

## NECESSITY OF ECOLOGICAL INSURANCE IN UKRAINE

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In today's world, preservation of the environment is of crucial importance for the future of civilization. In the near future the importance of maintaining the environment at a level capable of supporting human life and ensuring the reproduction of renewable natural resources and preservation of non-renewable resources will eclipse all other human achievements to date. The following environmental problems could be identified as characteristic for Ukraine at present and nearest future:

- air and water pollution;
- inadequate supplies of drinkable water;
- energy use and carbon emissions;
- high level of energy and carbon intensity;
- renewable energy;
- nuclear issues;
- deforestation;
- radioactive pollution in the North-West of Ukraine.

Today the environmental pollution and third party liability insurance have become a necessity for enterprises for the following reasons:

- Firstly, activities of many enterprises are environmentally hazardous;
- Secondly, the government has lately displayed increasingly high concern for environmental protection;
- Thirdly, man-caused accidents frequently cause irreparable damage to the environment, as well as harm to the health and life.

Ecological insurance is one of the economic mechanisms for protecting the environment and is a reliable source of compensation for damage. What is meant by ecological insurance is insurance which involves the liability of the insurer for damage incurred by the insured if a claim is made. Moreover, location of enterprises in dangerous zones becomes unprofitable due to the high insurance premium with the introduction of a system of differentiated insurance tariffs according to level of risk. Furthermore, the insurance policy can provide for the charging of a large premium in the case of non-observance of ecological regulations and the payment of compensation by the insured in the case of a claim for which the organizations or persons are liable. Insurance cover covers compensation in the case of a claim. Therefore, in the case of an ecological catastrophe, if the guilty party is insured, compensation for all damage caused, or part thereof is automatic. From the insurers perspective it is important to work in a number of regions and with a number of enterprises in order to provide adequate diversification of risk. Economic instability and the absence of a legal underpinning for ecological insurance exacerbates the problems, as sometimes government funds are not sufficient to pay out compensation for even part of the ecological damage.

Ecological insurance guarantees investment in highrisk forms of manufacturing. Insurance is a tool of additional extra-budgetary financing measures for preserving the quality of the natural environment and natural resources. The sphere of ecological insurance includes insuring the risks of emissions that exceed the norm and hazardous element dumps, ecological losses that result from ecological disasters, and ecological insuring of new technologies (including biotechnologies).

The main objective of the ecology insurance is to indemnify the insured for the losses incurred by the damage to the environment and third parties due to the execution of environmentally harmful activities.

The insured are enterprises the activities of which may cause indeliberate or accidental environmental pollution, as well as damage to life, health and/or property of third parties.

Risks: Neftepolis Insurance Company covers risks and indemnifies for losses occurred due to:

- Damage to the environment (natural landscape disruption, water bodies and atmosphere pollution etc.);
- Damage to property of third parties;
- Damage to life and health of third parties.

Scope of damage to life, health and property of third parties, as well as environmental damage is defined as per the regulations of the Civil Code of the Russian Federation and other statutes and legal norms.

Basic rate for the ecology insurance amounts to 0,25 - 1,0% of the sum insured and depends on the location of the facility, its technical conditions and the industry processes.

Currently, the environmental legislation of Ukraine includes over 200 laws and by-laws. Almost all of them were adopted or amended after the adoption of the Constitution of Ukraine (1996). The Agreement on partnership and cooperation between the European Union and Ukraine (1994) commits the parties to resolve a number of environmental problems (Article 63) and to harmonize the laws and regulative bylaws of Ukraine with European legislation (Article 51). The laws which are closest to meeting European requirements are the Law of Ukraine "On Ecological Expertise" and the new edition of the Law of Ukraine "On the Protection of Atmospheric Air".

In that way it's really necessary To develop and ratify the concept for developing ecological insurance in Ukraine, which should outline the structure, priorities, and order of implementing the appropriate legislative, legal-standard, and methodological documents; the regulatory scheme for creating the insurance market, taking into account European requirements and reference points.

So the Cabinet of Ministers' must to prepare and approve decision "On mandatory ecological insurance of the responsibility of hazardous sites that were privatized without considering ecological requirements."