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A strategy of insurance market development in conditions of latent military conflict in Ukraine

Abstract. One of the basic preconditions of overcoming economic consequences of the military conflict in the East of Ukraine is a developed financial sector, an integral part of which is insurance market. Considering existence of internal problems of the industry's development, that are strengthened by influence of military-political instability, the domestic insurance companies cannot fully achieve effective redistribution of risks and capital, as well as provide stability of economic system in the whole. This research is directed to the theoretical justification of a perspective strategy of the insurance market's development in conditions of latent military conflict as well as to offer the appropriate practical recommendations for Ukraine.

In order to achieve the set goal, there was substantiated the necessity of a complex application of the general scientific and special methods of cognition, namely methods of abstraction, analysis, synthesis, grouping, analogy and comparison, as well as the economic-mathematical methods.

Basing on the official data on an insurance market's development in Ukraine, there was revealed a tendency to worsening of its abilities in provision of national financial security, that is confirmed by shortening of volumes of insurance premiums and formed insurance reserves, as well as reduction of ratio of the insurance premiums to GDP and number of population in Ukraine during the last years. Moreover, with the help of instruments of correlation-regressive analysis, there was revealed a dependence of the level of the insurance market's financial potential usage on the level of insurance penetration in Ukraine in the years 2002-2019.

We define economic problems of latent military conflict, which can be solved with the help of insurance market, in particular, a slow economic growth, conditioned by a high level of credit risks, the unresolved issues of responsibilities' fulfilment by insurance companies in conditions of military conflict and after it, as well as a rapid increase of financial needs of healthcare system. In accordance to this, there were given recommendations concerning their solution, which foresee a priority in medical insurance development, widening of insurance conditions and list of insurance risks, connected with bank crediting, as well as development of new insurance products, considering an influence of a military conflict's factor. In conditions of overcoming the consequences of military conflict, the transformation of insurance market's role appears, which is connected with increase of risks level and slowing down of financial resources movement.

The proposals, formed as the result of this research, can be useful to develop the perspective plans of Ukrainian insurance market's development. At the same time, the coordination of actions of the state regulators, unions of market's participants, owners and management of insurers, as well as consumers of insurance services, are needed.

Keywords: Military Conflict; Post-Conflict Reconstruction; Strategy; Insurance Market; Insurance; Medical Insurance; Risk

JEL Classification: G14; G22; G28

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Стратегія розвитку страхового ринку в умовах наявності латентного військового конфлікту в Україні

Анотація. Перспективи розвитку страхового ринку України пов'язані з необхідністю вирішення внутрішніх проблем становлення та функціонування страхування, а також подолання економічних наслідків воєнного конфлікту на сході України. Основною метою проведеного дослідження є окреслення перспективної стратегії розвитку страхового ринку України в умовах латентного військового конфлікту. Стаття побудована таким чином: перша частина дослідження присвячена виявленню тенденцій розвитку страхового ринку України та оцінці взаємозв'язку рівня проникнення страхування з рівнем використання фінансового потенціалу страхового ринку, а друга – визначенню проблем постконфліктного відновлення економіки, що можуть бути вирішені за допомогою страхового ринку з відповідними рекомендаціями щодо їх вирішення з урахуванням вітчизняних особливостей. Методичним інструментарієм проведеного дослідження стали загальнонаукові та спеціальні методи пізнання, зокрема методи абстрагування, аналізу, синтезу, групування, аналогії та порівняння, а також економіко-математичні методи.

У статті представлено результати аналізу показників розвитку вітчизняного страхового ринку, який засвідчив погіршення його можливостей у забезпеченні національної фінансової безпеки, а також існування залежності рівня використання фінансового потенціалу страхового ринку від рівня проникнення страхування в Україні протягом 2002–2019 рр. Окрім того, виявлено, що в умовах латентного військового конфлікту підвищується рівень ризиків і сповільнюється рух фінансових ресурсів між економічними агентами, відповідно до чого було визначено основні напрями розвитку страхового ринку України. Вони передбачають пріоритетний розвиток медичного страхування, розширення умов страхування та переліку страхових ризиків, пов'язаних із банківським кредитуванням, а також розробку нових страхових продуктів, які враховують вплив фактору воєнного конфлікту. Це сприятиме мінімізації ризиків, чутливих до воєнного конфлікту, забезпеченню економічного зростання через страхування ризиків і стимулюванню банківського кредитування, зниженню навантаження на бюджет у частині фінансування охорони здоров'я в умовах латентного військового конфлікту.

Результати проведеного дослідження можуть бути корисними для розробки перспективних планів розвитку страхового ринку України в контексті подолання наслідків воєнного конфлікту.

Ключові слова: воєнний конфлікт; латентний військовий конфлікт; постконфліктне відновлення; стратегія; страховий ринок; страхування; медичне страхування; ризик.

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Стратегия развития страхового рынка в условиях наличия латентного военного конфликта в Украине

Аннотация. Перспективы развития страхового рынка Украины связаны с необходимостью решения внутренних проблем становления и функционирования страхования, а также преодолением экономических последствий вооруженного конфликта на востоке Украины. Основной целью проведенного исследования является разработка перспективной стратегии развития страхового рынка Украины в условиях латентного военного конфликта. Первая часть статьи посвящена выявлению тенденций развития страхового рынка Украины и оценке взаимосвязи уровня проникновения страхования с уровнем использования фінансового потенціалу страхового рынка, а вторая – определению проблем постконфликтного восстановления экономики, которые могут быть решены с помощью страхового рынка с соответствующими рекомендациями по их решению с учетом отечественных особенностей.

Методическим инструментарием проведенного исследования стали общенаучные и специальные методы познания, в частности методы абстрагирования, анализа, синтеза, группировки, аналогии и сравнения, а также экономико-математические методы.

Результаты анализа показателей развития страхового рынка указывают на ухудшение его возможностей в обеспечении национальной финансовой безопасности и существующую зависимость уровня использования финансового потенциала страхового рынка от уровня проникновения страхования в Украине в 2002–2019 гг. Авторы обнаружили, что в условиях латентного военного конфликта повышается уровень рисков и замедляется движение финансовых ресурсов между экономическими агентами, в соответствии с чем были определены основные направления развития страхового рынка Украины. Они предусматривают приоритетное развитие медицинского страхования, расширение условий страхования и перечня страховых рисков, связанных с банковским кредитованием, а также разработку новых страховых продуктов, учитывающих влияние фактора военного конфликта. Это будет способствовать минимизации рисков, чувствительных к военному конфликту, обеспечению экономического роста через страхование рисков и стимулированию банковского кредитования, снижению нагрузки на бюджет в части финансирования здравоохранения в условиях латентного военного конфликта.

Результаты проведенного исследования могут быть полезными для разработки перспективных планов развития страхового рынка Украины в контексте преодоления последствий военного конфликта.

Ключевые слова: военный конфликт; латентный военный конфликт; стратегия; страховой рынок; страхование; медицинское страхование; риск.

1. Introduction

The provision of access to financial services is one of the main direction of the post-conflict reconstruction, especially needed to stimulate a small and medium business development, that creates demand for products and services and provides replenishing of the budgets at expense of taxes and other mandatory payments. The modern financial market is characterized by many instruments to satisfy consumers' financial needs as well as different financial institutions, specializing on them. Despite an important role of banking institutions in overcoming the consequences of a military conflict, they cannot be equated with all financial institutes, as banking activity has some restrictions, while specific of the banking business processes does not allow adapting to provide simultaneously all financial services.

In order to solve this issue, there appeared processes, the most common in the world, that made cooperation between banks, insurance companies and other non-banking institutions deeper, while the relevant tendencies were also in the domestic market. In our opinion, while using the existing clients' base of commercial banks to promote their own services, the insurers begin to multiply their influence not only in the financial market, but also in economy in the whole. Besides, the development of this direction of financial mediation is connected with a growing demand for services that cannot be directly given by the banking institutions.

In this regard, the research of the perspectives to develop insurance market of Ukraine in conditions of the post-conflict reconstruction of economy is perspective enough.

2. Brief Literature Review

The issue of insurance market development has been studied in the works of many researchers. In particular, C. C. Lee and C. W. Lin (2016) have revealed existence of a positive influence of globalization and political stability on insurance market development, at the same time it was found, that financial liberalization hinders development of the branch. Further study of this issue allowed establishing that influence of globalization on insurance market development differs from the level of economical development of the countries (Lee & Chiou, 2016). The further studies of these scientists, basing on hypothesis «to much finance», have proved the existence of a non-linear interconnection between insurance market development and economical growth (Lee, Lee & Chiou, 2017). M. Eling and Jia R. (2019) have revealed that profitability and efficiency in insurance branch mostly depend on such external factors as growth of GDP, level of insurance penetration, inflation and interest rate. Such scientists as Balciar M., R. Gupta, C. C. Lee and G. Olasehinde-Williams (2020) claim that national movement, level of education and financial development have positive influence on growth of insurance premiums, at the same time inflation increases, which leads to shortage of amount of insurance market. Examples form the countries - members of OECD have proven that growth of insurance premiums and payments, level of insurance penetration have positive influence on economical growth after the economic

crises (Apergis & Poufinas, 2020). Basing on data concerning development of BRICS countries, the mutual cause-effect relationship of economical growth, insurance market development and geopolitical risk was established (Lee & Lee, 2020).

Importance of insurance market development after termination of hostilities was studied, due to example of countries, which have succeeded in issues of consolidation of peace and overcoming the military conflict consequences. In particular, the importance of attraction of foreign and private investments into insurance branch in post-conflict period by means of liberalization of financial markets and implementation of innovative insurance products was substantiated (Nagarajan, 1997). Using Croatia as an example, the scientists proved that formation of national health insurance system allows to reduce a funding for health care and preserve acceptable level of medical assistance provision (Turek, 1999). The scientists S. Ozawa and D. G. Walker (2009) have revealed importance of increasing of the rural people trust towards insurance companies in the sphere of health insurance through establishing of effective communication with the clients in post-conflict conditions. The study of experience in health insurance in Sierra Leone gave an opportunity to claim that it helps to lower financial risks of households and decrease their medical expenses, especially of the most vulnerable populations (Edoka et al., 2017). At the same time, some separate studies of international organizations are dedicated to establishment of social oriented types of insurance in Bosnia and Herzegovina (IMF, 2000), to necessity in minimization of risks of private sector development (Peschka & Emery, 2011).

Influence of military conflict on insurance market of Ukraine is out of interest of domestic scientists, who particularly focused on financial and legal preconditions for insurance market formation (Zhabynets, 2013), on evaluation of insurance market financial safety (Bovsunovska, 2015), on systematic managing of insurance market (Kuzheliev & Sokyрко, 2015) and on competitiveness and quality of insurance services (Zorya, 2016).

At the same time, it's worth mentioning, that amount of insurance market of Ukraine significantly exceeds the same in the countries of the former USSR, on the territories of which there exist frozen conflicts, in particular in Moldova and Georgia. Besides, we do not have sufficient grounds to assert about credibility of the existent data concerning insurance market development on the territory of Transnistria, Abkhazia and South Ossetia, which are not controlled by governments of Moldova and Georgia, respectively.

Outlining the unsolved earlier issues, being the part of the general problem, which this paper is dedicated to: at the same time, the issue, concerning definition of the problems of post-conflict reconstruction of economy, which can be solved with the help of insurance market development, considering national peculiarities of the insurance companies' activity, is still not solved.

3. Purpose

The purpose of this paper is outlining of a perspective strategy of the Ukrainian insurance market's development in conditions of the post-conflict reconstruction of economy.

A methodological basis of this research is the general scientific and special methods of knowledge. With the help of economic-statistics methods, a modern state of the Ukrainian insurance market's development was evaluated and the interconnection between the level of an insurance penetration and the level of a financial potential of an insurance market's usage was revealed. With the help of the methods of abstracting, analysis, synthesis, clustering, analogy and comparison, the problems of the post-conflict reconstruction of economy, that can be solved due to the development of insurance market, were revealed and the ways to solve them were suggested.

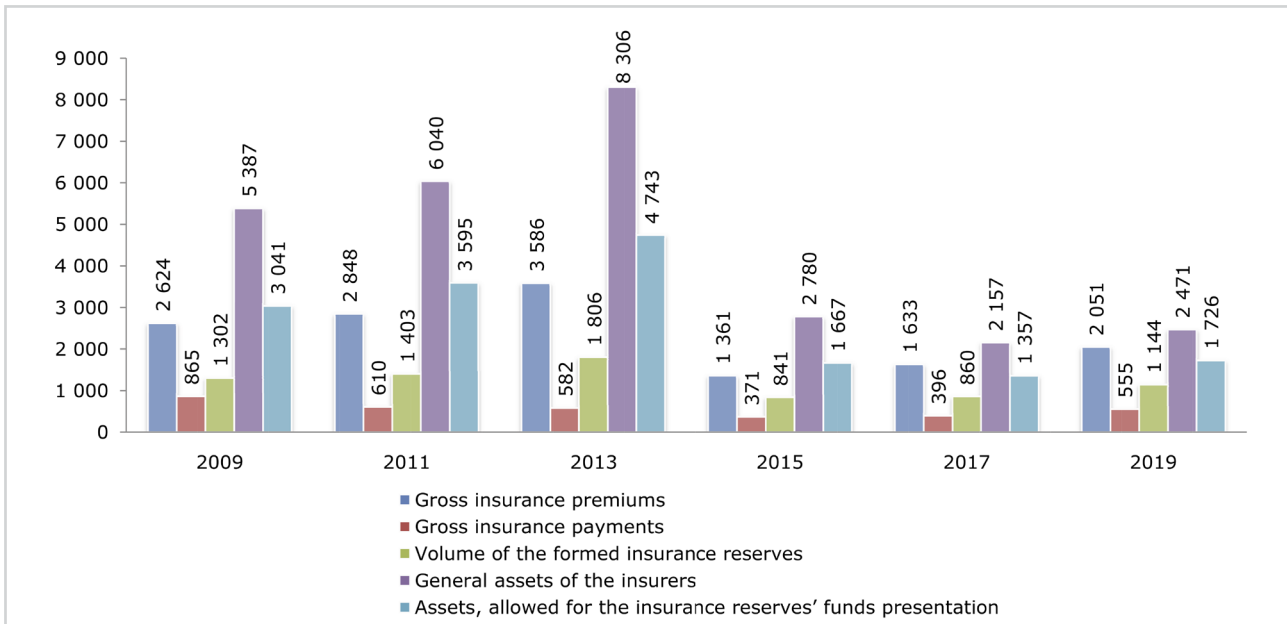
4. Results

As the result of the main indices of development of insurance market of Ukraine during the years of 2008 to 2019 (Figure 1), the significant reduction of the insurance payments' volumes in the period of the military conflict was revealed, that has the relevant influence on the volumes of the formed insurance reserves and volumes of assets in the whole.

A primary role of insurance in society reflects in ability of the insurers to compensate the economical subjects' losses, conditioned by the insurance contracts, therefore providing a national financial safety. As the results of analysis of the safety indices of insurance market of Ukraine, there can be stated, that the level of an insurance penetration (ratio of the gross insurance premiums to GDP, as well as an insurance density (ratio of the gross insurance premiums to number of

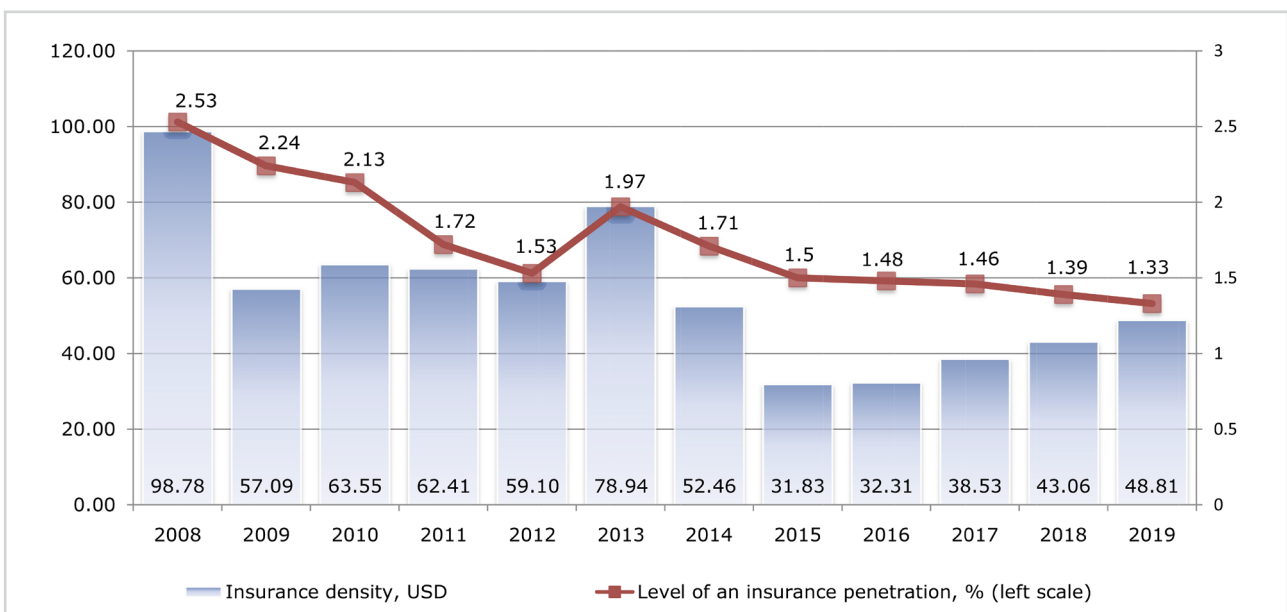
population) were significantly smaller than the recommended values in 8% and USD 140 respectively, provided in the regulatory documents (Figure 2).

An equally important is also a role of insurance in a financial provision of a reproduced process through the investment of the temporary free funds into different financial instruments and projects. At the same time, a financial potential of insurance market is defined by the volume of the mobilized insurance payments. Considering this, we've studied the interconnection between the level of application of an insurance market's financial potential and the level of an insurance



Note: An average official course of the US dollar to Ukrainian hryvna in the respective year is used.

Figure 1:
Main indices of insurance market development in Ukraine in 2008-2019, USD millions
 Source: Authors' calculations based on data of the National Commission Providing the State Regulation of the Markets of Financial Services of Ukraine (<https://www.nfp.gov.ua>)



Note: An average official course of the US dollar to Ukrainian hryvna in the respective year is used.

Figure 2:
Safety indices of insurance market of Ukraine in 2008-2019
 Source: Authors' calculations based on data of the National Commission Providing the State Regulation of the Markets of Financial Services of Ukraine (<https://www.nfp.gov.ua>)

penetration. Meanwhile, there was used as an indicator of the level of application of an insurance market's financial potential the correlation of the volumes of the allowed for presentation of the insurance reserves actives' money (bank deposits, shares, bonds and other actives, determined by the article 31 of the Law of Ukraine «About insurance») to the volumes of the rated GDP in the respective year.

The results of the regressive analysis of dependence of an application level of an insurance market's financial potential (*FP*) on the level of an insurance penetration (*IP*) in Ukraine during the years of 2002 to 2019 (maximum possible period for analysis according to data available from the state data regulator) are shown in Table 1.

Table 1:
Results of the regressive analysis

Model: OLS, using observations 2002-2019 (T = 18)					
Dependent variable: FP					
HAC standard errors, bandwidth 1 (Bartlett Kernel)					
	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-ratio</i>	<i>p-value</i>	
const	0.00684532	0.00357522	1.915	0.0736	*
IP	0.801865	0.101290	7.917	<0.0001	***
Mean dependent var.		0.024643		S.D. dependent var.	0.009812
Sum squared resid.		0.000474		S.E. of regression	0.005445
R-squared		0.710164		Adjusted R-squared	0.692050
F(1, 16)		62.67182		P-value(F)	6.35e-07
Log-likelihood		69.35430		Akaike criterion	-134.7086
Schwarz criterion		-132.9279		Hannan-Quinn	-134.4631
rho		0.440918		Durbin-Watson	1.082226

Source: Compiled by the authors

In accordance with the results presented in Table 1, the economic-mathematical model, built by us, is as following:

$$FP = 0,801865 \times IP + 0,00684532. \quad (1)$$

In doing so, the change of the level of usage of a financial potential of insurance market by 69.21% is determined by the change of the level of insurance penetration, as well as the growth of the ratio of the value of gross insurance premiums to GDP by 1, leads to increase of the ratio of the value of assets, allowed to present funds of the insurance reserves, by 0.80.

Considering the fact, that during the last years in Ukraine a clear tendency to reduction of the insurance penetration level appears, the most expectable is the relevant reduction of the financial potential's application level of insurance market.

Besides, an additional obstacle to develop a domestic insurance market is a military conflict and necessity to overcome its consequences that are artificially created (Melnyk et. al., 2016).

The results of the generalized foreign experience showed the main problems of the post-conflict reconstruction of economy, that may be solved with the help of insurance market, considering the peculiarities of its development in Ukraine.

1. A slow economic growth resulted from the high level of the credit risks

The credit operations of the bank institutions are the most risky in the bank business, therefore in order to minimize threats for financial stability in this sphere, it is important to perform the mature insurance policy of the respective risks. The insurers for a fee can take risks of destruction or damage of the collateral property, risk of death of the borrower, as the result of an accident, and other risks. That is why, it is important to widen the conditions and list of risks, connected with bank crediting, that can be insured.

The specificity of the insurance and credit relations does not allow to unite the insurance and banking activities (although the banks can perform a function of an insurance mediator, that is provided by the domestic legislation), therefore the banking institutions will need the services of the insurance companies.

The influence of the insurance companies on the bank crediting reveals also through increase of a resource base of commercial banks, mostly at expense of the assets allocation on the current and deposit accounts.

It is worth to mention, that allocation of the insurers' activities in the bank institutions has to be agreed upon with the necessity in the investments' diversification, their safety and profitability, the regulatory requirements regarding them can be reconsidered according to the priorities of the post-conflict reconstruction.

The insurance companies also can invest money into securities, issued by the commercial banks, that also positively effects the possibilities for the economy's crediting.

2. The non-regulation of an issue of the obligations' fulfillment by the insurance companies in conditions of the military conflict and after its completion

In the first years after completion of the military actions, there is always a possibility of the military conflict to repeat. In our opinion, the consequences of such event for the parties of the insurance contract have to be clearly outlined, as such situations, that have appeared due to the insurance events on the temporarily uncontrolled territories in Ukraine, negatively influenced the level of trust in insurers and the insurance institution in the whole under the difficult conditions of the social - economic changes.

Considering the existence in Ukraine of the «Rules of cooperation between banks and insurers, connected with crediting», developed by the self-regulated organizations, in order to execute which, the leading institutions from the both sectors of financial market have joined together in order to promote the borrowers' crediting, in particular also from the territories, the control on which was restored by the Ukrainian government, the perspective issue in the mentioned document can be the addition of conditions and order of execution by the insurers of their obligations in case of mass rioting, terroristic acts and military actions, as well as cyberattack from other countries.

A positive moment is an appearance of the new insurance products, that foresee compensation of losses, connected with military actions, from the following companies as «АСКА (ASKA)», «ВУСО (VUSO)» and «Актив Гарант (Activ Garant)» whose activity up to 2014 was concentrated in Donetsk and Lugansk regions.

Considering this, in the future post-conflict period in Ukraine the development of the special insurance products is probable, oriented on clients from the territory, suffered from the conflict, as well as internally displaced persons, that also will foresee the order of the obligations' execution in case of repeat of the military actions, in particular, according to the following types of insurance: a property insurance, a public liability insurance of the owners of ground transport, an insurance of the ground transport (but for the rail-way one), a credits insurance (including liability of the borrower for the non-performing loans).

Besides, one can expect the appearance of the products from other non-banking institutions, that will consider the factor of the military conflict.

3. A rapid growth of the financial needs of the healthcare system

In our opinion, considering the current situation in Ukraine, as well as problems, appeared in other countries after the end of the war, one of the main priorities of the state policy would be a healthcare. This is connected with necessity of an effective usage of the budgetary funds for a medical treatment and rehabilitation of the participants in the military actions and civilians, who were injured. According to the data of the State Service for War Veterans and Anti-Terrorist Operation Participants, as of 01.07.2019, a status of combat operations participants have received 369 451 persons, who participated in an anti-terroristic operation (State Service of Ukraine for War Veterans and Anti-Terrorist Operation Participants, 2019), everyone will need a qualitative yearly medical treatment, that will definitely lead to growth of financial needs for the healthcare system.

Besides, one more consequence of the conflict is mining of the territories, extent of which can be defined by the existent arming of the warring parties and their approach to conduct military operations. As per the data of the domestic Ministry of Defense, only in the year of 2014, on the liberated territories 63 objects of the local infrastructure were demined, as well as found and disposed over 10 670 explosive objects (Cabinet of Ministers of Ukraine, 2014).

Although such events can be one of the priority tasks of the post-conflict reconstruction, there still is probability of appearance of injured persons among the civilians, that leads to necessity in building and financing of the relative infrastructure of medical institutions.

According to the Concept of the Healthcare Financing Reform in Ukraine, adopted in the year of 2016, there is stipulated that the main source of the healthcare system financing will be the national

taxes, paid to the state budget, although, considering the existing tendencies, these costs can be not enough. One of the means to solve this problem is the implementation of a mandatory medical insurance. As per the Georgia's experience, the strengthening of the insurance companies' role in the healthcare financing gave the bigger effect, comparing with the direct unofficial payments in favour for doctors and medical institutions.

An objective necessity of the insurance companies' role strengthening in the healthcare financing in Ukraine is confirmed by the development of the voluntary medical insurance during the last years, as well as a vigorous actions of the health funds.

Concerning the activity of the health funds, the latter are created in a form of the non-profitable organizations and acting not according to the Law of Ukraine «On Financial Services and State Regulation of Financial Services Markets» and «About Insurance», although actually at expense of the money, paid by citizens, they provide for them a full or partial compensation of some medical services costs, that is very approximate to a medical insurance - type of insurance, that has to be licensed. This is why there exists a negative attitude of an insurance business towards the health funds that are considered as competitors.

An inadequate level of the state supervision over these organizations explains the absence of the consolidated information, in the open sources, about the number of members of the health funds, the deposits, paid by them, and the received financing from other sources, the directions of monetary resources' usage, that makes impossible the evaluation of their role in the healthcare financing.

In our opinion, the mechanism of the health funds' functioning corresponds to the basis of the partnerships of the mutual insurance's activity, but for the commercial insurance companies, that are also needed in society, considering experience of other countries. A problem of absence in Ukraine of this type is connected with an inadequate regulatory and legal provision of their activity and ability to create the other structures, in particular, the charitable organizations, in order to provide the insurance safety.

A distinction of the activity of the commercial insurance companies as well as the partnerships of a mutual insurance is one of the conditions of an effective application of these non-banking financial institutions' potential to solve the problems of the healthcare financing.

In a long term perspective, considering the dynamic of the medical insurance development and the forms of cooperation of the insurance companies with each other, there can be created a unified registry of the insured persons under the insurance contracts. The goal of its creation is similar to the task of the Credit Registry of the National Bank of Ukraine - a systematization of the clients' data, in this case the ones, who use the services of a medical insurance. An access to such information will contribute a more profound evaluation of the risks to be insured, as well as an adequate formation of the relevant reserves and increase of the payment capacity of the companies.

At the same time, a special attention will be paid to the compromises between a right to private life and its secrecy, for instance, about the state of health and medical histories, as well as provision of a national safety in a sphere of a healthcare. One of the variants is a development of the unified for all companies methodical recommendations to determine the rating of a specific insured person on behalf of an evaluation of the acceptance of a risk insurance and inclusion into the unified registry data only about this rating. This will allow to minimize the level of interference in a private life and to increase the effectiveness of an insurance deposits' application for a health safety.

After the completion of the medical reform, the insurance companies, offering the services of a medical insurance, comparing with other insurers, also need much more attention from the state organs like a special subject of a social interest, and under certain conditions can be considered also as a systemically important financial institution.

In order to minimize the financial system's risks, a perspective issue is a strengthening of the regulation about a medical insurance like an exclusive type of activity, that will foresee a creation of the specialized insurers, as well as the special demands on their capital, the directions of the costs investments and management, in particular, the necessity to include the specialists of medical and related spheres to the governing bodies.

Besides, in order to guarantee the insurance companies' obligations fulfillment under the contracts of a medical insurance, a union of insurers can be created, similar to the Motor (Transport) Insurance Bureau of Ukraine and Agrarian Insurance Pool, what, in our opinion, will contribute not only the development of a medical insurance, but also a medical sphere in the whole.

A decision of the outlined problem of the financial potential development, resulted from a military conflict, also depends on the effectiveness of the insurance companies' management, of the level of a financial literacy of people and regulation of the insurance companies' activity. According to this, the perspective positions are as following:

- an improvement of a management system of the insurance market's participants, that should foresee not only a clear separation of powers and responsibility, but also an increase of demands on managers and founders and improvement of the mechanism of a risks management. It is possible to provide the regulatory requirements as per the minimal quantity of the independent directors in the insurers' supervisory boards (such demand is in a banking sphere), that can provide a balance of interests of the owners, state, insurers and other stakeholders, and do not allow the misuse by a company's management to happen.
- a popularization of a self-education in the financial issues. Despite the fact, that Ukrainians are a nation with a high segment of population, having a higher education, during the last years it often appears a manipulation of public opinion, the fraudulent actions of the market representatives and appearance of the pyramid schemes. The initiated now changes in the system of education can positively affect the level of a financial literacy, tradition and culture of the financial services' usage in the future, but these transformations, probably, will not be used by an adult part of population, who now make the main decisions on a level of households and business entities and will stay the same in the coming years.
- a change of approaches to the regulation of the insurance companies' activity, that has to include not only a consolidated approach to regulate and supervise on behalf of the governing bodies, but also a strengthening of a role of the self-regulated organizations. Besides, considering the existing tendencies to increase a concentration of insurance market in response to strengthening of demands on the insurers, an important is a determination of a criteria of the systematically important insurance companies, depending on the clients' quantity, volumes of assets and obligations and other parameters, an impact assessment of development of a relevant markets' segment and a financial system in the whole, basing on what one should develop the special demands concerning their activity and possible instruments of a state support. Besides, there can appear an objective necessity to create the guarantee funds of the obligations' fulfillment in a part of the insurance payments (reimbursement), in particular, a medical insurance.

5. Conclusions

Making conclusions of the above studied, one can claim that a transformation of an insurance market's role in conditions of latent military conflict is connected with the following:

- 1) An increase of the risks' level. While redistributing the risks among the economic agents, insurance market contributes the growth of an economic system's stability in the whole. This has a special meaning to overcome the consequences of the military conflicts while conducting a risks insurance, connected with realization of the projects of the post-conflict reconstruction.
- 2) A slowing down of a financial resources flow. The accumulated from the insurance contribution money are invested in different financial instruments (deposits, shares, bonds, state securities), thus accelerating a financial resources flow in the country. Meanwhile, the insurers can contribute to financing of an expanded reconstruction directly (by investing in securities of the real sector enterprises), as well as indirectly (by investing in securities of other financial institutions or by means of allocation of the funds on the accounts of banking institutions).

So, the main perspectives of the Ukrainian insurance market's development in conditions of latent military conflict are connected with the bank crediting, development of new insurance products in a sphere of a property insurance and a liability insurance, that consider a factor of the military conflict, as well as implementing of a mandatory medical insurance, involving the insurance companies with simultaneous support of development of a voluntary medical insurance, also through the partnerships of a mutual insurance.

In case of realization of the above mentioned offers and coordinated actions of the state regulators, unions of the market's participants, owners and insurers' managers, as well as consumers of the financial services, the following results can be achieved: a minimization of risks, sensitive to the military conflict, a provision of an economic growth through a risks insurance and stimulation of the bank crediting, as well as reduction of strain in a part of the healthcare system's financing.

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