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For scientists, scientists, students, graduate students, representatives of business and public organizations and higher education institutions and a wide range of readers.

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FINANCIAL SOLVENCY OF INSURERS AS A BASIS FOR INSURANCE DEVELOPMENT

Svitlana Chorna, *PhD student,*
Sumy State University, Ukraine

In Ukraine, insurance covers less than 15% of the insurance field, while in most EU countries, the United States and Japan, insurance covers almost all businesses and more than 90% of citizens.

If we talk about insurers, solvency is one of the indicators that characterize its financial reliability because insurance is a system of insurance protection against the likelihood of various types of risks. Solvency is a means of compensating the insured for losses to the insured victims (Oliynyk, 2008). Solvency also means the ability of an insurance company to pay its obligations.

The uniqueness of the transformations in Ukraine does not allow the direct use of foreign approaches to assessing solvency. However, studying the experience of countries where the insurance market has been developing for a long time and successfully, it turns out that it is very appropriate (Ziabina et al., 2020; Chukwu and Kasztelnik, 2021; Medani and Bhandari, 2019; Samoilikova, 2020; Yarovenko et al., 2020; Mazurenko and Tiutiunyk, 2021).

The activities of the insurance company in market conditions require additional financial guarantees. Many years of insurance practice in market economies have shown the need and importance of such a guarantee in the form of a certain amount of capital of insurance companies. The most powerful insurance markets are the markets of the United States of America (USA) and EU countries such as Germany, France and the United Kingdom, which have the largest volumes of insurance transactions. Thus, the European market occupies the leading position with a share of 33%. Also includes the insurance market of Russia and Ukraine and in general, it is 1%, which indicates a lag behind the dynamic countries of Europe. This followed by North America and Asia (with world market shares of 30% and 29%) (Shirinyan, 2014; Mazurenko et al., 2021; Bozhenko, 2021; Starchenko et al., 2021; Dudchenko, 2020; Yelnikova and Barhaq, 2020; Goncharenko and Lopa, 2020; Eddassi, 2020; Pimonenko et al., 2021; Kryvych and Goncharenko, 2020; Matsenko et al., 2021; Lazorenko et al., 2021; Oleksich et al., 2021; Mamay et al., 2021; Taraniuk et al., 2020).

The importance of the problem of ensuring the reliability of insurance companies prompted the Council of the European Communities already in the First Directive 73/239 / EEC of 24.07.1973 (with further additions and changes) to define the concept of the solvency of insurance companies (Shirinyan, 2014). According to the Directives, every insurance company must have:

1. Technical reserves by the obligations under the contracts. The participating

country itself determines the amount of these reserves and the rules for their allocation.

2. Solvency reserve as an additional financial guarantee. The reserve must be free of any obligations. Directive 73/239 / EEC emphasizes that it is necessary to provide that this reserve corresponds to the total volume of operations of the enterprise and is determined according to two reliability indices based, in one case, on premiums received, in another - on insurance payments.

3. Minimum guarantee fund, consisting of property free from obligations in the amount of up to 1/3 of the solvency reserve. This fund is created so that the solvency reserve can not fall below the threshold, which is dangerous for the insurance company's financial stability (Plysa, 2002).

The calculation of solvency according to the EU methodology is similar to the domestic one. Assessment of the solvency of insurance companies is carried out in three stages.

Stage 1. The required solvency margin is calculated according to a special formula.

Stage 2. The actual solvency margin is determined as the difference between assets and liabilities.

Stage 3. The estimated solvency margin is compared with the actual value of the solvency margin, which makes it possible to assess the insurance company's financial condition (Kulina, 2015).

According to the EU methodology, the calculation of the required solvency margin is calculated separately for risky types of insurance and life insurance due to the different nature of the risk distribution and the different structure of assets and liabilities.

According to SwissRe, Europe and the United States are leaders in the global insurance market. The European market occupies the leading position with a share of 33 % as shown on the map. Also includes the insurance market of Russia and Ukraine and in general, it is 1%, which indicates that the markets of these two countries lag behind the dynamic countries of Europe. Next are North America and Asia (with 30% and 29%) world market shares). Other regions account for less than 10% - South America and the Caribbean - 4%, and Australia and Oceania - also 4%.

Such significant gaps are explained primarily by the structure of insurance industries (Shkarlet et al., 2019; Vasilieva et al., 2017; Bublyk et al., 2017; Fila et al., 2020; Gallo et al., 2019). For example, in Asian countries, life insurance shares are very high (77% of the total amount of collected insurance premiums). In Europe, this figure is 47%, and in North America - 42%. Property insurance predominates in these markets. These differences are because life insurance is developing most intensively in countries with a low level of state social protection, where people have to decide on their pensions. And in poor Asian countries, the population has less property that needs insurance.

The Ukrainian system of solvency indicators is based on the European model - the First Solvency Directive, which is reflected in the provisions of the Law of Ukraine "On Insurance". However, the requirements for the solvency of domestic insurers are significantly lower than European norms and standards due to the development of the economy and the gradual development of the insurance business.

According to Ukrainian legislation, the method of determining the solvency of risk insurance companies is to determine and compare two indicators - the actual stock and the normative indicator of solvency. To ensure the appropriate level of solvency as required by law, the actual solvency margin must exceed its regulatory margin on any date.

Should bear in mind that the insurer's insolvency depends on the statutory approaches to calculating its regulatory value. Given the imperfections of Ukrainian legislation in this area, the high solvency of domestic insurers is imaginary, and its value is significantly inflated. This can be seen at least from the fact that the requirements for determining regulatory solvency, for example, in the United States, are much more stringent than in Ukraine.

There are various approaches to assessing the solvency of insurance activities in developed economies. Given this, the question arises as to which approach is most appropriate for Ukraine. To Ukraine's desire to integrate into the global insurance community and create a domestic insurance market that can compete in the international arena.

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