ТОВ "Консалтингово-видавнича компанія
"Ділові перспективи"

**Страхові ринки та компанії:
дослідження та актуарні розрахунки
Міжнародний науковий журнал
Том 3, №2, 2012**

Журнал засновано у 2010 році
Видається щоквартально
ISSN 2078-2454
ISSN онлайн 2078-2462

Головний редактор
Ольга Козьменко

Основна мета журналу – розкрити теоретичні та методичні положення, беручи до уваги статистику страхування та математику страхової справи, а також відобразити практичне використання статистичних та математичних засобів у діяльності страхових компаній.

Головні теми: статистичне дослідження ринку страхування, методологія статистики страхування, демографічна статистика та її використання у страхуванні, методика актуарних розрахунків, страхування ризику, актуарні розрахунки ризикованих видів страхування, актуарні розрахунки страхування життя, актуарні розрахунки пенсійного страхування, управління фінансовою діяльністю страхових інвестиційних фондів.

Адреса:
ТОВ "КВК
"Ділові перспективи"
пров. Дзержинського, 10
м. Суми, Україна, 40022

E-mail: *head@businessperspectives.org*
URL: http://www.businessperspectives.org

За достовірність інформації, що міститься в опублікованих матеріалах, відповідальність несуть автори.

© ТОВ "КВК "Ділові перспективи", 2012

Закон про авторське право: Усі права захищено. Жодну частину даного видання не можна відтворювати, зберігати, передавати, рекламувати, демонструвати, адаптувати, переробляти, перекладати в будь-якій формі та будь-яким способом. Це також стосується розповсюдження, відчуження, здання в майновий найм, комерційний чи будь-який інший прокат, передрукування, розміщення на сайтах, імпортування та публічного показу. У випадку передрукування та відтворення матеріалів попереднє письмове узгодження з видавцем є обов'язковим. Усі вищевказані вимоги стосуються і некомерційних засад, а також будь-якого вільного доступу до попередніх, теперішніх та майбутніх випусків публікації.

Publishing Company
"Business Perspectives"

**Insurance Markets and Companies:
Analyses and Actuarial Computations
International Research Journal
Volume 3, Issue 2, 2012**

Issued from 2010
Published quarterly
ISSN 2078-2454
ISSN online 2078-2462

Editor-in-Chief
Olha Kozmenko

The main purpose of the journal is to develop both theoretical and methodical provisions with regard to insurance statistics and insurance mathematics, to illustrate the practical use of statistical and mathematical tools in the insurance companies' activity.

Key topics are: statistical investigations of insurance market, insurance statistics methodology, demographic statistics and its use in the insurance, actuarial computations methodology, underwriting of insurance risks, actuarial computations in hazardous types of insurance, actuarial computations in life assurance, actuarial computations in retirement insurance, financial management of insurance investment funds.

Address:
Publishing Company
"Business Perspectives"
Dzerzhynsky lane, 10
Sumy 40022 Ukraine

E-mail: *head@businessperspectives.org*
URL: http://www.businessperspectives.org

The authors are responsible for the reliability of information which materials published contain.

© Publishing Company "Business Perspectives", 2012

Copyright: All rights reserved. No part of this publication may be reproduced, stored, transferred, advertised, demonstrated, adaptated, rearranged, translated in any form or bought by any means. This also concerns the distribution, disposition, property renting, commercial renting, or any other kind of renting, reprinting, siting, importing or public demonstration. In case of reprinting and reproduction of the materials the prior written permission of the Publisher is required. The above-named requirements should be also referred to non-profit basis as well as any free access to the previous, current and future issues of the publication.

Head of the Board

O. Kozmenko, Dr., Professor, Ukrainian Academy of Banking of the National Bank of Ukraine (Ukraine)

Editorial Board

S. Adams, Associate Professor, Dean of School of Business, Taylor University (USA)

Y. Anagnostopoulos, Senior Lecturer and Programme Leader in Business Finance, Royal Docks Business School, University of East London (UK)

E. Anoruo, Ph.D., Professor, Chair of Economics and Finance, Department of Accounting, Managerial Economics and Finance, Coppin State University (USA)

E.G. Baranoff, Ph.D., FLMI, Associate Professor of Insurance, Risk Management and Finance, Virginia Commonwealth University (USA)

R.J. Butler, Professor, Department of Economics, Brigham Young University (USA)

D. Chen, Dr., Associate Professor, Head of the Department of Insurance, Fudan University, Shanghai (China)

B. Chen, Professor, Head of the Department of Business Administration, University of the West (USA)

J. Danbolt, Professor of Finance, Department of Accounting and Finance, Faculty of Law, Business and Social Sciences, University of Glasgow (UK)

J. Falzon, Ph.D., Professor, Head of the Department of Banking and Finance, Faculty of Economics, Management and Accountancy, University of Malta (Malta)

M. Guillen, Professor, Department of Econometrics, Statistics and Spanish Economy, RFA-IREA, University of Barcelona (Spain)

J. Gustafsson, Senior Manager, PriceWaterhouseCoopers (Denmark)

I. Jindrichovska, Head of the Department of Business Economics, University of Economics and Management (Czech Republic)

M. Kelly, Associate Professor of Finance and Insurance, Chair of Insurance, School of Business and Economics, Wilfrid Laurier University (Canada)

M. Kennedy, Professor, Faculty of Business, London South Bank University (UK)

R. Kinsella, Professor of Banking and Finance, UCD Michael Smurfit Graduate School of Business, UCD (Ireland)

D.G. Konstantinides, Assistant Professor of Actuarial Science, Department of Statistics and Actuarial Science, University of the Aegean (Greece)

P. Kostov, Dr., Senior Lecturer in International Finance, Lancashire Business School, University of Central Lancashire (UK)

R.J.A. Laeven, Associate Professor, Department of Econometrics and Operations Research, Tilburg University (The Netherlands)

J. Lawla, Head of the School of Business Administration, University of Technology (Jamaica)

R.D. MacMinn, Ph.D., Professor, Edmondson-Miller Chair of Insurance and Financial Services, Katie School of Insurance, College of Business, Illinois State University (USA)

A. El-Masry, Dr., Senior Lecturer in Finance, Fellow of the Higher Education Academy, Plymouth Business School (UK)

B.L. McManis, Ph.D., Professor, Head of the Department of Finance and Economics, College of Business, Nicholls State University (USA)

G.R. Niehaus, Professor, Associate Dean of Research and Academics, Moore School of Business, University of South Carolina (USA)

R.A. Parsa, Professor of Actuarial Science, College of Business and Public Administration, Drake University (USA)

D. Petmezas, Ph.D., Senior Lecturer in Finance, School of Management, University of Surrey (UK)

E. Pitacco, Full Professor of Actuarial Mathematics, Faculty of Economics, University of Trieste; Academic Director of the Master in Insurance and Risk Management, MIB School of Management of Trieste (Italy)

L.S. Powell, Ph.D, Associate Professor and Whitbeck-Beyer Chair of Insurance and Financial Services, University of Arkansas-Little Rock (USA)

T.K. Siu, Associate Professor of Actuarial Studies, Faculty of Business and Economics, Macquarie University (Australia)

C.W. Smith, Louise and Henry Epstein Professor of Business Administration, Professor of Finance, William E. Simon Graduate School of Business Administration, University of Rochester (USA)

S. Tennyson, Associate Professor, Department of Policy Analysis and Management, Cornell University (USA)

E.A. Valdez, Professor of Actuarial Science, Department of Mathematics, University of Connecticut (USA)

P. Wang, Professor of Finance and Monetary Macroeconomics, Principal of IÉSEG, School of Management (France)

M.A. Weiss, Professor of Risk, Insurance and Healthcare Management, Fox School of Business and Management, Temple University (USA)

H. Wolthuis, Emeritus Full Professor of Actuarial Mathematics, Faculty of Economics, University of Amsterdam (The Netherlands)

S.B. Wyatt, Ph.D., Professor, Head of the Department of Finance, Farmer School of Business, Miami University (USA)

H. Yang, Professor, University of Hong Kong (China)

Contents

Papers' abstracts / Анотації до статей

Джуді Бекман, Фоуад К. Моусса, Ліем Нгуєн, Ан Дак Нго

Зміна внесків інституційних інвесторів та розкриття корпоративних порушень

У статті досліджується як інституційні інвестори реагують на прогнози управління прибутками. За класифікацією Башее (1998) у документі форми 13-F за період з 1994 по 2000 рік, отриманого з бази даних Thompson Reuter's, інституційні інвестори розподіляються на три типи: переконаний інвестор (DED), квазіспеціаліст з індексації документів (QIX) та проміжний інвестор (TRA). Автори зазначають, що DED та QIX збільшують свої внески у фірми з позитивними показниками щорічних прибутків. У роботі визначено, що ринки реагують краще на проголошення фактичних прибутків фірми упродовж кварталу, якщо інвестори попередньо збільшили частки власних внесків. Автори не визначають жодних даних про те, як план регулювання розкриття чесної інформації впливає на торгову поведінку різних груп інституційних інвесторів. У роботі зазначено, що керівництво на рівні фірми приваблює різні типи інституційних інвесторів, а кожен тип інвесторів по-різному проводить свою торгову діяльність.

Махіто Окура

Економетрична модель визначення одночасних покупок страхового капіталу та страхового покриття

У статті оцінюється ситуація, за якої покупець одночасно купує страховий капітал та страхове покриття. Головні результати роботи представлені наступним чином. По-перше, оптимальна сума страхового покриття у ризикованій ситуації менша, ніж у неризикованій ситуації. По-друге, коли розмір страхового платежу є достатнім, розподіл ймовірності нещасного випадку не впливає на оптимальну суму страхового капіталу, оскільки покупець купує страхове покриття від усіх ризиків. По-третє, коли розмір страхового платежу є недостатнім, не можливо визначити чи оптимальна сума страхового капіталу більша, ніж вона є при умові достатнього страхового платежу.

Радж К. Колі

Ефект дня тижня та ефект січня, досліджені на ринку золотих та срібних металів

У даній роботі досліджено ефект дня тижня та ефект січня на ринку коштовних металів – золота та срібла для періоду з 1 січня 1980 року по 12 жовтня 2012 року. Результати роботи показують наявність ефекту дня тижня на ринках золота та тижневого ефекту на ринку срібла. Визначено, що на ринках може спостерігатися щоденна сезонність цих металів. Однак, результати статті показують наявність слабкого ефекту січня у прибутках від продажу золота та його відсутність у прибутках від продажу срібла, а також сезонність у щомісячних змінах ціни золота та срібла.

Еварісто Діз, Джефрі Тім Квіері

Застосування моделі Маркова у плані забезпечення соціальної стійкості

У статті розроблено статистичну модель, що використовується у плані надання медичних пільг для визначення математичної ймовірності непередбачених обставин. Заздалегідь знаючи витрати на медичне обслуговування на душу населення, в залежності від віку, стає можливим визначити різні портфелі медичної політики та одночасно виразити їх кількісно разом зі страхуванням життя за віком та допомоги на поховання. З фінансової точки зору, важливо порівняти два, або більше результати представлення плану витрат для будь-якого ряду ставки відсотків, враховуючи зобов'язання перед різними банками. Коли мова йде про витрати, стає можливим використання моделі з різними вибірками, що застосовуються для визначення ризику. Припускаючи, що частина цих моделей, призначених для визначення ризику, вже не підходить для дослідження, ми можемо проконтролювати зобов'язання та грошові потоки на пенсії з метою визначення ймовірності непередбачених обставин.

Ольга Козьменко, Олена Пахненко

Сек'юритизація банківських активів і страхових зобов'язань на основі залучення потенціалу фондового ринку

Конвергентні процеси на фінансовому ринку зумовили появу і розвиток нових форм взаємодії між фондовим ринком, страховим ринком та банківським сектором. Одним із основних напрямків конвергенції сегментів фінансового ринку є використання механізму сек'юритизації для рефінансування банківських активів та зобов'язань страхових компаній за договорами страхування катастрофічних ризиків. В статті проведено порівняльний аналіз двох принципових форм сек'юритизації, досліджено поточний рівень розвитку сек'юритизації в Україні та здійснено оцінку потенціалу вітчизняного фондового ринку як одного з основних факторів розвитку сек'юритизації банківських активів та страхових зобов'язань.

Olha Kozmenko (Ukraine), Olena Pakhnenko (Ukraine)

Securitization of bank assets and insurance liabilities on the basis of the stock market potential

Abstract

The convergence processes in the financial market have led to the emergence and development of new forms of interaction between the stock market, the insurance market and the banking sector. One of the main areas of convergence of the financial market segments is the use of securitization mechanism for refinancing of bank assets and liabilities of insurance companies under the contracts of catastrophic risks insurance. The paper conducts a comparative analysis of the two principal forms of securitization, studies the current level of securitization development in Ukraine and assesses the potential of the domestic stock market as one of the main growth factors for the securitization of banking assets and insurance liabilities.

Keywords: securitization, bank assets, insurance liabilities, stock market.

Introduction

Traditionally, securitization as a method of transforming non-liquid assets into securities, began to be used in the 70s of the 20th century for refinancing of mortgage bank loans. Today, it remains the most popular type of securitization. Moreover, the list of assets that could be securitized, has been steadily growing and includes both all types of bank loans (mortgages, car loans, credit card payments, education loans, long-term credits to legal entities) and assets of other financial and non-financial institutions (insurance and leasing companies) [1, 2].

In addition, a special area of securitization development over the past decades has been the use of securitization in order to create additional sources to indemnify losses from catastrophic events and other types of insurance risks – securitization of insurance risks.

1. Securitization characteristics

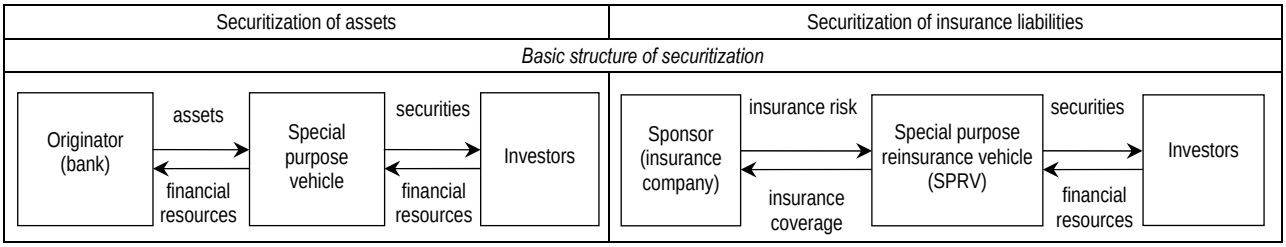
In general, both securitization of assets and securitization of insurance risks (securitization of insurance liabilities) have common principles in their securitization structure and in organization of "special purpose vehicles" [4]. Thus, any form of securitization involves the transfer of certain assets or liabilities of initiator (who is called "originator" in asset securitization or "sponsor" in the securitization of insurance liabilities) to a special purpose entity that issues securities and distributes them to investors (Table 1). Through the use of bond payments financial resources are generated, which are used to refinance assets or create additional sources to cover insurance liabilities.

Specialized entities created in the process of building a securitization structure are "passive" financial companies that do not conduct an independent commercial activity. The sole purpose of a specialized entity is to keep the assets or insurance risks transferred to it, to issue relevant securities and manage the funds received as a result of their distribution.

The creation of a special purpose entity during securitization should safeguard the transferred assets or liabilities from the risk of bankruptcy of the founding company – bankruptcy remote. Full legal independence of a special purpose entity is guaranteed by the transfer of its shares to a holding company [7, p. 211].

As a result, credit risk, that is the risk of default on obligations to investors regarding interest payments or principal payments on bonds, depends only on the quality of assets of the special purpose entity. In their turn, investors have no right of recourse to the founding company.

Table 1. Comparative characteristics of assets and liabilities securitization operations



© Olha Kozmenko, Olena Pakhnenko, 2012.

Table 1 (cont.). Comparative characteristics of assets and liabilities securitization operations

Securitization of assets	Securitization of insurance liabilities
Goal of securitization	
Refinancing of loans and transformation of future cash flows	Formation of additional sources to indemnify losses from catastrophic insurance risks
Management of funds received during the floating of bonds	
Funds raised from the distribution of bonds during assets securitization are placed at the originator bank's disposal, raising its solvency	Funds received as bond payments are accumulated on a separate reserve account and invested in safe securities; an insurance company does not receive financial resources at once, but only in the form of reimbursement in the case of a specified insured accident
Type of coverage	
Credit agreements	Securities into which the funds from the SPRV reserve accounts are invested
Common features: ♦ creation of legally separated, specialized entity – a stock market intermediary, to whom the assets / liabilities are transferred and who issues the relevant type of securities; ♦ improvement of credit quality of securitized loans, creation of additional guarantees to fulfill the obligations to investors.	

The next common characteristic of assets and liabilities securitization is the use of mechanisms to improve the credit quality of securitized loans ("credit enhancement"), that is the creation of additional guarantees to fulfill the obligations to investors and to the sponsoring company during the implementation of insurance risks securitization [4, c. 10].

Although the above-mentioned forms of securitization have many common features, they have several significant differences. First of all, they lie in different goals of securitization and in differences regarding the use of financial resources received through the issue and distribution of securities.

Thus, securitization of assets is carried out to refinance loans or other contractual cash obligations and to transform the future cash flows. Through securitization the original owners of assets receive a possibility to manage credit risks by transferring them to investors, to improve their own balance sheet structure by eliminating from it the obligations of the third parties, and to ensure the compliance with the minimum capital requirements (this is especially important for banks) [8]. The main objective of insurance liabilities securitization is the formation of additional sources to indemnify losses from catastrophic insurance risks.

During asset securitization the money received from the distribution of securities, is immediately placed at the disposal of the originator bank while the assets transferred to a special purpose vehicle are the provision of security. However, during the securitization of insurance liabilities the funds received as bond payments are accumulated on a separate reserve account and invested in safe securities. A sponsor (insurance or reinsurance company) does not receive financial resources at once, but only in the form of reimbursement in the case of a specified insured accident. The collateral of such securitization agreements is the assets into which the funds received from investors are invested. In other words, during the securitization of assets the current need in financial resources is financed, while during the securitization of insurance liabilities the future need in financial resources is financed. It should also be noted that during asset securitization a "true sale" of assets takes place, that is, the right of their ownership is fully transferred to a special purpose vehicle while the originator retains the right to receive part of the profit from those assets as a difference between the profit from assets and repayment of obligations to investors. During the securitization of insurance liabilities, the insurance (reinsurance) company remains responsible to the insured under the insurance contract. In this case only economic transfer of insurance risk takes place by analogy with the traditional reinsurance [6].

Thus, the use of securitization mechanism in the field of insurance is fundamentally different from the securitization of bank assets. A new type of securitization – securitization of liabilities – is formed. Special features of the stock market mechanism in insurance are directly related to the specific characteristics of insurance activities: the probability of payments, the possibility of extremely large losses in insuring catastrophic or mass risks, the necessity to form insurance reserves and reallocate insurance risks through reinsurance or alternative instruments of risk transfer.

Fundamental differences between these two forms of securitization suggest that insurance risk securitization is an independent specific mechanism of the financial market arising from the convergence of insurance and capital markets.

In spite of the rapid development of securitization in the global financial market, the use of this mechanism in Ukraine has not gained considerable popularity. This is explained by the lack of need and opportunities of the market participants to carry out such operations. The insurance coverage of the same type

of catastrophic risks is so insignificant that it does not allow to form a pool of insurance liabilities, which is sufficient for securitization of operations. In addition, Ukraine does not have a legal and organizational framework for the development of insurance risk securitization.

In the banking sector the preconditions for the development of securitization operations are relatively better. In the recent years the legislation in this area has been substantially improved (Law of Ukraine "On Mortgage", Law of Ukraine "On Mortgage Bonds"). In addition, in order to promote the development of mortgage lending and simplify the use of securitization mechanism by banks in 2004 the State Mortgage Institution was established, and in February 2012 on the initiative of four state banks the Agency for Refinancing Home Loans was founded. Despite these events, the development of mortgage lending in Ukraine, especially the secondary mortgage market, remains at a low level (Table 2).

Table 2. Indicators of mortgage lending in Ukraine in 2006-2012

	2006	2007	2008	2009	2010	2011	3 quarters 2012
Mortgage loans*, mln. hryvnias	10507	49095	79193	75648	74508	74390	135444
Loans refinanced by the State Mortgage Institution, mln. hryvnias	21,3	280,7	947,5	2,8	0	76,4	193,9

Source: Monetary and credit statistics; Dynamics of mortgage loans refinancing on October 1, 2012.
Note: *including credits with several types of credit security.

The financial crisis had an adverse effect on the dynamics of mortgage lending development in Ukraine, leading not only to the suspension of housing loans at the end of 2008-2009, but adversely affecting growth rates of the mortgage market in the post-crisis period.

Thus, the primary factors that determine the development of the respective types of securitization in Ukraine are the state of the insurance market and the market of mortgage lending – indicators which influence the formation of the need in the use of this mechanism. On the other hand, the deciding factor for the use of securitization operations in Ukraine is the availability of a sound stock market infrastructure that could provide sufficient possibilities to distribute securities related to the securitization of bank assets or insurance liabilities.

The analysis of the state and dynamics of the stock market in terms of opportunities to increase the volumes of securities floated and traded in the stock markets, including bonds issued in the process of securitization, can be performed by evaluating its financial potential. For this purpose a mathematical model is developed, the algorithm of which includes the following steps:

- determination of factors that affect the stock market potential and formation of information provision for economic and mathematical models;
- determination of weight coefficients for the investigated factors;
- calculation of the potential according to each of the identified factors and for each evaluation period as the difference between the maximum value of the factor for the whole period, its standard deviation and the actual values of the analyzed factors in each period;
- giving scores (25, 50, 75 or 100) and qualitative characteristics (low, average, sufficient or high) to the indicators of the stock market potential;
- assessment of the potential level by breaking down each of the defined intervals of the indicator's possible values into 3 equal ranges and their adjustment with regard for standard deviation of the factors' values;
- calculation of the aggregate indicator of the stock market potential.

2. Indicators to assess stock market potential

To assess the potential of the Ukrainian stock market we have used nine indicators, which in accordance with their economic content and the nature of their impact on the output indicator were grouped into three areas: the volume of stock market contracts with securities; indicators of the number of securities intermediaries and macro indicators (Table 3).

Table 3. The system of indicators to assess the potential of the Ukrainian stock market

Indicators		Weight coefficient of	
		groups of indicators	indicator
Volume of stock market contracts with securities, mln. hryvnias	Shares	0,6	0,12
	Corporate bonds		0,12
	Internal government bonds and the bonds of local authorities		0,12
	Investment certificates		0,12
	Derivative securities		0,12

Table 3 (cont.). The system of indicators to assess the potential of the Ukrainian stock market

Indicators		Weight coefficient of	
		groups of indicators	indicator
Number of securities intermediaries	Securities traders	0,22	0,11
	Asset management companies		0,11
Macro indicators, mln. hryvnias	Net savings	0,18	0,09
	Net capital transfers		0,09

From this list the first five factors that characterize the volumes of contracts by types of securities are the most significant because they are the indicators of the stock market's realized potential and reflect the actual volumes of the distribution and circulation of securities on the stock markets.

The following factors – the number of securities traders and asset management companies operating on stock exchanges – have indirect influence on the potential of the stock market. The indicator of securities intermediaries has an impact on the state of the stock market, in particular, on the formation of demand for securities, but the change of this indicator does not lead to the same changes in the stock market potential.

An important role in assessing the potential of the stock market also belongs to the analysis of the volumes of financial resources generated in the form of net savings and net capital transfers. Since redistribution of these financial resources can take place through the financial market (including the stock market), the increase in net savings and net capital transfers potentially increases the volumes of securities which can be distributed in the stock market. However, the impact of these indicators on the stock market potential is the smallest.

The information base for the calculation of the stock market potential was formed on the basis of data from the State Statistics Service of Ukraine [3] and the National Commission on Securities and Stock Market [10] for the period of 2001-2011.

The aggregate indicator of the stock market potential is defined as a product of the potential's estimations for each factor and analyzed period and the corresponding weight coefficient:

$$FP = \sum_{j=1}^{m} \sum_{i=1}^{n} B_{ij}^{kp} \cdot v_i, \quad (1)$$

where FP is the aggregate indicator of the stock market potential expressed in points; B_{ij}^{kp} – score assessment of the stock market potential in intervals k and p for factor i in the period j; v_i – weight coefficient of factor i.

Economic interpretation of the results of the stock market potential assessment can be conducted by comparing the obtained value of the performance indicator with the corresponding interval of its possible values (Table 4).

Table 4. Qualitative assessment of the aggregate indicator of the stock market potential in Ukraine

Intervals of *FP* values	Qualitative assessment of the potential's level
[215,3; 449,4]	Low
(449,4; 683,5]	Average
(683,5; 917, 5]	Sufficient
(917,5; 1151,6]	High

As a result of the calculations the aggregate indicator of the Ukrainian stock market potential received the score of 1053 points, which is a high indicator for this model (corresponds to the fourth interval [917.5, 1151.6]). It indicates the existence of sufficient financial possibilities of the domestic stock market to use the mechanism of securitization of bank assets and insurance liabilities under the contracts of catastrophic risks insurance.

Conclusions

It should be noted that the current trends of convergence between the insurance market, the stock market and the banking sector form new opportunities to use the advantages of one segment of the financial market to neutralize disadvantages or minimize risks of the other.

Securitization as one of the main areas in the development of the financial market convergence processes, provides an effective mechanism for asset refinancing, increasing the solvency of credit institutions and forming an additional source for the repayment of insurance indemnities. With this in mind, an increase in the use of the stock market resources in securitization of bank assets and insurance liabilities can be a promising trend in the development of the Ukrainian financial market.

Our calculations demonstrate a high potential of the Ukrainian stock market in terms of distribution and circulation opportunities for securities issued in the process of securitization.

However, there are problems that impede the development of securitization mechanisms in Ukraine. They are related primarily to the peculiarities of the domestic insurance market (insufficient coverage of catastrophic risks; the lack of big insurance or reinsurance companies that can accumulate considerable risks) and the banking sector (low mortgage lending, poor quality of mortgage assets, etc.).

References

1. Abakumenko O.V. Finansovi aspecty sek'iurytyzatsiinykh ugod [Financial aspects of the securitization agreements], *Fondovyi rynok*, 2008. – No. 2. – pp. 34-37.
2. Burmaka M.O. Sek'iurytyzatsiia yak instrument reguliuvannia rynku pozykovogo kapitalu: mizhnarodnyi dosvid ta perspektyvy rozvytku v Ukraini [Securitization as an instrument of loan market regulation: international experience and development perspectives in Ukraine], *Herald of Ukrainian Academy of Banking*, 2008. – No. 2. – pp. 13-20.
3. Composite national accounts: statistical information [Electronic resource] / State Statistics Service of Ukraine. Available at http://www.ukrstat.gov.ua/.
4. Developments in (Re)Insurance Securitisation: Global Reinsurance Market Report. Midyear Edition [Electronic recource] / International Assosiation of Insurance Supervisors, 2009. – 37 p. Available at http://www.iaisweb.org/_temp/IAIS_Global_Reinsurance_Market_Report_GRMR_2009_Mid-Year_Edition_.pdf.
5. Dynamics of mortgage loans refinancing on 01.10.2012 [Electronic resource] / State Mortgage Institution. Available at http://ipoteka.gov.ua/node/367.
6. Insurance and reinsurance markets in the era of globalization: monograph / Kozmenko O., Kozmenko S., Vasyl'eva T. et al. – Sumy: Universytets'ka knuga, 2011. – 388 p.
7. Frankel T. Securitizing Insurance Risks [Electronic resource] / T. Frankel, J.W. LaPlume // *Annual Review of Banking Law*. – 2000. – 24 p. Available at http://www.tamarfrankel.com/support-files/securitization-of-insurance-risks.pdf.
8. Fursova V. Teoretychni aspekty klasyfikatsii sek'iurytyzatsii aktyviv [Theoretical aspects of classification of assets securitization], *Herald of the National Bank of Ukraine*, 2009. – No. 11. – pp. 56-59
9. Monetary and credit statistics [Electronic resource] / National Bank of Ukraine. Available at http://www.bank.gov.ua/control/uk/publish/category?cat_id=44579.
10. SEC Annual Statements [Electronic resource] / National Commission on Securities and Stock Market. Available at http://www.nssmc.gov.ua/activities/annual.

Authors of the issue

Judy Beckman - Ph.D., Professor of Accounting, College of Business Administration, University of Rhode Island (USA)

Fouad K. Moussa - DBA, Assistant Professor of Finance, College of Business and Public Administration, Southern University at New Orleans (USA)

Liem Nguyen - Ph.D., Assistant Professor of Finance, Department of Economics and Management, Westfield State University (USA)

Anh Duc Ngo - Ph.D., Economics and Finance Departments, University of Texas at El Paso (USA)

Mahito Okura - Ph.D, Associate Professor, Faculty of Economics, Nagasaki University (Japan)

Raj K. Kohli - Professor of Finance, Judd Leighton School of Business and Economics, Indiana University South Bend (USA)

Evaristo Diz - Professor, Principal Partner, Actuarial Services & Consulting, Catholic University Andrés Bello (Venezuela)

Jeffrey Tim Query - Professor, Department of Finance, New Mexico State University (USA)

Olha Kozmenko - Dr., Professor, Ukrainian Academy of Banking of the National Bank of Ukraine (Ukraine)

Olena Pakhnenko - Ph.D., Ukrainian Academy of Banking of the National Bank of Ukraine (Ukraine)

Submission guidelines for authors

The cover page of a manuscript should contain the **title** and **name(s)** of the author(s). The author's name, degree, position and the place of work as well as contact details (phone number, job or/and personal e-mail) should be provided at the bottom of this page.

1. Abstract preparation guidelines

1.1. The abstract (150-200 words) should reflect the conceptual content of the article.
1.2. Journal of Economic Literature (JEL) classifications are necessary.

2. The paper main body preparation guidelines

2.1. The paper should present the result of independent original research, undertaken by the author; it also should contain the data never published before.

2.2. The paper should contain a clear description of research objective and its subject.
2.3. The methodology of research should be described in detail.
2.4. The author's personal scientific contribution must be grounded in the paper.
2.5. The paper should contain basic suggestions on how to solve the problem under study.

3. References in the text

3.1. References in the text are made as follows: (Myers, 2000), the former being name of the author, the latter edition year.
3.2. Examples of references:
Alchian A., S. Woodward. Reflections on the Theory of the Firm // *Journal of Institutional and Theoretical Economics*, 1987. – №143. – pp. 110-136.
Berle A.A., G.C. Means. The Modern Corporation and Private Property. – New York: Macmillan, 1932. – 418 pp.
Cremers, K. and Nair, V. (2005). Governance Mechanisms and Equity Prices, *Journal of Finance*, Vol. 60, No. 6, pp. 2859-2894.

4. Manuscript length

4.1. The paper should not be less than 2000 words and should not exceed 6000 words.

5. Submission guidelines

Please send your paper using one of the formats listed below:

5.1. A soft copy as an MS Word .doc file (all versions accepted) or as .rtf file to:
Journal "Insurance Markets and Companies: Analyses and Actuarial Computations":
Executive Editor: inseditor@businessperspectives.org

5.2. A hard copy supplied with a disc containing a soft copy of the paper to:
Publishing company "Business Perspectives"
Dzerzhynsky lane, 10
Sumy 40022
Ukraine

6. Reviewing process

All papers are refereed by the international competent researchers using a "double-blind" review which is the best practice in papers reviewing.

7. Acceptance fee

We offer a very democratic fee policy to our contributors. We only ask for payment from those authors whose papers have already been reviewed and accepted for publication in the journal.

BUSINESS PERSPECTIVES

A joint subscription form 2011/2012

Follow guidelines to complete it.

"PROBLEMS AND PERSPECTIVES IN MANAGEMENT"

For institutional subscribers	EURO
☐ Print	595
☐ Online	395
☐ Print version + online	795

"INVESTMENT MANAGEMENT AND FINANCIAL INNOVATIONS"

For institutional subscribers	EURO
☐ Print version	595
☐ Online	395
☐ Print version + online	795

"INNOVATIVE MARKETING"

For institutional subscribers	EURO
☐ Print version	545
☐ Online	370
☐ Print version + online	680

"BANKS AND BANK SYSTEMS"

For institutional subscribers	EURO
☐ Print version	560
☐ Online	375
☐ Print version + online	690

"INSURANCE MARKETS AND COMPANIES: ANALYSES AND ACTUARIAL COMPUTATIONS"

For institutional subscribers	EURO
☐ Print version	495
☐ Online	370
☐ Print version + online	650

"ENVIRONMENTAL ECONOMICS"

For institutional subscribers	EURO
☐ Print version	495
☐ Online	370
☐ Print version + online	650

"PUBLIC AND MUNICIPAL FINANCE"

For institutional subscribers	EURO
☐ Print version	495
☐ Online	370
☐ Print version + online	650

WORLD FINANCIAL CRISIS: CAUSES, CONSEQUENCES, WAYS OF OVERCOMING

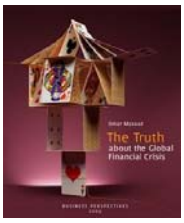
ISBN 978-966-2965-07-0

About the book:

- Language – English
- Publisher – "Business Perspectives" Publishing Company
- Editorship – Serhiy Kozmenko, Tetyana Vasyl'eva
- Year of publishing – December 2009
- Number of pages – about 400 pages (hardback)

Unit cost:

1. Single copy – 84€.
2. Five and more copies – 80€ each.
3. Ten and more copies – 70€ each.



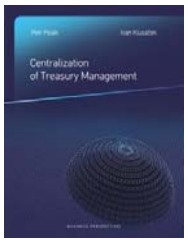
THE TRUTH ABOUT THE GLOBAL FINANCIAL CRISIS

ISBN 978-966-2965-06-3

About the book:

- Author – Omar Masood
- Language – English
- publisher – "Business Perspectives" Publishing Company
- Year of publishing – December 2009
- Number of pages – about 150 pages (paperback)

Unit cost: one copy – 30€.



CENTRALIZATION OF TREASURY MANAGEMENT

ISBN 978-966-2965-08-7

About the book:

- Authors – Petr Polák (Chapters 1-11), Ivan Klusáček (Chapter 12)
- Language – English
- Publisher – "Business Perspectives" Publishing Company
- Year of publishing – February 2010
- Number of pages – about 100 pages (paperback)

Unit cost: one copy – 34€.

Underline one of the payment methods you prefer, and write the amount to pay (if you prefer, you can pay by one check/bank transfer to subscribe to all the journals):

1. I enclose a check for ☐USD /☐ EURO _____;
2. Send me an invoice for ☐USD /☐ EURO _____.

Write your contact details here:

Name _____Institution_____

Address _____E-mail _____ Tel _____Signature

Please, send this form (with the check if you prefer to pay by check) at:

Ms. Lyudmyla Ostapenko
Publishing company "Business Perspectives"
Dzerzhynsky lane, 10, Sumy, 40022 Ukraine
E-mail: head@businessperspectives.org