

ANALYSIS OF FINANCIAL RESULTS OF INSURANCE COMPANY ACTIVITY

АНАЛІЗ ФІНАНСОВИХ РЕЗУЛЬТАТІВ ДІЯЛЬНОСТІ СТРАХОВОЇ КОМПАНІЇ

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The specifics of the insurance company necessitates the definition of a system of certain indicators that characterize the characteristics of the insurance company. The financial condition of the insurance company is characterized by indicators that describe its ability to develop and operate successfully in a competitive market environment. The stable financial condition of the insurer is a guarantee of development in a market economy and ensuring the sustainability of the insurance market. The article identifies the sources of capital formation of insurance companies and presents the algorithm for the formation of financial results of insurance companies. A system of indicators that affect the financial performance of the insurance company is presented. The directions of increase of efficiency of use of financial resources are defined.

Key words: financial resources, insurance company, financial results, insurance premiums.

Специфика деятельности страховой компании обуславливает необходимость определения системы определенных показате-

лей, характеризующих особенности деятельности страховой компании. Финансовое состояние страховой компании характеризуется показателями, которые описывают ее способность к развитию и успешной работе в конкурентной рыночной среде. Устойчивое финансовое состояние страховщика является залогом развития в условиях рыночной экономики и обеспечением устойчивости развития страхового рынка стран. В статье определены источники формирования капитала страховых компаний и приведен алгоритм формирования финансовых результатов страховых компаний. Представлена система показателей влияющих на финансовые результаты деятельности страховой компании. Определены направления повышения эффективности использования финансовых ресурсов.

Ключевые слова: финансовые ресурсы, страховая компания, финансовые результаты, страховые премии.

Специфіка діяльності страхової компанії обумовлює необхідність визначення системи певних показників, які характеризують особливості діяльності страхової компанії. Фінансовий стан страхової компанії характеризується показниками, які описують її здатність до розвитку і успішної роботи в конкурентному ринковому середовищі. Стійкий фінансовий стан страховика є запорукою розвитку в умовах ринкової економіки і забезпеченням стійкості розвитку страхового ринку країни. В умовах ринку кожне страхове підприємство повинно правильно оцінювати свій економічний потенціал, виробляти стратегію подальшого розвитку, здійснювати об'єктивну оцінку платоспроможності, забезпечувати фінансову стійкість компанії. Кожний суб'єкт фінансового ринку зацікавлений в отриманні прибутку. Страховики не є винятком. Основна мета діяльності страхової компанії полягає в наданні надійного страхового захисту. Термін «прибуток» є умовним у страхуванні, оскільки тут відбувається перерозподіл національного доходу, а не його безпосереднє створення, тому більш грамотним буде застосування до цієї категорії поняття «фінансовий результат». У статті визначено джерела формування капіталу страхових компаній та наведено алгоритм формування фінансових результатів страхових компаній. Представлено систему показників які впливають на фінансові результати діяльності страхової компанії. Визначено напрями підвищення ефективності використання фінансових ресурсів. Фінансова діяльність страхової компанії базується на фінансовому плані, полягає в організації поповнення, руху та використання коштів за цільовим призначенням, плануванні фінансових ресурсів, контролю за їх використанням. Обґрунтовано, що фінансові ресурси страхової організації – це сукупність тимчасово вільних коштів, що знаходяться в обігу страхової компанії та використовуються для здійснення страхової, інвестиційної, фінансової діяльності. Страхова організація володіє певними фінансовими ресурсами, інвестування яких є джерелом інвестиційного доходу.

Ключові слова: фінансові ресурси, страхова компанія, фінансові результати, страхові премії.

Formulation of the problem. Insurance is an important branch of the economy, which provides insurance protection to the population and business entities, as well as generates significant investment resources for economic development. The main condition for ensuring the ability of the insurance sector to perform its functions, in particular to fulfill obligations to customers, is that insurance companies have sufficient capital.

However, today, the development of the insurance market is constrained by a number of factors, in particular, a number of insurance companies have problems with solvency and liquidity, there is no clear business model, the level of risk management and corporate governance is low. All this makes the market opaque and uncompetitive.

The above-mentioned systemic problems in the insurance market in Ukraine are caused primarily by inadequate legal regulation, as well as imperfect

regulatory policy and lack of proper supervision over its implementation. Therefore, building a sustainable and reliable market for insurance services requires significant efforts from both the regulator and the participants in the insurance market.

Analysis of recent research and publications.

Problems of assessing the financial condition of insurers are studied by N.M.Vnukova, C.C. Osadets, N.V. Tkachenko, O.I. Baranovsky, A.M. Yermoshenko, O.V. Kozmenko, A.O. Boyko, D. Bland, L.V. Shirinian [12] and other scientists.

Setting objectives. The purpose of this article is to study the financial results of insurers, their formation and justification of approaches to improving the performance of insurance companies.

Also, the scientific novelty of the results is a comprehensive study of the main indicators of insurance companies, a detailed assessment of each of these indicators.

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Presentation of the main research material. In market conditions, each insurance company must properly assess its economic potential, develop a strategy for further development, to carry out an objective assessment of solvency, to ensure the financial stability of the company.

The Law of Ukraine "On Insurance" stipulates that insurers who have the right to carry out insurance activities in Ukraine are financial institutions established in the form of joint-stock, general, limited partnerships or companies with additional liability in accordance with the Law of Ukraine "On Business Associations", taking into account that the participants of each of these financial institutions must be at least three, and other features provided by this Law, as well as received in the prescribed manner a license to conduct insurance activities [10].

The financial activity of the insurance company is based on the financial plan, is to organize the replenishment, movement and use of funds for their intended purpose, planning of financial resources, control over their use.

The financial resources of an insurance organization are a set of temporarily free funds that are in circulation of the insurance company and are used for insurance, investment and financial activities. The insurance company has certain financial resources, investment of which is a source of investment income. At the expense of financial resources, the insurer fulfills its obligations to policyholders, can stabilize its own financial condition, reduce inflationary pressures, offer less profitable types of insurance services in the insurance market.

The economic content of financial resources and their purpose determine the features of investment. The sources of financial resources of the insurance organization are own, borrowed and borrowed capital, which characterizes the investment potential of the insurer (Figure 1).

Due to the specifics of the companies, the attracted capital significantly exceeds the own.

The ratio of equity and debt capital characterizes the solvency of the insurer. The higher the share of equity in the capital structure of the insurer, the higher the margin of its financial strength.

Every financial market entity is interested in making a profit. Insurers are no exception. The main purpose of the insurance company is to provide reliable insurance protection. The term "profit" is conditional in insurance, because there is a redistribution of national income, rather than its direct creation, so it would be more appropriate to apply to this category the concept of "financial result".

The diversity of this category indicates the comprehensive nature of its formation and the need for research. The financial result of the insurer is defined as the difference between income and expenses as a result of the insurance company (Figure 2).

Thus, the organization of the finances of the insurer should be understood as the organization of the management of monetary redistributed relations between the insurance company and its counterparties; organization and management of cash flow of the insurer and its capital in the current legal environment in order to ensure the financial

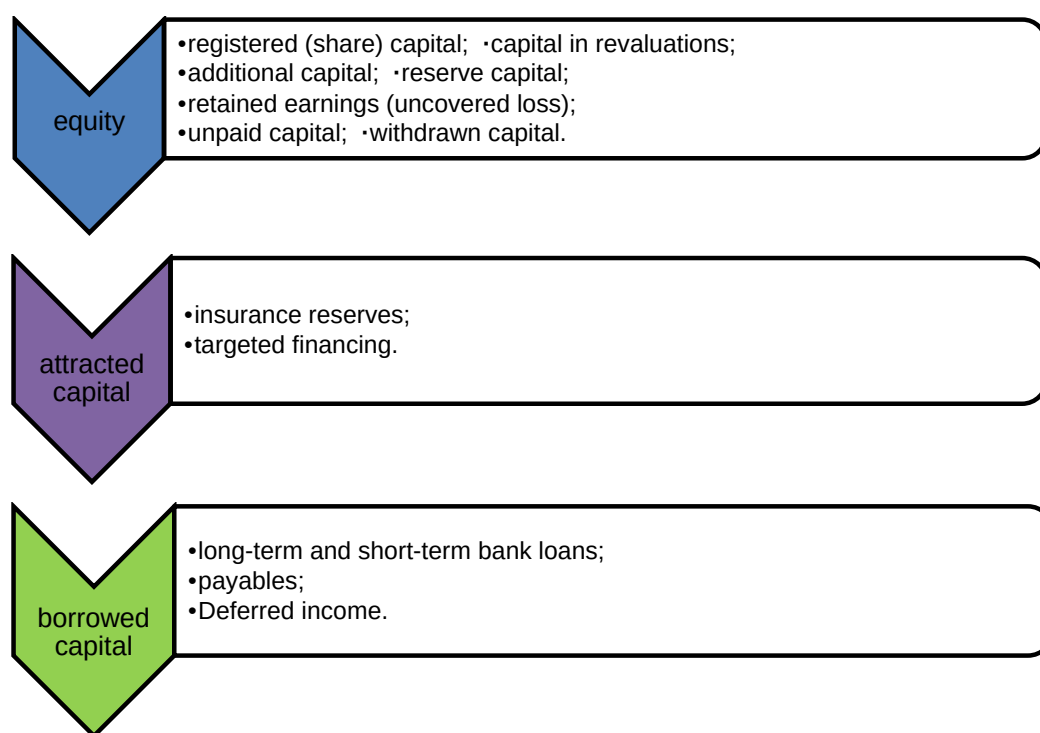


Figure 1. Sources of capital formation of insurance companies [11]

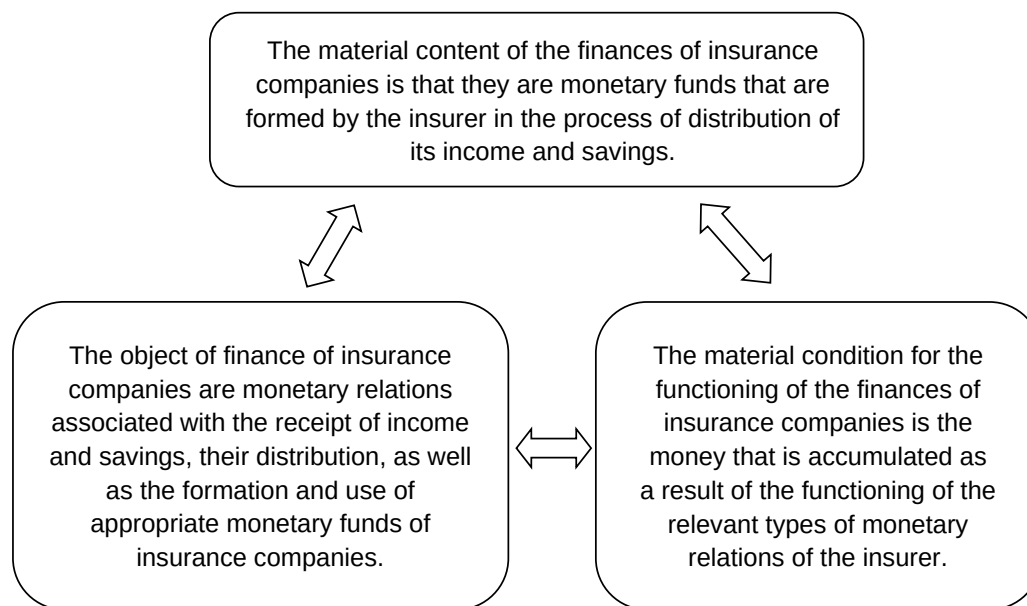


Figure 2. Algorithm for generating financial results of insurance companies [11]

stability of the insurer and maximize its profits or increase the value of the company.

Due to the specifics of the activity, the next feature of the formation of profits from insurance activities is the difference in sources of income and expenses for the main activities of the insurer (Table 1).

The most important feature of the financial and economic activities of insurers is the formation of insurance reserves to ensure financial stability and fulfillment of obligations to customers. They determine the amount of the insurer's obligations to policyholders under insurance contracts, unfulfilled at this time.

As the insurance premium under insurance contracts is received earlier than insurance events occur and insurance payments are made under these contracts, there is an urgent need to create a certain reserve of the insurance fund.

The structure of insurance reserves depends on the type of activity (Figure 3).

Article 31 of the Law of Ukraine "On Insurance" provides for the obligation of insurers to create reserves for life insurance (mathematical reserves) and technical reserves. Technical provisions – the amount of liabilities of the insurer in cash to make

future payments of insurance premiums and insurance indemnity [10].

Life insurance reserves (mathematical reserves) are reserves formed by the insurer under a separate insurance agreement to meet obligations for future payments under the terms of insurance agreements [10].

The amount of insurance reserves depends on the tariff policy developed by the insurer. Inflated insurance rates, on the one hand, contribute to the growth of their volumes, and on the other hand, increase the amount of insurance premiums, reducing the demand for insurance services. At the same time, lower tariffs lead to a decrease in the amount of insurance reserves, therefore, to the formation of reserves in insufficient amounts for insurance payments

Thus, based on the above, it can be noted that the process of profit formation has its own characteristics that distinguish it from other businesses. Also a feature is the creation of insurance reserves, the need for the formation of which is due to the time gap between the receipt of insurance premiums and its use for the payment of insurance indemnities.

The activities of insurance companies are influenced by a number of external factors, which

Table 1

Sources of income and expenses of insurance companies [7]

Income	Expenses
insurance premiums for insurance, reinsurance, co-insurance	payments of insurance sums and insurance indemnity
commissions for the transfer of risks to reinsurance	deductions to technical reserves, not to the reserve for unearned premiums
shares of insurance sums and insurance indemnity paid by reinsurers	payment of commissions to brokers, intermediaries for concluding and servicing insurance contracts
refunds from centralized insurance reserve funds and technical provisions, not from unearned premium reserve	insurance payments, sums insured and insurance indemnity paid to reinsurers

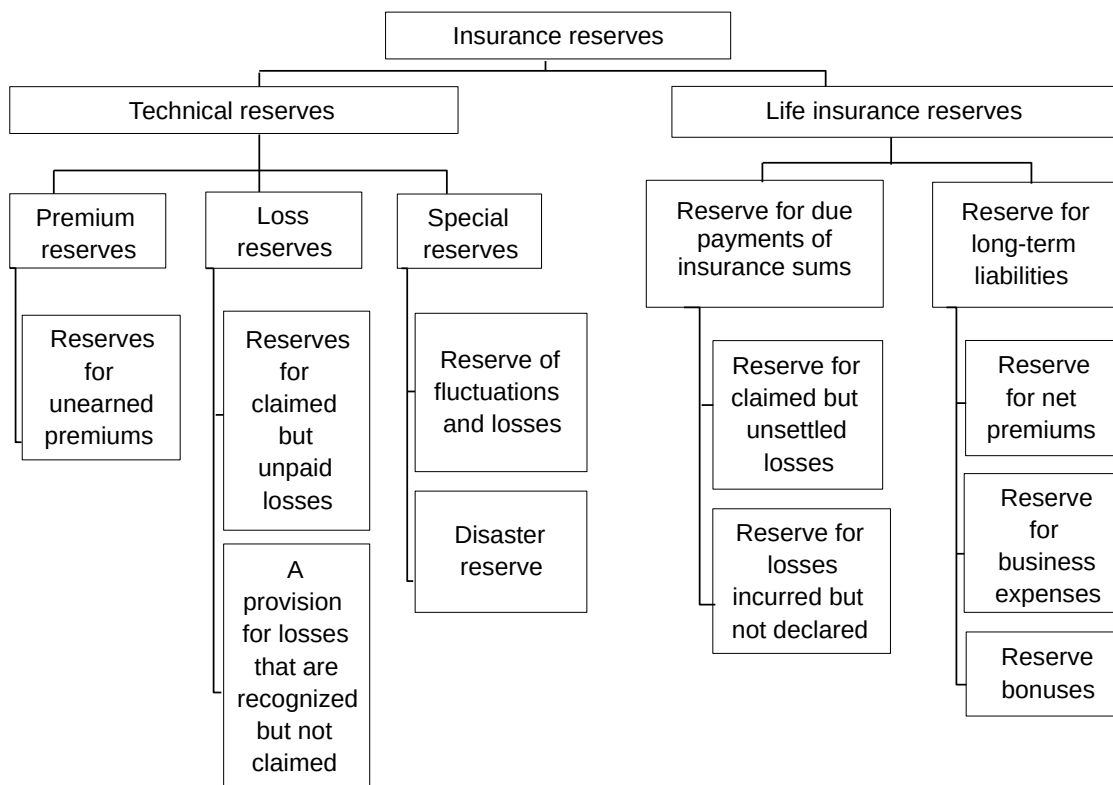


Figure 3. The composition of insurance reserves by type of insurance [7]

include: the rapid development of integration and globalization processes, the internationalization of the global insurance market; high level of mobility, interconnection and interdependence of insurance and financial markets based on the latest technologies; diversity and dynamism of existing financial instruments; the inability of financial institutions and supervisors to adequately control crises; high level of dependence on external reinsurance; insurance fraud; imperfection of national legislation in the insurance sector; underdevelopment of the country's stock market; growing dependence of the national insurance market on foreign capital; maintaining the tendency to delay the exit from the economic (financial) crisis.

The efficiency of the insurance company is determined by many indicators, but first of all, financial stability and profitability of business operations, especially insurance, because the main task of the insurance company – to ensure insurance payments in the event of insurance cases in the insurance fund.

Under the financial stability of insurance operations is understood the permanent advantage of income over expenses within the settlements of the insurance fund, which is ensured by the solvency of the insurer.

The basis of financial stability of insurers at the quantitative level of assessing the stability of the insurance company are indicators:

- the amount of authorized capital;
- availability of a guarantee fund;
- the amount of own money;

- the amount of created insurance reserves, sufficient for future payments;
- the ratio of assets and liabilities;
- compliance with standards for the placement of insurance reserves;
- profitability of insurance operations;
- indicators of loss of the sum insured [1].

In order to effectively manage the insurance company, considerable attention should be paid to the mechanism of formation of financial resources of the insurance company, which provides the finances that are available to the insurance company.

In the mechanism of formation of financial resources of the insurance company there are the following methods: analysis, planning, control and regulation, the use of which leads to the management of the object, where an important role in financial management through financial methods should be given to analysis. The analysis is based on a system of balanced scores, which, in turn, are calculated to conduct a comprehensive assessment, identify development prospects, achieve strategic goals, increase market capitalization, improve internal processes and meet user needs.

The mechanism of formation of financial resources of the insurance company is divided into stages:

1. Receipt of insurance premiums to the insurer. In the process of using the services of insurance intermediaries and reinsurers, the insurer pays remuneration in the form of a commission to insurance intermediaries for the received insurance premiums,

and transfers part of the insurance premiums to reinsurers.

2. Taxation.

3. Formation of insurance reserves.

4. Making insurance payments or insurance indemnity payments.

5. Receiving retained earnings of the insurance company. It should be noted that in the fifth stage of the formation of financial resources of the insurance company profit depends on an effective tariff policy. The National Commission for State Regulation of Financial Services Markets has developed a draft order "On Amendments to the Methodology for Determining the Normal Price of the Insurance Tariff" [4].

The specifics of the insurance company necessitates the definition of a system of certain indicators that characterize the characteristics of the insurance company.

When assessing the financial results of the insurance company as an object of management, the following indicators are used:

1) "Authorized capital" determines the amount of paid-in authorized capital and characterizes the implementation of insurance requirements of the legislation and Ukraine.

2) "Equity" is the amount of capital free from the obligations of the company, which acts as an additional guarantee of liabilities in the event of their deviation from the size of the estimated values.

3) "Fixed assets" characterize the amount of the residual value of own and financially leased objects, which are included in the fixed assets of the insurance company.

4) "Number of concluded contracts" is used to characterize the insurance portfolio and the level of coverage of the insurance field, the demand for insurance services, determining the place of the insurance organization in the insurance market. This indicator should be considered in the dynamics.

5) "Insurance payments" characterize the amount of funds received by the insurer under insurance and reinsurance contracts. This indicator is determined by the company as a whole, by individual types of insurance and per contract.

6) "Insurance payments" characterize the amount of funds actually paid by the company for insurance cases. An important point of the analysis is to determine the deviations of the actual amounts of payments from the planned ones and to establish the reasons for these deviations.

7) "Total income of the insurance company". This indicator is considered in the dynamics. At the same time its composition, structure and factors of increase (decrease) are studied. The income (revenue) of the insurance company is diverse, has its own specifics and is divided into three groups: income from the actual insurance business, income from investment and financial activities, ie related to investment and

placement of temporarily free funds (both own and insurance funds) reserves) and other income from ordinary activities.

8) "Total expenses of the insurance company" include: payments of insurance sums and insurance indemnities under insurance and reinsurance contracts; costs of servicing the insurance and reinsurance process; maintenance costs of the insurance company.

9) "Profit in tariffs". This indicator is considered as a pre-calculated load element, which consists of the costs of the insured to conduct insurance business and the insurer's profit.

10) "Income from investment activities" is the difference between income and expenses associated with investment activities.

11) "Actual profit" is the difference between income for the reporting period and losses incurred by the insurer.

12) "Net profit" characterizes the financial result of the insurance company less taxes and mandatory payments to the state budget.

13) "Insurance reserves" characterize the insurance company's provision of future insurance indemnity payments and are divided into: reserve for unearned premiums, loss reserve for insurance companies that provide risky types of insurance, and life insurance reserves for insurance companies that provide life insurance [3].

Also, the main indicators that characterize the state and development of the insurance market include the following:

- number of insurance companies;

- the volume of insurance premiums and their share in GDP;

- the amount of insurance reserves and their share in borrowed capital.

First of all, let's analyze the activities of insurance companies (Table 2), the number of which as of 31.03.2020 was 225, of which 22 life insurance companies ("Life" insurance company) and 203 insurance companies that provided types of insurance other than life insurance (insurance company) "non-Life"). As of March 31, 2020, compared to the same period in 2019, the number of insurance companies decreased by 40 insurance companies.

Gross insurance premiums received by insurers in insurance and reinsurance of risks from policyholders and reinsurers for the first quarter of 2020 amounted to UAH 11,548.8 million, of which:

- UAH 5,399.2 million. (46.8%) – received from individuals;

- UAH 6,149.6 million. (53.2%) – received from legal entities.

In the first quarter of 2019, the total (gross) amount of insurance premiums received by insurers amounted to UAH 13,331.1 million, of which:

Number of insurance companies [5]

Number of insurance companies	As of December 31, 2018	As of December 31, 2019	At the end of the quarter	
			I quarter 2019	I quarter 2020
The total number of	281	233	265	225
incl. Non-life insurance company	251	210	238	203
incl. Life Insurance Company	30	23	27	22

– UAH 4,817.4 million. (36.1%) – received from individuals;

– UAH 8,513.7 million. (63.9%) – received from legal entities.

In the first quarter of 2020, the amount of gross premiums received by insurers from types of insurance other than life insurance amounted to UAH 10,295.6 million (or 89.1% of the total amount of insurance premiums), and life insurance – UAH 1,253.2 million (or 10.9% of the total amount of insurance premiums).

Net insurance premiums for the first quarter of 2020 amounted to UAH 9,668.0 million, which is 83.7% of gross insurance premiums. Net insurance premiums for the first quarter of 2019 amounted to UAH 9,672.9 million, or 72.6% of gross insurance premiums (Figure 4).

The volumes of gross insurance premiums for the first quarter of 2020 decreased compared to the first quarter of 2019 by 13.4%, net insurance premiums decreased by 0.1%.

The concentration of the insurance market on the receipts of gross insurance premiums as of 31.03.2020 is presented in table 3.

It can be stated that despite the significant number of companies, in fact in the insurance market the main share of gross insurance premiums – 98.8% – is accumulated by 100 non-life insurance companies (49.3% of all non-life insurance companies) and 96.2% – 10 IC "Life" (45.4% of all IC "Life").

On the life insurance market Herfindahl-Hirschman Index (HHI) amounted to 1,529.92 (in the first quarter of 2019 – 1,573.93), in the market of risky types of insurance amounted to 257.13 (in the first quarter of 2019 – 236.07). In general, the Herfindahl-Hirschman index in the insurance market was 222.37 (in the first quarter of 2019 – 210.52).

The data show that in the first quarter of 2020 in the market of types of insurance other than life insurance, there was a significant level of competition (HHI 3 times less than 1000), while the life insurance market has a moderate monopolization.

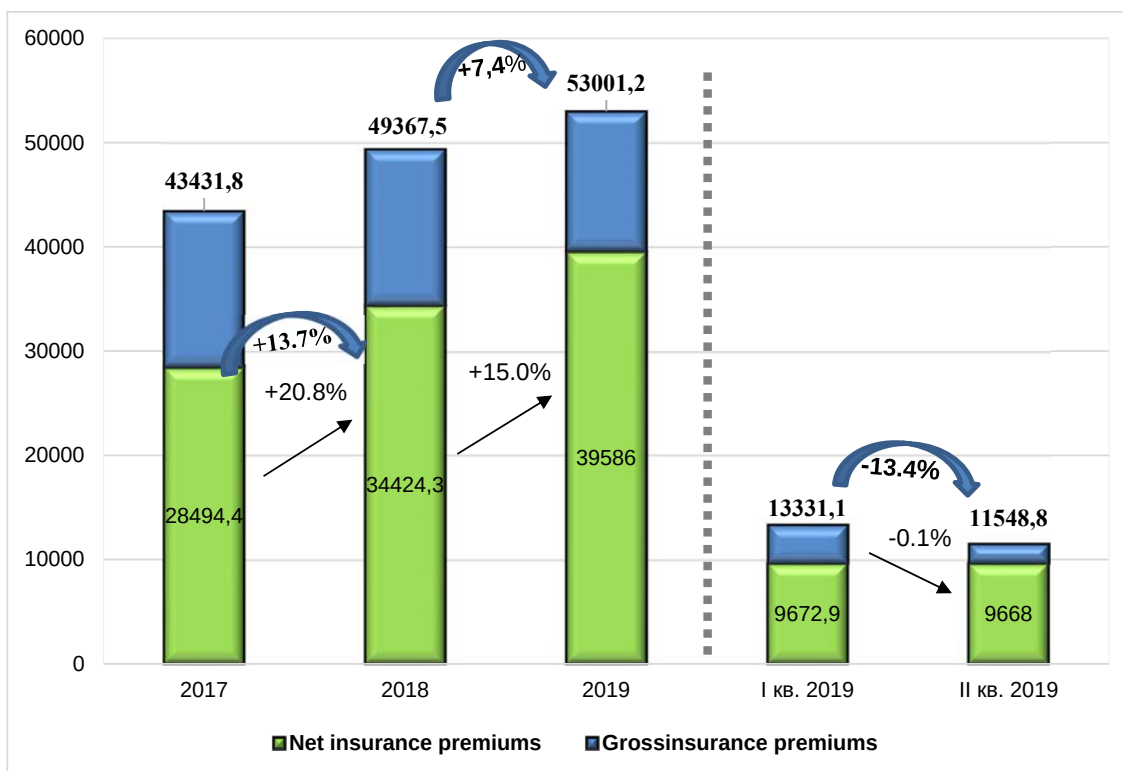


Figure 4. Dynamics of insurance premiums for 2017–2019, I quarter 2020 (UAH million) [9]

Table 3

Concentration of the insurance market for the I quarter of 2020

The first (Top)	Insurance "Life"		Insurance «non-Life»		
	Receipts awards (UAH million)	Fraction on market, %	Receipts awards (UAH million)	Fraction on market,%	The number of IC that more than 50% insurance premiums received from reinsurers
Top 3	712,1	56,8	1 750,4	17,0	0
Top 10	1 206,0	96,2	4 098,0	39,8	1
Top 15	1 253,0	100,0	5 271,8	51,2	3
Top 30	x	x	7 859,5	76,3	8
Top 50	x	x	9 247,5	89,8	8
Top 100	x	x	10 174,8	98,8	9
Top 150	x	x	10 290,4	99,9	11
Total on market	1 253,2	100,0	10 295,6	100,0	13

The decline in net insurance premiums in the first quarter of 2020 (-0.1%) was due to a decrease in receipts from property insurance (-18.8%), financial risk insurance (-25.9%), fire and risk insurance natural disasters (-24.6%), third party liability insurance (-22.2%). At the same time, net insurance premiums on health insurance (+ 19.6%), life insurance (+ 22.7%), and car insurance (+ 7.4%) increased.

In the structure of insurance premiums minus the share of insurance premiums paid to resident reinsurers, by type of insurance as of 31.03.2020 the largest share belongs to such types of insurance as: motor insurance (CASCO, OTSPV, "Green Card") – 3 317.4 million UAH (or 34.3%) (as of March 31, 2019, this indicator amounted to UAH 3,087.8 million (or 31.9%)); health insurance (continuous health insurance) – UAH 1,538.1 million (or 15.9%) (as of March 31, 2019 – UAH 1,286.3 million (or 13.3%)); life insurance – UAH 1,253.2 million (or 13.0%) (as of March 31, 2019 – UAH 1,021.4 million (or 10.6%)); property insurance – UAH 795.4 million (8.2%) (as of March 31, 2019, this figure was UAH 980.0 million (or 10.1%)); insurance against fire risks and natural disasters – UAH 484.8 million (or 5.0%) (as of March 31, 2019 – UAH 642.7 million (or 6.6%)); financial risk insurance – UAH 474.0 million (or 4.9%) (as of March 31, 2019 – UAH 639.8 million (or 6.6%)); accident insurance – UAH 353.0 million (or 3.7%) (as of March 31, 2019 – UAH 351.0 million (or 3.6%)); medical expenses – UAH 319.1 million (or 3.3%) (as of March 31, 2019 – UAH 361.0 million (or 3.7%)).

The redistribution in the structure of net insurance premiums as of 31.03.2020 compared to the same period in 2019 took place in favor of such types of insurance as: health insurance (from 13.3% to 15.9%), life insurance 13.0%), car insurance (from 31.9% to 34.3%). At the same time, in the structure of net insurance premiums there was a decrease in the following types of insurance: property insurance (from 10.1% to 8.2%), financial risk insurance (from 6.6% to 4.9%), fire risk insurance and risks of natural phenomena (from 6.6% to 5.0%).

The dynamics of assets and volumes of insurance reserves of insurers for 2017–2019 and the first quarter of 2020 is shown in Figure 5.

As of March 31, 2020, the total assets of insurers amounted to UAH 65,114.9 million, which is 3.2% more than at the end of the first quarter of 2019.

The value of assets determined in accordance with Article 31 of the Law of Ukraine "On Insurance" increased compared to the corresponding indicator at the end of the first quarter of 2019 by UAH 5,919.5 million, or 14.3%, and amounted to 72.8% of total assets of insurers (as of 31.03.2020 assets determined under Article 31 of the Law of Ukraine "On Insurance" amounted to UAH 47,390.0 million, as of March 31, 2019 – UAH 41,470.5 million) [9].

The number of concluded insurance contracts with individuals in the first quarter of 2020 has undergone, in particular, the following changes:

- the number of concluded insurance contracts against accidents on transport decreased by 3,981.4 thousand units (to 22,436.8 thousand units) compared to the corresponding indicator as of the end of the first quarter of 2019;
- the number of concluded accident insurance contracts decreased by 1,009.8 thousand units (to 7,741.6 thousand units) compared to the corresponding indicator as of the end of the first quarter of 2019;
- the number of concluded financial risk insurance contracts decreased by 409.1 thousand units (to 1,073.2 thousand units) compared to the corresponding indicator as of the end of the first quarter of 2019;
- the number of concluded health insurance contracts in case of illness decreased by 277.9 thousand units (to 1,055.2 thousand units) compared to the corresponding indicator as of the end of the first quarter of 2019;
- the number of concluded medical expenses insurance contracts increased by 27.3 thousand units (up to 1,097.0 thousand units) compared to

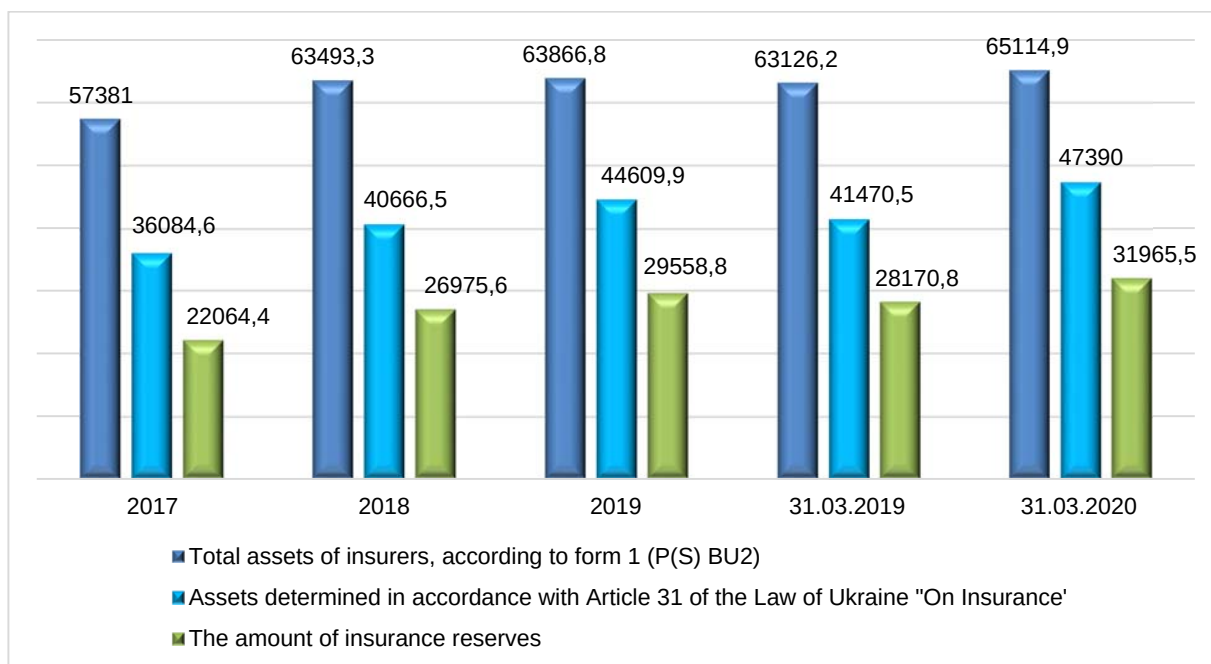


Figure 5. Dynamics of assets and volumes of insurance reserves of insurers for 2017–2019 and the I quarter of 2020 (UAH million) [9]

the corresponding indicator as of the end of the first quarter of 2019;

- the number of concluded property insurance contracts decreased by 114.9 thousand units (to 635.2 thousand units) compared to the corresponding indicator as of the end of the first quarter of 2019;

- the number of concluded insurance contracts against fire risks and natural disasters increased by 8.5 thousand units (up to 357.4 thousand units), compared to the corresponding indicator as of the end of the first quarter of 2019;

- the number of concluded life insurance contracts increased by 49.1 thousand units (up to 288.3 thousand units), compared to the corresponding indicator as of the end of the first quarter of 2019.

As part of improving the efficiency of financial management, insurance companies in the country need to apply an appropriate procedure for its adjustment (Figure 6).

State influence is a key component in combating the crisis in the insurance market, improving the efficiency of managing the financial condition of insurers and reducing the number of troubled insurance companies. We note the presence of significant tools of state influence on the insurance market in the country and its individual components (insurance companies), as well as the low level of modern state influence in terms of combating crisis in the market and improving financial management of individual insurers. In this context, we believe that the state should develop a strategy for the development of the insurance market, given that the old ones have expired; to improve the quality of legislative support for state regulation of insurers; increase information

support for insurance in the country. It is also important to integrate the adjustment of the financial condition of insurers at the level of local authorities into the general procedure of such adjustment.

In order to improve the quality of insurance services, increase the investment potential of insurers and eliminate deterrents, it is necessary to implement the following regulatory, organizational, methodological and informational measures:

- 1) adaptation of the Ukrainian insurance market to the world requirements of financial regulation and supervision, active cooperation with international organizations;

- 2) creation and provision of legal conditions for full-fledged introduction of investment and pension insurance;

- 3) introduction of international standards of accounting and analytics of insurance companies;

- 4) protection of the rights of consumers of insurance services, ensuring fair competition in the market by creating a single self-regulatory organization, members of which must be all insurance companies;

- 5) creation of a single centralized database on the insurance market for fraud, to which all insurers will have access;

- 6) formation of investment instruments for the purpose of placing long-term insurance reserves with the help of state guarantees;

- 7) improving the monitoring of insurers' activities and strengthening control over insurers' compliance with the requirements for ensuring solvency, financial stability, the size of net assets, authorized capital and persons with a significant share of insurers' capital;

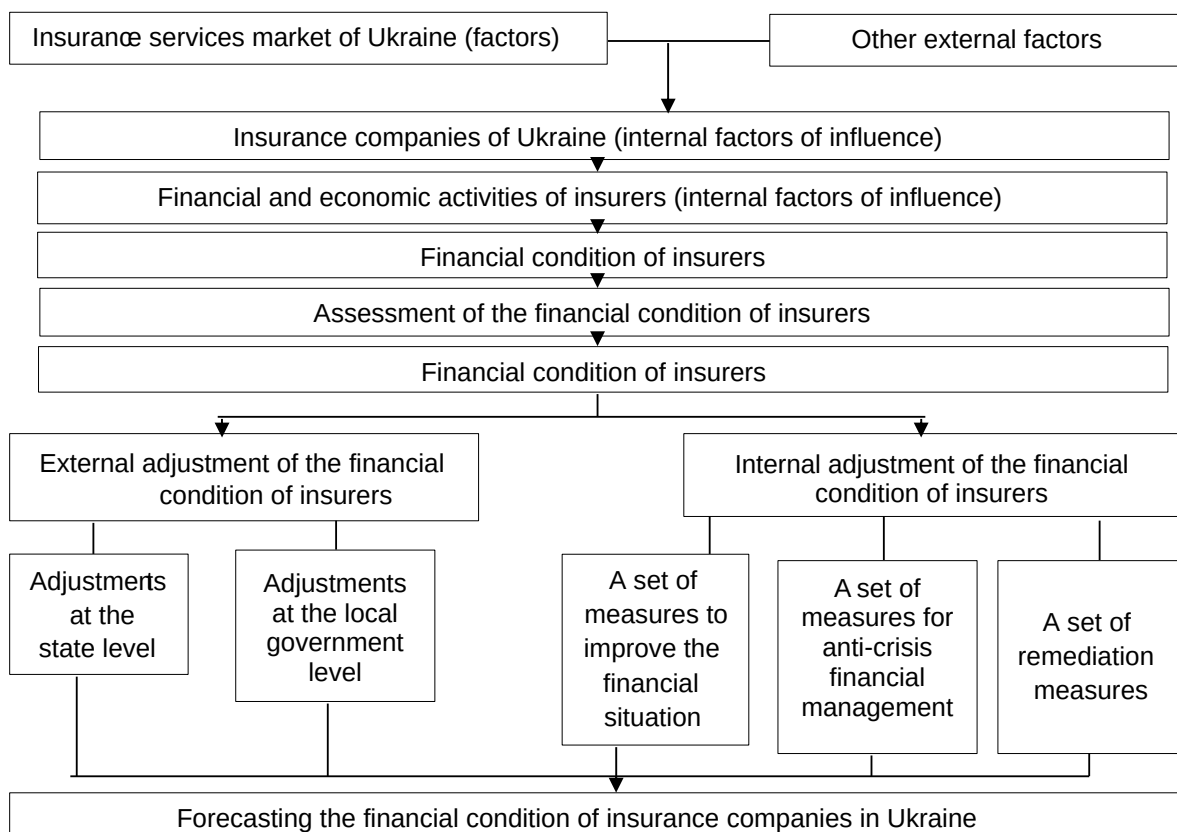


Figure 6. Procedure for adjusting the financial condition of insurance companies of Ukraine [7]

8) development of a regulatory framework that will ensure cooperation between insurance companies and AMC's in the field of asset management of insurance companies;

9) implementation of incentives for insurers that voluntarily comply with the standards of transparency and increased requirements for solvency and the implementation of international financial reporting standards;

10) introduction of stimulating tax policy for the development of personal insurance, long-term life insurance, including investment, participation of insurers in the private pension system, compulsory health insurance by using the share of contributions from these types of insurance on gross expenses of legal entities and improving personal income taxation.

Improving the management of financial resources of insurance companies in conditions of economic instability must be implemented through a set of interrelated measures aimed at effectively ensuring the formation and use of capital, namely:

- improving the capital formation of insurance companies in order to ensure its sufficiency on the basis of developing a methodological approach to the choice of priority sources and methods of capital formation;

- use in the practice of insurance companies a set of indicators that characterize the effectiveness of the formation of insurance reserves and allow to make

informed decisions about the composition of methods of capital adequacy management of insurers;

- development and implementation in the activities of insurers of an approach to optimizing the asset structure of the insurance company in order to reduce the cost of attracting additional financial resources;

- improvement of the regulatory framework and state supervision of insurance activities for the introduction of new standards of capital adequacy management of insurance companies;

- promoting the consolidation of capital of insurance companies by regulating the procedure of mergers and acquisitions of insurance companies, in particular the process of transferring the insurance portfolio from one insurer to another;

- consolidation of efforts to introduce a comprehensive exchange of information and technologies for financial resources management, increasing the transparency of the insurance market of Ukraine.

Conclusions from the study. As a result of the analysis, it was determined that the quality and effectiveness of the insurance company depends on many indicators.

The financial activity of the insurance company is based on the financial plan, is to organize the replenishment, movement and use of funds for their intended purpose, planning of financial resources, control over their use.

The financial resources of an insurance organization are a set of temporarily free funds that are in circulation of the insurance company and are used for insurance, investment and financial activities. The insurance company has certain financial resources, investment of which is a source of investment income.

Also, the implementation of the above recommendations should preserve and strengthen the financial potential of the insurance market of Ukraine, which, in turn, will create a favorable basis for intensifying investment activity of insurance companies in the post-crisis recovery.

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