

**Kyiv National University of Trade and Economics**

Department of Banking

**FINAL QUALIFYING PAPER**

**On the topic:**

«Development of the insurance services domestic market in the context of European integration»

Student of the 2<sup>nd</sup> year, group 10am,  
Specialty 072 «Finance, Banking and  
Insurance»

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**Kyiv, 2021**

## Kyiv National University of Trade and Economics

Faculty of Finance and Accounting  
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Specialization Financial Intermediation

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### **Task for a final qualifying paper**

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1. Topic of a final qualifying paper

Development of the insurance services domestic market in the context of European integration

Approved by the Rector's order from November 4 2020, No. 3286

2. Term of submitting by a student his/her terminated paper (project) to 19.11.2021

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*Purpose of the paper (project)* Theoretical principles disclosure, methodological approaches and practical recommendations for the development of domestic insurance market in the context of European integration

*Object of the research* Functioning process of insurance services' domestic market

*Subject of the research* Economic relations between insurance market subjects

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## 4. Consultants of the research and titles of subsections which were consulted:

Section	Consultant (last name and initials)	Date and signature	
		The task given	The task fulfilled

## 5. Contents of a final qualifying paper (list of all the sections and subsections)

CONTENTIntroductionSection I. Theoretical bases of insurance services market functioningSection II. Analysis of the insurance services market in Ukraine

2.1. Domestic' insurance services market research and characteristics of its segments

2.2. Interaction order of subjects in domestic' insurance services market

Section III. Insurance services market of Ukraine improvement functioning in context of European integration

3.1. Implementation in Ukraine European experience of insurance services market functioning

3.2. Domestic' insurance services market model in context of European integration

Conclusions and recommendationsReferencesAdditions

## 6. Time schedule of the paper

No.	Stages of a final qualifying paper	Terms of a final qualifying paper	
		de jure	de facto
1	2	3	4
1.	Approval of the Task of the FQP (Ukrainian)	02.11.2020	18.12.2020
	Approval of the Task of the FQP (English)	24.12..2020	18.12.2020
2.	Submission of an <b>article</b> to the Banking department (English), paper and electronic versions	01.03.2021	01.03.2021
3.	Part I. List of sources used (references)	19.04.2021	19.04.2021
4.	Part II. List of sources used (references)	22.06.2021	04.10.2021
5.	Part III, Introduction, Conclusions, References	10.09.2021	04.10.2021
6.	Submission of the FQP to the Banking department (all Parts, appendices), <b>resume</b> of a scientific adviser	12.10.2021	04.10.2021
7.	Preliminary FQP' protection at the Banking department, <b>review</b> (KNUTE, Ukraine), <b>review</b> (KNUTE, English)	02.11.2021	08.11.2021
8.	Submission of completed (intertwined) the FQP to the Banking department, supporting documents (summary, supporting data, three reviews)	19.11.2021	19.11.2021
9.	Public FQP' protection in the examination commission	7.12.2021	7.12.2021

7. Date of receiving the task October, 29, 2020.

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10. The task received by the student

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## 11. Resume of a scientific adviser of a final qualifying paper

Student Kholoimova Anzhelika Vitalievna completed the final qualifying paper on a topic on development of the insurance services domestic market in the context of European integration.

While working on the research, the student used all the knowledge and practical skills acquired during her studies in the English-speaking master's program in "Financial Intermediation".

Advantages of the final qualifying paper are results that made possible to formulate the scientific novelty that the development of functioning of the domestic market of insurance services depends on the functioning algorithm of such market and study it.

To the disadvantages of work should be classified fragmentation of published the results of the study.

But, in general, the work is structured according to the general KNUTE requirements for such work and may be recommended for protection in Exam Comition and make shure obtaining by Kholoimova Anzhelika Vitalievna exalent scores.

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Note about preliminary paper defence Zhurahovska L.V. \_\_\_\_\_

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## 12. Resume about a final qualifying paper

A final qualifying paper of the student Kholoimova A.V can be admitted to defence in the Examination Board.

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Head of the Department Nataliia P. Shulha \_\_\_\_\_

(signature)

\_\_\_\_\_ . 2021.

## CONTENT

<b>INTRODUCTION</b> .....	6
<b>SECTION I. THEORETICAL BASES OF INSURANCE SERVICES MARKET FUNCTIONING</b> .....	10
<b>SECTION II. ANALYSIS OF THE INSURANCE SERVICES MARKET IN UKRAINE</b> .....	26
2.1. Domestic' insurance services market research and characteristics of its segments .....	26
2.2. Interaction order of subjects in domestic' insurance services market.....	37
<b>SECTION III. INSURANCE SERVICES MARKET OF UKRAINE IMPROVEMENT FUNCTIONING IN CONTEXT OF EUROPEAN INTEGRATION</b> .....	49
3.1. Implementation in Ukraine European experience of insurance services market functioning.....	49
3.2. Domestic' insurance services market model in context of European integration .....	56
<b>CONCLUSIONS AND RECOMMENDATIONS</b> .....	70
<b>REFERANCES</b> .....	73
<b>ADDITIONS</b> .....	80

## INTRODUCTION

**Relevance of research.** The insurance market is one of the most important sectors of market infrastructure and an important factor for the financial system of any country. It provides economic stability and security, business development, a high standard of living, the implementation of public social policy and effective protection against many natural, man-made and other risks. Taking into account the European integration guidelines of our state, the insurance market is gaining priority in the economic and social aspects of Ukraine's policy.

Due to the latest events in the world, namely COVID-19, the insurance market is undergoing certain changes. Entities need to adapt to the current situation and make decisions that will promote their development not only during the crisis, but also in the future. In a pandemic, there are new threats to the successful operation of insurance companies, however, there are opportunities for their development.

It is important to develop a strategy for the development of insurance relations between market participants - policyholders and insurers, to build a model of the domestic market of insurance services in the context of European integration.

Therefore, the analysis of the state of the insurance market of Ukraine, the study of restraining factors that limit its development, the development of recommendations for its further development in the context of European integration are relevant in modern conditions.

Research status and problems of the insurance market performed following our scientists as A.L Baranov, V.D Bazylevych, AA Hamankova, O.V Kozmenko, V.O. Pasichny, N.V Fesenko and others. Among foreign researchers it is worth mentioning E. Kolomin, G. Chernov, L. Reitman, T. Fedorov, O. Arkhipov.

Despite the large number of problems offered for the registration of senior researchers, the formation of an effective insurance market requires further both theoretical and practical research.

**The purpose of the research** is to reveal the theoretical foundations, develop methodological approaches and practical recommendations for the development of the domestic market of insurance services in the context of European integration.

In the process of writing a work to achieve this goal will need to solve the following **objectives of the study**:

- Define the category of "insurance market", identify the nature and functions of insurance in a market economy, determine the role of the insurance category in the system of economic relations and justify the need for insurance protection;
- Characterize the features of state regulation, and to identify the main patterns, trends and peculiarities in this area;
- Investigate the current state of the domestic market of insurance services by segments; determine the interaction order of the subjects;
- Analyze the European experience in the functioning of the insurance market for the most developed type of insurance and the possibility of implementing this experience in Ukraine;
- Create a model of the domestic market of insurance services, develop an algorithm for predicting the financial stability of the insurer.

**The object of the study** is the process of functioning of the domestic market of insurance services.

**The subject of the study** is the economic relations that arise between the subjects of the insurance market.

**Research methods.** Various special and general scientific research methods were used in the work to solve the set tasks. This work is based on a systematic approach, which made it possible to consider the insurance market comprehensively and comprehensively. The logical method, definition of the basic concepts and categories, formation of conclusions of researches is used for theoretical generalizations. Methods of synthesis and analysis are used to determine the functions, the essential features of the insurance market. It provided an opportunity to study the activities of insurance market participants in the structural-functional method. The



stages of development and formation of the domestic insurance market are established. The comparative analysis made it possible to investigate the main indicators of market activity in different periods of its development. Situational analysis made it possible to develop a model for forecasting the financial stability of the insurer.

**Information base.** Sources of information were laws and regulations in the field of property insurance, liability and personal, special economic literature, materials of Natskomfinposlug, the National Bank, periodicals and information-analytical publications, materials of the Motor (Transport) Insurance Bureau of Ukraine, White Paper, Financial Development Strategy sector of Ukraine until 2025.

**Hypothesis of research** depends on the peculiarities of the functioning of the insurance market

**The scientific novelty** of the obtained results lies in the substantiation of theoretical and methodological strategic development and the foundations of the insurance market in Ukraine, which allowed to obtain practical and theoretical results that contain scientific novelty, in particular the prospects of its development in modern conditions.

**The practical significance of the obtained results** is that the proposed recommendations and conclusions on improving the development of the insurance market of Ukraine can be used in practical insurance activities.

**Personal contribution of the master.** All the results that make up the main content of the work are obtained by the author himself. The printed works written by the applicant include: Substantiation of the need for the insurance services domestic market functioning. [55];

**Publications.** Collection of scientific articles of students on the topic "Financial institutions in the conditions of global imbalances". KNTEU, Kyiv 2021. Kholoimova A. «Substantiation of the need for the insurance services domestic market functioning» p.317.

**Approbation.** Student scientific conference "Financial policy in the conditions of economic transformations", FFO - KNTEU. Section №1 "Financial Markets and Institutions: The Challenges of Time" (English). 11/17/21

**Scope and structure of work.** Final qualifying paper consists of an introduction, three sections, conclusions, references and additions. The total volume is 70 pages. The work contains 15 tables, 12 figures. The list of references includes 55 names.

## SECTION I. THEORETICAL BASES OF INSURANCE SERVICES MARKET FUNCTIONING

Insurance as an economic category is an integral part social life and market economy, Western researchers emphasize that the term "insurance" is of Latin origin and means "carefree". It is determined by the socio-economic needs of humanity. The economic need for insurance coverage is the need to create activities that accumulate funds to compensate for losses caused by events that are harmful to health, life and material well-being. The insurance sector is an important part of activities of financial intermediaries, and needs some economic and administrative support in the long term.

Insurance is a powerful financial and credit system, which is almost indistinguishable from banking. Insurance is becoming increasingly important as competition and market relations develop. Insurance form a significant investment resources and socio-economic protection policies

Insurance is a long-term source of investment. Evolution insurance market is a long and gradual process, its stability depends on the dynamics of development of economic entities in particular and on changes in the economy in general.

Improving the socio-economic level of development of the state, the level of welfare of the population, and the safe functioning of economic entities is impossible without the insurance market, as it is an important component of financial security.

There are numerous views on the essence of the insurance market. But in the economic literature there is no unambiguous interpretation of the concept of insurance market.

Some scientists (Shakhov V.V, Bigdash V.D, Osadets S.S, Tarkutsyak A.O) believe that "the insurance market is a special socio-economic environment and the sphere of economic relations, where the object of purchase-sale is insurance protection, which forms the demand and supply for it "[1, p. 48; 2, p. 126; 3, p. 73; 4, p. 56].

Shikhov A.K Considers that the insurance market is a sphere of specific economic relations between insured persons (insured persons, beneficiaries), which require, in case of possible accidental occurrence of unfavorable for their tangible, intangible

values (benefits) events, insurance protection of property interests, and insurers , providing it through their use for such purposes of insurance funds, which are formed from the monetary contributions paid by policyholders (insurance premiums) [5, p. 76]. This definition fully reveals the essence of the insurance market and seeks to bring together certain insurance, legal and economic aspects.

Narrow definition of the insurance market is considered by Tkachenko N.V, believing that "the insurance market is a system of social relations associated with the purchase and sale of insurance services" [6, p. 64].

Vovchak O.D and Gvozdenko O.A emphasize the definition of "insurance service". In their opinion, "the insurance market is a set of economic relations for the purchase and sale of insurance services, which is expressed in the protection of property interests of individuals and legal entities in the event of insured events due to contributions of policyholders" [7, p. 64; 8, p. 193].

Serbinovsky B.Y, Shakhov V.V define the insurance market as a set of insurance organizations that participate in the distribution of insurance funds and form monetary relations in this area: "... is a form of organization of monetary relations for the formation and distribution of insurance funds to ensure insurance protection, services" [9; 1, p. 48]. This definition does not take into account the existence of insurance services.

Zhuravl'ov Y.M defines the insurance market as "a system of economic relations, which is the scope of activities of insurers and reinsurers in the country, group of countries and internationally to provide relevant insurance services to policyholders." However, the author highlights the term "limited insurance market".

If insurance or reinsurance can not be placed on the insurance market of any other country in full, then such a market is limited [10, p. 6]. That is, the emphasis is on the territorial (regional) boundaries of the insurance market.

Bazilevich V.D considers the insurance market as a part of the financial market, where the object of purchase and sale is insurance protection, demand and supply for it are formed [11]. The disadvantage of most definitions is the lack of system and definition of the role of the insurance market in the economic system of the state.

The effective functioning of the insurance market contributes to the sustainable development of the national economy, its integration into the world economic space, the strengthening of globalization processes. This necessitates the internal construction of the insurance market and determining the role of its subjects in stabilizing the country's economy.

In today's economy, insurance is designed to meet a basic human need - the need for security. Insurance increases the country's investment potential, contributes to the growth of the nation's welfare, and solves the problems of social and pension provision.

With the complication of economic relations, the content of insurance complicated. The relationship between policyholders and insurers is becoming more sophisticated, which ensures the effective use of insurance opportunities. Therefore, the essence of insurance can be determined only by considering the development of social production, determining the role and place of the insurance fund in this process [12, p. 141].

To determine the essence of the insurance market it is necessary to study the concept of insurance.

According to the Law of Ukraine "On Insurance" "insurance is a type civil law relations to protect the property interests of citizens and legal entities in the event of certain events (insured events), defined by the insurance contract or applicable law at the expense of funds formed by citizens and legal entities to pay insurance premiums (insurance premiums, insurance premiums) and income from the placement of these funds "[13].

The essence and purpose of insurance is revealed through its specific functions.

All functions can be divided into basic and additional. L. Londar and O.V Tymoshenko identify the following main functions of the insurance market:

1. Control - control over insurance transactions;
2. Risky - lies in the liability of insurance companies for the consequences of the risk caused by the event specified in the insurance contract;

3. Accumulative - is manifested only by some types of insurance (life insurance, pensions, annuities), taking into account investment income during the term of the contract;

4. Preventive - is to finance measures to reduce insurance risk, prevent the occurrence of insured events [14].

Among the additional ones we can single out:

1. Investment - investing temporarily free funds of the insurer in other activities for profit;

2. Compensatory - compensation for losses in the event of an insured event;

3. Social - the implementation of insurance through the provision of additional social services;

4. Consulting - the provision of consulting services alone market participants to others;

5. Organizational - the organization of relations between policyholders and insurers [15].

Insurance functions are implemented through the insurance market. The role of insurance is determined primarily by the tasks set before it by the market.

According to the results of the analysis of the works of Ukrainian and foreign scientists on the content of the concept of "insurance market" we decided that all opinions can be grouped as follows (Fig. 1.1).

The insurance market is represented in all interrelated markets in the structure of the financial market and the financial services market. The financial market plays a key role in the transformation of cash into capital, and the financial services market provides the movement of this capital. Thus, in the financial market there are agreements between buyers and sellers of financial resources, and the market of financial services reflects specific forms of organization of the movement of financial resources through the financial and credit mechanism.

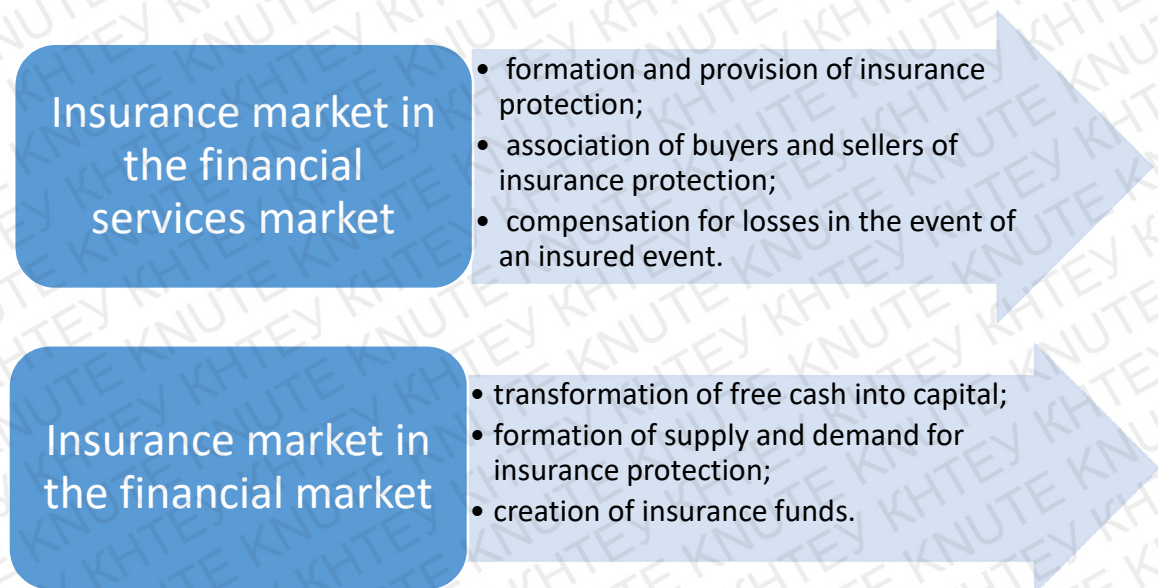


*Fig. 1.1. Approaches to the essence of the concept of "insurance market" [16, p. 55]*

So, for our understanding, the "insurance market" is one of the components of the financial services market. In this case, insurance companies are considered as producers of insurance services, as well as financial intermediaries. Financial services in the field of insurance are associated with the formation of collective insurance funds and financial compensation for various losses and damages. Financial intermediation takes place when placing financial resources on the financial market.

In addition, the insurance market is a component of the financial market, which is a special socio-economic environment, where the object of purchase and sale is insurance protection, demand and supply for it, and the totality of all its subjects operates in a system of economic, financial, contractual, information and consulting and other relations that are due to the need for insurance services and arise between them at all stages of its provision.

Reserching the category "insurance market" allows to determine the place of the insurance market in the system of market relations (Fig. 1.2)



*Fig.1.2. Insurance market in the system of market relations [16, p. 55]*

The insurance market is an integral part of the financial system of the state and exerts influence on the state economy by maintaining the social stability of society, economic security of the state; ensuring the system of protection of property rights, interests of citizens and enterprises. It is an important financial instrument for regulating the national economy and a powerful source of accumulation of financial resources for their long-term investment in the real sector of the economy.

The insurance market of Ukraine has a certain internal structure, which is represented by the subjects of the insurance market, and objects - insurance products that are sold. The external environment of the insurance market is represented by the state links of the financial system and the sphere of international relations, with which it is connected through cash flows [15].

The structure of the insurance market is the relationship between the subjects and objects of the insurance market, which arise and reproduce in connection with the insurance process [17].

The objects of the insurance market are insurance products (services), which are an integral part of its operation. Providing insurance coverage - their consumer value. The price of the insurance product is expressed in the insurance rate. It is compiled on a competitive basis, comparing supply and demand for their services [17].



The subjects in the insurance market are insurance companies - the main financial institutions operating in the insurance market. They are created for the purpose of making a profit by placing insurance reserves and providing insurance, reinsurance services and insurance mediation services to both individuals and legal entities [13].

Another large group of insurance market subjects are insured persons - legal entities and individuals who have concluded an insurance contract with insurers, or are insured in accordance with the legislation of Ukraine.

Developed insurance markets are dominated by insured persons - individuals, and in Ukraine are dominated by insured persons - legal entities, due to low insurance culture of the population and low income.

Today in Ukraine there are two laws on compulsory insurance - state social insurance and state pension insurance.

The First Law, in accordance with the Fundamentals of the Legislation of Ukraine on Compulsory State Social Insurance, defines the legal, financial and organizational principles of compulsory state social insurance, guarantees of working citizens for their social protection in connection with temporary disability, pregnancy and childbirth from accidents, case at work and occupational disease, life and health. [18]

Single contribution to compulsory state social insurance - a consolidated insurance contribution, which is collected in the system of compulsory state social insurance on a mandatory basis and on a regular basis to ensure protection in cases provided by law, the rights of insured persons to receive insurance benefits (services) under the current types of compulsory state social insurance [19]

The Law of Ukraine on State Pension Insurance is developed in accordance with the Constitution of Ukraine and the Fundamentals of Legislation of Ukraine on Compulsory State Social Insurance, defines the principles, principles and mechanisms of the system of compulsory state pension insurance, appointment, recalculation and payment of pensions, social services Pension Fund, formed at the expense of insurance contributions of employers, budget and other sources provided by this Law, as well as regulates the formation of the Accumulative Pension Fund and financing at its expense

expenditures for payment of life insurance contracts or lump sums to insured persons, their families and other persons provided by this Law. [20]

The list of all types of insurance that can be used by the insured is a range of insurance products. All types of insurance are reflected in Articles 6 and 7 of the Law of Ukraine "On Insurance". [13]

There are three branches of insurance by object:

1. Liability insurance;
2. Personal insurance;
3. Property insurance.

Personal insurance combines a savings and a risk function. The object of this type of insurance are property interests that are related to life, health, supplementary pension and ability to work.

The object of property insurance are property interests that are associated with the use, possession and disposal of property. In this type of insurance policyholders act not only as property owners, but also other legal or individuals who are responsible for the preservation of property. The economic purpose of property insurance is to compensate for losses in the event of an insured event.

The object of liability insurance are property interests, which are related to compensation for damage caused to the person or his property, as well as damage to the legal entity.

Personal insurance is divided into:

- Accident insurance;
- Medical Insurance;
- Life insurance.

Property insurance can be divided into the following types by social groups and form of ownership. On these grounds, the property of economic entities is divided into: private, rental, public, citizens.

By risk groups, property insurance can be divided into insurance:

- crops from drought, hail and other natural disasters;
- property from natural disasters and fire risks;

- vehicles, thefts, accidents and natural disasters;
- animals from accidents and in case of illness.

Liability insurance includes the following types:

- in case of compensation for damage;
- debts [13].

Each of the subtypes of insurance can be classified in more detail.

For example, in property insurance of the enterprises allocate: current assets, insurance of financial risks, fixed assets, etc.

In property insurance of citizens: property insurance, which belongs to the first category (animals, housing, etc.) and property insurance, which belongs to the second category (property, the loss of which affects personal interests).

In personal accident insurance can be divided into: insurance of employees of risky professions, individual insurance, compulsory insurance of passengers, etc.

According to the specialization of insurance companies are divided into four groups:

1. Insurance companies engaged in general (risk) types of insurance;
2. Life insurance companies;
3. Insurance companies engaged only in reinsurance operations (professional reinsurers);
4. Insurance companies that carry out in parallel as risky insurance and life insurance.

According to the criterion of profitability, insurance companies can be divided into:

1. Commercial - the purpose of which is to make a profit;
2. Non-profit - the purpose of which is to provide high quality services insured.

Non-profit insurance companies include mutual insurance companies (MICs). They are created in the form of joint stock companies, where each participant is insured. Persons who are not members of a mutual insurance company cannot be insured. A feature of a mutual insurance company is the payment of a high insurance

reimbursement, lack of regular payment of insurance premiums. They do not function in Ukraine.

According to the range of insurance services, insurance companies are divided into:

1. Universal - insurers that provide insurance and reinsurance services;
2. Specialized - insurers that provide certain types of services;
3. Captive - a subsidiary of an insurance company established by a commercial or industrial enterprise to cover its own risks.

The insurance market of independent Ukraine in its development has historically passed certain stages.

1. The first stage of development of the insurance market (1991-1993) – it is characterized by the lack of state control over insurance companies and the legal framework that would regulate insurance relations. During this time, 800 insurance companies operated in the market. They were regulated by the laws "On Business Associations" and "On Entrepreneurship". There were no requirements in the market for licensing activities, the level of solvency, authorized capital and assets of insurers. October 16, 1991 at the base The Main Department of State Insurance of Ukraine under the Ministry of Finance of Ukraine formed the supervisory body of the Ukrainian State Insurance Commercial Organization (Ukrderzhstrakh).

2. The second stage (1993-1996) - was adopted Decree of the Cabinet of Ministers of Ukraine "On Insurance" in May 1993. It indicated the conditions for the provision of insurance services, the requirements for the need for licensing and authorized capital. This document became the basis for the development of insurance in Ukraine. During this period, a body supervising insurance activities was established - the Committee for Insurance Supervision (Ukrstrakhnaglyad), which was subordinated to the Cabinet of Ministers of Ukraine.

3. The third stage (1996-2003) –was developed the Law of Ukraine "On Insurance" and approved by the Verkhovna Rada of Ukraine on March 7, 1996. The new law made it possible to significantly increase the reliability of the insurance market in Ukraine in 1996 and strengthen control over its development [13, 2].

According to the Law "On Insurance", the wording of October 4, 2001 provides for a number of key points, in particular [21]:

- the minimum size of the statutory fund of an insurer engaged in types of insurance other than life insurance is set at an amount equivalent to 1 million euros, and an insurer engaged in life insurance - 10 million euros at the exchange rate of Ukraine.

- the solvency margin of 0.18 of the amount of insurance premiums and 0.26 of payments for the previous 12 months (risky types of insurance) was introduced; 0.05 of the total amount of the long-term liability reserve (life insurance).

- differentiation of licensing for life insurance and risky types of insurance;

- the concept of "technical" (these are reserves consisting of parts of insurance payments in case of exaggeration of the average level of insured events) and "mathematical" (these are long-term liabilities, life insurance) reserves and requirements for compliance with these reserves of obligations, taken over by insurance companies;

- the order of "earned" premium is established, which is based on the method of "one fourth" of the received bonuses;

- the authorized body has the right to carry out reorganization, liquidation and reorganization of insurance companies;

- increased licensing requirements

4. The fourth stage (2003 - 2020) - State regulation of the insurance market is carried out by the National Commission for State Regulation of Financial Services Markets (Natskomfinposlug), which was established on July 23, 2011. According to the Decree of the President of Ukraine, it is a collegial body subordinate to the President and the Verkhovna Rada of Ukraine.

The main tasks of Natskomfinposlug include:

1. Formation and implementation of the policy of state regulation of financial services markets, except for the markets of securities and derivative securities, the market of banking services;

2. Development and coordination of state policy on accumulative pension insurance system;
3. Development and implementation of development strategy for financial service markets;
4. Protection of the rights of consumers of insurance services in order to prevent violations of the law;
5. Implementation of state regulation and supervision of compliance with legislation and provision of insurance services;
6. Development and approval of regulations on issues within the competence of Natskomfinposlug;
7. Coordination of activities with other state bodies;
8. Introduction of international market development rules in Ukraine financial services [22].

5. The fifth stage (2020 - present) – according to the «White Book 2020» From July 1, 2020, the National Bank of Ukraine became a regulator and supervisor of the insurance.

The purpose of the National Bank is to form a solvent, a stable, competitive insurance market in Ukraine with adequate protection of the rights of consumers of insurance services.

To achieve this goal, the National Bank will introduce a new model of insurance market regulation that takes into account provisions of EU directives, world regulatory practices and supervision of the insurance and reinsurance market, as well as features of the insurance market in Ukraine.

The new model provides for the improvement of requirements for licensing, solvency and liquidity assessments, corporate governance and risk management systems, application of risk-oriented prudential supervision, supervision of market behavior, as well as the definition reorganization, resumption and withdrawal procedures market companies.

Given the general economic situation caused recession and pandemic of coronavirus disease (COVID 19), The National Bank will introduce a new regulatory

model after careful study of the state of the insurance market and discussion with market participants. [23]

From now, in accordance with the legislation, the National Bank and its officials supervise compliance with the legislation on the protection of the rights of consumers of financial services, including in the field of insurance.

Therefore, the National Bank and its officials, in particular:

- consider appeals of consumers of financial services (including the existence of conditions in the contracts that limit the rights of consumers of financial services), explain to them the legislation on the protection of the rights of consumers of financial services;

- as a result of consideration of cases of violation of the rights of consumers of financial services apply to financial institutions, other economic entities providing financial services and persons providing intermediary services in the financial services markets, measures of influence and impose on officials of legal entities or individuals persons - entrepreneurs, which provide financial services, administrative penalties;

- checked in financial institutions and other entities management that provides financial services, compliance with the rules of financial services and legislation on consumer protection;

- provide explanatory work on the protection of the rights of consumers of financial services.

The Board of the National Bank of Ukraine has taken over the functions of the Motor (Transport) Insurance Bureau of Ukraine.

Today, the legislative documents governing insurance activities in Ukraine can be distributed as follows:

1. Constitution of Ukraine;
2. Internationally signed and ratified agreements;
3. Civil Code of Ukraine;
4. Tax Code of Ukraine;
5. Laws of Ukraine "On Insurance", "On Financial Services and state regulation of financial services markets ", " On private pension security ", "

On compulsory civil insurance responsibilities of owners of land vehicles", etc.);

6. Resolutions of the Cabinet of Ministers of Ukraine;
7. Regulations (instructions, methods, regulations, orders) adopted by the executive authorities or a specially designated body that supervises insurance activities;
8. Insurance rules;
9. Insurance contract [15, 656].

Legislative regulation of insurance activity is, first of all, the struggle of countries for the "moral security" of citizens in their countries.

The Law of Ukraine "On Insurance" has five main sections and 46 articles.

The first section establishes the basic terminological apparatus (defines such basic concepts as insurance, insurers, policyholders, objects, forms and types of insurance, insurance risks and cases, the sum insured, insurance insurance payments and tariffs, co-insurance, reinsurance, association of insurers, mutual insurance company and intermediary activities).

The second section regulates the procedure for insurance (determines the requirements for contracts and rules of insurance, establishes the responsibilities of insurers and policyholders in each situation).

The third section defines the conditions for ensuring solvency insurers (the financial mechanism of carrying out insurance activity is submitted, certain restrictions on possibility of acceptance of obligations are established and the general principles of audit of the insurer are defined).

The fourth section formulates the principles of state supervision of insurance activities (determines the body that carries out state supervision of insurance activities and establishes its rights and functions; the procedure for licensing insurance activities, which provides legal regulation of insurers in the insurance market).

The fifth section contains the final provisions (formation of the statutory fund, a gradual increase in the solvency of insurers, etc.) [13, 19–21].



Conclusions to the first section. So, after conducting research, we concluded that the insurance market is one of the components of the financial services market. In this case, insurance companies are considered as producers of insurance services, as well as financial intermediaries. In that time it is also a component of the financial market, which is a special socio-economic environment, where the object of purchase and sale is insurance protection, demand and supply for it, and the totality of all its subjects operates in a system of economic, financial, contractual, information and consulting and other relations that are due to the need for insurance services and arise between them at all stages of its provision.

The insurance market provides a developed system of relations between the subjects of market relations, their independence and equality.

Stable financial relations exist between the insurance market and the banking system, the securities market, public finance, the foreign exchange market, where insurance companies place insurance reserves and investment resources.

The structure of the insurance market is the ratio between the objects and subjects of the insurance market, which arise and reproduce in connection with the insurance process.

The subjects in the insurance market are insurance companies - the main financial institutions operating in the insurance market. Another large group of insurance market subjects are insured persons - legal entities and individuals.

There are three branches of insurance by object:

1. Liability insurance;
2. Personal insurance;
3. Property insurance

The main documents on the study of the insurance market of Ukraine are: the Law of Ukraine "On Insurance", the «White Book» and the «Strategy for the Development of the Financial Sector until 2025».

Today the National Bank of Ukraine is a regulator and supervisor of the insurance.

In the conditions of development of market economy of Ukraine insurance occupies an important place. Financial stability at the macro- and microeconomic level,

economic independence, social security and financial security of Ukraine largely depend on its effectiveness.

Therefore, further research on the analysis and improvement of the domestic insurance market will be in Section II.

## **SECTION II. ANALYSIS OF THE INSURANCE SERVICES MARKET IN UKRAINE**

### **2.1. Domestic' insurance services market research and characteristics of its segments**

In Section I we explored the different types of insurance services that determine the segmentation of the insurance market. They are - property insurance, personal and liability. In Section II, we will analyze the characteristics each of these segments. But, firstly general analysis of the insurance services market in Ukraine.

Although the insurance market of Ukraine has passed the stage of formation, it is still at the stage of its development. According to experts, the coverage of the insurance field in Ukraine is 3-5%, while in Western Europe - more than 90%. This indicates the presence in the national economy of significant reserves for the development of the insurance market. Their implementation depends on the effectiveness of economic policy of the state [24, p. 31].

The insurance services market is the second in terms of capitalization among other non-banking financial markets.

At the same time, the insurance market of Ukraine performs its functions, in particular, as a subject of the financial market, only partially, slowly adapting to European and world standards. Domestic insurers operate under difficult conditions of systemic political and economic crisis, military situation and social tension, stagnation and total impoverishment of the population. But most of their activities are hindered by the underdevelopment and instability of the financial market of Ukraine. Therefore, ensuring the comprehensive development of all activities of insurance companies in the financial market of Ukraine today is one of the most pressing social challenges.

At the current stage of development of the Ukrainian economy, all types of financial intermediaries are constantly faced with crises that are exacerbated by military aggression, pandemics, devaluation of the national currency, distrust of government, high levels of corruption, low investment attractiveness and significant

debt burden. Negative macroeconomic processes in the economy directly affect the state of the insurance sector [25, 46-47].

The impact of the COVID-19 pandemic on the demand of certain insurance segments is significant.

For example, the most dynamic segment was health insurance: the number of Ukrainians traveling abroad grew every year, for example, in 2018-2019, the flow of tourists and migrant workers increased by 5.2% and 5.6%, respectively. This year we should expect a decline due to quarantine and still existing restrictions. Another advantage was the desire of big business to retain valuable employees by including additional health insurance in social packages. Given the current economic problems, this practice will be abolished.

Priority for insurance companies remains such segments as car insurance and life insurance. In the first case, there is an increase in sales of new cars, including lending programs, to which, as a rule, also issue CASCO. In the second - the growth of fears for your health: buying a policy is relatively inexpensive, but allows you to get quality medical care, which is especially true in the current environment.

Despite this, according to one of the largest reinsurance companies Swiss Re Sigma, the Ukrainian insurance market is among the ten most dynamic markets in the world [26].

General indicators of the number of insurance companies in the financial market of Ukraine and their dynamics for the relevant period are presented in annex A (in addition).

Analyzing the fig. 2.1 below we can see that from 2016 to 2020 the total number of insurance companies in Ukraine tends to decline. Compared to 2016, in 2020 the number of insurance companies decreased by 100 units.



Fig. 2.1 The dynamics of the number of insurance companies during 2016-2020 [24-27]

This may be due to the fact that the decrease in the number of insurance companies is caused not so much by a decrease in demand for insurance services, but by the fact that there is a "cleansing" of the market from unreliable and financially insolvent insurers. There is also cooperation with foreign partners and entry into the national market of insurance companies with foreign capital.

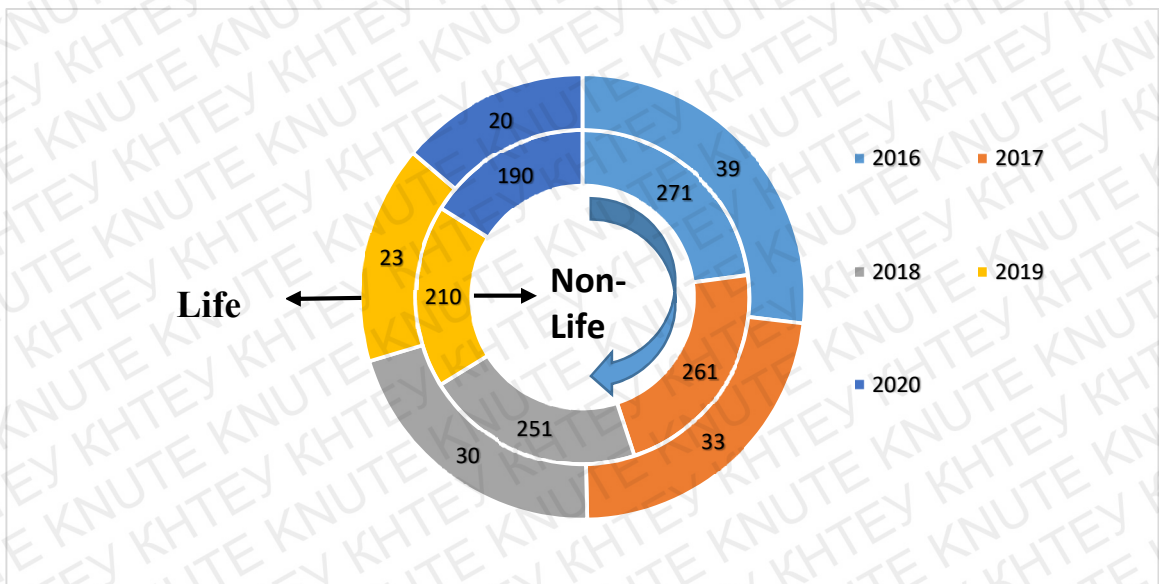


Fig. 2.2 The share of «Life» and «Non-Life» insurance companies in Ukraine during 2016-2020 [27-30]

In Fig. 2.2 we can observe the number of «Life» and «Non-Life» insurance companies. There is a low level of development of «Life» insurance. It should be noted that the insurance market of Ukraine consists of 85.1% of insurance companies "non-Life" (insurance companies that deal with risky types). The reason for the low level of development of «Life» insurance is that the population of Ukraine does not have free funds and confidence in the insurance system as a whole. In 2020, compared to 2016, the number of «Life» insurance decreased by 19 companies.

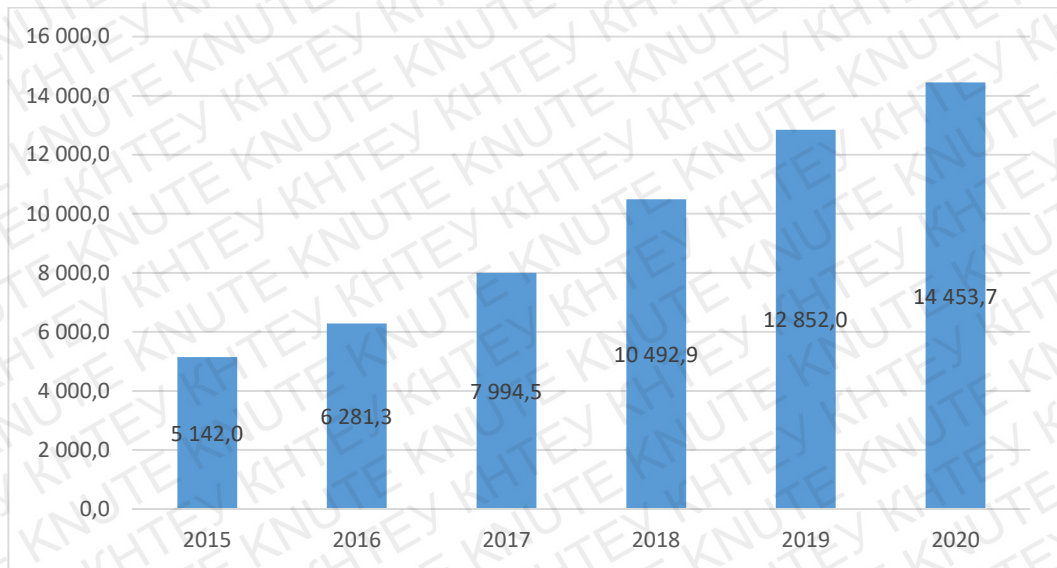
It should also be noted that one of the features of the Ukrainian insurance market is its monopolization. Among the main indicators of insurance monopolization assessment are the concentration indicator (CR-3) and the Herfindahl-Hirschman Index (NII).

According to the latest data in 2019, the CR-3 was 96.7% %, and the NIS index - 1,517.18 [27]. It indicates that in Ukraine personal insurance market is overflowing with uncompetitive insurers, and the market itself is oligopolistic, with 58% of gross premiums coming from three large companies, while 97% of all revenues are accumulated by 10 insurers out of 20 registered.

Unfortunately, personal insurance services are not in such high demand among Ukrainians as, for example, in Europe. Among the main reasons can be noted distrust of insurance activities, unsatisfactory quality of services provided, lack of guarantees for full and prompt compensation after the insured event, low level of financial literacy of the population.

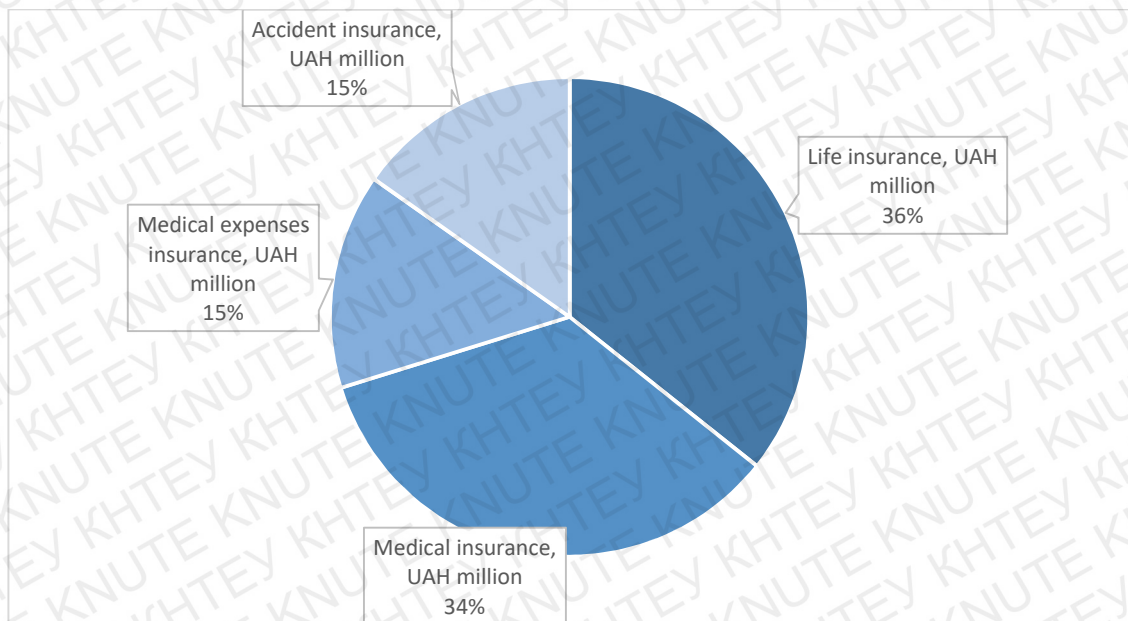
Extremely important indicators of the insurance market are the level of insurance premiums and payments, as the former are part of national income and the basis for further circulation of the insurer, and the latter - the company's costs and at the same time the level of the company for the insured.

Based on the data in annex B (in addition), we see an increase in gross insurance premiums for the period under review (2015–2020).



*Fig. 2.3 The dynamics of gross insurance premiums by type of personal insurance, UAH million [27-30]*

Thus, insurance contracts for key types of personal insurance were concluded in the amount of UAH 14.4 billion in 2020, which is 1.9 billion more than in the previous year and 9.3 billion more than in 2015. It should also be noted that the growth of indicators took place among all key areas of personal insurance: health insurance (+40%), health insurance (+28%), life insurance (+18%) and accident insurance.



*Fig. 2.4 The share of indicators of the total amount of personal insurance in Ukraine 18.06.2020 [26]*

The largest share in personal insurance in Ukraine occupies Life Insurance 36%, after that medical insurance 34%. Medical expenses insurance and accident insurance occupies about 15%/ (Fig. 2.4) [26]

However, it should be noted that the level of insurance payments for personal insurance services still remains low in Ukraine. Thus, in 2019, payments for the services of insurers amounted to only 29%, and for the period under review remained below 40%.

Most of this reduction in costs is due to the "pitfalls" in the insurance policy of the insured, as insurance companies are trying in every way to reduce the level of payments, ie to reduce the level of losses to a minimum.

Although the Ukrainian personal insurance market is not among the world leaders, the growth of insurance premiums indicates that trust in insurance services among the population our country is growing, and therefore there is hope for further development of the insurance industry.

The Ukrainian insurance market has overcome many crises in its history, which has resulted in a rapid reduction in the number of insurers in the market due to financial problems. In addition to the unstable political and economic situation in Ukraine, over the past five years, the COVID-19 pandemic has dealt a new blow to the Ukrainian economy. Thus, due to the introduction of quarantine measures in the country, GDP in 2020 decreased by 6.5% [7].

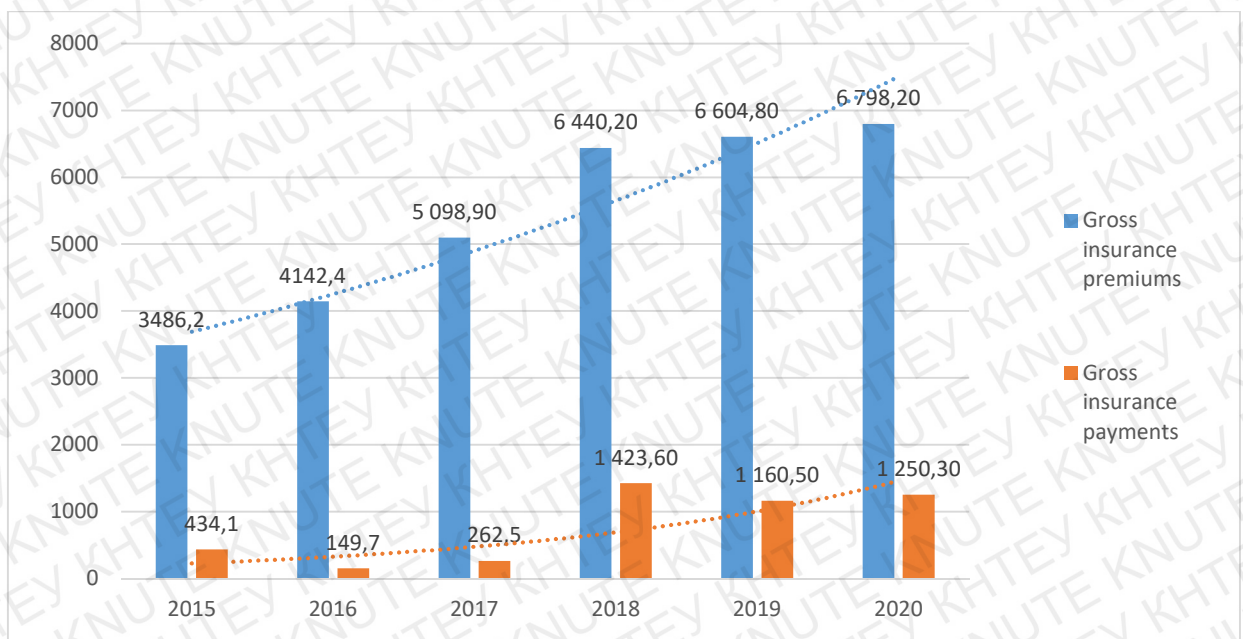
Ukrainian insurance companies providing personal insurance services should continue to improve the quality of services and do everything possible to disseminate as much information about their activities as possible to the public. In addition, during the coronavirus pandemic, many insurers need to increase investment in online services, as demand for such services is now growing. The rapid introduction of a quality and affordable insurance policy to cover COVID-19 treatment could help insurers offset the losses caused by quarantine measures, as demand for such a service could increase significantly during this period, especially among those traveling abroad.



One of the incentives for the development of insurance in general is the market of property insurance, namely the increased interest of the owners and owners of property in its preservation, which is due to the mass privatization in Ukraine and the postulates that the state will pay the assigned sums.

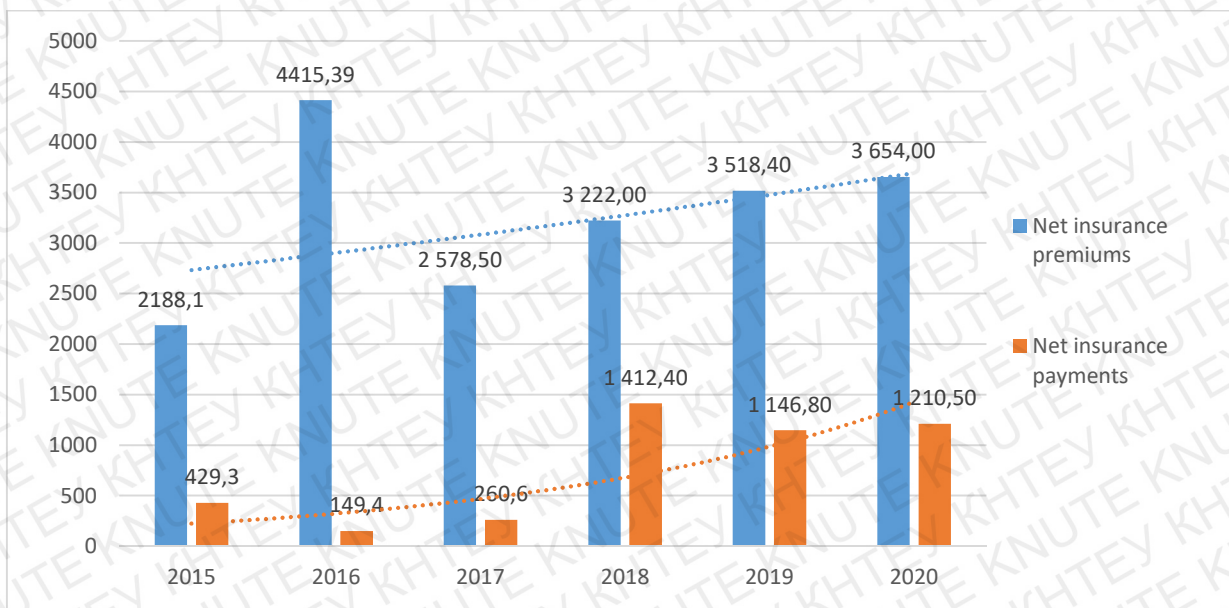
Therefore, we suggest reading the dynamics of premiums and payments for property insurance in Ukraine for 2015-2020 (addition, annex C).

On the basis of the table (annex C) we have developed the figure 2.5, which depicts the dynamics of gross insurance premiums and payments. We can trace the tendency to increase during 2015-2020 years.



*Fig. 2.5 Dynamics of gross insurance premiums and payments during 2015-2020, UAH million [27-30]*

So in 2020 compared to 2015, the number of premiums increased by 3,118.6 million, i.e. by 89.5%. The number of payments increased by 726.40 million, i.e. by 167.3%. The level of gross payments was the highest in 2018 - 22.1%. It was the lowest during 2016-2017 - about 4%. During the last years we can observe a tendency of increase in the level of gross payments, it can indicate the implementation of optimization of taxation by insurance companies. Therefore, nowadays property insurance shows high indicators of development, we can observe certain positive changes.



*Fig. 2.6 Dynamics of net insurance premiums and payments during 2015-2020, UAH million [27-30]*

As for net insurance premiums and payments from figure 2.6 we can observe the lowest value of premiums in 2015 - 2188.1 million UAH, after which a significant increase in 2016 to 4415.39 million UAH and another decline. From 2017 to 2020 there will be a proportional increase in premiums. As for the payments, their value is unstable during the studied period, but in 2020 compared to 2015 increased by 717.5 million or 167.1%. The level of net payments was again the highest in 2018 - 43.8%. Compared to 2015, the level of insurance premiums in 2020 was 13% higher.

In general, property insurance in Ukraine is characterized by low problems, the solution of which depends not only on its stability today, but also on the existence of tomorrow. Natural disasters, international conflicts necessarily lead to the loss of property, loss of property, loss of life. In countries with a well-developed insurance culture the losses in such cases are offset by the insurance companies, which has its own advantages: first, the payments are made with the dependent charge, and secondly, the state can provide additional assistance. Among the most serious problems of the insurance industry is also the introduction of mandatory types of insurance. As a result, mandatory insurance becomes a way of reckoning and redistribution of financial resources for to the benefit of individual ministries and departments.

Among the problems of mayor insurance It is also necessary to identify the low need, which is the cause of the low level of income and financial literacy of the population. These problems should be resolved in the following way Develop specialized insurance services (products) and services (products) that will be oriented towards Consumers with low incomes and which will provide application of general principles of providing such insurance services, simplified procedure of concluding contracts, in particular The procedure of concluding contracts is simplified, in particular, the loss adjustment [31].

As for liability insurance, it is a relatively young branch of insurance, its origin and development took place in Western Europe. Liability insurance is a new activity for Ukraine.

In a market environment that accompanied by a variety of risks, the importance of insurance as an important means of protecting the property interests of legal entities and individuals. New subjects are involved in the sphere of insurance both on the part of persons offering insurance services and on the part of recipients of these services.

The immediate purpose of liability insurance is to protect the economic interests of potential bearers of harm to others.

Liability insurance includes civil liability insurance and debt insurance.

The task of civil liability insurance is that the insurance company (insurer) undertakes to compensate for damages caused by the insured to third parties, who in accordance with the law have the right to claim compensation.

There are several main types of liability insurance:

- liability insurance of vehicle owners;
- carrier liability insurance;
- professional liability insurance;
- liability insurance for environmental pollution;
- insurance of civil liability of the enterprise for damage caused to third parties.

[32]

Despite the high reliability of various forms of loan collateral, their use is often inconvenient, difficult to access and unprofitable for participants in credit relations.

Under these conditions, the most affordable and reliable form of financial security of creditors' interests is insurance.

Loan insurance is based on the recognition of the risk of default or insolvency of borrowers, which is formed in the process of lending.

Financial debt insurance includes the following types of insurance:

- credit insurance;
- deposit insurance;
- insurance against loss of profit.

In the economic and financial crisis, activity in the insurance market is declining. A necessary condition for its activation is the stability of the hryvnia, the completion of privatization processes in the main sectors of the economy. In conditions of economic stabilization, changes in forms of ownership and management mechanism in the public sector of the economy, the need of economic entities to protect their property interests and the interests of employees from various risks is growing. [33]

To look at the statistics of liability insurance you can use the application of liability insurance for owners of vehicles (annex D, E). There are two types, the policy of compulsory insurance of civil liability of owners of land vehicles and "Green Card".

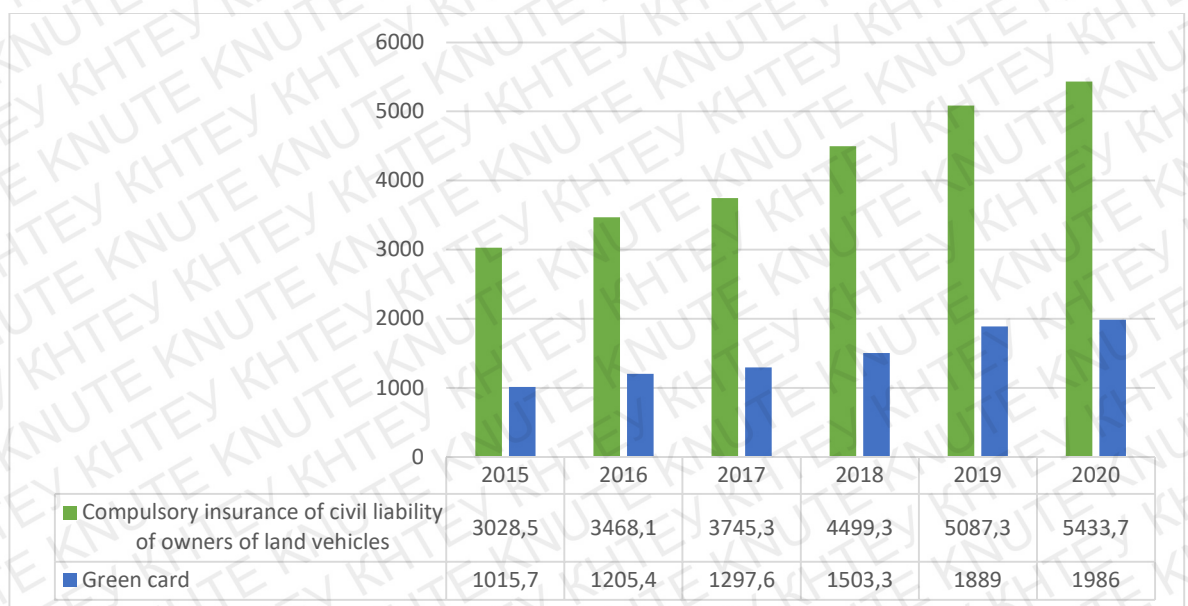


Fig. 2.7 Dynamics of insurance premiums during 2015-2020, UAH million [27-30]

From figure 2.7 we can see the rapid growth of insurance premiums of both types of insurance during 2015 - 2020. In 2020, compared to 2015, the number of insurance premiums increased by 2405,2 and 970,3 (according to the green card) million hryvnias. And this is 179,4% and 195,5%.

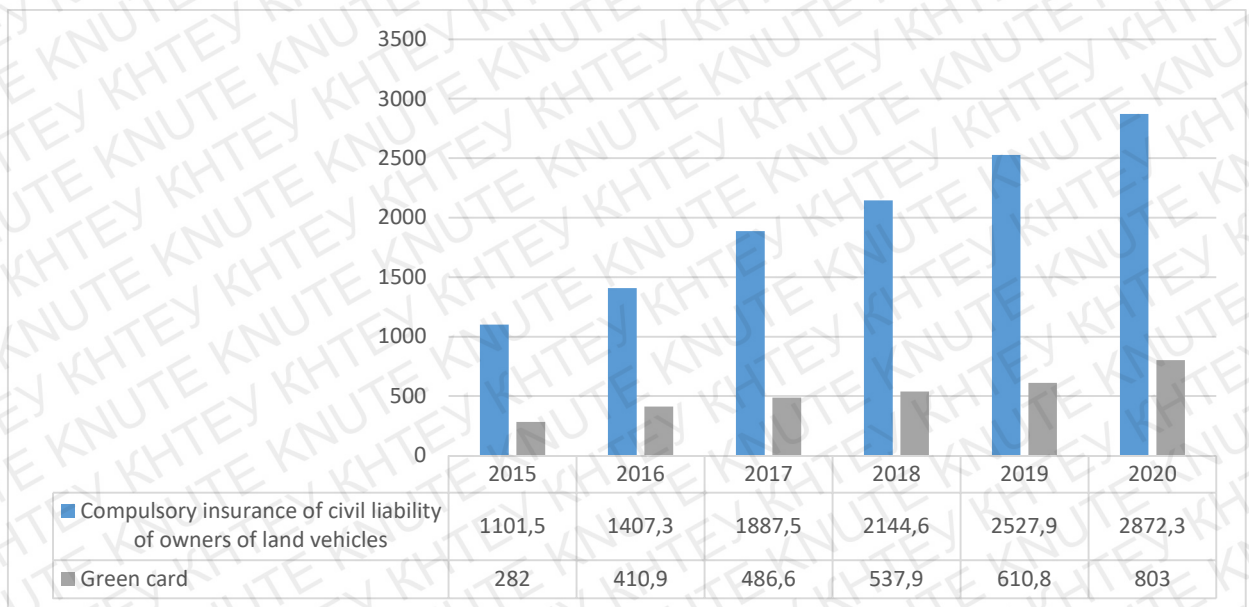


Fig. 2.8 Dynamics of insurance payments during 2015-2020, UAH million [27-30]

The same with insurance payments (fig. 2.8). In 2020, compared to 2015, the number of insurance payments increased by 1770,8 and 521 (according to the green card) million hryvnias. And this is 260,8% and 284,8% respectively.

Income from insurance premiums on average exceeds insurance payments by 2 times.

Insurance is traditionally one of the mechanisms of financial incentives for the population to reduce road accidents. Thus, for accident-free driving, the insurer, as a rule, provides the client with a discount on the cost of the policy of compulsory insurance of civil liability of owners of land vehicles. Increasingly, to stimulate the safe behavior of drivers on the roads come to the aid of innovative technologies - telematics devices and various mobile applications that track the driver's driving style and form an insurance rate based on it. Neat drivers with a predictable driving style get a lower

price for insurance. Today, such programs are already used in voluntary types of car insurance, but the range of their possible application is much wider [34].

Therefore, in subsection 2.1. we considered in general statistics on 3 types of insurance, and in subsection 1.2. we will look interaction of subjects in domestic insurance market, so specifically at companies engaged in life, property and liability insurance.

## **2.2. Interaction order of subjects in domestic' insurance services market**

In subsection 2.2. we will consider the relationship of the domestic insurance market. That is, supply and demand in the insurance market. What demand forms and how they respond to supply.

Considering personal insurance, take for example life insurance.

In Ukraine, accumulative life insurance offers different options for making payments (monthly, quarterly, annually, etc.), ways to pay the insurance policy, as well as different options for insurance payments. These can be both life insurance payments, ie at the end of the contract, and compensation for various insured events (injuries, critical illnesses).

There are several methods of calculating the sum insured:

### 1) Providing income for several years

Take your current income for the year and multiply by, say, 10 years. This will be your ideal amount of insurance. Depending on how long you want to provide additional income, ie the number of years, the sum insured will change.

### 2) Replacement of income

This method takes into account current income plus the number of years of earnings remaining before retirement. If a person's current income is 100,000 hryvnias and he has 5 years left to retire officially, then the ideal insurance coverage will be 500,000 hryvnias.

### 3) Needs analysis

This method takes into account the current needs of the family and planned for the near future. By estimating daily expenses and regular needs, such as rent, medical care, food, utilities, mortgage, credit, you can understand how much money is needed to maintain the same lifestyle. When calculating by this method it is necessary to take into account inflation, as well as savings and investments of the insured person.

When choosing a life insurance policy, it is important to know what will affect the amount of the annual contribution. Here are some factors that affect the cost of life insurance:

**Age.** The younger you are, the less risk for the insurance company and lower rates, so the amount of premium for the insurance policy will be lower. It is profitable to insure your life at a young age. The older a person is, the higher the tariffs.

**Sex.** According to statistics, women's life expectancy is about 5-7 years longer than men. Thus, the tariffs required for planning for women are slightly lower. The reason for this is that according to insurers, women have to make contributions for more than a year.

**Family history.** A family history will play a key role in determining the amount of your insurance premiums. A family history of heart disease, hypertension, cancer, or diabetes may increase the amount of payments. Genetic or hereditary diseases will also affect your life insurance.

**Smoking.** Smokers receive a supplement to the regular rate for reasons that are obvious to everyone. It is known that smoking causes a number of cancers and deaths around the world. In the medical declaration, the client who smokes indicates the number of cigarettes per day and time when he quit smoking, if he quit this bad habit.

**Alcohol.** The habit of constantly drinking alcohol can also affect your sum insured, because the desire to drink affects not only your lifestyle but also your health.

**Overweight.** This phenomenon can lead to serious health risks at a young age. Obesity is a serious predisposition to critical illness, and therefore insurance companies pay special attention to this fact. Having a body mass index (BMI) over 20 kg is not ideal for an insurance company. Weight loss can help lower your annual insurance policy payments.

**Profession.** Your profession can potentially increase insurance payments if your job is unsafe. The work of white collars usually does not pose significant risks to health and life.

**Lifestyle.** Your usual lifestyle can also be a determining factor in life insurance. Those who do extreme sports, such as bungee jumping, skydiving, martial arts, etc. may receive a higher rate and, consequently, a higher payment.

Life insurance premiums are available to any category of the population, but clients usually insure life and health for large sums. We have analyzed above the reasons why the amount of insurance payment for different people may not be the same. Various factors, such as age, gender, hereditary diseases and lifestyle, affect premium rates. Even among two people of the same age, payments may differ if one smoker and the other does not smoke.

As for companies that provide life insurance services in Ukraine, according to Forenschurer [35] In January-June 2021, the TOP-3 largest life insurers accounted for UAH 1.6 billion of premiums or 59.3% of all life insurance market premiums, as well as UAH 271 million of insurance payments or 72% of all payments.

*Table 2.1*

**Top-5 life insurers in Ukraine by premiums, H1 2021**

№	Insurer	Premiums, thousand UAH
1	METLIFE	954 406
2	TAS	359 958
3	PZU	298 890
4	UNICA	252 750
5	ARX LIFE	159 104

*\*based on data [35]*

Over the past 3-5 years, for most companies operating in competitive sectors of the Ukrainian economy, employee health insurance has become a kind of "must have" -component of the social package of the employer. Most companies use voluntary health insurance programs, which, unfortunately, do not cover the most catastrophic risks that Ukrainians of working age face today. These are the diagnosis of so-called critical diseases that threaten life or significantly worsen its quality, cancer diagnoses



and severe diseases of the cardiovascular system: heart attacks, strokes. That is why, given the current situation with morbidity and the peculiarities of personnel insurance programs available in Ukraine, it is desirable for all socially oriented employers to supplement the LCA with programs "Risk Life Insurance in case of illness from reliable and experienced partners".

Table 2.2

### Top-5 life insurers in Ukraine by payments, H1 2021

№	Insurer	Payments, thousand UAH	Redemption amount, thousand UAH
1	METLIFE	135 812	32 410
2	TAS	76 986	12 687
3	ARX LIFE	25 116	25
4	PZU	23 544	7 318
5	UNICA	20 783	6 120

*\*based on data [35]*

So, returning to table 2.1 and 2.2, we can make some conclusions about the formation of demand in response to market supply.

Premiums received by life insurance companies grew by 8.5%. This can be explained by the fact that in life insurance contracts with customers are concluded for 5-10-15 years or more. Therefore, the insurer receives a plus or minus a stable inflow of payments annually.

And even if the insured wants to terminate the contract, he will lose a decent amount of savings, which is not profitable for him. In addition, in the "life" insurance companies index the size of payments, increasing them by inflation. This also provides an increase in premiums, albeit nominal.

In life, the level of payments is not indicative due to the specifics of this type of insurance and the longevity of contracts, so the frequency of payments does not have a clear pattern. Thus, the low level of payments in life insurance does not mean that the company is unfair to its customers.

It is worth looking at the amount of redemption amounts, indicating the early termination of contracts and the absence / presence of confidence in the insurer. So, in

2020, the redemption amounts amounted to 175 million UAH, which is only 3.5% of life insurance premiums.

The total assets of insurance companies in 2020 increased by 2.5% to UAH 65 billion, the volume of reserves increased by 8% to UAH 32 billion. [36]

Let's move on to the property insurance market.

Ukraine's property insurance market still has unused reserves. Only about 10% of risks are insured in the country, while in most developed countries this figure reaches 90-95% [37].

The choice of insurance companies in which a legal or natural person can insure their property is quite large. Insurers offer approximately the same insurance terms and insurance packages to increase insurance premiums, but their customer policy differs significantly in terms of payments. Characteristic of many large insurance companies is the low level of satisfaction of insurance interests of medium and small policyholders, where the amount of insurance payments is significantly understated. At the same time, insurers often do not want to extend the insurance contract with such customers. No less important is the low level of income. Demand for insurance services remains very low.

Real estate insurance services for individuals can be divided into two segments: voluntary property insurance and mortgage insurance as collateral. As a rule, the line of insurance products of insurers includes several insurance programs that provide insurance protection of property of individuals. Their main feature is the classic or simplified procedure for determining the amount of insurance coverage, concluding an insurance contract and paying insurance indemnity. Programs may differ in the proposed insurance amounts - insurance of movable property located in the apartment, repairs, household buildings on the territory (if it is a private house).

Also, products can be "boxed" - with fixed sums insured. Today, there is a growing demand from individual clients for property insurance under express programs, mainly due to the efficiency of the contract, low cost of the policy and a simple payment procedure. Express insurance provides for the possibility of concluding a contract without prior inspection of the apartment, assessment and

description of property and repairs. The risks covered by express insurance are the same as for property examination programs, they can also be combined. The sum insured is set by the client, but it is usually limited to a relatively low level of compensation. The classic insurance procedure involves inspection, evaluation and description of the insured property. The assessment is usually carried out by an independent expert involved by either the client or the insurance company.

The main advantage of the classic procedure is the most complete and adequate protection of the property that the client cares about. Thus, the maximum amount of real estate and property insurance can be more than a million hryvnias, the deductible of most insurers is one percent of the sum insured. The insurance rate is convenient because it is democratic. For example, repairs worth 500 thousand UAH. you can insure a little more than 2 thousand UAH. per year, and for a small amount of coverage, this amount is 200-300 UAH. The average tariff on the market ranges from 0.4 to 1.3%.

Instead, comprehensive insurance programs are becoming more popular for corporate clients during the crisis. In the struggle for large corporate clients, insurers try to develop new products with the widest possible coverage, taking into account the industry and individual specifics of the business. Such proposals allow companies interested in cost optimization to save on individual options. Comprehensive insurance programs are designed to cover the widest possible range of risks.

There are two options for developing such products for legal entities - the formation of the broadest insurance coverage, taking into account all the main risks of the enterprise, or creating a program on a modular basis, which allows the customer to add the necessary options to the main product. Most comprehensive programs are based on the classic main areas of insurance.

Market participants see a promising direction in the insurance of private country houses and cottages. Currently, the demand for this type of service is due to the requirements in the case of transfer of such real estate as collateral. From year to year, demand in this segment is increasing, as the number of new buildings is also increasing. First of all, the reluctance to insure applies to those cottages and country houses that

were built a long time ago. Overhauls of such facilities are infrequent, their visits are mostly seasonal, so the risks are quite high, and insurers usually refuse insurance.

With regard to real estate for seasonal residence, we consider each such case individually. The reason is that not all cottages meet the requirements of insurance companies. The average "age" of country houses is 20-30 years, so their condition is unsatisfactory. Often they do not meet the requirements of fire safety, protection against illegal actions of third parties. If a country house is left for a long time and living in it is seasonal, it makes the risk of insured events, as well as their consequences uncontrolled, so insurance companies usually do not insure country houses. Most contracts are concluded with a full list of risks. But the most significant for customers - fire and natural disasters, as they belong to the category of virtually uncontrolled catastrophic risks and can cause complete destruction of property.

Increasingly, customers are interested in including in the contracts of specific options contained in the insurance programs for construction risks, which provide for the payment of insurance indemnity in case of designer error, use of poor quality materials, miscalculations in the installation work and more. A common insurance product is liability to third parties at the time of repair.

As for movable property, as the practice of the most developed countries of the world shows, the most common type of property movable insurance is motor insurance. In the United States, for example, at official meetings, the type of insurance accounts for about 45% of the total collection of property insurance premiums. This is due, on the one hand, to the rapid growth in the number of vehicle owners and the high level of danger satisfying the minds of transport - on the other.

Consider the top 5 companies in Ukraine by size in the CASCO market for 2021 (table 2.3).

Table 2.3

**Top-5 companies in Ukraine by size in the CASCO market for 2021**

№	Insurer	amount of insurance premiums, thousand UAH	weight in the insurer's portfolio, %	increase in insurance payments, %	amount of insurance payments, thousand UAH	level of payments, %
1	ARX	1 611 919	60	18	669 305	45
2	ARSENAL Insurance	1 032 341	56	24	429 404	46
3	UNICA	807 164	32	6	300 611	38
4	Ukrainian insurance company	579 986	30	5	342 828	58
5	TAS	453 064	22	28	269 489	67

*\*based on data [35]*

So, in the first place they placed the insurance company ARX, because the amount of insurance payments there is the largest insurance payments, but it is followed by Arsenal Insurance, because the increase in insurance payments is 23.8%.

Assessing the level of interest payments in the first place is the TAS Insurance Group. In terms of increase in insurance payments, TAS is also currently in first place in Ukraine.

As for liability insurance, despite the fact that liability insurance along with insurance, such as property, health or health insurance is regulated in Ukraine in the first versions of the law on insurance, the spread of this type of insurance in Ukraine is generally quite slow and is significantly inferior in depth to the more traditional types of insurance mentioned above.

Liability insurance is closely related to property insurance, as most types of liability involve the use or disposal of property. However, liability insurance differs from property insurance in that in property insurance the object of protection is a

predetermined property for a predetermined amount, and in liability insurance - not predetermined property benefits, and the funds of the insured as a whole.

Liability insurance also differs from personal insurance, which is provided in the event of certain events related to life, health, ability to work and supplementary pension of the insured. Personal insurance is usually a sum insured, and liability insurance is a branch of insurance where the object is liability to third parties who may be harmed (damaged) as a result of any actions or inaction of the insured, ie loss insurance.

The gradual development of liability insurance in Ukraine is due to the fact that individuals and legal entities are beginning to increase their costs to obtain a high level of security of their lives and businesses, the need to protect their property interests from unforeseen risks is gradually increasing. The volume of collected premiums is growing, but the volume of payments is growing faster.

Strengthening the role of civil liability insurance can qualitatively change the insurance market of Ukraine and bring additional funds to it. For insurance companies, improving the condition of the sub-sector is also a positive factor, as it will increase the demand for insurance services. To improve the level of development of civil liability insurance, it is necessary to increase the demand of the sub-sector and improve the level of information support of Ukrainians about the socio-economic effect of these types of insurance. Also a necessary component is to reduce the level of control and change the conditions of the legal framework regarding the main provisions of insurance contracts.

In our opinion, Ukraine also needs to improve credit risk liability insurance, because in conditions of instability, the risks of non-repayment of loans to banks increase several times, which makes the participation of insurance companies indispensable in this segment of the financial services market.

As a new type of protection on the Ukrainian market, credit insurance has been practiced for a relatively short time in two versions.

The first is voluntary insurance of the risk of outstanding loans (the bank, transferring the risk to the insurer, is both the insured and the insured). When the insured (bank) can independently insure the loan under the loan agreement by signing

an agreement with the insurance company on voluntary credit risk insurance, the amount of insurance premiums is taken into account when setting the interest rate on the loan. This operation is similar in nature to accident insurance, which is non-repayment of the loan [36, c. 30].

This variant of voluntary risk insurance of outstanding loans is not very popular in domestic insurance practice, because commercial banks are still afraid to use credit insurance as the main form of protection and types of banking risks. Without extensive coverage in the economic press of balance sheets, financial statements of insurance companies, without an insurance audit, there are doubts about solvency. Due to very high insurance premiums also increase insurance premiums, and with them the cost of production, which results in higher prices for goods and services. In addition, the procedure for drawing up an insurance contract is complicated: banks have to agree on insurance rates, the nature of liability, provide the insurer with documents, etc.

The second option of credit insurance is voluntary insurance of the borrower's liability for non-repayment of loans (the debtor is an insured who insures the loan in favor of his lender).

The insurance policy is considered as a guarantee paper of the bank's insurance company for financial obligations to its suppliers. Such insurance can provide loan repayment and interest payments only if the insurance company agrees and can pay the insurance premium. To do this, the bank must obtain from the insurance company through the borrower and consider the following documents: - rules (conditions) of insurance, approved in the manner prescribed by the statute; - charter and constituent documents; - certificate of state registration; - a license to conduct insurance activities with a list of types of insurance, including liability insurance; - insurance policy in the standard form; - voluntary insurance contract in the standard form [37, c. 32].

The presence of excess of the actual size of its free assets over liabilities indicates the solvency of the insurance company. The financial stability of the insurer is ensured by the following factors: equity and reserves, free from liabilities; balance of the insurance portfolio; methodology for calculating insurance rates; the amount and location of insurance reserves; reinsurance opportunities.

The insurance contract is concluded based on the results of the analysis of all submitted materials, taking into account the amendments made by the bank and submitted to the bank together with the insurance policy. In the case of preparation of a decision on liability insurance for non-repayment of the loan and interest thereon, the bank must consider the draft voluntary insurance contract in compliance with the following requirements: - the insurance contract must exceed the loan repayment period submission and consideration of the application; - the insurance contract must enter into force no later than the date of the loan; - the deadline for submitting an application to the insurance company for the occurrence of the insured event must be minimal; - the date of occurrence of the insured event of the insurance company's liability for the payment of compensation must correspond to the date of repayment of the loan and payment of interest; - only after the insured has paid the entire amount of the insurance payment, the insurance contract enters into force [38, c. 71].

It should be noted that the insurance is carried out at the expense of the insured, from his bank account the insurance premium is deducted. But the mortgage mass form of insurance has disadvantages: the insurer does not enter into direct legal relations with the lending bank, and is associated with it only indirectly.

It is known that credit risk insurance in the developed world provides a mandatory condition for the so-called concomitant insurance. Such insurance is that the borrower of the loan or the buyer of the goods on credit for the term of the loan insures life, ability to work, life to the end of the contract.

This type of insurance is used for collateral. This means that the borrower is insured for the term of the loan. When concluding insurance contracts for both types of liability insurance take into account the solvency of the borrower. By creditworthiness we mean that the business entity has the prerequisites necessary to obtain a loan and the ability to repay the loan on time. That is why the conclusion about creditworthiness is made on the basis of the analysis: - diligence of calculations for earlier received credits; - current financial condition; - the ability to mobilize, if necessary, funds from various sources, ie the level of liquidity. When deciding on a loan, the bank determines the degree of risk it is willing to take and the amount of credit it can provide. [39].



Conclusions to the second section. Thus, in the second section we analyzed the market of insurance services in Ukraine. During 2019-2021, there is an increasing trend in all major financial indicators of insurance companies, such as: gross and net insurance premiums, gross and net insurance payments, insurance reserves and assets of insurers. Based on the analysis of macroeconomic development indicators insurance industry, it can be concluded that Ukraine is characterized by a low level of insurance penetration and insufficient amounts of insurance premiums per capita.

And they came to the conclusion that the Ukrainian insurance market has not yet developed general terms of credit insurance, which would cover the most important rules of each type of insurance. Therefore, credit insurance will develop, from our point of view, not only by improving the current conditions of liability insurance, such as collateral insurance, but also through the transformation into delcredit type insurance (credit insurance), which can be considered as insurance of creditor banks «accident» in their activities. We believe that such insurance protection can be characterized by greater stability and protection of creditors' interests.

The next step of our research will be the analysis of personal insurance in European countries and the possibility of implementing this experience in the Ukrainian market.

## **SECTION III. INSURANCE SERVICES MARKET OF UKRAINE IMPROVEMENT FUNCTIONING IN CONTEXT OF EUROPEAN INTEGRATION**

### **3.1. Implementation in Ukraine European experience of insurance services market functioning**

In the previous section, we examined the current state of the insurance market, made a description of the segments. Considered which Ukrainian companies provide insurance services for property, personal and liability insurance.

In this section, we will explore the possibilities of improving the functioning of the insurance market in Ukraine in the context of European integration.

In the European insurance market, life insurance is positioned as one of the most representative and developed types of insurance both in terms of socio-economic significance and in terms of turnover, which is why this section is devoted to the study of personal insurance and life insurance itself.

Gradual integration of Ukraine into European structures requires research of the European life insurance market and insurance programs distributed there.

As life insurance contracts are usually concluded for a long period, the funds raised can be invested in long-term projects. Recently, the insurance sector of developed European countries has begun to undergo significant changes. Insurance companies are actively expanding the scope of their activities, entering the financial markets not only as investors but also as asset managers or issuers of securities. This enables the insurance sector to act in the social sphere not only as a guarantor of stability, but also as a source of additional income for the general population by providing clients with investment instruments (products with an investment component).

In 2020, the European insurance sector invested more than € 10.4 trillion in the economy, which demonstrates the value of the industry in stable, long-term financing of the economy. The total amount of gross insurance premiums in 32 European countries amounted to more than € 1.2 trillion.

During the year there was a stable growth of property insurance (+ 2.2%), health insurance + 6.8%) and life insurance (+ 4.7%). Table 3.1 shows the main indicators that characterize the European life insurance market.

*Table 3.1*

**The main indicators of the European life insurance market**

2019	2020	Growth, %	2020 (excluding the UK)	Growth (excluding the UK)
Insurance payments				
€702bn	€630bn	↓-10,8%	€484bn	↑6,3%
Insurance premiums				
€753bn	€700bn	↓-7,5%	€547bn	↑4,7%
Density insurance				
€1 262bn	€1 163bn	↓-7,9%	€1 022bn	↑4,3%
Insurance market penetration				
4,41%	3,95%	↓-0,46	3,60%	↑0,06

*\*based on data [41]*

In 2020, insurance payments amounted to € 630 billion, or € 1,046 per capita, and compared to 2019 decreased by 10.8%. The reason for this sharp decline was the decrease in insurance payments (-10.8%) and insurance premiums (-34.8%) in the UK, due to the fact that the results of several British insurance companies providing life insurance were not included to ABI indicators; with changes in the business structure of individual companies; reduction of pension benefits. If we analyze insurance payments without the United Kingdom, in 2020 they increased by 6.3% and amounted to € 484 billion, and per capita € 902. In 2019, 68.2% of all insurance payments fell on the four largest markets - the United Kingdom, France, Germany and Italy.

The decrease in insurance payments by 5.5% was due to their decrease in the United Kingdom. The other three markets showed significant growth in payments: Germany (+ 7.4%), Italy (+ 5.5%) and France (+ 3.8%).

Insurance payments also increased in smaller markets, in particular: Sweden (+ 38.7%), Finland (+ 17.4%), Hungary (+ 14%), Austria (+ 9.5%). At the same time, in some countries there was a decrease in payments: Greece (-24.7%), Portugal (-11.9%),

Poland (-13.6%). Insurance premiums in Europe amounted to € 700 billion. A decrease of 7.5% compared to 2018 is due to their decrease in the UK (-34.8%). Excluding the UK, insurance premiums rose by 4.7% to € 547 billion. 76.3% of insurance premiums were in the UK, France, Italy, Germany and Spain. The increase in insurance premiums took place in Finland (+ 13.1%), Germany (+ 11.5%), Hungary (+ 6.8%), Belgium (+ 4.4%), France (+ 3.5%) ; decrease - in Portugal (-13.7%), the Czech Republic (-13%), Spain (-5.6%), Austria (-2.1%), Poland (-2%).

Insurance density (the ratio of gross insurance premiums to the total population) is an indicator of insurance consumption per capita. In 2020, the average in Europe was € 1663 per capita, which is 7.9% less than in 2019. The penetration of the insurance market (the ratio of the insurance market to total GDP) shows the share of insurance services in the economy (as a percentage) ). This figure in 2020 was 3.95% and compared to 2019 decreased by 0.46 percentage points.

The following life insurance programs are common in Europe:

1. Risk life insurance - the insurance policy is issued for a short period (usually not more than 1 year). The client insures his life against possible illness, accident, injury, death, etc. The principle of a risky insurance policy is that the client pays a fixed amount to the insurance company once, and the insurance company undertakes to pay the client certain compensation if the insurance event specified in the policy occurs with the client. If during the period for which the client was insured, he did not have an insured event, the policy expires and the client does not receive any payments, ie the money (the cost of the policy) remains with the insurance company.

2. Accumulative life insurance is a long-term life insurance (usually from 10 years and more), in which the client is not only protected from certain risks, but also has the opportunity to accumulate and increase their funds. Insurance companies provide different versions of this product to cover different types of risk, but the cumulative insurance program must include the risks of survival of the insured person until the expiration of the contract and the death of the insured person. In the first case, the client receives the entire sum insured under the contract plus additional investment income (interest accrued on the funds contributed by the client). In the second case, the sum

insured and additional investment income is received by the beneficiary (heir) specified in the insurance contract. In Europe, 80% of the population has a funded insurance policy. Along with accumulative life insurance, combined insurance products with a service component (telemedicine services, medical check-ups, etc.) are gradually gaining popularity. For the client, this is usually a nice little thing that increases loyalty to the insurance company.

3. Mixed life insurance - a symbiosis of two previous types of life insurance, which establishes both the main (life or death of the insured person) and additional (critical illness, injury, disability) risks. The policy guarantees the material support of two or more insured events, in the event of which the insurance company pays compensation.

4. With-Profits Policies. After conducting an annual assessment of insurance assets and liabilities, the company deducts part of the profits as a bonus in favor of the insured. The bonus is payable only after the end of the contract.

5. Life insurance with participation in the reserve capital of coverage - the insurance premium includes a certain rate of savings that the insurance company invests, thereby forming the reserve capital of coverage. Profitability under such agreements is low [42; 69-70].

6. Investment life insurance (UnitLinked) is a hybrid of classic accumulative life insurance with an investment component in the form of mutual funds (combines the features of insurance and investment product). In 2018, this product accounted for 73% of the European insurance market. The recognized leader is the United Kingdom.

Investment policies are intended for clients who are primarily interested not in insurance coverage, but in creating capital and obtaining additional income. Unit-Linked policies are a serious alternative to the products of banks and investment companies, because, on the one hand, they make it easier for individual investors to participate in stock market transactions, and on the other - provide the necessary insurance guarantees [43, 33].

Under the Unit-Linked life insurance program, the invested funds are divided into two parts: a guarantee fund and an investment fund. One part is invested in fixed

income instruments. They are selected in such a way that by the end of the insurance policy to ensure the return of the full sum insured (this part provides capital protection). On the other hand, the investment part, market operations are carried out, which allow to obtain additional income from placement in more risky and potentially profitable financial instruments (stocks, bonds, mutual funds).

The proportion between these two parts is not fixed. As the market grows, the insurance company increases the investment fund, which allows customers to earn extra income. When the market falls, a significant part of the client's investment is converted into conservative instruments and provides a return on cash (rebalancing). The client can independently choose the investment strategy, which determines the ratio between the shares of investments in the guarantee and investment fund while maintaining the return on investment guarantee.

In this segment, there are policies with guaranteed profitability (about 2-3% in dollars), but in most cases the profitability is not predetermined and depends on the situation in the stock market, as well as the nature of the chosen strategy. Unlimited profitability leads to higher risks. However, the protection of invested capital in the form of insurance premiums is fully maintained. The guarantee of the premium invested by the client is provided by the solvency of the insurance company, which is strictly controlled by the regulator [44].

After the expiration of the policy, the client receives an amount that during the investment may increase significantly due to the increase in the value of securities. In the event of an insured event, the beneficiary receives insurance payments in the amount of the sum insured and the amount of investment. The policyholder, in fact, gets the opportunity to invest their savings, receive income from such investments and at the same time be insured.

New products have recently appeared on the European insurance market and are being successfully sold, giving the insured complete freedom to choose, change and supplement life insurance conditions. The first of these products was a policy of free insurance - "universal life" (Universal Life).

The main idea of this type of insurance is that the insured, concluding the contract, reserves the right to free payment of premiums both in terms and size, as well as the free choice of guarantees during the term of the contract. Depending on the actually paid insurance premiums and changes in the requirements of the insured to the set of insurance benefits, the insurance company constantly adjusts the sum insured. Contracts of this kind combine financial, savings and the actual insurance product, as their main purpose is to create savings and obtain an insurance guarantee. During the term of the contract, the insured has the right at any time to make additional guarantees in the policy, or to receive funds from a savings account, to make additional one-time premiums, or to change the sum insured in case of death. In addition to basic life and death benefits, such policies offer the following guarantees: regular income payments; help with permanent loss of health; sum insured in case of disability; hospital assistance; increased payment for death as a result of an accident; coverage in case of diagnosing critical diseases [43; 36].

In European insurance practice, the requirements for life insurance products are as detailed as possible regarding the transparency of conditions and unambiguous interpretation of insurance contracts, the composition of information provided by the insurer to the client, the regularity of its provision. In the United Kingdom, there is an institution of financial ombudsmen who resolve disputes between an insurance company and a client in the event of mis-selling (Mis-selling). In Germany, there is an institute of independent consumer unions, which provides free advice to customers on any issues related to the purchase of financial services. In the Netherlands, the client must be provided with a memo with the main parameters of the contract.

Many European countries have tax benefits for insurance payments (Austria, Belgium, Denmark, Spain, the Netherlands, Finland, France, Germany, Switzerland).

The process of Ukraine's integration into the EU requires bringing Ukraine's legislation in line with EU law. The aim of regulatory approximation in the insurance services sector is to introduce a full regime of the EU internal market, which will allow Ukrainian insurance companies to provide services in the EU on the same basis as companies from EU countries.

Unification of national systems of regulation of insurance activity is carried out on the basis of the basic principles which are declared by the Second directive on solvency of insurance and restructuring companies of the EU countries (EU) and Solvency. Fragmentation of regulation hinders international expansion.

The implementation of Solvency II requirements may lead to an increase in demand for agreements that provide for simplified capital requirements for higher-level insurance companies. However, the late introduction of these requirements reduces the demand for such products on the market [45].

The task of adapting the legislation of Ukraine on insurance services to the EU legislation is the unification of European and Ukrainian legal terminology, as well as making changes and / or additions to the relevant regulations. If Ukraine does not have the legal acts necessary for the legal regulation of certain relations in the field of insurance, and such regulation is provided by EU directives, they must be developed and implemented. It should be noted that the main work on the approximation of domestic insurance legislation is only at the stage of development and development of relevant bills.

Regulation of relations between the insurer and the insured in the field of life insurance is based on the Law of Ukraine "On Insurance" of March 7, 1996 № 85/96-vr, taking into account the latest adjustments of December 10, 2020 [13].

It should be noted that life insurance in Ukraine has significant development potential, as its purpose is to supplement the social security system. During the period from 2009 to 2019, the volume of insurance premiums in the life insurance market increased almost 4 times, insurance payments 6.8 times. Returning to the information from the previous sections, we can note that for 9 months of 2020, the volume of life insurance premiums compared to the same period in 2019 increased by 10% and amounted to UAH 3.6 billion. At the end of 2020, there were 20 life insurance companies operating in the insurance market. In January-September 2020, insurance companies paid over UAH 438.2 million to customers. The TOP life insurers by premiums include METLIFE - UAH 954,406 thousand, TAS - UAH 359,958 thousand,



UNIQA Life - UAH 25,250,000 thousand. UAH, PZU Ukraine life insurance - 298 890 thousand UAH.

In Ukraine, popular types of life insurance that have a savings function: mixed life insurance, child insurance, marriage insurance, life insurance. Among the types of insurance based on the annuity insurance mechanism, the most common are products intended for education, purchase of real estate (housing) and payment of a supplementary pension.

In our opinion, for the further development of the domestic insurance market, in particular personal insurance, a balanced development of its mandatory and voluntary types is necessary. At the same time, ensuring the sustainable development of personal insurance is impossible without the constant introduction of various innovations in the field of insurance.

Systematic development and introduction of new insurance products - innovation - as one of the cornerstones of marketing in personal insurance should cover all areas of insurance: from concluding insurance contracts for new types of insurance products to finding new areas of investment and modern methods of corporate governance [46, p. 67].

It should be noted that the range of innovations is quite wide, which is due to the significant variety of insurance services related to personal insurance, so in section 3.2 we will offer the most relevant innovative areas of personal insurance in life insurance and health. insurance and accident insurance, ie build a model of the domestic market of insurance services.

### **3.2. Domestic' insurance services market model in context of European integration**

Therefore, in the short and medium term, special attention should be paid to the development and improvement of some of the above types of personal insurance.

Among the voluntary types carried out at the expense of enterprises, the emphasis should be on the development of insurance of workers against accidents at work and health insurance. As for insurance at the expense of citizens, today the most promising insurance protection against accidents at home and accumulative life insurance. Thus, the possible areas of improvement of life insurance in Ukraine in accordance with world experience is proposed to reduce to the following measures, which are summarized in table. 3.2.

*Table 3.2*

**Directions of innovative development of life insurance in Ukraine**

Characteristic	Directions of innovative development
Insurance companies	<ul style="list-style-type: none"> <li>• mergers and acquisitions of insurance companies;</li> <li>• creation of various alliances, outsourcing;</li> <li>• development of mutual life insurance companies</li> </ul>
Regulation and supervision	<ul style="list-style-type: none"> <li>• introduction of protection of the rights of insured persons;</li> <li>• creation of a guarantee fund</li> </ul>
Types of life insurance	<ul style="list-style-type: none"> <li>• development of new insurance products in accordance with demographic and economic trends</li> </ul>
Distribution channels	<ul style="list-style-type: none"> <li>• expansion of sales channels;</li> <li>• interaction of banks and insurance companies in new areas</li> </ul>
Statistics	<ul style="list-style-type: none"> <li>• increase in capitalization;</li> <li>• increase in investment income;</li> <li>• cost reduction</li> </ul>

*\*developed by author*

In addition to the above innovative areas of life insurance development, there are areas for improvement that are related to solving the problems of the insurance market in Ukraine. Possible ways to solve them can be summarized as follows:

- making comprehensive changes to the insurance legislation, including the provision "On Mutual Insurance" on lifting the ban on mutual life insurance activities for mutual partnerships;
- creation of a guarantee fund in case of bankruptcy of insurance companies, financed from insurers' contributions and deductions from the state budget;
- development of professional life insurance standards, transition to international reporting standards;

- introduction of a unified system of training and certification of agents, advanced training of employees of insurance companies;
- development of the institute of actuaries;
- development and implementation of new insurance products;
- expansion of sales channels;
- promotion of life insurance.

We believe that one of the possible areas of life insurance development is currently expanding the range through innovative insurance products and sales channels. This also corresponds to the areas of development of life insurance abroad (see Table 10). At the present stage of development of the insurance market it is necessary to pay attention to the development of basic types of life insurance such as term and life, the supply of which in the market is insufficient, as a result of which insurers' needs for insurance protection are not met. As a result of the analysis of the offer of term and life insurance on the Ukrainian market, it was found that such options as renewal and conversion, and, accordingly, such term plans as renewable and convertible insurance are not used. In addition, family income insurance is completely uncommon. Also, the list of additional risks can be extended to other risks covered by health insurance. In this regard, we offer the following areas of innovative development of urgent life insurance:

1. Development and promotion of new insurance products: "Annually renewable life insurance", "Urgent family income insurance", life insurance "Standard";
2. Credit insurance should be supplemented with the option of conversion to another type of insurance (term or life) after the expiration of the contract.

The main characteristics of the proposed plans for urgent and life insurance are summarized in table. 3.3

Table 3.3

### The main characteristics of the proposed insurance products

Name	Renewable term insurance	Urgent insurance "Protection of family income"	Life insurance "Standard"
The main risks	Leaving life for any reason	Leaving life for any reason	Leaving life for any reason. Life up to 100 years
Additional risks	The need for hospitalization	Invalidity. Temporary disability	The need for hospitalization
Options	Restoration. Indexing	Indexing	Indexing. Profit sharing. Possibility of a loan
Term of insurance	From 3 years	Until retirement age	For life
Payment of the premium	Monthly. Quarterly	Monthly. Quarterly	Once. Monthly. Quarterly. Annually
Payment of the sum insured	Once. Daily care in case of hospitalization	Monthly payment in equal installments	Once. In the form of an annuity for life before retirement age. Daily care in case of hospitalization

*\*developed by author*

Renewable term life insurance will allow you to conclude an insurance contract on a short-term basis, the contract can be extended at the request of the insured from the date of its expiration without mandatory medical examination. Also, this product can act as a supplement to other life insurance contracts, increasing the amount of insurance coverage on an annual basis.

Family income insurance provides insurance coverage in case of loss of a breadwinner and is a relatively inexpensive term insurance option, as the sum insured in this case decreases in proportion to the age of the insured, but if the latter remains alive until the end of the contract, the insured does not receive insurance benefits.

In this case, during the validity of the contract (usually until the insured person reaches retirement age), the family (dependents) are under insurance protection, so that in the event of an insured event to have funds to ensure current expenses.

The main feature of the proposed life insurance product is the availability of such an option as the ability to obtain a loan from the insurance reserves formed so far. The loan option in life insurance is attractive not only for potential customers, but also for

the insurer, because it will, firstly, increase demand for this product, and secondly, ensure the sustainability of contracts, as to take advantage of the option, that the contract was valid for 5-10 years.

The development and implementation of our proposed innovative products of term and life insurance will help expand the range of insurance products that offer protection for citizens and their families at an affordable price.

A separate innovative direction of personal insurance development in Ukraine may be the choice of non-traditional sales channels for personal insurance products. Thus, to promote life insurance among the population, it is proposed to introduce an insurance plan for simplified life insurance and an algorithm for its implementation using such a non-insurance intermediary as, for example, Ukrposhta or Nova Poshta.

The advantages of the postal sales channel include the following:

- the presence of an extensive network of post offices provides access of the insurer to various segments of consumers;
- public confidence in the postal system facilitates the decision to purchase an insurance policy;
- state participation in the capital of the post office eliminates the need to maximize the profits of the postal insurer, which allows you to create and offer on the market affordable and effective insurance products.

For comparison, one of the features of the Japanese market is the presence of such a life insurance provider as a postal insurer "Campo". Campo Post Insurance Company operates as part of the Japan Post Group of Companies.

The number of post offices in the Japanese Post network is about 20,000, this network sells simple and easy to understand insurance products with low insurance amounts, as well as interconnected services. The clients are mainly households and individuals.

To implement through this channel, we propose to implement a simplified insurance plan. Simplified insurance differs from conventional life insurance by a simple form of underwriting, the lack of mandatory medical examination of the health

of a potential client, the established values of insurance premiums and contributions. Instead of a medical examination, it is suggested to fill out a health questionnaire.

When using simplified insurance, there is a risk of incorrect assessment of the level of risk for each policyholder (antiselection), but the use of such a channel as mail, as well as an acceptable level of tariffs associated with low commissions, can ensure its widespread use.

Insurers also take such measures to reduce risk as setting age limits, applying a waiting period. In the table 3.4 shows an innovative insurance plan of simplified term insurance with the option of automatic renewal.

*Table 3.4*

### **Simplified life insurance plan**

Parameters	Content
The main risks	Leaving life for any reason
Additional risks	Missing
Options	Automatic continuation
Term of insurance	1, 3, 5 years
Payment of the premium	Monthly, quarterly
Sum insured	UAH 500 thousand, UAH 1 million, UAH 1.5 million.

*\*developed by author*

Informing about the product is carried out by consulting, as well as providing all the necessary information about the product in the post office, which allows the customer to determine their insurance needs, expressed in choosing the type of insurance and the amount of insurance, as well as clarifying the insurance rate his sex and age.

In annex F presents a possible algorithm for concluding a contract using the mail distribution channel. Based on the consideration of the completed application form, the insurer decides to accept insurance on standard terms or to refuse to enter into a contract. After that, the policy is issued, the first installment is paid, and the contract enters into force.

Further information about the offered insurance services can be carried out by sending information letters to postal addresses, as well as by organizing various events (lectures) for policyholders. Then, after the expiration of the time, the following events may occur: termination of the contract, expiration of the contract, the occurrence of the insured event.

The development of the proposed insurance products and their implementation will help expand the range, as well as increase public awareness of life insurance services, their promotion, strengthening public confidence in financial institutions.

In addition to life insurance, there is a wide field for the introduction of innovations in the field of health insurance and accident insurance, which, along with life insurance, are part of personal insurance.

The features of introduction of modern innovations in the field of corporate personnel insurance are considered below.

It should be noted that in the current economic environment, socially responsible employers, who traditionally provide their staff in the structure of compensation packages with collective insurance protection, expect from providers of non-standard insurance solutions.

The current trend is that, in contrast to previous periods, these expectations now apply not only to mainly voluntary health and accident insurance, but also to an equal share of risky life insurance. Most insurance companies representing the corporate voluntary health insurance sector (hereinafter - LCA) traditionally operate with a standard set of services, changing only their combination at the request of the corporate policyholder or insurance intermediary. But there are providers who are ready to listen very carefully to the needs of customers and experimentally implement not only their own but also the proposed ideas, creating innovative insurance solutions of the new generation, without losing the profitability of insurance operations.

Prominent examples of such innovations in voluntary health insurance are in the annex G.

Insurers understand and accept that by simultaneously applying innovative approaches to two types of personnel insurance - VHI and risk life insurance, including those forced by the need to optimize the budget, achieve a balance in the configuration of benefits for employees.

In order to develop innovative insurance products in the field of personal insurance, calculation of insurance rates, as well as for the convenience of policyholders, it is proposed to use the insurance plan as a set of insurance characteristics, including a list of main and additional risks, options, insurance period, periodicity of contributions and conditions. making an insurance payment.

To develop an insurer's new insurance product, create rules and conditions for a new type of insurance, calculate the insurance rate, it is advisable to use a set of insurance characteristics, called the insurance plan. The insurance plan can be used both during the technical development of a new product and in the implementation of the finished insurance product to determine the needs of the insured in insurance protection. Each of the parameters of the insurance plan affects the amount of insurance premium that is paid. In the table 3.5 presents the main parameters of the insurance plan. From a practical point of view, the formation of insurance services according to the above scheme will contribute to the expansion of supply, flexible and transparent pricing of innovative personal insurance services.

*Table 3.5*

**Contents of the parameters of the personal insurance insurance plan**

Parameter	Content
1. The main risks (one or more of listed)	a) unfavorable: <ul style="list-style-type: none"> <li>- death from any cause;</li> <li>- death as a result of illness or accident;</li> <li>- temporary disability due to illness or accident;</li> <li>- disability due to illness or accident;</li> <li>- an illness that requires treatment costs,</li> </ul> b) special: <ul style="list-style-type: none"> <li>- living to a certain term;</li> <li>- living to a certain age;</li> <li>- marriage;</li> <li>- pregnancy and childbirth, and others</li> </ul>



Continuation of Table 3.5

2. Additional risks (additional risks include new types of insured risks, with the expansion of their use they will become major)	<ul style="list-style-type: none"> <li>- severe (critical) illness;</li> <li>- surgery (operation);</li> <li>- long-term medical care</li> </ul>
3. Options (additional conditions)	<ul style="list-style-type: none"> <li>- participation in the insurer's profit (receiving bonuses);</li> <li>- indexing;</li> <li>- return of contributions;</li> <li>- receiving the redemption amount;</li> <li>- reduction of the term of premium payment (reduction);</li> <li>- exemption from premiums during the temporary period incapacity for work, unemployment;</li> <li>- payment of insurance payments for the insured in full disability;</li> <li>- change in the amount of the sum insured (increase, decrease);</li> <li>- adding another person;</li> <li>- policy conversion;</li> <li>- policy renewal and others</li> </ul>
4. Term of insurance	from one year to life; after reaching a certain age
5. Payment of contributions	<ul style="list-style-type: none"> <li>- once;</li> <li>- lifetime or urgent periodic payment (annually, quarterly, monthly, weekly);</li> <li>- change in the amount of contributions (increase, decrease)</li> </ul>
6. Payment of insurance coverage	<ul style="list-style-type: none"> <li>- lump sum (full sum insured or part of it);</li> <li>- in the form of life or urgent rent (annually, quarterly, monthly);</li> <li>- payment for the day of incapacity for work;</li> <li>- partial or full reimbursement of medical expenses</li> </ul>

*\*developed by author*

Thus, the study identified various ways to innovatively improve life insurance, health insurance and accident insurance.

One of the prerequisites for strengthening and increasing the reliability of the financial system of the state is the financial development of insurance companies, which today is impossible to imagine without the components of planning and forecasting processes.

The fundamental result of the financial and economic activities of the insurer, which can be used to make strategically important decisions, is the sum of financial and insurance results, where the financial result covers investment activities and asset management activities. We have developed a coordinate system of the matrix (annex

H), which fully reflects these processes and is the total value of estimates of the development of two key aspects of activity: insurance and financial business (IB and FB).

Analysis of IB, FB and their sum is necessary to determine the dynamics of cash flows from insurance and investment activities. The results of financial activities will be considered a change in the amount of the guarantee fund and the available insurance reserves. The guarantee fund includes all additional capital, additional reserves and retained earnings. If one of the obtained indicators (IB, FB) is negative, it indicates the emergence of problems and threats to the financial stability of the insurer, which must be addressed immediately.

The obtained squares can be interpreted as follows:

1. If IB is significantly less than zero ( $IP < 0$ ), this situation may be due to the fact that insurance premiums for the period under analysis are either greater than net insurance premiums, or equal to the amount of fees, or acquisition costs have shown a trend to a sharp increase. That is, the unbalanced insurance portfolio of the organization is dominated by risks with a high level of losses, and the management of the organization is unable to cope with its management functions.

2. In the case when IB is 0 ( $IP = 0$ ) we can say that to some extent the insurance portfolio is not balanced, ie: insurance payments for the reporting period do not exceed the level of receipts of insurance payments, but still adhere to the norm or are at a decent level, but a significant part of the received insurance premiums the company gives to reinsurance. It is possible that acquisition costs are rising, as in the previous case.

3. If the IB significantly exceeds 0, this position may be due to the fact that the insurance company occupies and maintains a stable position: insurance payments have a steady upward trend, and insurance payments - to decrease, which indicates a balanced portfolio of insurance services and profitable insurance policy, while there is a constant acquisition costs. The combined effect of these factors indicates a reliable position of the company in the market and prospects for its expansion, but also indicates a rather aggressive competitive policy of the insurer.

4. If the FB is much smaller, it can be assumed that the financial activities of the insurer for the period under review was unprofitable due to lost profits or a clear loss from both insurance and investment activities.

After receiving IBFB calculations, we determine which square a particular insurance company falls into and describe its current position (equilibrium, stability threat, etc.) and predict which square the insurer may fall into, or which position it is desirable to occupy. According to the results of such calculations, but for another year, we can predict to which square the insurer actually moves, comparing the situation with the projected value.

In order to clearly present the previously analyzed matrix model in action, we select three Ukrainian insurance companies with a related risk portfolio and type of service insurance portfolio (life insurance).

Therefore, based on the balance sheet data for the three reporting years, we will evaluate the insurance and financial business of insurance companies. Finding an indicator of insurance activity is carried out according to the previously proposed formula 3.1:

*formula 3.1*

$$IB = (IP - II - AC - REP) / (Ocap + IR - II - TC),$$

Where, IP - Insurance Premiums;

AC - Acquisition Costs;

REP - Reinsurance Premiums;

Ocap - Own Capital;

IR - Insurance Reserves;

II - Insurance Indemnities;

TC - Total Costs.

Having made the necessary mathematical calculations, we present the results of the assessment of insurance activities of companies using table 3.6:

Table 3.6

**Estimation of insurance business, %**

№	Insurer	2017	2018	2019
1	ARX LIFE	-0,794	-0,923	-0,635
2	TAS	0,078	0,044	0,063
3	METLIFE	-0,073	-0,267	-0,162

*\*developed by author based on [47,48,49]*

We will evaluate the financial aspect of management according to the following formula 3.2:

*formula 3.2*

$$FB = (GF - IR) / (Ocap + IR - II - TC),$$

Where, GF - Guarantee Fund.

*Table 3.7*

**Estimation of financial business, %**

№	Insurer	2017	2018	2019
1	ARX LIFE	0,783	0,911	0,808
2	TAS	0,656	0,703	0,874
3	METLIFE	-0,008	0,139	0,161

*\* developed by author based on [47,48,49]*

The simulated matrix will help to make a forecast of probable development of the insurance organization in the long run. Next, it is necessary to interpret the results of the assessment of the insurer's position in terms of insurance and financial activities in annex I.

According to the results of the comparison of calculations and the obtained IBFB indicator, the insurance organization "ARX LIFE" occupies the first square (№1), which indicates the current state.

Insurance company "TAS" received a position of precarious equilibrium squared at number 3 (№3). This indicates that the company is active in insurance activities, has a wide range of services in its insurance portfolio and receives sufficient insurance income. However, the management of TAS is not perfect and does not pay due attention

to the management of financial flows. It is because of this important omission that the company's competitiveness is weak and its financial potential and resilience are gradually declining. Given the stable increase in the amount of insurance indemnity and the same policy of financial resources management, it is likely to move to the square №7. If the company decides to activate investment management tools, it is able to move to the fourth square. Getting to the square №5 is quite problematic, because such a situation is possible only with the implementation of actions to balance the insurance portfolio and additional financial investments.

The Met Life insurance organization falls into the G6 square, which indicates the active exploitation of its own financial resources. Indicators of both insurance and financial activities are at a high level, and the organization does not abandon attempts to expand its activities by opening additional divisions and branches, inclusion in the insurance range of new services, as well as the method of displacing or absorbing other insurance market participants. If the company decides to open an additional branch, such steps will lead the company to the square №5, as such radical measures may lead to an imbalance in the insurance portfolio. If a decision is made to take over another insurance company, which will require the withdrawal of a significant part of financial resources, the investment income of the insurer will decrease significantly.

Thus, finding the necessary indicators and forming a matrix, we can draw conclusions about how things are with the insurer today, and what may be the scenario of its further development, forecasting and taking the necessary measures to improve its financial stability.

Conclusions to the third section. According to the results of the study, it can be concluded that the life insurance sector is an important factor in economic development and a tool for solving many social problems.

The introduction of EU insurance market rules and the approximation of domestic life insurance legislation to the legislation governing insurance activities in the EU will eventually allow the introduction of the EU internal market regime.

Personal insurance in some countries is already quite developed sector of the economy. People cannot live without personal insurance. However, if we consider Ukraine, the lack of a developed personal insurance market is due to the mentality, as the population does not understand the essence of this process, and imperfect legislation in the field of protection of policyholders, and low quality insurance infrastructure.

Therefore, the search for innovative ways to develop domestic personal insurance is extremely important. Analysis of global trends in insurance business has shown that in conditions of price instability will increase customer demand for insurance services, which will be an important factor in increasing demand for expert services in the field of actuarial calculations, analysis, control and risk management of individual and corporate clients.

In the study, we propose to expand the range of life insurance through the development and implementation of innovative insurance products: convertible credit insurance, revolving term insurance, term insurance "Family Income Protection" and life insurance "Standard" to increase the availability of personal insurance.

As shown earlier, Ukraine has only a limited number of term insurance products, with credit and savings insurance being preferred. At the same time, in developed countries there is a wide range of urgent and life insurance plans designed for policyholders with different needs and financial capabilities, as these insurance plans are one of the main types of life insurance that provide the necessary insurance protection to citizens and their families. in the event of insured events.

We have also developed a "Matrix of financial strategy of the insurance organization", which can help companies to predict what the scenario of its further development, forecasting and taking the necessary measures to increase its financial stability.

## CONCLUSIONS AND RECOMMENDATIONS

1. The definition of the category "insurance market" was substantiated on the basis of generalization of theoretical-methodological and methodological approaches.

The insurance market is one of the components of the financial services market. In this case, insurance companies are considered as producers of insurance services, as well as financial intermediaries. In that time it is also a component of the financial market, which is a special socio-economic environment, where the object of purchase and sale is insurance protection, demand and supply for it, and the totality of all its subjects operates in a system of economic, financial, contractual, information and consulting and other relations that are due to the need for insurance services and arise between them at all stages of its provision.

For the effective development of the insurance market requires systematization of its functions, so the following classification of functions is proposed: risk, organizational, social, distributive, preventive, stabilizing, accumulative, saving, compensatory and controlling

The structure of the insurance market is studied, its participants are selected. The subjects of the insurance market include: policyholders, insurers and insurance intermediaries. They in turn are divided into: indirect and direct intermediaries, non-insurance intermediaries.

There are three branches of insurance by object: liability insurance; personal insurance; property insurance.

2. It is substantiated that at the present stage of development the state policy on the development of the insurance market of Ukraine should be comprehensive and implemented on the basis of strategic goals aimed at improving legislation and tax regulation, developing measures to increase investment work of insurers, strengthening financial security of the market.

The main documents of the insurance market of Ukraine are: the Law of Ukraine «On Insurance», the «White Book» and the «Strategy for the Development of the Financial Sector until 2025».

The purpose of the National Bank, regulator and supervisor of the insurance, is to form a solvent, a stable, competitive insurance market in Ukraine with adequate protection of the rights of consumers of insurance services.

To achieve this goal, the National Bank will introduce a new model of insurance market regulation that takes into account provisions of EU directives, world regulatory practices and supervision of the insurance and reinsurance market, as well as features of the insurance market in Ukraine.

3. The insurance services market is the second in terms of capitalization among other non-banking financial markets. The number of insurance companies as of 31.12.2020 was 210, including life insurance companies - 20, non-life insurance companies - 190, (as of 31.12.2019 - 233 companies, including insurance companies) life companies - 23, non-life insurance companies - 210 companies). The number of insurance companies tends to decrease. Compared to 2016, in 2020 the number of insurance companies decreased by 100 units.

The property insurance market in Ukraine is in a state of formation and integration into the world insurance space. Despite some achievements, it is characterized by a number of problems, the presence of which indicates the prospects for development, and therefore the potential for Ukraine. In order to form an appropriate property insurance system and increase its efficiency, it is necessary to ensure the stability of economic relations, balance and increase the welfare of the population as a result of significant incomes and social security and justice, stimulate the insurance market, implement state insurance policy to regulate the insurance market and relations . An important condition for the effective development of the property insurance market is the formation of demand for insurance services, insurance culture of the client through his insurance education, in particular, through the media, as well as improving the insurance portfolio. Increasing the availability of insurance services should contribute to the possibility of remote implementation of insurance products through information and telecommunications networks and the conclusion of the insurance agreement in electronic form.



The largest share in personal insurance in Ukraine occupies Life Insurance 36%, after that medical insurance 34%. Medical expenses insurance and accident insurance occupies about 15%.

Although the Ukrainian personal insurance market is not among the world leaders, the growth of insurance premiums indicates that trust in insurance services among the population our country is growing, and therefore there is hope for further development of the insurance industry.

The Ukrainian insurance market has overcome many crises in its history, which has resulted in a rapid reduction in the number of insurers in the market due to financial problems. In addition to the unstable political and economic situation in Ukraine, over the past five years, the COVID-19 pandemic has dealt a new blow to the Ukrainian economy. Thus, due to the introduction of quarantine measures in the country, GDP in 2020 decreased by 6.5%

The Ukrainian insurance market has not yet developed general terms of credit insurance, which would cover the most important rules of each type of insurance. Therefore, credit insurance will develop, from our point of view, not only by improving the current conditions of liability insurance, such as collateral insurance, but also through the transformation into delcredit type insurance (credit insurance), which can be considered as insurance of creditor banks «accident» in their activities. We believe that such insurance protection can be characterized by greater stability and protection of creditors' interests.

4. The current stage of functioning of the national insurance market requires improvement of the legal framework and state regulation of insurance activities (improvement of legislation and regulations, adoption of a number of laws and regulations that would regulate the rights and obligations of market participants and regulate insurance mechanisms) , improving the procedure for taxation of insurance activities, the formation of a set of types of insurance and solving other problems. Formation of a developed market of insurance services in Ukraine to provide favorable conditions for market transformation and stable development of the national economy, development of the world economy and international relations.

The introduction of EU insurance market rules and the approximation of domestic life insurance legislation to the legislation governing insurance activities in the EU will eventually allow the introduction of the EU internal market regime.

5. In modern conditions, personal insurance is one of the main components of the social system of the country, which helps to solve many problems that arise in society regarding the preservation of health, welfare and protection of economic interests. Unfortunately, the standard of living in Ukraine ranks last in European rankings, as a significant proportion of people are on the brink of poverty or already living. Poverty alleviation can be addressed through the introduction of a perfect and accessible personal insurance system, which includes life insurance, health insurance and accident insurance.

In the study, we propose to expand the range of life insurance through the development and implementation of innovative insurance products: convertible credit insurance, revolving term insurance, term insurance "Family Income Protection" and life insurance "Standard" to increase the availability of personal insurance.

We have also developed a "Matrix of financial strategy of the insurance organization", which can help companies to predict what the scenario of its further development, forecasting and taking the necessary measures to increase its financial stability.

Therefore, we offer the following recommendations. The development of the national economy of Ukraine should be ensured by stability, including the domestic insurance market and increasing the role of insurers, which will positively affect the interest of foreign investors to start or expand their own business in Ukraine.

Unfortunately, liability to policyholders has not been a priority for insurance companies for many years, but the situation is changing. Now the responsibility to the insured means an honest dialogue with society, a professional approach to solving economic and social problems. The formulated trends prove that the insurance market is in a rather difficult but promising position. That is why it is necessary to continue research and analysis of the insurance market of Ukraine. And the relevant government agencies should establish an information policy for the population in order to increase

the demand for insurance services, as well as to continue their activities to establish effective activities of insurance market participants.

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## ADDITIONS

*Annex A*

### Dynamics of the number of insurance companies in Ukraine as of 2018-2020 [24-27]

Number of insurance companies	2016	2017	2018	2019	2020
The total number	310	294	281	233	210
incl. "Non-Life"	271	261	251	210	190
incl. "Life"	39	33	30	23	20

*\* developed by the author on the basis of reporting data of Natskomfinposlug and the National Bank*

*Annex B*

### Dynamics of gross insurance premiums by types of personal insurance, UAH million

Indicator	2015	2016	2017	2018	2019	2020	Growth rates of insurance premiums, %	
							2020/2019	2020/2015
Life insurance, UAH million	2 186,6	2 756,1	2 913,7	3 906,1	4 624,0	5 122,3	18,4	111,5
Medical insurance, UAH million	1 929,2	2 355,5	2 881,3	386,7	4 470,3	4 987,0	28,2	131,7
Medical expenses insurance, UAH million	490,7	727,0	891,0	1 345,9	1 885,5	2 110,3	40,1	284,2
Accident insurance, UAH million	535,5	442,7	1 308,5	1 754,2	1 972,2	2 234,1	6,7	249,6
Total amount	5 142,0	6 281,3	7 994,5	10 492,9	12 852,0	14 453,7	22,5	149,9

*\* developed by the author on the basis of reporting data of Natskomfinposlug and the National Bank*

**Dynamics of gross and net insurance premiums and payments by property insurance,  
UAH million**

Indicator	2015	2016	2017	2018	2019	2020	Growth rates of insurance premiums,%	
							2020/2015	%
Gross insurance premiums	3486,2	4142,4	5 098,90	6 440,20	6 604,80	6 798,20	3 118,60	89,5
Gross insurance payments	434,1	149,7	262,5	1 423,60	1 160,50	1 250,30	726,40	167,3
The level of gross payments,%	12,5	3,6	5,1	22,1	17,6	18,4	5,1	-
Net insurance premiums	2188,1	4415,39	2 578,50	3 222,00	3 518,40	3 654,00	1330,3	60,8
Net insurance payments	429,3	149,4	260,6	1 412,40	1 146,80	1 210,50	717,5	167,1
The level of net payments,%	19,6	3,4	10,1	43,8	32,6	33,1	13,0	-

*\* developed by the author on the basis of reporting data of Natskomfinposlug and the National Bank*

**Dynamics of gross insurance premiums by types of liability insurance, UAH million**

Indicator	2015	2016	2017	2018	2019	2020	Growth rates	
							2020/2015	%
Compulsory insurance of civil liability of owners of land vehicles	3028,5	3468,1	3745,3	4499,3	5087,3	5433,7	2405,2	179,4
Green card	1015,7	1205,4	1297,6	1503,3	1889	1986	970,3	195,5

*\* developed by the author on the basis of reporting data of Natskomfinposlug and the National Bank*

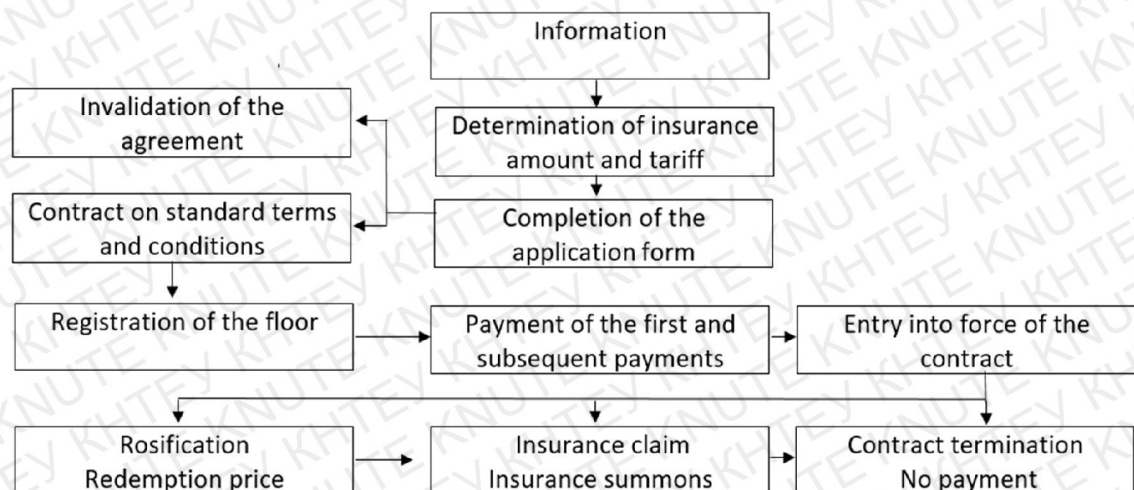
## Annex E

**Dynamics of gross insurance payments by types of liability insurance, UAH million**

Indicator	2015	2016	2017	2018	2019	2020	Growth rates	
							2020/2015	%
Compulsory insurance of civil liability of owners of land vehicles	1101,5	1407,3	1887,5	2144,6	2527,9	2872,3	1770,8	260,8
Green card	282	410,9	486,6	537,9	610,8	803	521	284,8

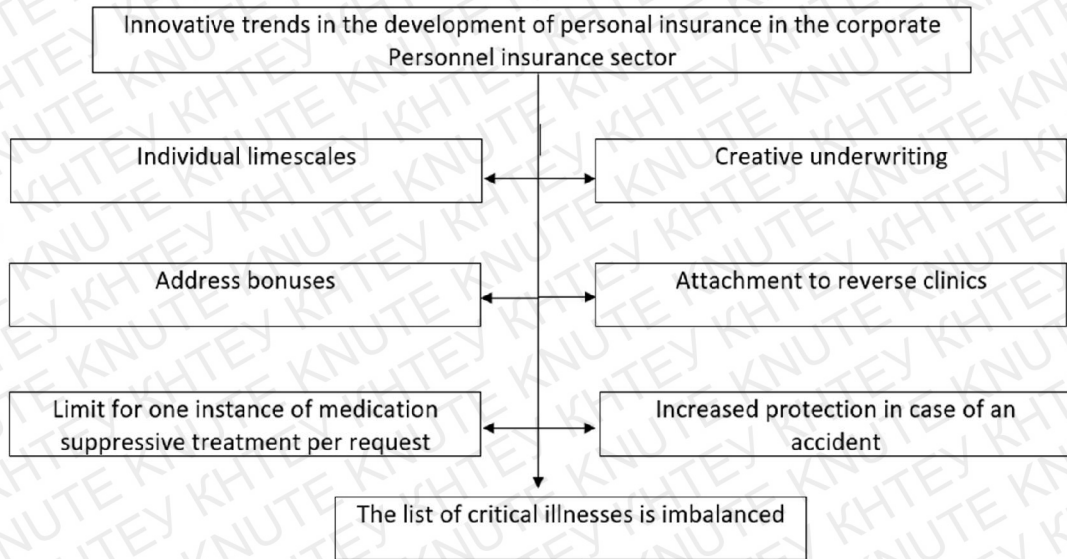
*\* developed by the author on the basis of reporting data of Natskomfinposlug and the National Bank*

## Annex F

**Algorithm of innovative direction of realization of simplified life insurance**

*\*developed by author*

### Innovative directions of personal insurance development in the corporate personnel insurance sector



*\*developed by author*

### Matrix of financial strategy of the insurance organization

	FB<<0	FB=0	FB>>0
IB>>0	1 IBFB=0	4 IBFB>0	6 IBFB>>0
=0 IB	7 IBFB<0	2 IBFB=0	5 IBFB>0
<<0 IB	9 IBFB<<0	8 IBFB<0	3 IBFB=0

*\*developed by author*

