insurance rates using mathematical statistics. A. is responsible for ensuring that insurance funds are sufficient at the time the company has to fulfill its obligations under the policies issued.

Addendum- a written supplement to a previously concluded insurance or reinsurance contract, which contains the changes agreed between the parties to the previously agreed terms.

Additional premium - an additional premium paid by the policyholder for the fact that the insurance conditions add additional risks, or for the insurance of high-risk risks. It is mainly used in personal insurance where the underwriter considers that it is impossible to insure the applicant on normal terms, taking into account his age, health, dangerous occupation, difficult climatic conditions.

Agent- an individual or legal entity acting on behalf of the insurer and within the limits of the powers granted to it. The powers of the insurance agent may include: conclusion of insurance contracts, settlement of insurance cases, etc.

Agricultural goods producer - a legal entity, irrespective of the legal form involved in the production of agricultural products and / or the breeding, growing and catching of fish in inland reservoirs and its processing at own or leased facilities, including from self-produced raw materials on giving conditions, and carries out operations on its delivery.

Agricultural insurance risk - the risk of loss (loss, damage) of insured crops (plantings), loss (shortfall, under-receipt) of the insured crop, loss (loss, forced slaughter, forced destruction, traumatic injury, traumatic injury) poultry, rabbits, fur animals, bee families and livestock products belonging to the agricultural producer on the ownership or other legal basis, as a result of the occurrence of insurance under and which is provided for by the insurance contract.

An additional commission is an allowance paid to the assignee to cover the costs of attracting new insurers.

An insurance contract is an agreement between an insurer and an insurer that provides for the insurer's obligation in the event of an insured event to make an insurance payment to the insurer or other person in favor of whom the contract is concluded, and the insurer undertakes to pay the insurance premium within a specified period. D. p. is concluded on the basis of the statement of the insured. The fact of the conclusion of D. with. can also be certified by an insurance policy, a certificate. In D. with. the type of insurance, the sum insured, the insurance premium, the details of the parties, the terms of commencement and termination of the contract are indicated. As a rule, D. p. shall take effect upon payment of the entire insurance payment or the amount determined for the first payment period.

An insurance portfolio is a set of risks taken for insurance by an insurer over a period of time.

An investor is a legal or natural person who makes a long-term investment in a particular business for the purpose of profit or social impact.

An outsider is an insurer or intermediary (broker, agent) that is not a member of insurance associations (associations) and does not adhere to its activities of tariffs and other agreements, ie acts as a competitor of these associations.

Anhydrous waters (irrigation) in irrigation sources - lack of water in irrigation sources (rivers, lakes, underground and local surface runoff) suitable for irrigation of arable crops in arid areas causes either complete loss of crops or a sharp decline in crop yield. An objective risk factor.

Annuity (whole life insurance rent) - a kind of personal insurance, regular income paid to the insured person for the rest of his or her life from a fund accumulated through insurance premiums.

Annuity is a pension or annuity insurance contract that pays a defined annual amount of annuity income over the pre-payment of a lump sum insurance premium.

Applicant - a person who expresses his / her intention to purchase an insurance policy in writing or orally.

Application for insurance - a document established by the insurer or defined by law (for compulsory types of insurance) form, which the insurer submits to the insurer at the time of conclusion of the insurance contract, which determines all factors known to the insurer, which may influence the decision of the insurer to take on insurance or rejection of risk, setting the rate of insurance payment, etc.

Asphyxiation - the partial or complete loss of winter perennial grasses and other crops during the winter-spring period from exhaustion as a result of prolonged stay under deep snow; is included in the insurance liability for certain types of crop insurance (insurance costs for resettlement of fallen winter crops). It is usually observed in the northern and central regions of the country in mild winters, when crops grown in autumn with shallow freezing of soil are covered with a thick layer of snow. The active life of plants lasts, is enhanced by their respiration, but nutrients are not enough, and there is a depletion and loss of crops. To prevent evaporation, it is recommended to avoid too early and thickened crops, as well as excess nitrogen fertilizer. Effective is the use of row crops, on which the soil is previously cooled in the fall and more quickly released from the weight of snow in the spring. Evaporation is considered as an accident or risk.

Assignor (reinsurer) (cedent)- an insurer that transfers of workers accepted the contract with the insured risk reinsurance another insurer or reinsurer professional.

Assistance - 1) a service dispatching center that provides consulting and organizational support to insurers around the clock; 2) a specialized company that, on behalf of the insurer, performs part of the work of the insurer to settle the insurance event.

Assistance - a list of services (within the scope of an insurance contract) that are provided at the right time through medical, technical and financial assistance. Widely used in foreign countries to ensure the safety of travelers when traveling abroad (in case of illness, accident).

Audit - an independent audit of financial statements and other accounting information on the activities of the firm in order to confirm their accuracy and legality. All insurers are obliged to undergo external A. annually. It is carried out by legal or natural persons holding certificates and licenses issued by the Audit Chamber of Ukraine.

Average adjuster - a specialist who, on behalf of the insurer (sometimes with the involvement of an expert - surveyor) determines the cause, nature and amount of losses and issues an emergency certificate. It can be relied upon to participate in preventative measures and in the aftermath of an accident. Sometimes the insurer may instruct the AK to consider the claims of the insured.

Aviation insurance - insurance of risks associated with the use of aviation and space technology. Sometimes space risk insurance is allocated in a separate form. To A. with. includes: insurance of aircraft, helicopters and other aviation equipment from damage and destruction; liability insurance against passengers and third parties for damage to their health and property; liability of aircraft owners as employers; insurance of some other risks.

B

Barratry - the deliberate task of harming the shipowner or the cargo by the ship's crew.

Bearer of risk (risk carrier) - the entity that assumes the burden of risk.

Beneficiary - a person designated by the Insured to receive the proper amounts of insurance payments in the event that the Insured (insured) is unable to use them independently.

Beneficiary - the person in favor of whom the policyholder has concluded an insurance contract, the third party - the beneficiary of the insurance policy.

Benefit insurance is an insurance payment that is made by the insurer within the limits of the sum insured under the property insurance and liability insurance contracts when the insured event occurs. The indemnity may not exceed the amount of direct damage suffered by the policyholder. Indirect losses are considered insured if provided for by the insurance contract. If the sum insured is a certain part of the value of the insured object of the insurance contract, the indemnity shall be paid in the same proportion from the losses determined by the insured event, unless otherwise provided by the insurance conditions.

Bill of lading, consignment - a document that contains the terms of the contract of sea freight. K. certifies the fact of the conclusion of the contract of carriage and is proof of acceptance by the carrier of the cargo for carriage. K. is a commodity-managing document, entitles its owner to dispose of cargo.

Binder is a temporary form of agreement between the policyholder and the insurer regarding the subsequent conclusion of an insurance contract. B. is mostly used in foreign practice when the conclusion of the contract requires a long time to work out non-standard insurance conditions.

Bonus - a discount provided by an insurer from the amount of insurance premium for the execution of an insurance contract on particularly favorable terms. B. is determined predominantly in percentage or ppm.

Bonus-malus system (bonus-malus system) is a system of bonuses and discounts used in insurance, mostly vehicles or civil liability of owners of land vehicles.

Bordereau - a list of risks accepted for insurance in the part transferred by the reinsurance ceditor. B. is sent by the assignor to the insurer within the term specified by the reinsurance contract. B. are preliminary and final.

Bread Passion - Damage to plants, caused by excessively high temperature of the air, is manifested as spots of different color on the leaves: in wheat yellow, in oats red. The fervor of the plants arises from their overheating during drought, when the moisture of the plant evaporates so much that the root system does not have time to supply to the leaves the amount of water necessary for cooling the plants, even in the case of sufficient supplies of it in the soil. If there is not enough moisture in the soil, then the overheating becomes especially strong. In cereals, the passion of plants is most often manifested in the density of grain.

Broker Lloyd (Lloyd's broker) - insurance broker, registered in the insurance market Lloyd (London).

Business plan of the insurer - a formalized program of activity for several years, which contains, in particular, a system of activities related to time and place of implementation, consistent with the strategy and resources and designed to maximize profits, in particular for an additional investment account. The main sections of B.-p. with. are: characteristics of the company's insurance services, evaluation of the insurance market, evaluation of the company's competitiveness, marketing plan, organizational plan, resources, risk assessment of the plan, the financial plan.

Businessrisk - the risk of material and financial losses, losses from business activities, the implementation of transactions.

C

Calmduringpollination - absence of wind during pollination; adversely affects the yield, especially for cross-pollination plants. The crop is sharply declining because the lack of wind causes poor fertilization of the plants. It entails waste, lack of fruits and berries. An objective risk factor.

Captive insurance companies are companies created by industry, trade, banking and other entities to meet their insurance services needs. This makes it possible to achieve savings on insurance premiums. K. p. can do without intermediary services.

Capture of bread - damage to plants caused by severe dry air. Soil is associated with drought and dry winds, in which high dryness of the air is combined with high winds. Due to the intensive consumption of moisture by the above-mentioned bodies for evaporation, the water balance in the plant is disturbed. The terms "passion" and "plant capture" are often used as synonyms, because in natural conditions it is difficult to distinguish between the factors that cause these two phenomena, since in most cases they are simultaneous. The main reason with. cereals - violation of the influx of moisture to the leaves. During dehydration of plant cells, the synthesis of nutrients is disturbed, the antennae lose their ability to close, resulting in the evaporation of moisture so much that the leaves do not have time to get it from the roots, the suction of the leaves from the inflorescences begins. Such a severe lack of moisture during the formation of pollen and grains adversely affects fertilization, resulting in tears or even loosening. If the capture of plants occurred at the beginning of the grain filling, the grain consists almost exclusively of shells with a limited supply of starch substances. Such grain is unsuitable for food purposes. At a later date with. The grain becomes brittle, the bulk of its grain falls strongly. With severe dryness with. R. is also found with sufficient reserves of water in the soil, especially if dry droppings are accompanied by mist. The plants are trapped in vast areas of Ukraine, the Central Black Earth regions of Russia, the North Caucasus, the Volga region, the Urals, and Kazakhstan. It can be considered as an objective risk factor.

Car insurance (auto insurance) - a class of insurance of motor and motor vehicles, as well as drivers and passengers. Includes: driver and passenger insurance in the event of personal injury as a result of an accident; insurance of medical expenses as a result of an accident; accident insurance against accidents; insurance of the vehicle in case of damage or complete structural loss due to an accident; insurance of the civil liability of the owner of the vehicle for the damage caused to third parties in connection with the operation of the vehicle.

Cargo - the general name of all goods intended for transportation. In addition, it is a commodity or property that is transported for the purpose of freight.

Cargo Insurance (cargo insurance) - a type of property insurance in transport, which can be done in different ways, in particular, with responsibility for all risks or partial responsibility for an accident without liability for damage, except disaster or accident. In any case, the insurance is not subject to insurance risks, the losses of which arise as a result of carelessness or deliberate actions of the insured Unemployment

Carpet-note insurance (covernote) - certificate of insurance issued by the insurer broker a justification insurance contract listing the list of insurers. K.-N. with. has no legal force, only provides background information. At the agreed time, the broker must hand over the policy to the policyholder. K. p. it is also used in reinsurance, where it can have legal force and replace the blind.

Casco (hullcoverage; comprehensiveandcollisioncarinsurance; comprehensiveandcollisioninsurance; CNCinsurance) is a term used for vehicle insurance. CASCO provides for compensation for damage caused by damage to or loss of the vehicle itself and does not include liability of the insurer for losses incurred in the event of an accident, in connection with the death and damage to the health of passengers, property damage, etc.

Catastrophic risks in agriculture (catastropherisksinagriculture) - emergencies of anthropogenic and natural nature, large set or scale of manifestations of natural forces of nature (drought, hail, frost, floods, etc.) and human activities in the process of creating material goods (accidents, fires, etc.) cause considerable damage. The order of recognition of risk is catastrophic determined by the Cabinet of Ministers of Ukraine.

Certificate of insurance - certificate of insurance. It may be temporary before replacing it with an insurance policy or being issued for a term of insurance and equating to an insurance contract. S. p. was widespread in the bodies of the State Insurance of the USSR. Currently, it applies to certain types of insurance at HACK Oranta and some other companies.

Certificate of insurance (insurance sertificate) - a document that certifies the insurance of individual consignments of goods that are subject to the general policy of cargo insurance.

Certificate Survey(survey-report) - a document issued to the policyholder by the emergency commissioner, agent or other authorized representative of the insurer based on the consequences of inspection of damaged property. In A. with. possible causes, nature and amount of damage caused by an insured event are recorded. A. p. there is a reason for the policyholder to make a claim to the insurer. However, A. p. cannot be regarded as unconditional proof of liability of the insurer.

Cession - the process of transferring the insured risk to reinsurance.

Cessionary is a person to whom ownership is transferred. In Insurance C. is an insurance company that takes risks in reinsurance.

Charter (charter) - view of sea and air freight contract. A document certifying the existence and content of a chartering agreement between the carrier and the charterer. Depending on the degree of risk borne by the charterer, one of three groups of freight agreements is applied, each of which is issued in the appropriate form Ch: *voyage* - time charter (time charter), time-charter .- the contract of hire of the vessel, when the shipowner transfers it to the charterer for a fixed term together with the team whose members become its servants; the charterer shall bear all the costs of the ship, including crew salaries, and shall pay the shipowner monthly; *berbout-h.* - chartering of a vessel without crew on lease. The cost of insurance is borne by the shipowner.

CIF (cost, insurance, freight) is a type of foreign trade agreement under which the seller is obliged to deliver the cargo to the port, to secure his cargo on board the vessel and at his own expense to pay the freight and insure the freight on behalf of the buyer from the risks at the time of transportation and delivery at the destination.

Citizens' Property Insurance - A complex of types of property insurance for individuals. In a narrow sense, it includes insurance for buildings, pets, household and passenger vehicles, private collections. The main risks are the destruction, loss or damage of property as a result of natural disasters, fire, water or electric heating systems, theft. Due to the privatization of housing facilities, the development of entrepreneurship of individuals, the value of property owned by citizens has increased significantly, new insurance objects have emerged.

Civil liability (civilresponsibility) - *the* liability of the Insured to third parties for those damages that it may cause to their health, life and / or property. Civil liability may also arise in cases of unlawful misconduct or breach of contractual obligations.

Claim - a claim for payment in the amount of damage caused by an insured event, but not more than the sum insured.

Claim for destruction or damage to the insured property (claim) - submitted by the insured to his insurer in writing for the purpose of obtaining insurance compensation. On the basis of this document an insurance act is drawn up in the presence of an insured event.

Classification of insurance (insurance classification) - a system of division of insurance into activities, industries, sub-sectors, types and forms. K. p. aims at promoting the formation of the insurance market, streamlining the reporting and state regulation of insurance activities, the development of international integration in insurance.

Clause - clauses that are included in the insurance contract.

Clean bill of lading is a bill of lading that does not contain any precaution for the shipment and its packaging. This is very important to ensure timely settlement. Banks only take into account ChK. The bill of lading warns that the seller is being unfair. Often, in order to receive a delivery note, the shipper issues a guarantee letter to the shipper with an obligation to pay possible claims at his own expense.

Coinsurance (co-insurance) - Insurance, in which the same risk in certain proportions insure two or more insurers, while giving joint or separate policies according to the amount of the share of each insurer. If the risk is not fully placed among the insurers, the insurer is considered one of the insurers. He is responsible for the amount of uninsured risk without paying premiums.

Collective life insurance - insurance, which can be concluded with an insurance contract for all employees or their group at the expense of the enterprise. In K. with. w. the insured is the enterprise, and the insured is every employee whose name is on the list, which is an integral part of the policy.

Combined (comprehensive) insurance (combinationinsurance, comprehensiveinsurance) - a comprehensive insurance coverage for several types of insurance, which is defined by a singleinsurance contract.

Combined life insurance is a type of personal insurance that provides coverage for several incompatible risks. Most often 3. p. w. includes cover for death for any reason during the term of the contract, when it survives before the expiration of the contract, and in case of damage to health as a result of an accident.

Commercial credit is a short-term loan that is provided by one business entity to another in the form of deferred payment for goods (services) sold. It is usually drawn up with a bill of exchange. The interest rate on KK is included in the price of the goods and the amount of the promissory note and is, for the most part, lower than on the bank loan.

Compulsory Insurance - *See. Compulsory insurance.*

Compulsory insurance is a form of insurance that is based on the principles of liability for both the policyholder and the insurer. O. p. has a great advantage over voluntary insurance in that it allows to cut prices sharply and reduce the cost of insurance services. At the same time, it has its drawbacks, which are that A. does not take into account the financial capacity of each policyholder, the features of insurance and insurance risks. As a rule, the insurer's liability under the AS is much lower than the real value of the property. The legislation of Ukraine provides for the implementation of the legal system. of 27 species, including crop insurance and perennial crops in state-owned agricultural enterprises. Most species of A. p. is the insurance of certain categories of citizens: (People's Deputies of Ukraine, employees of law enforcement agencies, tax, customs, veterinary service, passengers, etc.), civil liability of owners of vehicles, crops in state-owned enterprises, etc.

Compulsory passengers insurance (compulsory passengers insurance) - is carried out against accidents on the road and extends to passengers of sea, river, air, rail and bus transport. Insurance premium is included in the ticket price.

Container insurance - a type of transport insurance, usually provided on standard terms, usually "from all risks".

Conversion - conversion of a policy from one type of life insurance to another.

Council of Insurance Experts is a council established in 1996 by the Cabinet of Ministers of Ukraine as an advisory body to draw conclusions on the formation of state policy in the field of insurance, development of priority directions for the development of the insurance market.

Counter-aliment is a reinsurance interest received.

Credit insurance - a type of insurance, which can be subject to bank loans (buyer and seller), commercial loans, credit obligations and guarantees, long-term investments. GK has several options, namely: a) insurance for the risk of loan repayment. In this case, the insurer is the borrower bank, which insures the loans given, as a rule, to all clients; b) insurance of risk of liability for non-repayment of the loan. The insured is the person who receives a loan from the bank; c) non-payment risk insurance, where the insurer is the seller-supplier who insures against the risk of non-payment the amount that the buyer has to pay under the contract for the goods delivered on credit. In connection with the active transition of banks to lending on collateral for tangible assets (subject to insurance), strengthening of control over the work of banks and insurers, the intensity of the immediate credit institution fell sharply.

Crop insurance (crop insurance) - a type of property insurance. State agricultural enterprises in Ukraine with. k is carried out in a mandatory form. In collective farms it is voluntary. Insurance is provided in case of crop loss due to frost, hail, showers, droughts, floods, fires and a number of other risks. S. c. with. K. is carried out in the case of voluntary form in the contractual amount, but not more than 70% of the cost of the crop, with compulsory insurance - no more than 50%.

Crop planting is a phenomenon observed in areas dominated by light sandy or sandy soils, as well as heavy black soil with a high humus content. With strong long winds, sand and soil storms form here. Such storms are capable of lifting into the air and moving thousands of tons of sand and soil from place to place, falling asleep on their way crops and forest strips. They lead to complete or partial loss of crops and plantings. It can be considered as an objective risk factor.

Cumulation - a) the concentration of insurance risks in one company to an extent that can lead to many losses resulting from one insurance event; b) concentration of the insured objects in one territory, street, house, port, railway station, ship, which in case of simultaneous insurance event (for example, an earthquake) can lead to disturbance of the financial stability of the insurer. K. should be taken into account in determining the portion of risk that remains with the insurer.

Currency rate - the price of a currency of one country, expressed through a currency of another country or an international currency. It is crucial to ensure equivalence in relations with entities of other countries. In Ukraine, the bank is determined by the National Bank of Ukraine.

D

Damage from the general average (general average loss) - damage caused by the insured interest due to general average.

Damage is the result of a violation of the rights protected by law and the interests of the subjects of civil legal relations (state, organizations or citizens). Sh can be property or moral. Property of Sh. Is a consequence of offenses that have a costly form. S. moral is the moral and physical suffering caused by the offense. It cannot be expressed in monetary form.

Dampingoff - the death of winter and other wintering crops when water is stagnant in the field, leading to impaired plant breathing; is an event covered by insurance coverage for some types of crop insurance (insurance coverage for fall winter crops). It usually occurs in the spring during prolonged winter thaws in low places on clayey and other soils that impede water penetration.

Declaration insurance (insurance declaration) - application of the insured on the insurance object and nature of risk. D. p. contains information on the composition, location, cost, storage and use conditions and other information about the objects to be insured.

Deductible , franchise - a part of the contract stipulated by the contract, which in case of an insured event is not compensated by the insurer. Distinguish between conditional and unconditional F. Conditional F. certifies the right to release the insurer from liability for damage if its size does not exceed the size of F., and the damage is fully recoverable if its size exceeds F. Unconditional F. indicates that the insurer's liability is determined by the size of the insurer minus F.

Delay in ripening - Delay in the ripening of bread may be due to several reasons, including adverse weather conditions and the use of late-ripening varieties and hybrids. Delay with ripening leads to the postponement of harvesting in the autumn, when very often there are long rains, sharply reduced air and soil temperatures. This leads to a sharp decrease in the yield of all crops. Grain and fruits crumble, sprout and rot on the roots, in the rolls, on the currents, etc. Roots are rotting in the ground. Sometimes rainy weather causes considerable delays in harvesting, and many crops, especially the late ripening ones, sow in winter and are covered by snow. This leads to complete loss of crop residues. It can be regarded as an objectively risky circumstance and an insured event.

Deposit (a) funds provided by natural or legal persons in the management of a resident designated by a financial organization under the legislation of Ukraine, or a non-resident for a term and a percentage. Depending on the shelf life of D., they are divided into three groups: prompt, urgent and savings. The most attractive ones are term D. For the storage of money on deposits, banks pay interest. D. is one of the main channels for the placement of temporarily free insurance reserves. Insurers are required to keep funds in the accounts of at least three banks; b) cash deposited by the owners of the goods in a special account with the bank in order to ensure payment of their contribution for the general accident. If the cargo is insured on terms that provide coverage of the general accident, the deposit must be made by the insurer at the insurer's request.

Deposit insurance - is carried out by banks in order to provide depositors, especially individuals, with guarantees of repayment of deposits in the event of bankruptcy of the bank.

Depot premiums (premium deposit) - part of the insurance premium, which is owned reinsurer, but temporarily maintained in order to increase reinsurer guarantee timely implementation of obligations under the reinsurance contract. The order is subject to repayment upon termination of the contract. Insurances are mainly used in contracts with foreign reinsurers. Interest is placed on the funds placed in the d.

Derzhstrakh of UkrainianSSR - until 1958 was a structural unit of the USSR SSR and performed its functions in the territory of Ukraine, and later was part of the Ministry of Finance of the USSR. For many years he was the only insurer in the USSR. With the termination of the state monopoly on insurance business, D.V. was initially turned into a commercial one, and since 1994 to the National Joint Stock Insurance Company "Oranta". HACK Oranta has a leading position in the Ukrainian insurance market.

Derzhstrakh of USSR - short name of the Main Department of State Insurance of the former USSR, which through its republican and local authorities provided insurance to individuals, as well as property of collective farms and other cooperative and public enterprises and organizations.

Detailed certificate - a document containing the characteristics of each reinsurance case accepted by the reinsurer from the assignor.

Disaster (average) adjuster is an expert in the field of maritime law who calculates the cost of a general accident between a ship, cargo and freight.

Disclose is a standard of insurance law in many countries that requires an insurer to immediately notify the insurer of any factors that may be material to the risk taken for insurance.

Discount (discount) - 1) the difference between the amount specified in the bill and the amount paid to the bill holder; 2) the difference between the prices of the same product with different delivery times; 3) the difference between the par value of the securities and their exchange rate, if the latter is lower than the value.

Dispatch (claims adjustment) - the calculation of the costs associated with the general accident that makes up the dispatcher. D. contains a detailed account of the causes of the general accident, as well as the distribution of costs among the participants of maritime transport; is performed on the basis of the statement of the person concerned and the conclusion of the dispatcher on the recognition of the general accident.

Disproportionate reinsurance (non-proportional reinsurance) - form of the reinsurance contracts, which provides reinsurance over responsibility due to the amount of damage or loss that is not the responsibility of the reinsurer is calculated according to the liability of the insurer.

Diversification - in insurance is carried out with the aim of reducing the risk and generating more profit by: a) simultaneous development of several unrelated types of insurance, expansion by the insurer of the range of insurance services; b) expansion of activity of insurers beyond the main business, which is achieved by placement of assets (with observance of the existing standards) among various non-related objects (stocks, bonds, real estate, bank deposits). The more types of insurance the insurer has, and the more balanced the insurance portfolio of the insurer towards less unprofitable types of insurance, the higher the level of diversification.

Dividends - 1) a portion of the profits of a joint stock company that is distributed annually to shareholders; 2) income received by a corporate tax entity in the form of a portion of a legal entity's income, including income accrued as interest on shares or contributions to authorized funds (excluding income received from other types of securities, from their sale and income from debt operations and claims).

Double insurance is the simultaneous full insurance of the same object against the same risks by several insurers, which makes the insurance amount far exceeding the insurance value. When P. p. each insurer covers the insured's loss within the insurance value of the object in proportion to its share in the total insurance amount.

Drought is a natural disaster characterized by a prolonged lack of moisture in the air and soil (more often at elevated temperatures and low humidity). Depending on the amount of rainfall during the growing season, drought is divided into strong (no more than 50% of the rainfall), medium (50-70% of the rainfall) and weak (more than 75% of the rainfall). Crop yields during low droughts drop by 20-40%, during severe droughts by 50% or more. Drought occurs at different times of the year, on which the magnitude of the losses depends. In recent decades, annually 60 thousand square meters. km of land become unusable or completely killed by drought. (The most severe droughts in recent years - in 1946, 1963, 1965, 1975, 1981). The onset of drought is usually associated with the installation of an anticyclone. Clear weather causes a strong warming of the air, resulting in a sharp decrease in its relative humidity (leading initially to atmospheric drought, and then soil drought). It can be considered as an objective risk factor.

E

Earned premium (earned premium) is the portion of the insurance premium that is due after the beginning of the insurance period.

Electronic equipment insurance - is of interest to banks, telecommunications companies and other organizations that have "electronic risks" and is carried out in the event of destruction, damage or loss of equipment. Often, the insured may suffer even more damage due to the loss of databases due to damage to electronic equipment. A separate policy is assigned to the insurance of the costs of database restoration.

Elimination of losses (settlement of losses) - works on determination and payment of insurance compensation.

Employer 's liability insurance - under the agreement of S. in. p. the insurers shall indemnify the insured in the event of holding him liable for the damage to the life and health of the employee. These can be recognized as accidental injuries, occupational diseases. In case of death of the insured payment of the sum insured is made to the beneficiary or heirs by law.

Endorsement - a) an inscription certifying the transfer of an insurance policy or bill of lading to the person to whom the property rights have been transferred; b) the document which is attached to the policy in case of change of the terms of the contract. I. can be registered (per person) or blank (per bearer).

Errath - an inscription on an insurance document certifying the correction of a minor mistake made in its design.

Excess of loss ratio - a disproportionate reinsurance contract. Allows an insurance company to protect itself against certain types of insurance in the event that the overall effects of the insurance business exceed the level of loss taken into account when determining premiums under insurance contracts.

Excess of sum is an eccentric reinsurance contract. According to its terms, all risks accepted for insurance, the insurance sum of which exceeds the own retention of the assignee, are subject to transfer to reinsurance within a certain limit or eccentricity, ie the sum of the assignee's own retention (line), multiplied by a stipulated number of times by itself.

Excess reinsurance is the oldest and most important form of proportional reinsurance. It is used when the risks that are taken out for insurance vary greatly in size. EP contributes to achieving the necessary balance of the assignee's insurance portfolio. EP is most commonly used for fire, natural disaster, theft, accident and life insurance.

Excessive moisture - in spring, when excessive moisture, as a rule, the soil temperature decreases, and seedlings instead of 6-7 days appear on 19-23 days. Some of the seeds are rotting, damaged by pests and diseases. The ladder appears late and is pale, exhausted, sparse. This leads to a sharp decrease in yield. It can be considered as an objective risk factor.

Expiry date is the expiration date of the policy. It does not apply to policies that provide for the automatic payment of the amount at the end of the insurance period (life insurance, life insurance, etc.).

Extraordinary event - circumstances occurring in a certain territory as a result of a natural disaster, catastrophe, accident or other misfortune that has caused human casualties, damage to the environment, disruption of normal living conditions and activities.

F

Facultative obligatory treaty is a form of reinsurance contract according to which the assignee has no choice as to whether or not to transfer the risk to reinsurance. Similarly, the reinsurer has no right to refuse reinsurance of one or another of the proposed risks.

Financial market (financial market) - the market of credits and stock values, including stocks, bonds and other securities. The insurance market is an integral part of the financial market.

Financial Services - an all-Ukrainian monthly scientific and practical journal for professionals working in insurance, banking and other financial services. Established in July 1997.

Fire insurance is one of the most ancient and traditional types of property insurance. In the contemporary practice of S. in. - provides compensation in case of damage caused by property by fire, lightning, explosion and other causes that led to the fire. Extra liability may include damages resulting from an earthquake, storm, hail and other natural disaster, damage to tap water, and the like.

Fixed commission - a predetermined amount of commission that cannot be viewed during the insurance period.

Flood - flooding of terrain, crops with a strong rise in water levels in a river, lake, sea, which causes disruption of human economic activity and often causes the death of crops, gardens, farm buildings, etc. Soil formation occurs as a result of rapid melting of snow, glaciers, heavy rainfall, sudden breakthroughs of dams, icy congestion, windswept, and more. It can be considered as an objective risk circumstance and an insured event.

FOB (Free on Board - FOB) - the agreement, which is used in sea trade. Accordingly, the buyer is obliged to insure the freight and pay the cost of transportation. The seller is informed in a timely manner by the information necessary for insurance. Otherwise, the cargo remains with the seller.

Fog(fog) - the accumulation in the surface layer of the atmosphere of small water droplets, formed as a result of condensation of water vapor. Fog from water droplets is observed mainly at temperatures above 20 degrees and below 40 ° C. Ice fogs predominate at temperatures below –20 ° C. Mixed mists consisting of droplets and crystals are unstable because the crystals in them grow rapidly due to the water vapor from the droplets, and then these crystals fall out. For agriculture, fogs have a positive role in the early spring and late autumn, when they protect the plants from frost. Prolonged heavy fogs can increase soil moisture. The negative value of fog in agriculture is reflected in the delay in harvesting bread and herbs in the morning. In coastal areas, fogs are harmful during the flowering of fruit trees, because droplets of water, saturated with salts, adversely affect the flower buds. It can be considered as an objective risk factor.

Force majeure (forcemajeure) - 1) events, emergencies that cannot be anticipated, prevented or eliminated by any measures; 2) the extraordinary circumstances stipulated by the insurance rules, in the event of which the insurer is released from fulfillment of obligations under the insurance contract. Most insurers include cases related to military action, strikes, emergency situations, radioactive emissions, etc.

Formation of soil crust - the appearance of a densedried surface layer of soil, usually up to 3 cm thick. The soil crust is formed during shrinkage and drying of soils (serosemes, podzolic, etc.). Often, the peel results from mechanical effects on the soil of precipitation, the destruction of the soil structure by machines and implements, as well as after thawing of soil frozen in winter. Through the capillaries of the soil crust, the evaporation of moisture of the arable horizon dramatically increases, precipitation penetration is impeded, gas exchange is reduced, which leads to a decrease in the activity of microorganisms. Soil peel, formed after sowing, sharply reduces the field germination of seeds, complicates plant growth, leads to a decrease, and sometimes to the death of the crop. Control measures: harrowing, mulching, application of organic fertilizers, sideration, perennial herbs contribute to improving the physical and chemical properties of the soil, prevent the formation of soil crust. U. ґ. K. can be regarded as an objective risk factor.

Forms of insuranceinsurance of (forms) - insurance can be obligatory and voluntary. Mandatory insurance is introduced or abolished by the laws of Ukraine. Currently, there are 27 types of compulsory insurance. These include health insurance, insurance for servicemen and employees of other law enforcement agencies, customs, tax service, employees of a number of other risky professions, passengers in transport, crop insurance in state-owned enterprises, aviation insurance, civil liability insurance for vehicle owners. Of the total amount of insurance, more than 3/4 is voluntary insurance. It is carried out on the basis of an agreement between the insurer and the insured. The terms and procedure for conducting voluntary insurance are determined by the insurance rules that the insurer produces.

Freezing (winterkilling) - loss of winter crops and other crops during wintering; is an event covered by insurance coverage for some types of crop insurance (insurance coverage for fall winter crops). Under the influence of frost, ice forms in the tissues of the plants, the cells are dehydrated, and the plants die. To prevent freezing, proper soil cultivation, timely sowing of winter with the introduction of phosphorus-potassium fertilizers, fertilization in the spring with nitrogen fertilizers, insulation of crops (plantings) by snow retention, sheltering of vines by soil, etc. are necessary.

Freight freight charge for the owner of a vehicle for the carriage of goods and passengers by any means of transport. Especially often the term is used for sea and river transport. F. sometimes refers to freight, including the cost of loading it, unloading it. The size of F. is determined on the basis of tariffs or stipulated in the contract.

Freight insurance is a type of maritime or aviation insurance where the shipper or consignee covers losses from the amounts paid for freight during freight transportation. It can be carried out by the shipowner or cargo owner. If the interest in S. f. has the shipowner, he implements it simultaneously with the insurance of the vessel by concluding an additional agreement to the insurance policy of the vessel. When in S. f. the more interested the owner of the cargo, then he arranges this insurance in the same manner as the cargo insurance.

Frequency Loss(lossfrequency) - an indicator that is an element of loss of the sum insured. Hours in. is determined by the ratio of the number of insured events to the number of insured objects or insurance contracts by type of insurance.

Frost (frost, hoarfrost) is a thin layer of crystals cooled to low temperatures by the sublimation of water vapor. The most favorable conditions for frost occurrence are clear, quiet nights, sometimes in the daytime when the sun is low. It can be regarded as an objectively risky circumstance.

Frostis an unfavorable natural phenomenon, which is expressed in lowering the air temperature in spring, summer and autumn to zero degrees and below. It can be considered as an insurance event. The damage caused depends on the degree and duration of cooling, the type of crops, the phase of their development, as well as the conditions that develop after freezing. Spring wheat seedlings withstand temperatures up to -9 ° C, and wheat in the flowering phase is damaged at –1 ... - 2 ° C. Sowing corn is dangerously –2 ... –4 ° C. If the wet weather comes after freezing, then the frozen plants slowly thaw and the effect of freezing decreases; on the contrary, sunny windy weather accelerates the evaporation of residual moisture, which increases plant death. The effects of freezing - the death of leaves, flowers or plants completely. The reduction of damage from frost is achieved by the cultivation of crops for the maturation of which a relatively frost-free period in the area is sufficient, observing the sowing (planting). In small areas, immediately before the expected frost, preventative measures (sheltering, bonfire, etc.) are possible. It can be considered as an objective risk factor.

Functions of insurance (functions of insurance) - a manifestation of the essence of insurance in the action of Insurance performs the following functions: risky, the creation and use of insurance reserves, savings, preventive function.

Futures contract (futurescontract)is a standard document that certifies the obligation to purchase securities, commodities or funds at a specified time and on specified terms in the future with price fixing at the time of contractual obligations.

G

Garmsil , a dry and hot wind that blows mainly in the summer in the Western Tien Shan and the Copenhagen foothills, has a detrimental effect on crops and perennial crops. May be related to the number of insured events.

General policy (general policy) - an insurance contract between the Insurer and the Insured regarding the insurance of all the items of insurance declared for the period of validity of the contract on terms defined between the parties.

Goodwill is a set of measures aimed at increasing the company's profits without a corresponding increase in active operations, including the use of better management decisions, a dominant position in the insurance market, new technologies.

Government-backed agricultural insurance- economic relations with respect to insurance protection of property interests of agricultural producers in the event of certain events (insured events) defined by law at the expense of funds that are formed in the insurer through payment by the insurer of insurance payments (premiums), part of which due to state subsidies, and proceeds from the placement of funds of these funds, which is carried out in accordance with the provisions of the law and is determined by the availability and the particularities of the risks to which the crops and animals are borne.

Green card(greencard) - insurance certificate single form, which is used in the countries - members of the international system automobile insurance "Green Card" referred not struck in such certificate. It is also the name of the system of international agreements and insurance certificates of the same name for the owners of vehicles traveling to the countries - members of this system. It got its name from the color and shape of the policy. Established in 1949. Currently, more than 40 countries in Europe, Asia and Africa are members of the International System of the West. In June 1997, Ukraine was accepted as a member of the 3. k system.

Gross loss - a loss that causes the need to pay the entire sum insured.

Gross premium (gross premium) - the total amount of insurance premiums, determined on the basis of the sum insured and the gross rate (insurance rate).

Gross rate (grossrate) - a certain amount of net premiums and load. These grossing-up components have different purposes. The net rate should provide for the reimbursement of the costs of risk insurance and life insurance payments. The load is intended to finance the expenses of the insurer in the conduct of business and obtain the planned profit from insurance operations.

Groupinsurancegroupinsurance -under one personal insurance contract. For example, in the case of group insurance, personal insurance contracts are concluded with the insurer with the administration of the enterprise or trade union acting as the insured. Employees employed at the enterprise are insured. In the case of medical expenses insurance, the insured is one person, and the insured persons are the persons identified in the list of insured persons.

Guarantee insurance (insurance guarantee) - a written guarantee of the insurer for his client about its creditworthiness. This means that the insurance company undertakes to pay the non-payment on its own account in the event of an event.

H

Hail (showersofhail; hailshowers) - a kind of precipitation, which falls in the warm season from powerful cumulonimbus clouds in the form of dense ice formations of various sizes and shapes. Hail is one of the most frequent natural disasters (for agricultural production) and dangerous weather conditions (for civil aviation). Usually hail comes in a thunderstorm along with a downpour. Hail refers to the number of risky circumstances or insured events that result in the property being damaged. In foreign practice, hailing insurance for plants is considered as an independent type of insurance, focused mainly on the insurance interests of owners of vineyards, orchards and tobacco plantations, greenhouse-greenhouse complexes, as well as organizers of large-scale outdoor events on stage.

Hedging - insurance of price and profit in futures transactions.

Holding Insurance Company is an insurance company that focuses on the acquisition of controlling stakes in other insurance companies, the creation of holding companies and the overall management of them.

Hurricane (hurricane; storm) - a long wind of destructive force on a Beaufort scale of 12 points or more (ie speed of 30 m / sec. And above). It can be regarded as an objectively risky circumstance and an insured event.

I

Ice crust (icecovering, icecrust) is a natural phenomenon in which an ice layer is formed on the surface of the soil or snow cover. May cause damage or loss of winter crops, perennial grasses and other winter crops. The icy crust is shaky and hanging. The greatest danger for the plants is the wobbly ice crust more than 5 cm thick. It is formed during prolonged thaws, when the snow has melted and a lot of water is formed, which accumulates in depressions and "plates". With the onset of frost, the water freezes, and the wintering plants freeze in the ice and die from the effects of low temperatures. The formation of ice around the winter accumulation causes mechanical damage to it. In the spring, the water does not allow the meltwater to seep into the soil, and they flow into the ravines. It can be considered as an objective risk circumstance and an insured event.

Incomplete pollination during flowering - a phenomenon that occurs due to an unfavorable combination of weather and other factors such as strong winds or winds, low temperatures, absence of bees and lack of insects, prolonged rains, etc. It leads to incomplete pollination and a sharp decrease in yield (overgrowth, chaff). It can be regarded as an objectively risky circumstance.

Indemnification - full or partial compensation for the loss of value of property as a result of his death or damage as a result of an insured event or compensation for lost income, compensation for damage to life or health.

Installation (installment) is a portion of the annual installment payment. And, as a rule, is used in disproportionate reinsurance.

Insurable interest - direct losses that an insured person may suffer when an insured event occurs. The sum insured under the insurance contract may not exceed the insured interest of the insured.

Insurance (unemployment insurance) - a widespread in the countries of the West type of voluntary employer liability insurance for employees. S. c. b. carried out by the employer.

Insurance act - a document that is drawn up after the inspection of the insured object affected by the insured event.

Insurance agent - a trusted natural or legal person who, on behalf and within the limits of the powers granted by the insurer, makes offers to the insurer regarding risk insurance and performs certain operations for servicing insurance contracts. C. a. can be engaged in this activity full time or work part time. Sometimes S. a. may mediate multiple insurers. C. a. receives a commission depending on the number and amount of contracts signed with his participation.

Insurance animals (live stock insurance) - covers Voluntary property insurance value of animals in the case of destruction, loss or forced the slaughter of: a) agricultural enterprises, farms; b) in the household of citizens. Accidents - natural disasters, infectious diseases, fire, etc.

Insurance benefit - the amount of money paid by the insurer in accordance with the terms of the insurance contract when the insured event occurs.

Insurance broker - a legal or natural person who is authorized to mediate between insurers and insurers. B. p. acts on behalf and on behalf of insurers. Its tasks include the search for an insurance company (s) where the risk could be placed under optimal conditions in terms of the insurer's reliability and the amount of insurance premiums. In the case of an insured event, B.S. assists the policyholder in obtaining reimbursement and is involved in the placement of risks that are transferred to reinsurance. Payment for B. s. carried out by the insurer.

Insurance claim - a claim of the insured (the beneficiary, another third party) for compensation by the insurer of the loss caused by the case, which provides for a list of insurance events in the insurance contract.

Insurance commission - a fee paid to the insurer by intermediaries (brokers and agents) for attracting objects for insurance, documentation, collection of insurance premiums, and in some cases - for the consideration of insurance claims. K. p. is calculated as a percentage of insurance premiums (contributions). The amount of interest depends on the type of insurance and some other factors.

Insurance company- financial institutions established in the form of joint-stock, full, limited partnerships or subsidiaries with additional liability in accordance with the Law of Ukraine "On Business Companies", taking into account the features stipulated by this Law, and received in accordance with the established the procedure for a license to carry out insurance activities. Participants of the insurer must be at least three.

Insurance contract (standard contract of insurance of agricultural products with state support from agricultural production risks) - an insurance contract concluded between the insurer and the insurer - agricultural commodity producer on agricultural insurance under the conditions established by law. Standard insurance contracts are developed for each insurance product and / or for a particular culture and are agreed with the central executive body, which ensures the formation and implementation of the state agricultural policy, and the national commission that regulates the financial services markets. In the framework of the state support program for agricultural insurance, insurance companies use only standard insurance contracts.

Insurance control (supervision) - control over the activity of insurance business entities, which is carried out by specially authorized by the state bodies. In Ukraine, the functions of insurance supervision are vested in the Insurance Supervision Committee (see Ukrstrakhnadzor) and its local authorities.

Insurance coverage (insurancecover; insuranceprotection) - a list of risks that are included in the insurance contract.

Insurance fund - a set of natural reserves and financial reserves of society, designed to prevent, locate and compensate for losses caused by natural disasters, accidents and other emergencies.

Insurance indemnity - the amount paid by the insurer in accordance with the terms of the contract for compensation of damage caused by the insured event at the objects of property and liability insurance. If the sum insured is less than the loss, V. p. is carried out in proportion to the insurance amount to the insurance value of the object. In case of double insurance the actual loss is incurred by all insurers within the insurance value of the insurance object in proportion to the share of each in the total sum insured. The terms of the insurance contract may provide for the replacement of insurance indemnity in kind.

Insurance interest (insurable interest) - a material interest in the insurance of objects to which the insurer is related as the owner, lessee, carrier, etc. Includes property and all that may be the object of material damage (damage) to the insurer or in connection with which the liability of the insurer may arise before third parties.

Insurance is a type of civil and economic relationship in which an insurer provides himself or a third party with an event stipulated by a contract or law, by paying an insurer that retains a certain amount of liability and for its provision replenishes and effectively allocates reserves, takes preventative measures to reduce risk, reinsures part of it if necessary.

Insurance law - a set of generally accepted rules (rules) of behavior of insurers, insurers and their intermediaries, defined by the state and enshrined in the laws and regulations related to insurance activity.

Insurance license **- a** document certifying the right of an insurance company to take out insurance (reinsurance) insurance risks of a certain type. The Financial Services Commission is issued, has a special form and contains the following mandatory details: full and abbreviated name of the insurer and its legal address, list of types of insurance for voluntary and compulsory insurance, the name of the territory in which the insurer and its branches are entitled to conclude insurance contracts, validity, registration number and date of issue of the license, signature of the head of the relevant department of the authorized body. In case of violation of the insurance legislation the license may be revoked.

Insurance loss - damage caused to an insured as a result of an insured event.

Insurance management - a) management system in the field of insurance activities; b) a Master of Business Administration major who has completed a course of study under the same program.

Insurance market - 1) an economic space in which insurers interact (form demand for insurance services), various forms of organization insurance companies (insurers that meet the demand for services), insurance intermediaries (agents and brokers), as well as organization of insurance infrastructure - association of insurers, consulting firms, training centers; 2) the sphere of monetary relations, where the object of purchase and sale is a specific product - insurance service, the demand and supply for it are formed; 3) the form of interconnection between participants of insurance legal relations (insurers, insurers and their intermediaries).

Insurance market assortment - a set of types of insurance services offered to insurers in a given country, region.

Insurance marketing is a system of interrelated activities aimed at planning, pricing, as well as advertising and marketing of insurance services. M. in. with. - is the activity that accompanies the movement of services from the insurance company to the insured.

Insurance monopoly - the exclusive right of one organization to provide insurance services. It may be: a) complete if there is an exclusive right of the state or state organization to carry out all forms and types of insurance in the country; b) partial, when the insurer uses the insurance company for certain types of insurance.

Insurance of cargo (cargo insurance) - Insurance cost of goods for all modes of transport without insurance of the vehicle.

Insurance of children (child insurance) - Insurers are parents or other relatives of the child, and insured - children under 16 years of age. The sum insured is paid to the insured upon surviving before the expiration of the term of insurance. Due to the consequences of an accident with the insured during the validity of the SD agreement, payments are made to the policyholder.

Insurance of motor vehicles (motor insurance) - Insurance auto insurance, objects which are trucks, cars, special cars, motorbikes and several other vehicles that are legal entities or individuals. Insurance is carried out at tariffs, drawn up taking into account the type of vehicle, its age, cost, safety, nature of use, storage conditions. In S. with. and. the driver's experience, accidents, the duration of the motor vehicle accident are also taken into account. and. and some other factors. The main risks are damage, destruction, theft of the vehicle. Several variants of S. with. but rather, the difference is mainly in determining the sum insured and the set of risks.

Insurance of vessels (hull and machinery insurance) - covers the hull insurance (including machinery and equipment), freight and other costs associated with the risks of swimming in seas, rivers and lakes.

Insurance operations (insurance operations) - a set of activities of the insurer directly related to the implementation of compulsory and voluntary insurance of legal and natural persons. To S. Fr. include: valuation of property and other objects subject to insurance, calculation of insurance payments, conclusion of insurance contracts, collection of contributions and non-cash payments, maintenance of accounts of insurers, drawing up of insurance acts, etc.

Insurance period (insuranceperiod; periodofinsurancecover) - the time during which the insurer was responsible for the insurance contract.

Insurance pool - a voluntary association of insurance companies for co-insurance of certain risks. SA is not a legal entity. It is created on the basis of an agreement between these companies in order to ensure the financial stability of insurance operations under the conditions of joint and several liability for the fulfillment of obligations under insurance contracts. The largest number of them is the Nuclear Insurance Pool of Ukraine. Its founders are Oranta-Dnipro, Energopolis, Alcona, Armada. Social insurance operates on the principles of co-insurance.

Insurance portfolio (insurance portfolio) - a) the actual number of insured objects or the number of insurance contracts; b) cumulative liability of the insurer (reinsurer) for all existing policies.

Insurance premium (insurance premium) - payment to the insurer for having undertaken to indemnify the insured in the event of material damage caused to the insured property, or to pay the sum insured when certain events occur. The insurance premium is paid on a one-off basis before the insurance contract enters into force or periodically within the terms stipulated by it. The amount of the insurance rate depends on the insurance rate (gross rate) and the amount of insurance, the period of insurance, and sometimes on some other factors.

Insurance premium (insurance premium) - the amount paid by the insurer for the obligation to indemnify the damage caused to the insured property, or to pay the insured amount in the event of pre-determined events in the life of the insured (insured). S. c. can be paid on a one-off basis (before the contract enters into force) and in several stages stipulated by the insurance contract.

Insurance premium (insurance premium) (insurance premium) - payment for insurance paid by the insurer under the insurance contract.

Insurance premium (insurancepremium, insurancepayment) - payment for insurance, which the insurer is obliged to pay to the insurer under the insurance contract.

Insurance protection - economic, redistributive relations, which are formed in the process of preventing, overcoming and compensating losses caused to specific objects: the material values of legal and natural persons, life and health of citizens, etc.

Insurance reserve (insurance reserve) - a system of funds of the insurer, which are formed depending on the types of insurance in order to provide a guarantee of future insurance claims and payments of insurance sums. R. p. are defined differently in risky types of insurance and in life insurance. In risky types of insurance, a reserve of unearned premiums and a loss reserve are formed, and in life insurance - mathematical reserves. Temporarily available funds they are invested in securities, real estate, placed on deposit accounts with banks, etc., which allows insurance companies to earn additional income.

Insurance statistics - a) a special table of indicators of the performance of a particular type of insurance or the entire portfolio of risks by a specific policy during a specified period; b) collecting and organizing data on property and personal insurance in order to accumulate the material necessary for making timely and sound management decisions; c) the field of statistics, the object of which is the activity of insurers and their relationship with insurers.

Insurance tariff - the rate of insurance premium per unit of the sum insured for a specified period of insurance. In the voluntary form of insurance, insurance contracts are calculated by the insurer actuarially (mathematically) on the basis of the relevant statistics of the occurrence of insured events, and under life insurance contracts - also taking into account the amount of investment income, which should be specified in the insurance contract. The specific amount of credit insurance is determined in the insurance contract with the consent of the parties.

Insurance tariffs (insurance tariffs) - rates of insurance payments per unit of insurance amount for a certain period. T. p. consists of net rates and load. Their sum is equal to the gross rate.

Insurance term - the period of validity of an insurance contract. Usually, it starts no earlier than the term of payment of the first installment of the insurance premium and ends with the occurrence of the insured event, after which the entire sum insured has been paid, with the termination of the contract due to non-payment of regular payments or for other reasons, and after the expiration of the term determined by the contract.

Insurance term - the time interval during which the insurance contract is valid.

Insurance value (insurable value) - the value that is set by the policyholder when evaluating the object of insurance. S. c. should not be higher than the true value of the property on the day the insurance contract is concluded.

Insurancemarket; insurancefield - the maximum number of objects that can be insured on a voluntary basis. In the case of property insurance for legal entities, this may be the number of enterprises located in a particular region, and in the case of personal insurance, it may be the number of people who have independent incomes.

Insurancepolicy is a form of insurance contract. This is a written agreement between the insurer and the insurer, under which the insurer undertakes in the event of an insured event to pay insurance premium to the insurer or other person specified in the insurance contract of the insurer in favor of which the insurance contract is concluded (to provide assistance, perform a service, etc.), and the insurer undertakes to pay insurance premiums within a specified period and comply with other terms of the contract.

Insured (insured) - a legal or capable natural person who has concluded an insurance contract (or is S. according to the current legislation), has paid the dues and is entitled to receive compensation in the event of an insured event within the insured liability or the sum insured stipulated in the policy.

Insured (insured) - a person who takes part in personal insurance, the subject of which insurance is the life, health and capacity of the insured person. 3insured person can also be an insured person. 3. Fr. has the right in the cases stipulated by the contract to receive the stipulated insurance payment or the payment of a smaller amount.

Insured event - a natural disaster, accident or other event in which the insurer has an obligation to pay the insured (the insured, the beneficiary) insurance indemnity or sum insured. List of the village. provided by insurance rules, insurance contract or applicable law.

Insured property (insuredproperty) - tangible property in respect of which an insurance contract is concluded in accordance with the law.

Insurer - an organization that undertakes, for a fee, to indemnify the insurer or the persons whom it has stated for damage caused by the insured event or to pay the sum insured.

Insurer 's assets are insurer's assets invested in securities, purchased real estate, and other tangible assets placed on bank accounts. The sources of these funds are the authorized fund, insurance reserves and other liabilities. From the size and structure of A. p. the solvency of the insurer depends.

Insurers - financial institutions established in the form of joint-stock, full, limited partnerships or subsidiaries with additional liability in accordance with the Law of Ukraine "On Business Companies", taking into account the features stipulated by law, which have received in accordance with the established procedure a license to carry out insurance activities. Participants of the insurer must be at least three.

Intermediary is an insurance broker or agent through whom an insurance contract is concluded and specific issues are resolved to settle claims.

Investments - 1) long-term capital investments in any enterprise, business, various branches of economy, transfer of money in a less liquid form for profit; 2) monetary, property, intellectual values, which are invested in objects of business and other activities for the purpose of profit or achievement of social effect; 3) a form of diversification of the insurer's activity, which lies in the company's going beyond the traditional insurance framework. This is due to the desire to invest proficiently in their temporarily free funds in a related business, subsidiaries, banking in order to profit and improve the financial reliability of the company.

J

Jurisdiction (jurisdiction) - administration of justice, jurisdiction of the case. Correct definition of Yu is of particular importance in insurance of risks arising in the course of foreign economic activity. In insurance policies for ships, cargoes and other objects where the parties to the insurance relationship belong to different countries, it should be stipulated in which country the litigation concerning the fulfillment of the terms of the insurance contract is to be considered.

K

Keeping gross (gross line) - the total amount of commitments undertaken at your own risk insurer of all insurance contracts.

Kostendfreyd, CAF (cost and freight, CAF) - a condition of delivery of cargo by sea on a foreign trade contract. The rights and obligations under the CAF contract are similar to the terms of the CIF contract, but the insurance of the goods is not included in the seller's obligations. The price of the goods in the port of departure plus the sea freight to the port of destination.

L

Lack of heat (lackofheat)slows the is a phenomenon that in springsowing time, leading to late sowing, and late sowing shifts the harvesting time further into the fall. The consequences are the same as for “harvest delay”, “ripening delay”. It can be considered as an objective risk factor.

Landslide is a slow displacement of rocks down a slope by gravity. The landslides occur on the steep banks of the seas, lakes, rivers, ravines, on the slopes of the mountains, as well as on the steep slopes of ditches, canals and other construction notches. It occurs as a result of disturbance of the rocks caused by: an increase in the slope of the slope as a result of washing it by sea, lake or river; weakening the strength of the rocks as a result of weathering or wetting; the impact of seismic shocks; construction and economic activity of a person, which is carried out without taking into account the geological conditions of the area. The landslides cause great damage to the economy. It can be considered as an objective risk circumstance and an insured event.

League of Insurance Organizations of Ukraine (League of Insurance Organizations of Ukraine)a non-profit association of insurers with a view to defending their interests in government, promote insurance legislation, staff training and information support of insurance companies to establish contacts with relevant associations (associations) of other states.

Legal costs (leagal expenses) - costs incurred by the consignee with the consent of the insurer in connection with legal action against the carrier for recovering damage therefrom. Such costs shall be reimbursed by the insurer.

Liability insurance - an insurance industry where the object is liability to third parties in the event that they are harmed as a result of the activity or inaction of the insurer.

Liability insurance (third party liability insurance) - insurance in which the insurer undertakes to pay the insured amount against him according to law and within the legal liability of the insured to third parties.

Liability insurance in the first case - a system of insurance coverage in which all the losses on insured event, held and declared to the insurer by the insurer shall be reimbursed in full within the limits of the sum insured and taking into account the deductibles established by the insurance contract. Upon payment of insurance indemnity, such insurance contract shall terminate.

Liability limit (insurancelimit; liabilitylimit) - the sum insured, specified in the insurance contract (policy), within which the insurer is liable to the insurer (third parties); the maximum amount of insurance compensation possible.

Life insurance and disability (whole life and disablement insurance) - type of personal insurance. It may be made compulsory for the categories of employees defined by applicable law and voluntary. Traditional insurance cases include temporary disability, permanent disability, death of the insured person.

Life insurance is a sub-sector of personal insurance where the life of the insured is the object of insurance. The Treaty of S. is valid for at least 3 years. Among the species of S. mixed life insurance prevails, in which insured events are incompatible events such as the death of the insured during the term of the contract or its survival before the expiration of the contract.

Limit liability - a system of insurance, in which losses are compensated within clearly defined limits. This determines the minimum level of damages to be compensated and their maximum amount.

Liquidity (liquidity) - 1) the ability of the insurer to fulfill its financial obligations in a timely manner, primarily to pay off debts; 2) an indicator of how quickly material assets can be realized and the money needed to cover liabilities is obtained.

Lloyd (Lloyd's) - the international insurance market, located in the City of London; corporation (association) of legally independent insurers, each of which independently takes risks, based on its financial capabilities. Each member of L. in order to secure their activities must pay a heavy deposit. L.'s members are united in unions led by underwriters. The latter take on insurance risks on behalf of union members. It was founded in 1734. He is now a major insurer and reinsurer, especially of offshore, aviation, automotive oil and gas risks. Many Ukrainian insurers reinsure the risks in the Lloyd's market.

Lloyd's Syndicate (Lloyd's syndicate) - anderrayterivLloyda group that combined a syndicate in order to increase their opportunities for receiving financial risks insurance. Insurance premiums and losses among syndicate members are apportioned in proportion to their share of risk liability. Any of the SLs may determine their terms of insurance or agree to the terms offered by the syndicate, which is the leader in specific risk insurance.

Loading (loading) - part of the insurance tariff, not related to the formation of funds for insurance payments. N. is intended to mobilize the funds necessary to cover the costs associated with the insurance business (remuneration of the insurer's staff, rent of office space, costs for the purchase and operation of computer equipment, advertising, transportation costs, payment of some taxes and mandatory payments etc). N. is a source of payment for intermediary services and a certain amount of profit from insurance activities.

Localization (in localization) - in insurance - measures to spatially limit the spread of risk.

Long-lasting rains (steadyrains) are rare rainfall in the form of water droplets. Prolonged rain causes the same effects as excess moisture, lack of heat. It can be considered as an objective risk factor.

Longsnowfalls - Snow - Solid (crystalline) atmospheric precipitation that falls from clouds at negative air temperatures. Prolonged and heavy snow, if it fell in the fall on the ground and vegetative plants, causes crop evaporation. Under a strong warm snow coat, plants continue to grow, produce heat and evaporate. It can be considered as an objective risk factor.

Loss (a) loss (damage) to be reimbursed by the insurer; b) the fact of the insured event occurrence (realization of the insurance risk); c) a case containing documents of the insurer on a specific insurance case, confirming the validity of the payment.

Loss (disadvantageousness; unprofitableness) - the ratio of the amount of losses paid over a period to the net premium over the same period.

Loss event (loss, loss event) - the event stipulated by the insurance contract or the current legislation, with the onset of which the insurer has an obligation to indemnify the damage caused by this event or to pay the insurance provision to the insurer (the insured person, the beneficiary).

Loss insurance amount (lossratio) - an indicator of the activity of the insurer, which characterizes the ratio of insurance indemnity to the sum insured of all insured objects in terms of risk types of insurance. 3. p. with. is determined as a percentage, shows the probability of loss, and the comparison of actual and tariff levels is used to assess risks.

Loss on sale of property that was saved (solvage loss) - loss primarily related to sea transportation when saved property is sold before the arrive at the port of destination. The Insured is entitled to proceeds from the sale of property without taking into account the costs of its sale. The insurer must pay the insurer a loss equal to the difference between the proceeds received and the sum insured.

Loss ratio (claims or loss ratio) - indicator is calculated as the ratio of claims paid and those payable to premiums earned.

M

Machinerybreakdowninsurance is a type of property insurance that is actively used in industrialized countries to protect entrepreneurs from the risk of mechanical breakdowns of machines, which are mostly part of important technological lines or are key manufacturing units.

Marine insurance (marineinsurance) - a type of insurance that covers insurance of ships, cargo and freight against various types of hazards (fire, lightning, storm and other natural disasters, collision of ships, landing of a vessel, disappearance of an unknown vessel, etc.) flights.

Maritime Insurance Bureau of Ukraine (Marine Insurance Bureau of Ukraine) - a form of association of insurers, a legal entity acting on the basis of the Regulations and the founding agreement agreed with Ukrstrakhnaglyad and the State Department of Maritime and River Transport.

Material facts are circumstances that affect the underwriter's calculations when determining the risk taking conditions.

Medical insurance - a type of personal insurance in the event of loss of health from an illness or as a result of an accident. M. with. It is used to mobilize and effectively use funds to cover the cost of health care for policyholders. M. with. may take the form of compulsory and voluntary insurance. The contracts of M. p. are concluded in group and individual order. This document is a guarantee of receipt of medical care in the volumes and under the conditions defined by the current legislation or rules of insurance.

Military personnel insurance - a type of compulsory personal insurance in the event of death or damage to health caused by the military personnel performing their duties. S. c. is carried out at the expense of the state budget.

Mitigationofdamage - the principle that the policyholder is obliged in all cases to act as if his property, liability, life and health would not be insured, and take all dependent measures to reduce or prevent him, notwithstanding the fact that the loss may be recoverable under the terms of the insurance.

Mudflows (mudflow; sill; mudslide) are short-lived stormy floods on mountain rivers that carry large amounts of sediment that give them the character of mud or muddy streams. C. causes intense rainfall or heavy snow. S. have great mass and great speed, and can cause enormous destruction. It can be considered as an objective risk circumstance and an insured event.

Mutual insurance is a form of insurance protection in which insurers who have related property interests and risks are simultaneously members of an insurance company. V. p. - long-term agreement between a group of persons (legal and physical) on compensation in certain parts of losses to each other in case of insured events. Now V. p. is widespread in foreign countries, especially in personal insurance, agricultural, marine risk insurance. V. p. Ukraine has not yet developed properly.

N

Natural insurance is a form of insurance in which insurance payments and payments are made in kind. N. with. was characteristic of the slave and feudal society. Now the elements of N. with. preserved in some economically underdeveloped countries.

Net premium - gross premium over minus load.

Net rate is a portion of the insurance rate intended to form the insurer's resources to pay insurance claims and sums insured. Methods of calculation of N. p. in property and personal insurance are different.

Normative solvency margin - an insurer's solvency margin, which provides insurance other than life insurance, for any date is greater than the specified values, namely: the first - calculated by multiplying the sum of insurance premiums for the previous 12 months 0.18 (the last month will be the number of days on the settlement date). In this case, the amount of insurance premiums is reduced by 50 percent of the insurance premiums owed to reinsurers; second - is calculated by multiplying the amount of insurance payments for the previous 12 months by 0.26 (the last month will consist of the number of days at the date of settlement). The amount of insurance payments reduced by 50 percent of benefits that are offset from reinsurers under reinsurance contracts concluded

Notice (notice or letter of cancellation) - a) an article of the reinsurance contract, which stipulates that in the event that one of the parties to the contract (reinsurer or assignee) intends to change the terms of the contract or terminate it for the next year, it must send to its partner about this no later than three months before the contract expires; b) notification of the shipowner to the charterer about the time of departure of the vessel on the voyage or the expected arrival at the port of loading (unloading).

Nuclear risk insurance - a type of insurance that provides compensation for material damage or damage caused to a person due to radioactive exposure caused by unforeseen circumstances in the extraction, production, storage and transportation of radioactive substances. In the world practice, the insured is considered the property of the insured and his responsibility for possible harm to third parties. Given the scale of the nuclear risks, it is of great importance in such insurance that the efforts of the insurers are combined. To this end, the Nuclear Insurance Pool of Ukraine was created.

O

Object of insurance - a specific property interest of the insured or the insured person (property, liability to a third party, life and health, etc.), who may be harmed by a natural disaster, accident or other insurance event.

Offer - an offer to a certain person to conclude an agreement taking into account the stated conditions. May be written or oral. O. is considered accepted after its acceptance.

Open cover - a form of automatic cargo insurance for a long time without setting any general limits. VK operates within the general policy. It has no legal force.

Option - the right to sell and buy shares at a fixed price.

Optional contract (facultative treaty) - specific risk reinsurance contract concluded on a voluntary basis.

Optional reinsurance (facultative reinsurance) - a method of reinsurance in which the insurer bears no responsibility to the reinsurer for the transfer of risks in reinsurance. The question of whether to transfer the risk to reinsurance and to what extent is decided by the assignor. In turn, the reinsurer has no obligations to the insurer to take risks on its own responsibility. The main drawback F. n. - lack of confidence in the insurer's risk reinsurance placement, big time spent on design F. n.

P

Partial damage(partialloss) - any loss in the insured property, the sum of which has not reached the full sum insured, ie there is no complete loss.

Partial loss of freight - may occur in cases where the freight is fully or partially payable upon arrival at the port of destination. This part of the freight is subject to insurance.

Pension - a guaranteed monthly payment of cash to provide for the elderly, the disabled, as well as those who have lost a breadwinner.

Personal insurance is a branch of insurance in which the subject of insurance relations is the life, health and efficiency of a person. O. p. combines risky and safeguarding functions aimed at ensuring the protection of citizens' family incomes, as well as the accumulation of funds for them to improve their financial well-being. O. p. is divided into life insurance and accident insurance.

Personal liability insurance - covers individuals who, through their actions, could harm the health or property of third parties. The need for the North West arises when there is a risk of a claim to the guilty party of a substantive claim or a claim arising from the applicable law and contractual obligations between the parties.

Plane erosion of soil (sheeterosion) - erosion that occurs under the influence of runoff water that does not have time to be absorbed into the soil, leads to a uniform rupture of the soil.

Plant leaching is a type of crop damage that consists in breaking off the roots of hibernating plants and displacing them from the soil to the surface by exposing the tillering nodes, root necks, and roots; is included in the insurance liability for certain types of crop insurance (insurance costs for resettlement of fallen winter crops). Washing occurs in winter and spring due to repeated alternating freezing and melting of heavy and not settled after plowing, saturated with moist soils, as well as during the formation of ice crust, in which the plants freeze. Suffer from it perennial grasses, winter, industrial crops and other plants with poorly developed root system. Measures of prevention are: sowing of varieties which are characterized by deep laying of nodes of tillering; timely sowing on a well-cultivated soil surface; loosening the soil before and after sowing, applying organic fertilizers. Flushing is considered as an insurance event.

Planting (drowning); lodging- the slope of the shoots due to bending, breaking of the lower internodes of the stem, or weak adhesion of the roots to the soil. Plant precipitation is promoted by heavy rainfall, lack of light, enhanced nitrogen nutrition, fungal diseases. In fallen plants, physiological functions are disturbed, grain filling is abnormally occurring, harvest is reduced, harvesting is difficult, losses are increased. It can be considered as an objective risk factor. Measures to prevent plant lodging: resistant varieties, compliance with seed sowing standards and deeper planting, application of nitrogen fertilizers in combination with phosphorus-potassium.

Political risk insurance (political risk insurance) - a type of insurance used in the world to protect, first and foremost, from the dangers of political events (confiscation, nationalization or expropriation of property, military events, social disturbances, restrictions on the conversion of national currency and prohibition of export capital), which can cause significant damage to the property interests of owners. Foreign trade is in particular demand among foreign investors.

Portfolio of liability - the total amount of liability of an insurer or reinsurer for all existing policies.

Porto (porto) - postal and telegraph costs that credit, trade and insurance organizations, as well as individuals relate to their customers.

Preferences in insurance - preferences provided by law or other regulations that are granted to a person (or group of persons) compared to other citizens. They may be provided in the form of full or partial exemption of individual insurers from payment of compulsory insurance payments. For example, disabled drivers who drive vehicles equipped with the appropriate sign are completely exempt from insurance payments on compulsory civil liability insurance for vehicle owners. P. in the village. may also be advantageous in concluding voluntary insurance contracts for permanent insurers. Can be applied discounts on insurance premiums, grace month (with coverage) for renewal of insurance contracts and more.

Premiumrefund; returnofpremium - the refund by the insurer of the premium paid in full or in part, in accordance with the terms of the insurance, if the insurance has not taken place or with the consent of the parties to the insurance contract.

Prevention is a preventive activity.

Preventive measures in insurance - a set of measures taken by the insurer or at his own expense, related to the prevention or reduction of the devastating impact of possible insured events. P. with. in. with. stem from the very nature of insurance, its preventive function. This necessitates a comprehensive justification of the insurance rules and tariffs, as well as the use of effective forms of settlement, qualified risk assessment and determination of insurance payments. Insurers may provide for a series of measures to prevent fires, floods, infectious diseases of animals, etc. at the expense of insurance reserves.

Probabilityofloss - a quantitative assessment (on the basis of statistics) of the possibility of the occurrence and frequency of occurrence of dangers, which can result in the insured event, which leads to payment of insurance indemnity. The degree of likelihood of an insured event is the basis for establishing insurance rates, premium rates, discounts and allowances, and hence the stability of insurance operations of the insurance company and its financial stability.

Professional liability insurance (professional liability insurance) - is intended to cover damages caused to third parties due to errors and omissions such officials as lawyers, architects, auditors, accountants, notaries and so on. Al. S. n.c. applies to a specific period of time, not to a specific case. The Law on Insurance provides for a list of professions in respect of which the profession of social sciences is based. is mandatory.

Profitability of insurance transactions (profitability of insurance transaction) - an indicator of the level of profitability of insurance operations: the percentage of the amount of profit received to the total amount of insurance payments. R. p. at. also determine by type of insurance.

Prolongation of life insurance - the continuation of a mixed life or life insurance contract beyond the period covered by the contributions paid.

Property insurance (property insurance) **-** the insurance industry, which is the subject of insurance relations in different types of property. The insured may be property owned or in the possession, use or disposal of the insured. The insurers are either the owners of the property or other persons who are responsible for its preservation.

Proportional reinsurance - includes quota and incident reinsurance contracts whereby the reinsurer has a share of the total loss and total premiums.

Provisions for losses (claims reserve) - an element of technical provisions. R. with. intended for calculations of unpaid losses. Formation of R. with. occurs on the basis of claims by insurers on a specific date, which contain appropriate claims for damages. The magnitude of R. with. at the reporting date is the sum of the reserved unpaid amounts of insurance indemnity at the insurer's request, for which the decision on total or partial refusal to pay the sums insured has not yet been made. If R. with. increases against the previous reporting date, the difference (gain) relates to the cost of the insurer. In the case of a decrease in the number of crystals. - the difference relates to the growth of the insurer's income.

Q

Quantification - quantification of objects.

Quantile (quantile) is one of the numerical characteristics of random variables used in mathematical statistics.

Quota in insurance - a) the share of the insurer's participation in the total sum insured in the case of insurance of the object under co-insurance conditions; b) the share of each party to the reinsurance contract.

Quota reinsurance (guota share reinurance) - quota based reinsurance. This means that the insurer transfers to the reinsurer, in an agreed proportion, all the risks accepted for the insurance by a certain type (group of types) of insurance, without exception. In the same proportion the premium received by the cedant from the insured is transferred to the reinsurer, and the reinsurer reimburses the cedent for the loss paid within its share of the sum insured.

Quotation - Determination by the insurer of the premium rate at which it is ready to insure the risk.

R

Reciprocity is a condition under which the assignee reinsures his contracts with companies that, in turn, transfer their insurance contracts to him for reinsurance. B. can be applied on the basis of the criteria for the amount of bonuses or the effects of contracts.

Redemption value (cash surrender value) - the amount by which the policy holder can apply for life insurance in the event of termination of the policy.

Regression (regres) - the right to nominate the insurer within the insured amount actually paid damages / claims against the third party who blame the insurance case, in order to obtain from it compensation for the inflicted damage.

Reinsurance - a system of economic relations of the secondary insurance, in which the insurer (assignee), taking on insurance risks, transfers the share of responsibility for them (taking into account its financial capabilities), on the agreed terms, to other insurers in order to create the most balanced insurance portfolio, providing financial sustainability and profitability of insurance operations. Due to P. increases the financial reliability of insurers, increases their overall ability to increase the volume of insurance services. It is optional (under separate agreements) and contractual (obligatory). The latter obliges the assignee to transfer to the reinsurance within the limits of a certain amount all risks, the nature and size of which is determined by the terms of the contract. There are two forms of P. - proportional and disproportionate. A relatively new sphere of insurance relations for Ukraine. In the USSR, thedid not apply

Reinsurance commission (reinsurance commission) - remuneration paid by perestrahovyktsedentovi because he sends risks (facilities contracts) in reinsurance. At the expense of these funds, the assignor partially compensates for the costs associated with the preparation and implementation of risk-taking operations for insurance, as well as the transfer of the stipulated share to the reinsurer.

Reinsurance treaty - a bilateral legal agreement between a cedant (reinsurer) and a reinsurer, in which one party - the cedant (reinsurer) - undertakes to transfer and the other party - the reinsurer - to accept risks for reinsurance under these conditions. The legislation of Ukraine establishes the limits of liability under insurance contracts, which the insurer has the right to bear independently under the concluded insurance contracts without transferring part of the liability for reinsurance.

Reinsurer (outgoing**reinsurer) -**insurer (assignor) that transmits workers received part of the contract with the insured risk reinsurance another insurer or reinsurer professional.

Reinsurer is an insurance organization that accepts reinsurance facilities. A company that provides reinsurance operations only called professional PA

Renewal of insurance contract - renewal of an insurance contract for a new term. In practice, V. p. is carried out by the conclusion of a new contract or the drawing up of a special annex to the existing contract. Most insurers give policyholders every year and promptly update policies, incentives in the form of discounts on premiums if the period of the contract is not insurance cases occurred ..

Repression - in insurance - suppression of an accidental event, phenomenon.

Repressive measures in insurance (preventive measures in insurance) - the fight against natural disasters (flood, fire, large snow drifts, etc.) to reduce the size of losses from destruction or damage to the insured objects.

Reserve fund of enterprise (risk fund) - created to ensure the continuity of production in the event of risk situations. It is formed at the expense of profit in the amount determined by the charter of the enterprise. As a rule, it does not exceed 25% of the authorized fund. R. f. The item is used to cover relatively small losses caused by unforeseen circumstances. Allows you to provide a deductible when concluding insurance contracts.

Retention actually - a reasonable level of insurance amount, within which the insurer retains the responsibilityinsurance risks, and transfers the rest to reinsurance.

Retentionofsnow, snowcapture - Artificial snow retention in the fields to maintain moisture. Snow accumulation reduces freezing and improves water absorption.

Retirement pension insurance - a type of personal insurance that the insurer undertakes to pay once or in installments for several years, and instead the insurer undertakes to pay the insurer (insured) pension periodically or for a specified period of time. .

Retrocession is the process of further transferring previously accepted reinsurance risks to other reinsurers. Risk is achieved by crushing high risks, sharing responsibility among more and more insurers. Sometimes some of these risks can go to the primary insurer if the contract does not contain a relevant objection.

Risk aversion (averce of risk) - a negative attitude to risk, which comes to the recognition of its importance and role, and also manifests itself as a counteraction to risky activity.

Risk insurance (insurancerisk) - a) probable event or set of events in the case of which the insurance and having features and the probability of chance occurrence. R. p. - the possibility of death or property damage from fire, flood, earthquake and other calamity. In personal insurance R. p. can be - disability, death, survival to a certain age or event; b) the object of insurance; c) type of liability of the insurer; d) the division between the insurer and the insured of the damage caused by the insured event.

Risk management is a systematic study of risks that pose a threat to people, property and interests, as well as the development and implementation of measures to address the risks. R.M. covers identification of risk aversion, analysis of degree of protection against risk, elaboration of options for risk control, taking measures to physically eliminate or reduce risk, financing possible risk through self-insurance or transfer of risk to insurers. The country has its own specificity for each type of insurance.

Risk premium (risk (or pure) premiun) - part of the insurance premium that the insurer assigns to create the necessary reserve for the purpose of payment of insurance indemnity.

Ritorno - part of the insurance premium withheld by the insurer in the event of termination of the contract.

S

Salary insurance (salary sacrifice scheme) - a form of property insurance, which was widely used in the former USSR. Its main feature was to determine the absolute security standards (in rubles per object). For them and the applicable rates were calculated the amount of mandatory payment-salary.

Sanitation is a system of measures taken by the state in order to improve its financial condition and prevent bankruptcy or increase the competitiveness of a particular business structure.

Seed decay and root crops (seedsandroot vegetablesrotting**)** -state caused by fungi and some bacteria that live in soil. The rotting of the seeds of cereals and sunflower occurs in early sowing in cold and moist soil. If the cold season lasts for a long time, the soil does not warm up to the optimum temperature at which the seeds begin to sprout and sprout, and the seeds rot. The possibility of rotting of the roots is available in the second half of summer or early autumn, when the roots are already ripe, and during this time heavy and prolonged rains and dramatically reduced air and soil temperature. The soil creates anaerobic conditions that promote rot. ZN. K. can be regarded as an objective risk factor.

Self (self-insurance) - a risk which is the responsibility of the insured. S. is a form of protection of property interests through the creation of decentralized reserve funds (risk funds) directly at enterprises and organizations. For the most part, S. provides coverage for low risk losses. With respect to medium and high risk losses, S. is in franchise application.

Shedula (schedule) - the main section of the insurance policy aircraft. S. contains information about insurance contract participants, operators, beneficiaries, crews and aircraft that are accepted for insurance, sums insured, deductibles, insurance terms, etc. Sometimes the insurer can be used as a standard form.

Shomage - insurance of loss of profit and other financial losses caused by the suspension of production due to the occurrence of an insured event, such as floods, fires, subsidence.

Shower (rain rain) - heavy short-term rain that occurs in limited space. The intensity of the rain is more than 0.5 mm per minute. Rainfall falls from the powerful cumulonimbus clouds. Heavy rainfall often leads to catastrophic effects: damaging crops, causing flooding, destroying roads, bridges, buildings, etc. It can be considered as an objective risk circumstance and an insured event.

Siltationcrops - occurs in lowland areas in floodplains and valleys of rivers, near lakes and large reservoirs, in the foothills. During spring floods and the rapid melting of snow in the mountains, there is a rapid overflow of rivers, lakes and other water bodies. They emerge from the shore, carrying with them dissolved soil and rock remains, household and construction debris, filling all low places of river floodplains. The decline in water is slow, and so all the silt and debris settles, flooding grasslands, hayfields, crops and plantings. It can be considered as an objective risk factor.

Slip (slip) is an insurance document that is used to pre-post the risk. S. is a broker and is transferred to the underwriters. The latter accept S. with their own signature and indicate the share of participation in the risk taken. C. is most characteristic of optional reinsurance. In some cases, it equates to an insurance policy. Provides data on the assignor, a brief description of the risk, the sum insured, the terms of insurance and reinsurance, the premium rate, the personal retention of the assignor and more.

Social insurance is a system of relations on the distribution and redistribution of national income, which consists in the formation of special insurance funds for the maintenance of persons who do not participate in social work. Social insurance funds are formed from government grants and insurance contributions paid by employers and working citizens.

Social security (communityservice; socialassistance; socialwelfare) - a system of distributive relationships, in the process of which funds are created and used to provide financial support to citizens in old age, in the event of disability, in the event of loss of a breadwinner and in other cases provided for by law.

Soil erosion (soilerosion; landerosion) - destruction of water and wind of the topsoil, moving of products of destruction from place to place. Normal e. Ґ. proceeds slowly, does not reduce soil fertility. It's accelerated. causes human economic activity - unreasonable, irrational use of land for growing crops, grazing, logging, etc. without the implementation of anti-erosion measures. Natural factors eg: nature of precipitation, temperature, wind activity, terrain, soil condition. E. ґ. causes great damage to agriculture in many countries: it reduces soil fertility, damages crops, ravines cause inconvenience in cultivation, and destroys roads. It is proven by science that it is easier to prevent soil erosion than to combat its effects. Water erosion control measures: agricultural directional drains of water, alternation of deep and regular plowing, plowing and sowing across a slope or horizontally; Snow retention - Snow accumulation reduces freezing, improves water absorption.

Solvency margin is one of the most important indicators of insurer reliability. It is determined by subtracting from the total value of the property the amount of intangible assets and the total amount of liabilities. Insurance liabilities are assumed to be equal to technical provisions. At any date, the actual item 3 must be at least regulatory.

Space Insurance (space risks insurance) - Insurance property interests in space activities. In world practice began in the quarter of 1965. Space science covers space programs as a whole, the development and launch of one or a series of satellites, the conduct of space experiments, the lives and health of astronauts and terrestrial personnel, the loss of revenue, third party liability.

Special conditions of insurance - conditions that apply when you need to change, extend the standard conditions for this type of insurance.

Standard insurance product (insurance product) (standardinsuranceproduct) - a set of documents that contains certain defined (standard) insurance conditions, which cannot be changed and are binding on the parties under a state-backed agricultural insurance contract.

Standard reinsurance contract - a reinsurance contract concluded by members of the Agrarian Insurance Pool on equal terms.

State compulsory insurance (state insurance) - a form of insurance in which insurance companies, defined by the law, pay premiums at the expense of the state budget. These include compulsory insurance for military personnel, law enforcement, tax and customs officials, people's deputies and some other categories of workers.

State support ininsurance - providing the agricultural producer in the manner prescribed by law with funds from the state budget in the form of subsidies to pay part of the insurance payment (insurance premium) accrued under the insurance contract.

Storm is a very strong wind that causes great unrest on the sea, destruction and devastation on land. Storms can be observed during the passage of tropical and non-tropical cyclones, tornadoes (thrombus, tornadoes), local frontal thunderstorms. Wind speed on the surface of the earth exceeds 20 m / s, individual gusts - up to 50 m / s. A storm can be seen as a risky event or an insured event that causes the property to be damaged.

Streamy soil erosion - erosion caused by streams that form shallow ditches.

Subrogation(subrogation) - transition to the insurer who paid the insurance compensation law claims that the insured is the person responsible for the damage. S. is expressed in the right of the insurer to recourse to the guilty party in accordance with the current legislation. This right applies only to the amount actually paid by the insurer for indemnity. S.'s question regarding specific insurance risk is contained in the insurance contract.

Superkomisiya (overrding commisson) - commission received by the assignor of the reinsurer in addition to the basic fee for expenses related to the reinsurance contract.

Surplus ; excess - the balance of the sum insured, which is created in excess of the insurer's own retention or reinsurance is fully reinsured.

Surplus line - the share of liability in the contract of the amount that equals the amount of own maintenance of the assignor.

Surveyor (surveyor, survey agent) - expert, inspector, agent of the insurer, which performs inspection of property, which is accepted for insurance. On the basis of S.'s conclusion, the insurer makes a decision to conclude an insurance contract.

Surveyors - expert who conducts inspections of insurance and give an opinion on their condition, the amount of damages in case of accidents.

Suspension of policy (suspension of cover (policy)) - can occur under the following conditions: expiration of the stipulated term of insurance; termination of the insurance contract at the initiative of the insurer or insurer, death of the insurer (individual); liquidation of the insurer or invalidation of the contract by the judicial authorities.

Synergism - in the economy - savings and other benefits by combining the resources of companies at the merger.

T

Table mortality (mortality (life) table) - a statistical table that contains the calculated parameters characterizing mortality in different age and surviving the transition from one age group to another. T. p. compiles with respect to male and female gender and the population as a whole. Used in actuarial calculations.

TANTIEMA (profit commission) - Commission income received by the reinsurer pays the assignor annually on the results of the passage of reinsurance contracts. The T. reservation is a form of encouragement to the reinsurer for the participation in reinsurance contracts and the careful conduct of the case.

Tariff rate (tariff rate) - *the* price of insurance risk. Gross rate in absolute terms, as a percentage of the sum insured over a certain period of time (term of insurance). Gross rate is an actuary's calculated net rate plus load. The net rate reflects the expenses of the insurer for payment from the insurance fund; load - costs of the insurer in conducting business, payment of intermediary services (commission fee) to insurance agents or brokers, pledged income from insurance and other expenses.

Technical reserve - a set of reserves of unearned premiums (by type of insurance) and reserves of losses. Insurance companies are formed by insurers who provide non-life insurance to ensure future payment of insurance premiums and insurance coverage.

Technical risks insurance (technical risks insurance) - a complex of types of insurance, which includes insurance protection in case of construction and assembly risks, insurance of cars against breakdowns, insurance of electronic and mobile equipment, insurance of engineering structures.

Tender clause is a requirement in ship insurance policies that obliges the insurer to promptly notify the insurer of any ship accident that may be the subject of claims against the insurer.

Terms and conditions of insurance - terms of insurance that determine the rights and obligations of the parties to the insurance contract, the subject of insurance, a list of insurance cases and exceptions under which the insurer is released from liability, etc. Requirements for insurance rules are set by the Law of Ukraine "On Insurance". They are processed by the insurer for each type of insurance and agreed with Ukrstrakhnaglyad. P. p. must include: a list of objects of insurance, the procedure for determining insurance sums, a list of insurance risks, the term and place of validity of the insurance contract, the procedure for its conclusion, the rights and obligations of the parties, the actions of the insurer in the event of an insured event and a list of documents confirming these cases, the procedure and conditions for payment of insurance sums, the term of making the decision on payment or refusal of compensation, the terms of termination of the contract and the procedure for resolving disputes. To P. insurance rates are added. If P. p. do not meet these requirements, Ukrstrakhnahlyad may deny the insurer a license.

The act of accident (accident report form) - a document that includes administration and trade union committee of the enterprise or institution if their employee an accident related to their official duties. In the case of a passenger, the relevant document is drawn up on the transport. If the victim is insured against accidents, the act is sent to the insurance organization for insurance claims.

The amount of insurance coverage (insurance**coverage) -** for specific events (such as theft, fire, earthquake, etc.) Provided by law or the insurance contract, the occurrence of which the insurer pays the insured by the insurance fund.

The amount of insurance liability (cover, risccover) - the maximum amount that can be paid by the insurer to the insurer for compensation for losses resulting from the occurrence of an insured event, event, accident. Usually used in liability insurance contracts.

The delay in harvesting can be for several reasons: due to weather conditions (low temperatures, heavy rainfall), prolonged bad weather and economic problems. From the rains and the ripening of the loaves and the high temperatures, the spikelets in the ear are opened and the grain falls to the ground. The longer the harvesting time is delayed after the bread is fully ripened, the greater the crop loss. It can be considered as an objective risk factor.

The insurance sum (sum insured) - level of financial obligations of the insurer for compensation for damage caused by the insured event the policyholder (insured). S. p. property insurance should not exceed the value of the object. In voluntary life insurance of S. p. is not limited.

The law "On insurance» (Law «On Insurance»)adopted March 7, 1996 the Verkhovna Rada of Ukraine. It regulates relations in the sphere of insurance and aims at the development of the insurance market, enhancing the reliability of insurance protection of legal entities and individuals. This law does not apply to state social insurance. The document contains 5 sections (General Provisions, Insurance Contracts, Insurers' Solvency, State Supervision of Insurance Activity in Ukraine, Final Provisions).

The maximum possible damage (possible maximum loss) **-** estimated, the maximum amount of damages that may be caused to the insurance object as a result of the insured event, it appears that whether the insurance object upon the occurrence of such an event be completely removed, or by in any case, the losses will not exceed a certain amount (50%, 70%).

The Motor Insurers 'Bureau of Ukraine (Motor Insurers' Bureau of Ukraine) **is the** only association of insurers who carry out the compulsory insurance of the liability of owners of land vehicles for damage caused to third parties. Established in 1994. Insurers may join the MTIBU as full or associate members. Insurers' participation in the MTIBU is a condition for carrying out the activity of compulsory insurance of civil liability of owners of land vehicles. The supreme governing body is the General Meeting of Insurers - members of the Motor Bureau. The purpose of MTIBU is to coordinate the activities of its members on the registration of insurance and coverage of damage caused to third parties as a result of road accidents on the territory of Ukraine, as well as abroad, the implementation of agreements, conventions and arrangements with authorized organizations for civil liability insurance of vehicles of other countries. At the MTIBU to ensure the fulfillment of its members' obligations to insurers and victims, insurance reserve funds have been created: insurance guarantee fund, victim protection fund. The MTIBU is a non-profit (non-profit) organization and operates in accordance with the Law of Ukraine "On Compulsory Civil Insurance" legal liability of land vehicle owners ”, the legislation of Ukraine and its Charter.

The offeror (offerer) - the person who submits an offer.

The recipientis the recipient of the payment or subsidy.

Third party (third party) - a person who is not an insurer or insurer under a specific contract (policy).

Transport insurance is a generic concept when insuring all types of transportation risks. T. p. can be covered as vehicles themselves (see Casco insurance), freight insurance (cargo insurance), and carrier's liability to third parties, including passengers.

Travel Insurance (travel insurance) - is mandated subjects of tourist activity on the basis of agreements with insurance companies that are licensed for such insurance. Compulsory medical insurance provides for medical expenses in the event of an accident.

Type of insurance (line of insurance) - insurance of homogeneous objects against their inherent dangers.

U

Ukrstrahnahlyad (Ukrainian Supervisory Committee) - the abbreviated name of the Committee for supervision of insurance activities. U. was established in 1993. Main functions: issuing of licenses to insurers to carry out insurance activity, maintaining the State register of insurers, control over insurance rules, validity of insurance tariffs and solvency of insurers, determining rules for formation and placement of insurance reserves, indicators and forms of accounting and reporting of insurance operations, processing and reporting documents on insurance activities, preparation of proposals for improvement of insurance legislation, promotion of professional development of personnel insurers, developing international contacts in the insurance industry. U. has offices and offices in regional centers.

Underinsurance; partialinsurance - insurance of interest below its true value. If the insurance policy is issued for an amount lower than the true value of the interest at risk, the risk is considered uninsured. In this case, the value of the difference between the sum insured and the amount under the policy to which the interest must be insured, based on its true value, is the responsibility of the insured.

Underwriter - a) in insurance - a highly qualified and responsible person authorized by the insurer to carry out the necessary procedures for considering offers and accepting risks for insurance (reinsurance); A. draws up insurance policies, assesses risk, determines premium rates and other insurance conditions; b) in banking - a person who guarantees the issuer the placement on the market of his debenture loan or a block of shares on the agreed terms for a special remuneration; c) a broker in securities transactions.

Underwriting - the process of analyzing the risks offered by insurance, making decisions about insurance for a particular risk and determining the tariff rate, adequate risk, deductible and other terms of the contract.

Underwritinggain profit is the difference between the amount of insurance premiums earned and the cost of providing insurance services.

Underwritingpractice is a policy pursued by an insurance company regarding the acceptance of the relevant risks for insurance (complete refusal of admission, admission within the set limits or on limited terms).

Unearned premium is the part of the premium that falls under an insurance contract or insurance portfolio that has not yet started or the remainder of the insurance period.

Unearned premium reserve - the portion of premiums under insurance contracts that corresponds to an insurance term that extends beyond the calendar year. There are several methods in the world practice for determining RN. n. In Ukraine R.N. n. at the reporting date are formed depending on the amount of insurance premiums received for the previous 9 months (billing period). In this case, the amount of premiums received for the first quarter is multiplied by 0.25, for the next 3 months of the settlement period - by 0.5, for the last 3 months - by 0.75. Found works added. The sum of the share of reinsurers in reserves of unearned premiums is also calculated. With the increase (decrease) in the sums of reinsurers' shares in RN. etc., during the reporting period, the insurance payments earned increase or decrease accordingly.

Unusual weather or other natural conditions - see. prolonged rains and winds, snow, hoarfrost, fog, icy crust, rise in groundwater level, wind and water erosion of soil, plant washouts, landslides, landslides, the action of dry hot winds of dry and hormonal forces that cause incomplete maturation of plants, bread, windless during the pollination of plants.

V

Voluntary Insurance - *See. voluntary insurance.*

Voluntary insurance (voluntary insurance) - a form of insurance that is carried out on the basis of a voluntary contract between the insurer and the insurer. D. p. is carried out according to the insurance rules developed by the insurer and registered with Ukrstrakhnaglyad. Contract D. with. takes effect, usually after payment of the insurance premium.

W

Wind - the movement of air relative to the earth's surface. Horizontal air transfer prevails; the vertical component of wind speed is usually negligible and can only sometimes reach several meters per second, as a rule it is not measured. B. is characterized by speed and direction. For an approximate determination of velocity in. in points (0 to 12-17) use the Beaufort scale. For agriculture in. can be negative and regarded as an objective risk factor. B. increases the evaporation of moisture from the soil and plants. At high speeds in. (above 12 meters per second) there are dust (black) storms that can be detrimental to agriculture; dry mist of the smallest dust causes disturbance of the basic physiological processes in plants and their death. Strong in. complicates the performance of many agricultural work (sowing, fertilizing, application of herbicides, poisonous chemicals and others), kills fruits in the gardens, causes plant lodging. Snowstorms and blizzards blow snow from open elevated places, exposing soil.

Wines insured (insured's fault) - a subjective attitude natural or legal person to its illegal conduct and its possible consequences that could result in injury. There are two types of guilt: deliberate actions and carelessness. The latter, in turn, is divided into simple and gross negligence. The presence of deliberate action or gross negligence may be the basis for the release of the insurer from its obligations for payment of insurance indemnity.

Z

Zemskov insurance (zemske insurance) - a type of property insurance until 1917. The name comes from the bodies that provided such insurance - zemstvos. 3. p. had three forms: compulsory, optional and voluntary. For the most part, it was fire insurance and later an accident. Each zemstvo could carry out insurance operations only in the territory of the province.

Tasks

Task 1

enterprise insured its property for a period of 1 year with the responsibility for theft with a burglary in the amount of 150 thousand UAH. Insurance rate is 0.3% of the sum insured. According to the insurance contract, a conditional deductible of 2000 UAH is stipulated, at which a discount to the tariff of 4% is provided. Actual loss amounted to UAH 8.5 thousand.

Calculate the amount of insurance payment and insurance indemnity.

The amount of insurance payment is determined by the formula: The

$$P = T \cdot \frac{S}{100}$$

$$P = 0,3 \cdot \frac{150000}{100} = 450$$

$$P = 450 - (450 \cdot 0.04) = 432$$

amount of insurance indemnity is determined by the formula:

$$Q = T \cdot \frac{S}{W}$$

$$S = W = 150\,000 .$$

Compensation with the conditional deductible (since the loss does not exceed the amount of insurance sum, deductible deducted):

$$Q = 8500 \cdot \frac{150\,000}{150\,000} - 2000 = 6500$$

Answer: the amount of insurance payments is 432 UAH, insurance indemnity - 6500 UAH.

Task 2

There are data to conclude the insurance contract crop

Index	Value
Average yield of beets for 5 years from 1 ha c	420
limit liability insurer,%	75
acreage of agricultural enterprises, ha	800

Actual yield of beets in the year	435
purchase price of beet , UAH per quintal	77

Determine:

1) the magnitude of the damage caused to the enterprise as a result of a natural disaster if 95% of the plantations are destroyed;

2) the amount of insurance indemnity.

$$T = 800 \cdot 435 \cdot 77 \cdot 0{,}95 = 25426200.$$

$$Q = 25426200 \cdot 0{,}75 = 19092150\text{г}$$

Answer: The losses of the enterprise as a result of a natural disaster amount to 25 426 200 UAH, and the amount of insurance indemnity - 19 092 150 UAH.

Task 3

The manufacturing company insured its property in case of fire for a period of one year for the amount of 360 thousand UAH. Insurance rate is 0.3% of the sum insured. According to the insurance contract provided for a conditional deductible of 2%. The actual loss amounted to 140 thousand UAH.

1) Determine the amount of insurance payments and insurance indemnity.

$$P = T \cdot \frac{S}{100}$$

$$P = 0{,}3 \cdot \frac{360\ 000}{100} = 1\ 080$$

$$Q = T \cdot \frac{S}{W}$$

$$S = W = 360\ 000\text{г}$$

Compensation with a conditional deductible (since the loss does not exceed the amount of the insured amount, the deductible is deducted):

$$Q = 140\ 000 \cdot \frac{360\ 000}{360\ 000} = 140\ 000 - 140\ 000 \cdot 0{,}02 = 137\ 200$$

Answer: the amount of insurance payments is 1 080 UAH and insurance indemnity 137 200 UAH.

Task 4 The

borrower did not repay the bank debt and interest on the loan at the end of the insurance period. The loan amount equals UAH 17 million. The loan period is 3 months. Payment for the loan - 60% per annum. The insurer's liability is 80%.

Determine the insured's losses and the amount of insurance indemnity under the insurance contract.

$$T = 17000000 \cdot \left(1 + 0{,}6 \cdot \frac{3}{12}\right) = 19550000\text{г}$$

$$Q = 19550000 \cdot 0{,}8 = 15640000\text{г}$$

Answer: the insured's losses amount to UAH 19 550 000, and the sum of insurance indemnity under the insurance contract - UAH 15 640 000.

Task 5

The manufacturing company insured its property in case of fire for a period of one year for the amount of 380 thousand UAH. Insurance rate is 0.25% of the sum insured. According to the insurance contract provided for a conditional deductible of 2%. Actual damage amounted to 150 thousand UAH.

Determine the amount of insurance payments and insurance indemnity: The amount of insurance payment is determined by the formula: The

$$P = T \cdot \frac{S}{100}$$

$$P = 0,25 \cdot \frac{380000}{100} = 950$$

amount of insurance indemnity is determined by the formula:

$$Q = T \cdot \frac{S}{W}$$

$$S = W = 380\,000.$$

Indemnity deductible (since the loss does not exceed the amount of the insurance amount, deductible):

$$Q = 150000 - 150000 \cdot 0.02 = 147000.$$

Answer: the amount of insurance payments is 950 UAH. , conditional deductible compensation - 147000 UAH.

Task 6

Under the terms of insurance of buildings and structures the following data are available:

Indicator	Value Value
of the insurance object, mln.	15
Damage due to property damage, mln.	7.5
Insurance amount, mln.	3.5

Determine the amount of insurance indemnity.

The amount of insurance indemnity is determined by the formula:

$$Q = T \cdot \frac{S}{W}$$

$$Q = 7,5 \cdot \frac{3,5}{15} = 1,75.$$

Answer: insurance indemnity amounts to UAH 1.75 million.

Task 7

For 5 years, the farm insured the sugar beet crop. There were no insured events, the insurer showed us to conclude an insurance agreement for the following year. Data for calculation:

Indicator	Value
Average yield of sugar beet for 5 years from 1 ha, c	360
Area of crop of agricultural enterprise, ha	200
Purchase price of sugar beet, UAH. per quintal	40
Insurance tariff,%	9
Discount rate discount,%	40

Determine:

1) insurance value of beets; 2) insurance amount; 3) the amount of insurance payments.

The value of agricultural produce for insurance purposes can be determined by multiplying the planned area of post of a crop by the average annual yield (calculated by one hectare) over the last five years and by the agreed price with the insurer per unit of production:

$$W = 360 \cdot 200 \cdot 40 = 2\ 880\ 000.$$

The sum insured should not be higher than 70% of the cost of the crop:

$$S = \frac{2\ 880\ 000 \cdot 70}{100} = 2\ 016\ 000$$

$$P = T \cdot \frac{S}{100}$$

$$P = 9 \cdot \frac{2\ 016\ 000}{100} = 181\ 440 - 181\ 440 \cdot 0{,}4 = 108\ 864.$$

Answer: 1) the insurance value of beets is 2 880 000UAH;

2) the sum insured is 2 016 000 UAH;

3) the amount of insurance payments is 108 864 UAH.

Task 8

Determine the amount of insurance payments for voluntary insurance of the risk of loan repayment.

Data for calculation. The first borrower took out a loan worth UAH 15 million. for a period of 1 year. Interest on the loan - *42%* per annum. The term of the loan during the contract period is 8 months. The insurer's liability limit is 85%. The annual tariff rate is 2.1%.

The second borrower took a loan in the amount of 125 million UAH. for 1.5 years, interest on the loan - 48% per annum. The term of the loan during the contract period is 10 months. The insurer's liability limit is 95%.

1) Determine the cost of the loan, along with interest:

$$W1 = 15000000 \cdot (1 + 0{,}42 \cdot \frac{8}{12}) = 19200000.$$

$$W2 = 125000000 \cdot (1 + 0{,}48 \cdot \frac{10}{12}) = 175000000.$$

2) Let's determine the insurance amount based on the limits of liability of the insurer:

$$S1 = 19200000 \cdot 0{,}85 = 16320000$$

$$S2 = 175000000 \cdot 0{,}95 = 166250000$$

3) Define insurance payments under contracts:

$$P1 = 2{,}1 \cdot \frac{16320000}{100} = 342720$$

$$P2 = 2{,}1 \cdot \frac{166250000}{100} = 3490000$$

Answer: the amounts of insurance borrowers are: for the first borrower - 342720 UAH, for the second - 3490000 UAH.

Task 9

To calculate the amount of insurance indemnity, based on the following data of the concluded insurance contract: The borrower has not repaid a bank loan in the amount of UAH 8.7 million. and UAH 2.1 million percent on it. The insurer's liability is 70%.

$$Q = (8{,}7 + 2{,}1) \cdot 0{,}7 = 7{,}56$$

Answer: The amount of insurance compensation is UAH 7.56 million.

Task 10

Citizen Zelinsky Alexander signed a property insurance contract with the insurance company "Vitold" for the amount of 55 thousand UAH. During the contract, property worth 60 thousand UAH was stolen from the house. valuables and cash, which were not insured under a special agreement, for the amount of 15 thousand games. According to the contract, the insurer paid the insurance payment in the amount of 1,0 thousand games. and took the necessary steps to preserve the insured property. Determine the amount of indemnification of Aska JV if the amount of the unconditional deductible is 5% of the sum insured.

$$Q = T \cdot \frac{S}{W}$$

$$T = 60\,000 - 15\,000 = 45\,000$$

$$S = W = 55\,000$$

$$Q = 45\,000 \cdot \frac{55\,000}{55\,000} = 45\,000 - 45\,000 \cdot 0{,}05 = 42\,750$$

Task 11

For 5 years, the farm insured the sugar beet crop. There were no insured events, the insured declared his intention to conclude an insurance agreement for the next year. Data for calculation:

Indicator	Value
Average yield of sugar beet for 5 years from 1 ha, c	360
Area of crop of agricultural enterprise, ha	200
Purchase price of sugar beet, UAH. per quintal	40

Insurance rate,%	9
Preferential rate discount,%	40

Define:

1). insurance value of beets; 2) insurance amount; 3) .the amount of insurance payments

$$W = 360 \cdot 200 \cdot 40 = 2880000$$

$$S = 0{,}7 \cdot 2880000 = 2016000$$

$$P = 9 \cdot \frac{2016000}{100} = 181440$$

We define the insurance payment with discount:

$$P = 181440 - 181440 \cdot 0{,}4 = 108864$$

Answer: the insurance payment is 108864 UAH.

Task 12

To calculate the amount of insurance indemnity, based on the following data of the concluded insurance contract: The borrower has not repaid a bank loan in the amount of UAH 17 million. and UAH 6.7 million. percent on it. The deductible stated in the insurance contract is unconditional and is 45%.

Based on the terms of the contract, the amount of compensation will be equal to the value of the loan reduced by the amount of the unconditional deductible (rewards).

$$Q = (17 + 6{,}7) - (17 + 6{,}7) \cdot 0{,}45 = 13{,}035$$

Answer: insurance indemnity under the terms of the contract is UAH 13.035 million.

Task 13

Under the insurance contract, the insurance company accepts property for the amount of 400 thousand UAH A burglary was reported as an accident. As a result of the insured event, a loss of 40% of the sum insured is caused. Under the contract, the size of the deductible is 4%, and the insurance rate - 0.5%.

Determine the amount of insurance payments to the property owner and the amount of insurance compensation that will be paid upon the loss.

$$P = T \cdot \frac{S}{100} = 0{,}5 \cdot \frac{400000}{100} = 2000$$

$$W = S = 400000\,\textit{грн.}$$

$$T = 400000 \cdot 0{,}4 = 160000$$

Since the Insurance Company assumes the full value of the property, the compensation will be equal to the amount of the loss reduced by the amount of the deductible.

$$Q = 160000 - 160000 \cdot 0.04 = 153600$$

Answer: the compensation is 153600 UAH.

Task 14

In crop insurance under the insurance contract, the following conditions are stated:

Indicator	Value
Average yield of rye for 5 years from 1 ha, q	20
Limit of liability of the insurer,%	80
Area of crops of the agricultural enterprise, ha	1500
Insurance tariff,%	12
Discount to the tariff, %	5
Purchase price of rye, UAH. per ton	137

Determine:

1) the magnitude of the damage caused to the enterprise as a result of a natural disaster if 63% of the plantations are destroyed;

2) the amount of insurance payments

3) the amount of insurance indemnity.

Determine the value of the insured harvest

$$W = 20 \cdot 1500 \cdot \frac{137}{10} = 411000г$$

The enterprise's loss is:

$$T = 411000 \cdot 0{,}63 = 258930г$$

The sum insured based on the limits of the insurer's liability. We

$$S = 411000 \cdot 0.8 = 328800г$$

calculate the insurance payment with the discount

$$P = 12 \cdot \frac{328800}{100} = 39456г$$

$$P = 39456 - 39456 \cdot 0{,}05 = 37482{,}2г$$

Insurance indemnity

$$Q = 258930 \cdot 0{,}8 = 207144 грн.$$

Answer: the insurance payment is 37482,2 UAH., Insurance indemnity - 207144 UAH.

Task 22

There are the following data on crop insurance and perennial crops:

Indicator Value
Average yield of sugar beet for 5 years from 1 ha, q 5
Limit of liability of the insurer,% 70
Area of crops of the agricultural enterprise, ha 1300
Actual yield of sugar beet in the reporting year c / ha 62
Purchase price of sugar beet, UAH. per ton 520

Determine:

1) the magnitude of the damage caused to the enterprise as a result of a natural disaster if 100% of the plantations are destroyed;

2) the amount of insurance indemnity.

The magnitude of agricultural crop losses for insurance purposes can be determined by multiplying the planned area of post of a crop by the actual yield in the reported year (calculated by one hectare) over the last five years and by the price agreed with the insurer per unit of output.

The value of losses caused to the enterprise as a result of a natural disaster if 100% of plantations are destroyed:

$$T = 5 \cdot 1\,300 \cdot 52 = 338\,000$$

$$Q = 338\,000 \cdot 0{,}7 = 236\,600$$

Answer: the insured person's losses amount to UAH 338,000 and the amount of insurance indemnity under the insurance contract is UAH 236,600.

Task 23

To calculate the average value of the crop yield from 1 ha in the current year, if the gross harvest of the main production of this crop in the current year was 300 cc, the purchase price of 1 cc of the main production - 70 games., The area of crops is 200 hectares.

$$300/200 \cdot 70 = 105$$

Answer: The average cost of a crop of 1 ha is 105 UAH.

Task 24 The

enterprise has concluded a contract of property insurance against fire and natural hazards for a period of one year with the insurance company Ukoopgarant. According to accounting data, the value of the property to be insured is 1800 thousand games. The property is insured at full value. The tariff rate is 0.5% of the sum insured. The contract provides for an unconditional franchise of 50 thousand games. Damage from the fire amounted to UAH 705 thousand.

Determine the sum insured, the insurance payment and calculate the amount of insurance indemnity for the insured event.

$$P = T \cdot \frac{S}{100}$$

$$S = W = 1\,800$$

$$P = 0{,}5 \cdot \frac{1\,800\,000}{100} = 9\,000$$

$$Q = T \cdot \frac{S}{W}$$

$$Q = 705\,000 \cdot \frac{1\,800\,000}{1\,800\,000} = 705\,000 - 50\,000 = 655\,000$$

Answer: the sum insured is UAH 1,800 thousand, the insurance payment is UAH 9,000, and the amount of insurance indemnity in case of an accident is UAH 655,000.

Task 25

Determine the amount of insurance payments for voluntary insurance of the risk of loan repayment.

Data for calculation. The first borrower took out a loan worth UAH 15 million. for a period of 1 year. Interest on the loan - 42% per annum. The term of the loan during the contract period is 8 months. The insurer's liability limit is 85%. The annual tariff rate is 2.1%.

The second borrower took a loan in the amount of 125 million UAH. for 1.5 years, interest on the loan - 48% per annum. The term of the loan during the contract period is 10 months. The insurer's liability limit is 95%.

1) determine the cost of the loan together with interest:

$$W1 = 15000000 \cdot (1 + 0{,}42 \cdot \frac{8}{12}) = 19200000$$

$$W2 = 125000000 \cdot (1 + 0{,}48 \cdot \frac{10}{12}) = 175000000$$

2) Vychnachymo sum insured based on the limits of liability of the insurer:

$$S1 = 19200000 \cdot 0{,}85 = 16320000$$

$$S2 = 175000000 \cdot 0{,}95 = 166250000$$

3) determine the premiums on contracts:

$$P1 = 2{,}1 \cdot \frac{16320000}{100} = 342720$$

$$P2 = 2{,}1 \cdot \frac{166250000}{100} = 3490000$$

TheA:amount of insurance borrowers are: for the first borrower - 342720 USD., For the second - 3490000hrn

Task 26

Calculate the amount of the insurance amount, the insurance payment and the amount of insurance indemnity for the damage caused to the property of the economic entity under the system of proportional liability according to the data of Table 1

Table 1

No. c / o	Indicator name	Options		
		1	II	III
1	Volume d liability of the insurer,%	90	85	70
2	Actual value of property, thousand games.	1200.0	5800.0	7500.0
3	The tariff rate	1.25	2.0%	1.75
4	3nyzhka tariff,%	-	10.0	15.0

5	Theamount of actual damages thousand. Game.	800,0	1000,0	2350,0

I variant

$$S = 0{,}9 \cdot 1\,200 = 1\,080$$

$$P = T \cdot \frac{S}{100}$$

$$P = 1{,}25 \cdot \frac{1\,080}{100} = 13{,}5$$

$$Q = T \cdot \frac{S}{W}$$

$$Q = 800 \cdot \frac{1\,080}{1\,200} = 720$$

Answer: the amount of the sum insured is 1 080 UAH, the insurance payment - 13,5 UAH, and the amount of insurance indemnity - 720 UAH.

Option II

$$S = 0{,}85 \cdot 5\,800 = 4\,930$$

$$P = 2 \cdot \frac{4\,930}{100} = 98{,}6 - 98{,}6 \cdot 0{,}1 = 88{,}74$$

$$Q = 1\,000 \cdot \frac{4\,930}{5\,800} = 850$$

Answer: the amount of the sum insured is 4 930 UAH, the insurance payment - 88.74 UAH, and the amount of insurance indemnity - 850 UAH.

III option

$$S = 0{,}7 \cdot 7\,500 = 5\,250$$

$$P = 1{,}75 \cdot \frac{5\,250}{100} = 91{,}86 - 91{,}86 \cdot 0{,}15 = 78{,}08$$

$$Q = 2\,350 \cdot \frac{5\,250}{7\,500} = 1\,645$$

Answer: the amount of the insurance sum is 5 250 UAH, the insurance payment - 78.08 UAH, and the amount of insurance indemnity - 1 645 UAH.

Task 27 The

borrower did not repay the bank debt and interest on the loan at the end of the insurance period. The loan amount is UAH 15 million. The loan period is 3 months. Credit fee - 60% per annum. The insurer's liability is 75%.

Determine the insured's losses and the amount of insurance indemnity under the insurance contract.

$$\grave{O} = 15\ \grave{\imath}\ddot{e}\acute{\imath}\ . \cdot \left(1 + 0{,}6 \cdot \frac{3}{12}\right) = 17\ 250\ 000 \tilde{a}\eth\acute{\imath}.$$

$$Q = 17\ 250\ 000 \cdot 0{,}75 = 12\ 937\ 500 \tilde{a}\eth\acute{\imath}.$$

Answer: the insured person's losses amount to UAH 17,250,000 and the insurance indemnity under the insurance contract amounts to UAH 12,937,500.

Task 28 The

enterprise insured its property for a period of one year, with responsibility for theft with a burglary in the amount of 70 thousand UAH. Insurance rate is 0.25% of the sum insured. According to the insurance contract provides a conditional deductible of 1%. Discount up to -2%. The actual loss amounted to UAH 10.5 thousand.

Determine the amount of insurance payments and insurance indemnity.

$$P = T \cdot \frac{S}{100}$$

$$\ETH = 0{,}25 \cdot \frac{70\ 000}{100} = 175 - 175 \cdot 0{,}02 = 171{,}5\ \tilde{a}\eth\acute{\imath}.$$

$$Q = T \cdot \frac{S}{W}$$

$$S = W = 70\ 000\ \tilde{a}\eth\acute{\imath}.$$

Compensation with a conditional deductible (since the loss does not exceed the amount of the insurance amount, the deductible is deducted):

$$Q = 10500 \cdot \frac{70\ 000}{70\ 000} = 10\ 500 - 10\ 500 \cdot 0{,}01 = 10\ 395 \tilde{a}\eth\acute{\imath}.$$

Answer: the amount of insurance payments is 171.5 UAH., And insurance compensation is 10 385 UAH.

Task 29

Calculate the amount of insurance payment and insurance indemnity for homeowners insurance when applying the first risk system according to the following data:

№ n \ n	Indicator name	Options		
		1	II	III
1.	Valuation of the object of insurance, thousand games.	50,0	150,0	80,0
2.	Insurance amount under the contract, thousand games.	48,0	100,0	50,0
3.	Insurance tariff,%	5,0	3,5	2,8

4.	Discount on tariff,%	3,0	-	-
5.	Actual amount of losses, thousand games.	1 0,0	105,0	60,0
6.	Amount of paid insurance payments,%	100,0	-	**1**00,0

And option

$$P = T \cdot \frac{S}{100}$$

$$Ð = 5 \cdot \frac{48\ 000}{100} = 2\ 400 - 2\ 400 \cdot 0{,}03 = 2\ 328\ \textit{ãðí.}$$

$$Q = T \cdot \frac{S}{W}$$

$$Q = 10\ 000 \cdot \frac{48\ 000}{50\ 000} = 9\ 600\ \textit{ãðí.}$$

However, under the first risk system the actual amount of losses will be 10 000 UAH, since it does not exceed the insurance amount and provided that the insurance payment is paid in full.

Option II

$$Ð = 3{,}5 \cdot \frac{100\ 000}{100} = 3\ 500\ \textit{ãðí.}$$

$$Q = 105\ 000 \cdot \frac{100\ 000}{150\ 000} = 70\ 000\ \textit{ãðí.}$$

However, only 50% of the sum insured, ie UAH 50 thousand, will be reimbursed under the first risk system, since the insurance payment has not been paid.

Option III

$$Ð = 2{,}8 \cdot \frac{50\ 000}{100} = 1\ 400\ \textit{ãðí.}$$

$$Q = 60\ 000 \cdot \frac{50\ 000}{80\ 000} = 37\ 500\ \textit{ãðí.}$$

The first risk system will pay the estimated amount of compensation, since the actual amount of losses exceeds the sum insured.

Task 30 The

enterprise transfers to the insurance the property in the amount of 50 thousand UAH. Under the terms of insurance, a conditional deductible of 1.2% and an insurance rate equal to half the value of a conditional deductible are provided. As a result of the insured event the losses amounted to UAH 11 thousand.

Determine the amount of insurance payments to be paid by the insurer when concluding the insurance contract, as well as the amount of insurance indemnity to be paid upon loss.

$$P = T \cdot \frac{S}{100}$$

$$\text{Ð} = 0{,}6 \cdot \frac{50\ 000}{100} = 300\ \text{ãðí}.$$

$$Q = T \cdot \frac{S}{W}$$

$$S = W = 50\ 000\ \text{ãðí}.$$

Compensation with a conditional deductible (since the loss does not exceed the amount of the insurance amount, the deductible is deducted):

$$Q = 11\,000 \cdot \frac{50\ 000}{50\ 000} = 11\,000 - 11\,000 \cdot 0{,}012 = 10\,868\ \text{ãðí}.$$

Answer: the amount of insurance payments is 300 UAH., And insurance compensation is 10 868 UAH.

Task 31

According to the switching table and total mortality table for a 42-year-old person, calculate the probability of:

a) living for another year;

b) die within the next year of life;

c) die in the third year of life at the age of 45.

Indicate by which data mortality tables are formed and at what calculations such indicators are used.

Extract from switching table and total mortality table

Age	Number of persons surviving to next year of life	Number of persons not surviving to next year of life
42	86999	817
43	86182	872
44	85310	931
45	84379	994
46	83385	1058

a) $p_x^0 = \frac{l_{x+1}}{l_x}$ where

p_x^0 - probability to survive to the age of $x + 1$ for a person aged x years;

l_x - number of persons who have lived to the age of x years (variable x denotes the full number of years of the insured person at the time of conclusion of the life insurance contract);

$$p_x^0 = \frac{86\,182}{86\,999} \cdot 100\% = 99{,}06\%$$

b) $q_x^0 = \frac{l_x - l_{x+1}}{l_x}$ where

q_x^0 - the probability of death within *t* years for a person aged *x* years.

$$q_x^0 = \frac{86\,999 - 86\,182}{86\,999} \cdot 100\% = 0{,}94\%$$

c) $_t p_x^0 = \frac{l_{x+t}}{l_x}$ where

$_t p_x^0$ is the probability of living for at least *t* years for a person aged *x* years.

$$_t p_x^0 = \frac{84\,379}{86\,999} \cdot 100\% = 97\%$$

Answer: The probability of surviving another year is 99.06%, the probability of dying within the next year of life is 0.94%, and the probability of dying in the third year of life at the age of 45 years is 97%.

Population mortality tables are formed by gender, health status, duration of disability or illness, occupation, region of residence. This table shows how many years, on average, one person can live in, among those who are born or those who are of this age. It is important for the life insurance insurer to know the factors that affect the mortality rate of the population. A well-established mortality table is very important for every insurance company, as it depends on the size of the premium, the premium reserves.

Task 32

British vessel transports **from** London to Marseille cargoes of three owners (Table 1) who are fully insured under the London Insurers' Cargo Insurance Claims "from all risks". The transportation distance is 3700 km.

Calculate the insurance payment and provide a list of risks for which the cargo is insured.

Table 1.

No. w / o	Name of the owner of the cargo	Name of the cargo	Cost of cargo, USD. US	Insurance rate,%
1.	West PLC	groceries	150 000	0.50
2.	Boston PLC	alcoholic beverages	200 000	0.40
3.	Norfolk PLC	shoes	300 000	0.35

$$P = T \cdot \frac{S}{100}$$

$$Đ = 0{,}5 \cdot \frac{150\,000}{100} + 0{,}4 \cdot \frac{200\,000}{100} + 0{,}35 \cdot \frac{300\,000}{100} = 2\,600 \text{ ãðí}.$$

Answer: The amount of insurance payment is 2 600 UAH. A cargo insurance warning from the Institute of Marine Insurers of London provides for insurance coverage for the loss and damage of cargo due to the following risks:

- fire or explosion;
- landing, sinking or turning of the vessel;
- overturning or ascending of land transport vehicles;
- collision of a ship or other vehicle with any external objects, except water;

- unloading of cargo in the port of distress;
- earthquake, volcano or lightning action;
- donation for a general accident;
- ejection or wetting;
- seawater, river or lake water entering the ship, boat, container, lift or storage location;
- the complete loss of the whole cargo area, which fell overboard or was lost due to loading and unloading operations on a vessel or other vehicle.

Task 33

What will be the amount of insurance payments and insurance indemnity if the insurance of the property of a legal entity for a period of one year with liability for property damage due to a natural disaster in the amount of UAH 900 thousand. actual loss amounted to 380 thousand UAH? Insurance rate is 0.2% of the sum insured. The insurance contract provides for a deductible of 6%.

$$P = T \cdot \frac{S}{100}$$

$$Đ = 0{,}2 \cdot \frac{900\ 000}{100} = 1\ 800\ ãðí.$$

$$Q = T \cdot \frac{S}{W}$$

$$S = W = 900\ 000\ ãðí.$$

$$Q = 380\ 000 \cdot \frac{900\ 000}{900\ 000} = 380\ 000 - 380\ 000 \cdot 0{,}06 = 357\ 200\ ãðí.$$

Answer: the amount of insurance payments is 1800 UAH and the insurance indemnity is 357 200 UAH.

Problem 34

Citizen Sergienko VI signed a contract with Astra Insurance Company for homeowners insurance, which includes: TV worth 980 UAH, computer with original cost of 1800 games. As a result of the power supply, the TV was completely destroyed and the cost of repairing the computer was 400 UAH. Calculate insurance indemnity if, on the day of the insured event, the TV wear was 15% and the computer - 20%.

For household items such as refrigerators, computers, televisions, tape recorders, and other home appliances, the amount of damage is the cost of repairing those items, as well as the actual cost of such property, taking into account wear and tear.

$T = (980 - 980 \cdot 0{,}15) + 400 = 1\ 233\ ãðí..$

Homeowners insurance is based on the first risk principle. This means that the insurance indemnity is paid for the destroyed (stolen or damaged) property in the amount of damage, but not higher than the sum insured. So:

$Q = 1\ 233\ ãðí.$

Answer: the amount of insurance indemnity is 1 233 UAH.

Task 35

There are the following given crop insurance and perennial crops:

Indicator	Value
Average yield of rye for 5 years from 1 ha, q	14
Limit of liability of the insurer,%	70
Area of crops of the agricultural enterprise, ha	500
Actual yield of rye in the reported year, q / ha	12,8
Purchase price of rye, UAH. per ton	71

Determine:

1) the amount of damage caused to the enterprise as a result of a natural disaster if 100% of the plantations are destroyed;

2) the amount of insurance indemnity.

The magnitude of agricultural crop losses for insurance purposes can be determined by multiplying the planned area of post of a crop by the actual yield in the reported year (calculated by one hectare) and by the agreed price with the insurer.

The magnitude of the damage caused to the enterprise as a result of a natural disaster if 100% of the plantations are destroyed:

$$\grave{O} = 12{,}8 \cdot 500 \cdot 7{,}1 = 45\ 440\ \tilde{a}\eth\acute{i}.$$

$$Q = 45\ 440 \cdot 0{,}7 = 31\ 808\ \tilde{a}\eth\acute{i}.$$

Answer: the insured person's losses amount to UAH 45 440 and the insurance indemnity under the insurance contract amounts to UAH 31 808.

Task 36

Determine the amount of insurance payments for voluntary insurance of the risk of repayment of the loan at the conclusion of the insurance contract, if the loan amount is 335 thousand UAH. Interest on the loan - 26% per annum. The term of the loan is 1 year. The insurer's liability liability is 40%. Rate rate - 7.2%.

$$S = 335\ 000 + 335\ 000 \cdot 0{,}26 = 422\ 100\ \tilde{a}\eth\acute{i}.$$

$$P = T \cdot \frac{S}{100}$$

$$P = 7{,}2 \cdot \frac{422\ 100}{100} = 17\ 728{,}2\ \tilde{a}\eth\acute{i}.$$

Answer: The amount of insurance payments for voluntary insurance of the risk of repayment of the loan is 17 728,8 UAH.

Task 37

Calculate the amount of the sum insured, the insurance payment and the amount of insurance indemnity for the damage caused to the property of the economic entity under the system of proportional liability according to the data of Table 1

Table 1

No. c / p	Index name	Variants		
		1	II	III
1.	Amount of liability of the insurer,%	90	85	70
2.	Actual value of property, thousand games.	1200.0	5800.0	7500.0
3.	The tariff rate	1.25	2.0%	1.75
4.	3nyzhka tariff,%	-	10.0	15.0
5.	Theamount of actual damages thousand. Game.	800,0	1000,0	2350,0

I variant

$S = 0{,}9 \cdot 1\,200 = 1\,080$ *ãðí.*

$$P = T \cdot \frac{S}{100}$$

$$Đ = 1{,}25 \cdot \frac{1\,080}{100} = 13{,}5 \text{ ãðí.}$$

$$Q = T \cdot \frac{S}{W}$$

$$Q = 800 \cdot \frac{1\,080}{1\,200} = 720 \text{ ãðí.}$$

Answer: the amount of the sum insured is 1 080 UAH, the insurance payment - 13,5 UAH, and the amount of insurance indemnity - 720 UAH.

Option II

$S = 0{,}85 \cdot 5\,800 = 4\,930$ *ãðí.*

$$Đ = 2 \cdot \frac{4\,930}{100} = 98{,}6 - 98{,}6 \cdot 0{,}1 = 88{,}74 \text{ ãðí.}$$

$$Q = 1\,000 \cdot \frac{4\,930}{5\,800} = 850 \text{ ãðí.}$$

Answer: the amount of the sum insured is 4 930 UAH, the insurance payment - 88.74 UAH, and the amount of insurance indemnity - 850 UAH.

III option

$$S = 0{,}7 \cdot 7\ 500 = 5\ 250\ \textit{ãðí}.$$

$$Ð = 1{,}75 \cdot \frac{5\ 250}{100} = 91{,}86 - 91{,}86 \cdot 0{,}15 = 78{,}08\ \textit{ãðí}.$$

$$Q = 2\ 350 \cdot \frac{5\ 250}{7\ 500} = 1\ 645\ \textit{ãðí}.$$

Answer: the amount of the insurance sum is 5 250 UAH, the insurance payment - 78.08 UAH, and the amount of insurance indemnity - 1 645 UAH.

Problem38 The

enterprise insured its property for a period of 1 year with the responsibility for theft with a burglary in the amount of 140 thousand UAH. Insurance rate is 0.25% of the sum insured. According to the insurance contract, a conditional deductible of UAH 2500 is stipulated, at which a discount to the rate of 3% is provided. The actual loss amounted to UAH 7.5 thousand.

Calculate the amount of insurance payment and insurance indemnity.

$$P = T \cdot \frac{S}{100}$$

$$Ð = 0{,}25 \cdot \frac{140\ 000}{100} = 350 - 350 \cdot 0{,}03 = 339{,}5\ \textit{ãðí}.$$

$$Q = T \cdot \frac{S}{W}$$

$$S = W = 140\ 000\ \textit{ãðí}.$$

Compensation with a conditional deductible (since the loss does not exceed the amount of the sum insured, the deductible is deducted):

$$Q = 7\ 500 \cdot \frac{140\ 000}{140\ 000} - 2\ 500 = 5\ 000\ \textit{ãðí}.$$

Answer: the amount of insurance payments is 339.5 UAH., And insurance compensation is 5 000 UAH.

Task 39 The

enterprise has concluded a contract of property insurance against fire and natural hazards for a period of one year with the insurance company Ukoopgarant. According to accounting data, the value of the property to be insured is 1800 thousand games. The property is insured at full value. The tariff rate is 0.5% of the sum insured. The contract provides for an unconditional franchise of 50 thousand games. Damage from the fire amounted to UAH 705 thousand.

Determine the sum insured, the insurance payment and calculate the amount of insurance indemnity for the insured event.

$$P = T \cdot \frac{S}{100}$$

$$S = W = 1\,800 \text{ òèñ . ãðí.}$$

$$Ð = 0{,}5 \cdot \frac{1\,800\,000}{100} = 9\,000 \text{ ãðí.}$$

$$Q = T \cdot \frac{S}{W}$$

$$Q = 705\,000 \cdot \frac{1\,800\,000}{1\,800\,000} = 705\,000 - 50\,000 = 655\,000 \text{ ãðí.}$$

Answer: the sum insured is UAH 1,800 thousand, the insurance payment is UAH 9,000, and the amount of insurance indemnity in case of an accident is UAH 655,000.

Problem40 The

borrower took out a loan worth UAH 15 million. for a period of 1 year. Interest on the loan - 25% per annum. The term of the loan during the contract period is 9 months. The insurer's liability limit is 72%. The annual rate is 2.2%.

To determine the amount of insurance payments for voluntary risk insurance is not repayment of the loan.

$$P = T \cdot \frac{S}{100}$$

$$Ò = 15 \text{ ìëí } . \cdot \left(1 + 0{,}25 \cdot \frac{9}{12}\right) = 17\,812\,500 \text{ ãðí.}$$

$$P = 2{,}2 \cdot \frac{17\,812\,500}{100} = 391\,875 \text{ ãðí.}$$

Answer: The amount of insurance payments on voluntary risk insurance does not repay the loan

APPENDICES

Appendix A

Risks of Insurance Organizations

Groups of Risks of Activities of Insurance Organizations	Types (Factors, Areas of Manifestations) of Risks by Group
Underwriting Risk by Risk Types Insurance	Risk of insured premiums and reserves; catastrophic risk
Underwriting risk with life insurance	risk increase in mortality and life expectancy; risk of disability and harm to health; the risk of increasing the cost of doing business; risk of resizing annuities; risk of premature termination of contracts; catastrophic risk
Market risk the	risk of investment in stocks; interest rate risk; currency risk; risk spread; property risk; risk of market concentration
counterparty default	risk risk of failure to execute credit agreements
operational	risk personnel risk; process risk; technology risk; risks of physical intervention
Risk of a financial group member	risk of a negative impact on the financial position of an insurer - a FY member, caused by a deterioration of the financial condition of another FY member, which includes the insurer
Risk of accidental deviations	risk of cumulation; risk of chain reaction; natural disaster risks or high risks
The risks of changing circumstances are	new trends in the development of the monetary system; risks associated with the development of technology; changes in the legal framework; new trends in social development; risks associated with changes in natural processes
risk of incompleteness of information	risk of incomplete information; risk of false information; risk of knowingly false information

Subjective risk is a	threat, the realization of which depends on the identity of the policyholder or his surroundings
Objective risk a	threat coming directly from the insured object or his surroundings
Individual risks of	risk of "pure" underwriting; risk of the underwriting management process; credit risk; reinsurance risk; operational risk; investment risk; liquidity risk; risk of inadequacy of insurance reserves; risk of incorrect valuation of insurance policies
Systematic risks of	changes in market infrastructure; changes in legislation
Systemic risks	risk of fluctuations in market prices for investment resources; risk of environmental changes; the risk of political and social change; the risk of changes in the economic cycle; inflation risk; interestrisk rate; the risk of technological change
strategic risk the	risk of deficiencies (errors) in making decisions about the strategy of activity; incorrect justification of perspective directions of activity
Financial risk is the	risk in the form of loss of income, capital in the performance of inefficient insurance and reinsurance activity
Operational risk is the	risk of inconsistency of scale and nature of activity of the insurer with the requirements of the current legislation; violation of the approved internalpersonnel by the staff procedures of; lack of functionality of different technologies
Market risk	change in the market value of financial instruments; changes in the level of expected returns from financial investments

continued applicationand the

failurerisk of liquidity	risk money potokut decrease the risk of growth of receivables, resulting in delays and non-payment of current liabilities; downgrade risk
Underwriting (insurance) risks are	determined by insufficient insurance premiums, increasing the frequency and magnitude of average loss, as well as insufficient insurance reserves.
Internal risks (risks underwriting)	risk of losses; risk of premiums and risk of reserves; the risk of non-payment of regular payments; risk of early termination of transactions; pricing risk
Operational risks	Cost risk; legal risk; modeling risk
External (market) risks	stock market risk; real estate market risk; currency risk; inflation risk; interest rate risk; political risks; legislative risks; regional risks
Investment risks	structural risk; systemic risk; credit risk; sectoral risk; Innovative
Strategic Risk The	risk of weaknesses (errors) in decision-making on the strategy of activity; incorrect justification of promising activities
Market risk of	changes in the market value of financial investments; stock risk; currency risk; interest rate risk
Insurance risk of	losses due to loss of income and / or capital due to inefficient insurance and reinsurance activities
Operational risk is the	risk of inconsistency of scale and nature of activity of the insurer with the requirements of the current legislation; violation of the approved internal procedures of personnel by the staff; others
Information risk The	risk of unauthorized changes, losses, malicious disruption of information flows

Appendix B

Appendix 1
to the National
Accounting Standards 1 "General requirements for financial statements"

Date (year, month, number) Enterprise **Private Joint-Stock Company Insurance Company** ___________YEDRPOU

Territory Dnepropetrovsk KOATUU

types of business entity Private organization (institution, establishment) by economic activity KOPFH other types of insurance except insurance lifeNACE

Average number of employees171

Address of phone Street Kodak descent, d. 2, m. Dnipro, Dnipropetrovsk reg., 49100 _____________7266601

Item: thousand. UAH. Without decimal place (except Section IV of the income statement (statement of comprehensive income) (Form # 2), monetary values of which are given in UAH with pennies)

Completed (tick the "v" in the appropriate box): according to the provisions (standards) of accounting according to the International Financial Reporting Standards

Balance sheet (Statement of Financial Position)
as of December 31 2018

	Form №1 code for DKUD			**180100 1**
	A K T I V	**code Line**	**At the beginning of the reporting period**	**At the end of the reporting period**
	1	**2**	**3**	**4**
	I. Non-current assets Intangible assets	1000	243	243
	Initial value	1001	426	426
	Accumulated depreciation	1002	183	183
	Incomplete capital investments	1005	-	-
	Fixed assets	1010	1 320	797
	initial cost	1,011	2,482	3,464
	depreciation	1,012	1,162	2,667
	investment property	1,015	-	-
	initial value of investment property	1,016	-	-
	Depreciation of investment property	1,017	-	-
	Long-term biological assets	1020	-	-
	The initial cost of long-term biological assets	1,021	-	-
	Accumulated depreciation term biological assets	1022	-	--

Longterm financial investments: accounted for using the equity of other enterprises	1030	-	-
other financial investments	1035	336 077	356 147
Long-term receivables	1040	-	-
Deferred tax assets	1045	-	-
Goodwill	1050	-	-
Deferred	1060	- -	-
Balance of funds in centralized insurance reserve funds	1065	-	-
Other non-current assets	1090	-	-
Total under section I	**1095**	**337 640**	**357 187**
II. Current assets			
Inventories	1100	27 095	27 102
Inventory	1101	130	137
Work in progress	1102	-	-
Finished goods	1103	-	-
Goods	1104	26 965	26 965
Current biological assets	1110	-	-
Reinsurance deposits	1115	-	-
Promissory notes	1120	-	-
Accounts receivable, production goods, works, services	1125	-	-
Accounts receivable: on advances issued	1130	257	90 027
with budget	1135	1 621	7
including income tax	1136	1 621	-
Accounts receivable on accrued income	1140	36 530	11 875
Accounts receivable arrears of payments from ext morning settlements	1145	-	-
Other current receivables	1155	-	775
Current financial investments	1160	-	-
Cash andequivalents	1165	434 106	587 383
cashCash	1166	-	-
Bank accounts	1167	434 106	587 383
Future expenses	1170	28	36
in reinsuranceReinsurance share	1180	34 830	-
including in: long-term liability reserves	1181	-	-
loss or allowance reserves	1182	-	-
unearned premium reserves	1183	34 830	-
other insurance reserves	1184	-	-
Other current assets	1190	-	-
Total Section II	**1195**	**534 467**	**717 205**
III. Non-current assets held for sale and disposal groups	**1200**	**-**	**-**

Balance sheet	**1300**	**872 107**	**1 074 392**

Liabilit ies	**code Line**	**At the beginning of the reporting period**	**At the end of the reporting period**
1	**2**	**3**	**4**
I. Equity			
Registered (share) capital	1400	146 080	146 080
Contributions to unregistered share capital	1,40 1	-	-
capital in surplus	1,40 5	-	-
Additional capital	1,41 0	July	7
Share premium	1,41 1	-	-
accumulated translation differences	1,41 2	-	-
Reserve capital	1 415	216 952	595 139
Retained earnings (uncovered loss)	1,42 0	379 777	265 082
Unpaid capital	in 1425	(-)	(-)
Withdrawn capital	1430	(-)	(-)
Other reserves	1,43 5	-	-
Vc And th under section	**1495**	**742 816**	**1,006,308**
II. Long-term liabilities and collateral			
Deferred tax liabilities	1500	-	-
Pension liabilities	1505	-	--
Bank longterm loans	1510	-	-
Other long-term liabilities	1515	-	--
Longterm collateral	1520	788	1 194
Long-term staff expenses	1521	-	-
Purposeful financing	1525	-	-
Charity assistance	1526	-	-
Insurance reserves	1530	128 360	52 757
including: long-term liability reserve	1531	-	-
loss or allowance reserve	1532	90 096	43 686
unearned premium reserve	1533	38 264	9 071
other insurance reserves	1534	-	-
Investment contract	1535	-	-

The prize fund of	1540	-	-
Provision for payment of jackpot	1545	-	-
Total section II	**1595**	**129,148**	**53,951**
III. Current liabilities and collaterals			
Short-term bank loans	1600	-	-
Promissory notes issued	1605	-	-
Current accounts payable on: long-term liabilities	1610	-	-
goods, works, services	1615	20	33
including budget	1620	-	13 985
incl. profit	1621	-	13 969
insurance payments	1625	123	-
payroll	1630	-	-
Current accounts payable on advances received	1635	-	115
Current accounts payable with participants	1640	-	-
Current accounts payable on internal payments in	1645	-	-
Current accounts payable on insurance activities	1650	-	-
Current guarantees	1660	-	-
Future income	1665	-	-
Deferred commission income from reinsurers	1670	-	-
Other current liabilities	1690	-	-
Total for section III	**1695**	**143**	**14 133**
IV. Liabilities associated with non-current assets held for sale and disposal groups	**1,700**	**-**	**-**
V. Net Asset Value NPF	**1800**	**-**	**-**
Balance	**1900**	**872107**	**1074392**

Chief **Petr Klimenko**

Accountant **Tatiana Dovmat**

1 Determined the procedure established by the central executive body that implements the state policy in the field of statistics

Annex 2
to the order of compiling data reporting insurers

Report
on income and expenditureinsurer's

for the 2018 **private company "Insurance comp Exposure "Ingosstrakh"**
(the period) **(name of insurer)**

Line	**code**	**Total**	**I quarter.**	**II April.**	**III quarter.**	**IV sq.**
1	**2**	**3**	**4**	**5**	**6**	**7**
I. Definition of income from the sale of services of insurance other than insurance life						
Insurance payments (premiums, contributions), total	010	327715,29	80307,96	80455,47	89256,48	77695,38
from affiliates	011	0	0	0	0	0
from insurers - individuals	012	290112,41	73281,38	73527	73059,33	70244,70
from reinsurers	013	13598,82	0	0	10398,24	3200,58
of them from non-resident reinsurers	014	0	0	0	0	0
Share of insurance payments (premiums, contributions) owed to reinsurers	020	22324,80	0	20712,30	1612,50	0
Num ago and non-resident reinsurers	021	0	0	0	0	0
Provision for unearned premiums and premiums remains obligatory insurance from the state at the beginning of period	030	x	38 264 39	22,298.10	10 085 83	14,825.44
unearned premium reserves and balances of insurance premiums from the state compulsory insurance at the end of the reporting period	040	x	22298,10	10085,83	14825,44	9071,50
Share of reinsurers in unearned premiums at the beginning of the reporting period	050	x	34829,84	19099,46	19200,86	5914,17
Share of reinsurers in reserves unearned premiums at the end of the reporting period	060	x	19099,46	19200,86	5914,17	0
Income from sale of services other than life insurance (insurance payments earned), 010-020 + 030-040-050 + 060	070	299753,54	80543,87	72056,84	69617,68	77535,15

II. Determination of income from lifeservices						
insuranceInsurance payments (premiums, contributions)	080	0	0	0	0	0
Shares of insurance payments (premiums, contributions) owed to reinsurers	090	0	0	0	0	0
including non-resident reinsurers	091	0	0	0	0	0
Income from life insurance services 080-90-140 + 280	100	0	0	0	0	0
III. Income from the provision of services for other insurers and other services (performance of work)						
Income from the provision of services for other insurers	110	9000	225 0	225 0	2250	2250
including the amount of agency fees	111	9000	225 0	225 0	2250	2250
of which those obtained from insurers who carry out life insurance	112	0	0	0	0	0
Income from the provision of services (performance of works) directly related to the types of activities specified in Article 2 of the Law of Ukraine "On Insurance"	120	0	0	0	0	0
IV. Other operating income, other and extraordinary income						
Amountsfrom technical provisions other than unearned premium reserves	130	46411	226 31	182 25	recov ered9 336	- 3781rec overedr ecovere d
Amountsfrom life insurance reserves	140	0	0	0	0	0
Amountsfrom reserves due payments of insurance sums	141	0	0	0	0	0
Amounts of investment income received by the insurer from the placement of funds of life insurance reserves belonging to the insurer	142	0	0	0	0	0
Shares of insurance payments and indemnities compensated by reinsurers	150	0	0	0	0	0
of them by reinsurers - by non-residents	151	0	0	0	0	0
Share of redemption amounts reimbursed by reinsurers	160	0	0	0	0	0
Amounts to be recovered from centralized insurance reserve funds	170	0	0	0	0	0
Amounts received as a result of the claim transferred by the insurer or another person to the person responsible for the losses caused	180	0	0	0	0	0
Amounts of reinsurance commissions received	190	0	0	0	0	0
of which amounts of reinsurance commissions reimbursed by non-resident reinsurance	191	0	0	0	0	0
Other operating income	200	12050	677 1	267 0	973	1636
Financial income	210	10020 4	224 79	245 56	25087	280 82
including income from equity	211	0	0	0	0	0

income on bonds	212	16 593	444 3	395 6	4657	3537
income from deposits	213	83611	180 36	206 00	20430	24545
Dividends on shares	214	0	0	0	0	0
Other income	220	0	0	0	0	0
Extraordinary income	230	0	0	0	0	0
V. Insurance payments and insurance claims and redemption amounts						
Insurance payments and insurance claims	240	43501 , 17	297 32, 22	497 5, 99	4222, 75	4570, 21
including those made under insurance contracts, term whose actions on the date of the decision of the insurance payments / insurance claim is over	241	0	0	0	0	0
payment of redemption amounts	250	0	0	0	0	0
V . Operating expenses, other and extraordinary expenses						
Allowances for technical provisions other than unearned premium reserves	260	0	0	0	0	0
Contribution to the liability insurance catastrophe for civil liability for nuclear damage	270	0	0	0	0	0
Deduction to life insurance reserves	280	0	0	0	0	0
Charge for provision of adequate payment of insurance premiums	281	0	0	0	0	0
Total contributions to reserves for life insurance at the expense of investment income earned from investment of funds of life insurance reserves	282	0	0	0	0	0
contributions in central insurance reserve funds	290	0	0	0	0	0
Expenditure related to the conclusion and extension of insurance contracts (acquisition costs)	300	62209 ,25	163 39, 30	106 71	20508	14690,9 5
including agency fees	301	62209 ,25	163 39, 30	106 71	20508	14690.9 5
of which non-resident insurers	302	0	0	0	0	0

Indicators	**Line code**	**Tota l**	**I qua rter.**	**II qua rter**	**III quart er**	**IV quarter.**
1	**2**	**3**	**4**	**5**	**6**	**7**
Expenditure related to the conclusion and extension of reinsurance contracts	310	0	0	0	0	0
including remuneration to brokers	311	0	0	0	0	0
of which non-resident brokers	312	0	0	0	0	0
commissions reinsurers	313	0	0	0	0	0
of which non-resident reinsurers	314	0	0	0	0	0
Expenses related to the regulation of insured events (liquidation expenses) incurred in the	320	1155 ,53	323, 70	24 5	234	352,83

reporting period						
in including the payment of court costs	321	336.03	0	0	260.20	75.83
to pay for expert (evaluation) operations	322	819.50	323.70	245	-26.20	277
of them for the services of emergency omisariv	323	0	0	0	0	0
for the services of institutions Assistance *	324	0	0	0	0	0
of which are for the services of non-resident institutions Assistance	325	0	0	0	0	0
Expenses made in connection with the regulation of insurance cases (liquidation costs) occurred in previous reporting periods	330	0	0	0	0	0
including the payment of court costs	331	0	0	0	0	0
for the payment of expert (evaluation) works	332	0	0	0	0	0
of which for the payment of services of emergency commissioners	333	0	0	0	0	0
for the payment of services of state institutions	334	0	0	0	0	0
of which for the services of institutions of non-resident assistance	335	0	0	0	0	0
Other expenses related to the cost of the services provided	340	0	0	0	0	0
Other administrative expenses	350	28637	5734	6947	6362	9594
Other expenses for the sale of services	360	0	0	0	0	0
including the expenses for advertising and marketing	361	0	0	0	0	0
Other operating expenses	370	338,22	65	62	118	93,22

Financial expenses	380	607	221	176	95	115
including losses from participation in capital	381	0	0	0	0	0
interest on loans	382	0	0	0	0	0
interest on bonds issued	383	0	0	0	0	0
Other expenses	390	0	0	0	0	0
Extraordinary expenses	400	0	0	0	0	0
VIII. Financial results of ordinary activities and extraordinary events (before tax)						
Main operating result	410	231373,41	60001,69	72300,85	50731,93	48338,94
Result of financial operations	420	99597	22258	24380	24992	27967
including from participation in capital	421	0	0	0	0	0
Outcome of other ordinary activities	430	0	0	0	0	0
Emergency result	440	0	0	0	0	0
VIII. Income taxes on ordinary activities and on income from emergency events						
Income tax on ordinary activities	450	67408	16812	19409	15596	15591
including gross income from insurance activities other than life insurance	451	0	0	0	0	0
on gross income from life insurance	452	0	0	0	0	0
for non-resident reinsurance operations	453	0	0	0	0	0

Income taxes	460	0	0	0	0	0
IX. Net:						
Profit	470	263562,41	65447,69	77271,85	60127,93	60714,94
Loss	480	0	0	0	0	0

* Assistance agencies - medical care organizations.

Head of

MP

Chief Accountant

Klimenko Patwasat Oleksanetc.ovych

(signature) (initials, surname)

Dovmat Tatiana Geowashiyivna

(signature) (initials, surname)

codes		
2019	January	1
33,248,430		

Date (year, month, day)

enterprise Joint-Stock Company "Insurance Company" Ingosstrakh "YEDRPOU

(title)

income statement (statement of comprehensive income) for the year 2018

Form N2 Code for DKUD

I. financial results

Item	**line code**	**for reporting period**	**for the same periodprevious theyear**
1	**2**	**3**	**4**
Net income from sales (goods, works, services)	2000	-	-
Net earned insurance premiums	*2010*	299 753	737 856
premiums signed, gross amount	*2011*	327 715	361 279
premiums transferred to reinsurance	*2012*	22 325	77 420
change in unearned premium reserve, gross amount	*2013*	(29 193)	(397 762)

change in reinsurers share in unearned premium reserve	*2014*	(34 830)	56 235
Cost of sales (goods, works, services)	2050	(-)	(-)
Net losses incurred on insurance claims	*2070*	43 501	193 478
Gross: profit	2090	256 252	544 378
loss	2095	(-)	(-)
Income (costs) from changes in reserves long-term liabilities	*2,105*	-	-
Income (loss) from changes in other insurance reserves	*2,110*	46,411	(87,080)
change other trahovyh reserves, gross amount	*2,111*	-	(87,080)
change in the share of reinsurers in other insurance reserves	*2,112*	-	-
Other Operating income	2,120	21,050	17,787
including: income from changes in the value of assets that are measured at fair value	*2,121*	-	-
Income from the original recognition of biological assets and agricultural products	*2122*	-	-
income from tax exempt assets	*2123*	-	-
Administrative expenses	2130	(28 637)	(22 002)
Sales expenses	2150	(63 345)	(79 108)
Other operating expenses	2180	(358)	(174)
including: the cost of changing the value of assets tsinyuyutsya at fair value	*2,181*	-	-
Expenses from initial recognition of biological assets and agricultural products	*2,182*	-	-
Financial result from operating activities: Income	2,190	231 373	373801
loss	in 2195	(-)	(-)
Income from equity	2,200	-	-
Other financial income	2220	100 204	99 547
Other income	2240	-	-
Including: income from charitable assistance	*2241*	-	-
Financial expenses	2250	(607)	(966)
Capital losses	2255	(-)	(-)
Other expenses	2270	(-)	(3)
Income (loss) from exposure to inflation on monetary items	*2,275*	-	-
Financial result before opodatkuvan I, income	2290	330 970	472 379

loss	in 2295	(-)	(-)
Expense (income) income tax	2,300	(67,408)	(94,192)
Income (loss) from discontinued operations after tax	2,305	-	-
Net financial result: profit	2350	263 562	378 187
loss	in 2355	(-)	(-)

II. COMPREHENSIVE INCOME

Item	line code	For reporting period	For the same periodprevious theyear
1	2	3	4
Revaluation (write-down) of fixed assets	2,400	-	-
Revaluation (write-down) financial instruments	2,405	-	-
accumulated exchange difference	2410	-	-
share of other comprehensive income of associates and joint ventures	2,415	-	-
other comprehensive income	2,445	-	-
nshyy comprehensive income before tax	**2,450**	-	-
Income tax related to other total income	2,455	-	-
Other comprehensive income after tax	**2,460**	-	-
Total revenue (sum of lines 2350, 2355 and 2460)	**2,465**	263 562	378 187

III. ELEMENTS OF OPERATING EXPENSES

Article name	Line code	For reporting period	For the same periodprevious theyear
1	2	3	4
Material costs	2,500		1,596,130
Labor costs	2,505	17,000	9,197
Allocations for social activities	2,510	3,365	2,007
Depreciation	2,515	1,505	1,533
Other operating expenses	2520	68 874	88 417
Total	**2550**	92 340	101 284

IV. Calculation RETURN OF SHARES

Article name	Line code	For reporting period	For the same periodprevious theyear
1	2	3	4
Average number of common shares	2,600	-	-

Adjusted average number of ordinary shares	2,605	-	-
Net income (loss) per ordinary share	2610	-	-
Adjusted net income (loss) percommon share	2,615	-	-
Dividends per common share	2650	-	-

Supervisor __ Klimenko Petr

chief accountant Dovmat Tatiana

CODES		
2019	January	1
33,248,430		

Date (year, month, day)

enterprise **Joint-Stock Company "Insurance Company" Ingosstrakh** "YEDRPOU
(title)

Statement of cash flows (the direct method) for the year 2018.

Form N3 code for DKUD

Article	for	reporting periodthe	for same period the previous year
1	2	3	4
I. Cash flows from operating activities receipts from: sales of products (goods and services)	3000	-	-
Return of taxes and charges	3005	-	-
including tax on up to present value	3006	-	-
Target financing	3010	-	-
Receipts from subsidies, subsidies	3011	-	-
Receipts from advances from buyers and customers	3015	-	-
Receipts from repayments	3020	-	-
Receipts from interest on balances of current accounts	3025	-	-
Receipts from debtors penalties (penalties, penalties)	3035	-	-
Operating lease receipts	3040	-	-
Royalties, royalties	3045	-	-
Insurance premiums	3050	353 234	363 904

Revenue from financial institutions from repayment of loans	3055	-	-
Other receipts	3095	48,566	24,966
Expenditure on pay, goods (works, services)	3,100	(70,622)	(86,740)
Labor	3105	(13 627)	(7 662)
of the social activities	3,110	(3,508)	(1,875)
liabilities taxes and fees	3115	(55 698)	(126 782)
Expenditure on income tax liabilities	3116	(51 818)	(124 347)
Expenditure on value added tax liabilities	3117	(-)	(-)
Expenditure for the payment of other taxes and fees	3118	(3 880)	(2 435)
Expenses for the payment of advances	3135	(-)	(-)
Expenditure for the payment of repayments of advances	3140	(-)	(-)
Expenditure on the payment of assigned contributions	3145	(-)	(-)
Expenditure Categories payment obligations under insurance contracts	3150	(43 605)	(195 627)
Consumption of financial institutions to provide loans to	3155	(-)	(-)
Other expenditure	3190	(97 372)	(80 428)
Net cash flows from operating activities	**3,195**	117 368	- 110 244
II. Movement of funds as a result of investment activities Revenue from realization: financial investments	3200	12 072	57 008
fixed assets	3205	30	19
Receipts from received: interest	3215	90 395	69 725
dividends	3220	-	-
Derivatives from	3225	-	-
Receipts from repayment of loans	3230	-	138 120
Proceeds from the disposal of the subsidiary and other business unit	3235	-	-
Other receipts	3250	-	-

Acquisition expenses: financial investments	3255	(66 527)	(124 274)
non-current assets	3260	(61)	(2 531)
Payments on derivatives	3270	(-)	(-)
Expenditure on lending	32 75	(-)	(120)
Expenses for the acquisition of a subsidiary and other business unit	3280	(-)	(-)
Other payments	3290	(-)	(-)
Net cash flow from investing activities	**3295**	35 909	137 947
III. Movement of funds as a result of financial activities Income from: Equity	3300	-	-
Obtaining loans	3305	-	-
Receipts from sale of interest in a subsidiary	3310	-	-
Other receipts	3340	-	-
Expenditure on: Repurchase of own shares	3345	(-)	(-)
Repayment of loans	3350	-	-
Payment of dividends	3355	(-)	(-)
Interest	expense 3360	(-)	(-)
Expenses for finance lease payments	3365	(-)	(-)
Expenses for the acquisition of an interest in a subsidiary	3370	(-)	(-)
Spending on non-controlling interests in subsidiaries	3375	(-)	(-)
Other payments	3390	(-)	(-)
Net cash flow from financial activities	**3395**	-	-
Net cash flow for the reporting period	**3400**	153 277	27 703
Balance at the beginning of the year	3405	434 106	406 403
Impact of changes in exchange rates on balance of funds	3410	-	-
Balance at year-end	3415	587 383	434 106

Head __**Klimenko Petro Oleksandrovich**__

Chief Accountant __**Dovmat Tatyana Georgievna**__

Scientific publication

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I. SALKOVA
L. FEDORYSHYNA
V. TODOSIICHUK

INSURANCE MANAGEMENT

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