

SPECIFICITY OF FINANCIAL FLOWS MOVEMENTS IN THE INSURANCE MARKET

The pouring of money capital is constantly going on in the economy of the country, which is formed in the process of general capital cycle. As it is known, the financial resources belong to private individuals, enterprises, national and international organizations, and the state. They are unevenly distributed among the economic sectors and different financial markets (insurance, money, stock) and, therefore, are constantly moving among them. Financial flows of the insurance market are regulated by their participants and the state, which, in turn, takes measures on stabilization and development of the insurance activity.

Financial flows on the insurance market can be illustrated by the following scheme (fig.1).

The conditions causing the occurrence of financial flows in the state insurance market are: realization of insurance payments or payment of the insurance compensation between the subjects of the insurance market; realization of reinsurance operations; placement of free funds of insurers on the other market segments; making profit from the activities on the market by insurance companies.

Let us define the typical financial flows of the insurance companies on the state insurance market (Fig. 2).

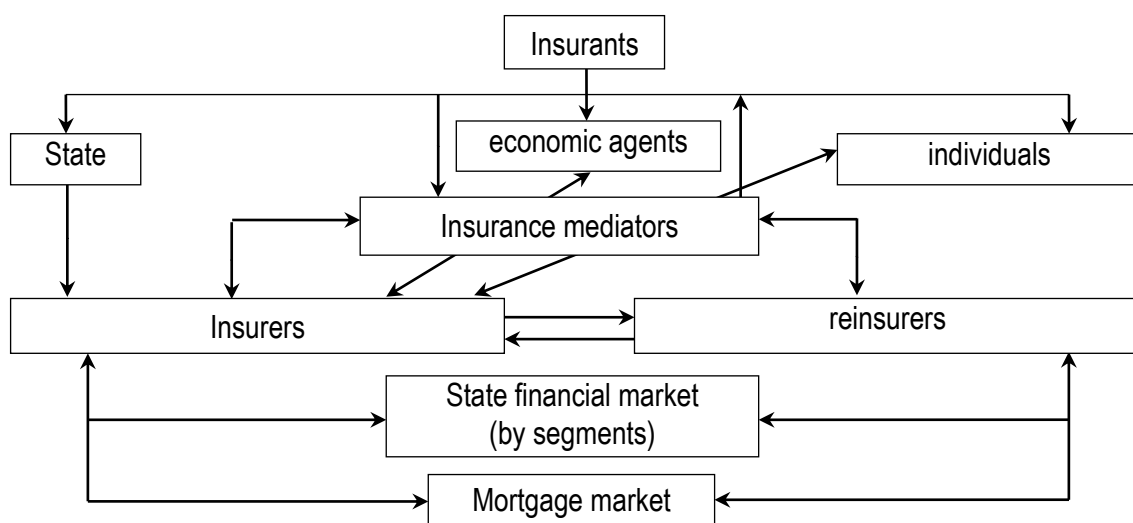


Fig. 1 – Direction of financial flows movement on the insurance market

The effective movement of financial flows in the insurance market is influenced by both the external and internal factors, from which the development of the subjects of this market depends, the quality of provision of insurance services on this market, the future profit margin from the insurers' main and investment operations, the possibility of attraction of financial resources and their investment into earning assets etc.

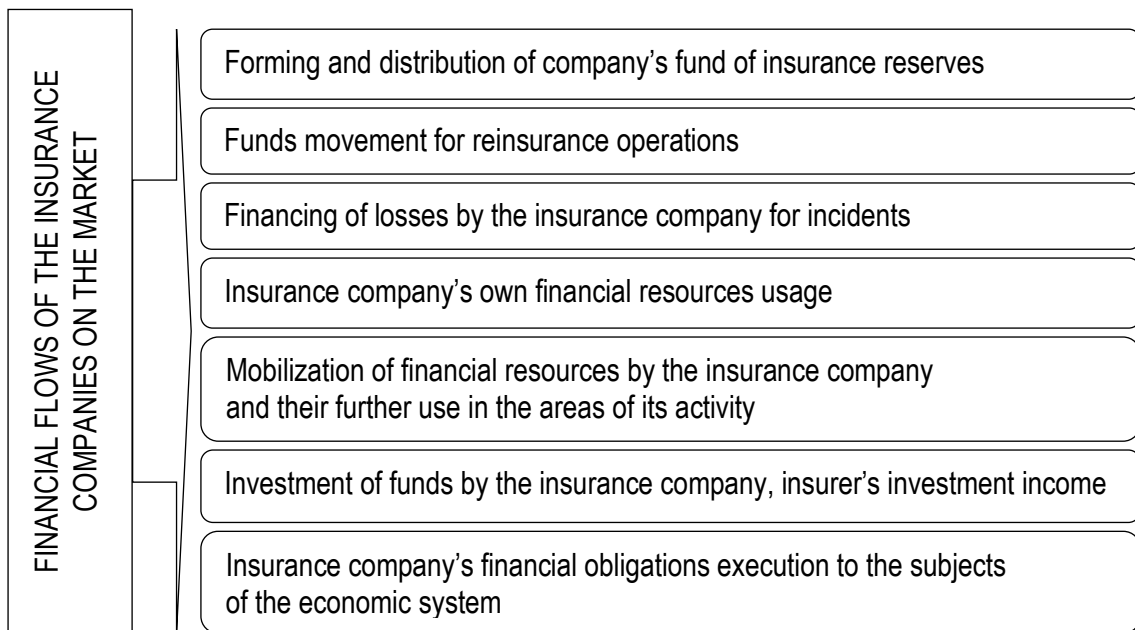


Fig. 2 – The system of financial flows of the insurance companies

So, the state insurance market has its own specifics of financial flows movement, which is defined by the specifics of the financial resources, which are the objects of this market, as well as the subjects operating on the market, with their objectives and activities.