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insurance and reinsurance federation ()**

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Analysis of insurance market structure and dynamics in Ukraine, Russia and countries members of European insurance and reinsurance federation (CEA)

The dynamics of insurance companies amount in Ukraine, Russia and CEA for period from 2001 to 2008 years, the tendency of internal insurance market changes, analysis of the largest foreign groups represented in equity of the Ukrainian insurance companies are stressed in the article.

Key words: *insurance market, insurance company, total premiums of «life» and «non-life», premiums per capita, share of premiums in GDP.*

Determine of the problem. According to foreign investors the Ukrainian insurance market has portfolios' investors, strategies to output on IPO and other possibilities to attract the capital. Therefore the large world groups of financial sector will come to Ukraine in the nearest years. It should be mentioned that the Ukrainian insurance companies concerning to investment attractiveness and public are not yet ready to go into international capital markets. Working on a prospect, it should take into account the quantity estimation in dynamics of the European insurance market changes. For example, growth of insurance market is not observed in «old Europe», sometimes there are limitations of maximum particle at the insurance market, which are regulated by antimonopoly committees. Taking into account this experience, in the process of the internal Ukrainian insurance market development have being examined the questions of structure changes of the internal insurance Ukrainian market in relation to the particle of foreign investments in the equity of domestic insurance companies. The index of part of premiums in GNP is the estimation of insurance market development dynamics (%). The most important and very hard task is to exposure indicators for estimation of market dynamics, in the decision of which regressive models can be useless.

Analysis of the last researches and publications. Such resources as [8-19] were used for the analysis of insurance market performance indicators of separate countries and research of dynamics of domestic insurance companies development, insurance companies with a part of foreign capital, and insurance companies fully with a foreign capital resources. The progress trends and the competitor policy at the insurance services market, problems and the state adjustment of insurance market were stressed in works of S. Dvorak [6], L. D. Lebedynska [1], V. O. Piskunova [5], N. Y. Plis [3], L. M. Remnyova [1], L. V. Ribalchenko [5], E. Romanenko [4], A. O. Ryadno [5], U. M. Umanciv [6].

The earlier unsolved parts of the general problem. The question of the biggest foreign investing groups, going out on the Ukrainian insurance market on the background of their amalgamation and their statements as to the plans to make them selves familiar with the Ukrainian insurance market necols insurance companies development premiums volumes investigation according to the receipt

sources, premiums per capital, total premiums volumes around European countries, Ukraine and Russia. Statistic analysis.

The question concerning the analysis of the part of companies that provide 70% and even more of the insurance premiums receipt. The question of the dependence revealing for the prognosis of such insurance market characteristic as the percent of premiums in GNP to premiums per capital is of great interest.

The investigation aim. The aim of that paper is the Ukrainian insurance market attraction evolution for the foreign financial groups going out to it, quantity and qualitative analysis of native insurance payments for CEA, Russia and Ukraine structure investigation, the structure of Ukrainian insurance market development tendencies reveal.

The main results of the investigation. Let's analyze the priorities and economic activity direction, insurance companies, financial groups quantitative changes. Let's examine the dynamic of the insurance companies, financial groups quantitative changes. Let's examine the dynamic of the insurance companies of Ukraine, of Russia, of European Union countries and of European insurance and reinsurance federation (CEA) on this purpose, that is in the table 1.

Table 1. The insurance companies' quantity, registered from 2001 to 2007 in the countries [8-19]

Country	The insurance companies quantity							Rate of increase (2007-2001)	Absolute increase
	2001	2002	2003	2004	2005	2006	2007		
Austria	75	73	72	71	73	72	71	-5,33	-4
Belgium	204	201	189	181	171	161	158	-22,55	-46
Bulgaria	-	24	30	30	31	37	37	-	-
Switzerland	142	143	141	143	143	143	143	0,70	1
Czech Republic	43	42	42	40	45	49	52	20,93	9
Germany	690	703	677	662	663	647	642	-6,96	-48
Estonia	14	13	13	13	12	16	19	35,71	5
Spain	414	401	393	379	362	354	0	-100,00	-414
France	504	495	486	475	486	477	480	-4,76	-24
United Kingdom	808	806	772	1167	1118	1050	1 050	29,95	242
Hungary	23	28	28	28	28	27	31	34,78	8
Ireland	196	199	224	217	226	226	226	15,31	30
Italy	256	254	249	245	239	244	241	-5,86	-15
Lithuania	31	31	31	28	27	25	0	-100,00	-31
Latvia	21	20	19	18	20	19	0	-100,00	-21
The Netherlands	353	389	379	363	352	368	352	-0,28	-1
Poland	71	74	77	74	74	72	67	-5,63	-4
Romania	0	42	46	39	37	36	-	-	-
Slovakia	28	29	28	25	26	25	24	-14,29	-4
CEA	5 214	5 269	5 165	5 465	5 385	5 275	4 710	-9,67	-504
EU (25)	4 859	4 852	4 739	5 028	4 946	4 839	4 327	-10,95	-532
EU (12)	3 047	3 065	3 006	2 925	2 899	2 876	2 402	-21,17	-645

Other	355	417	426	437	439	436	383	7,89	28
Russia	1350	1408	1397	1280	1075	918	857	-36,51	-493
Ukraine	-	338	357	387	398	411	447	-	-

* CEA includes: Austria, Belgium, Bulgaria, United Kingdom, Greece, Denmark, Estonia, Ireland, Iceland, Spain, Italy, Cyprus, Latvia, Lithuania, Lichtenstein, Luxembourg, Malta, the Netherlands, Germany, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Turkey, Hungary, Finland, France, Croatia, Czech Republic, Switzerland, Sweden.

EC 25 includes: Austria, Belgium, Bulgaria, United Kingdom, Greece, Denmark, Estonia, Ireland, Iceland, Spain, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Germany, Poland, Portugal, Slovakia, Slovenia, Switzerland, Finland, France, Czech Republic, Sweden.

Romania and Bulgaria that became the members of EC in 2007 aren't included.

EC 12 includes: Austria, Belgium, Greece, Ireland, Spain, Italy, Luxembourg, Netherlands, Germany, Portugal, Finland and France.

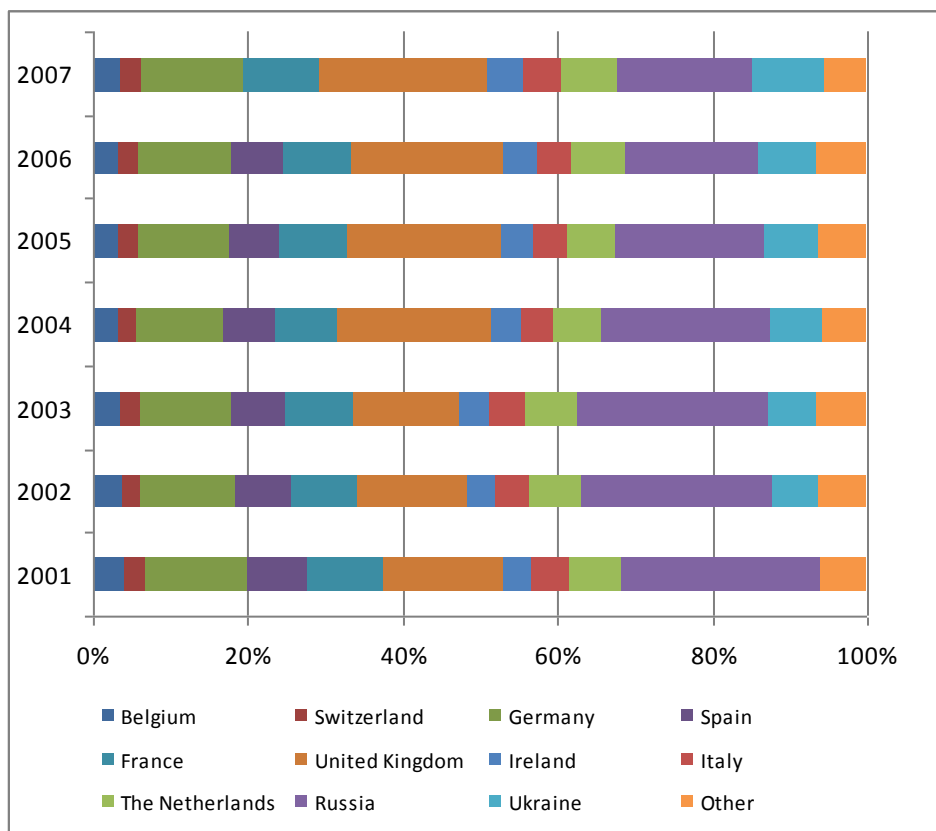
The other includes: Bulgaria, Iceland, Lichtenstein, Norway, Romania, Turkey, Croatia, Switzerland.

On the basis of the data one can state that the regularity as to the insurance companies' quantity decreasing is clearly seen in Europe and in Russia. So, in Russia and in the most developed 12 countries of EC the insurance companies quantity from 2002 year is degreaser in 551 and 663 insurance companies accordingly (see example 1, 2). As to the countries that form EC, the decreasing tendency took place from 2004 up to the year 2007, the insurance companies quantity was decreased on 775 companies. That means that the consolidation of given insurance markets and the developing tendency to insurance companies' amalgamation and absorption is relatively great.

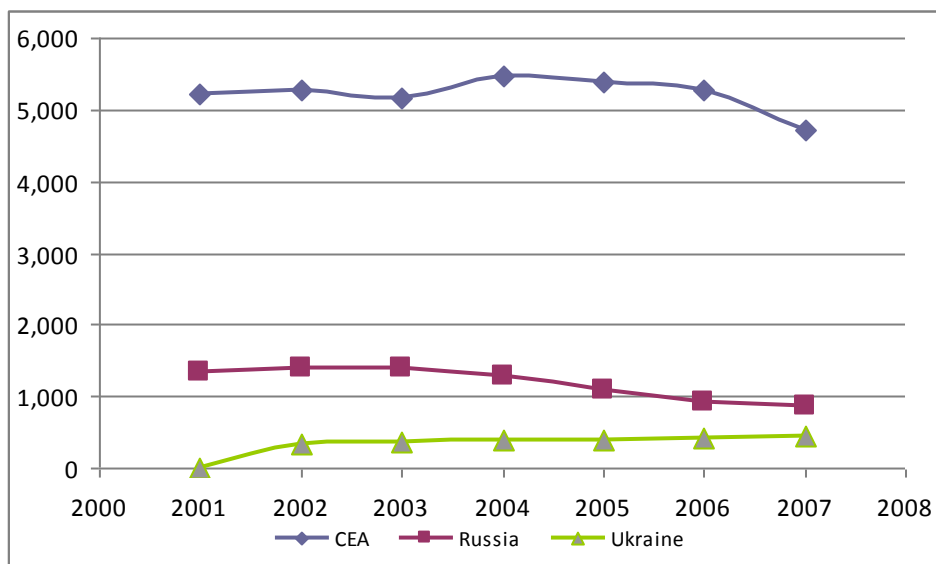
During the period from 2006 till 2007 the companies' quantity was about ± 5 as to the initial in the most development European countries (Switzerland, Germany, France, United Kingdom, the Netherlands). That confirms the fact that the insurance markets of given countries are formed.

Quite different tendency is seen in Ukraine (see ex. 2). Beginning from 2002 year the insurance companies' quantity is constantly increasing. During the period from 2002 till 2007 years the insurance companies' quantity has increased on 24% (109 insurance companies), and in Ukraine has been registered 447 insurance companies'. This situation shows that during the investigated period the insurance market rapid development took place. It should be market that there's a considerable quantity of insurance companies and insurance companies that work only with limited quantity of risks (for example, insurance companies that work solely with banks credits' insurance).

Along with this we hope that the insurance market consolidation will surely take place in Ukraine, and just capable to compete players will stay.



Example 1 – Insurance companies rate according to the group of countries (registered from 2001 to 2007 years)



Example 2 – CEA, Ukraine, Russia insurance companies' quantity from 2000 till 2008 years

The important indexes of internal national insurance market work dynamics are Total premiums, percent of premiums in GDP and premiums per capital (see table 3, 4, 5). In European countries insurance markets increase in 1-2 percent yearly; and in Ukraine insurance premiums volume in 2007 year was 17,6 u.hr. (increased in 26,6 percent in comparison with 2006 year), and in 2006 year increased in 2,6% in comparison with the year 2005.

The calculation for the tables 3, 4, 5 were made using data of the table 2.

Table 2 – National rate of exchange per Euro [8, 20, 21]

Country	2001	2002	2003	2004	2005	2006	2007
Bulgaria (Bulgarian lev)	1,948	1,949	1,949	1,953	1,956	1,956	1,956
Switzerland (Swiss franc)	1,511	1,467	1,521	1,544	1,548	1,573	1,643
Czech Republic (Czech koruna)	34,068	30,804	31,846	31,891	29,782	28,342	27,766
Estonia (Estonian kroon)	15,647	15,647	15,647	15,647	15,647	15,647	15,647
United Kingdom (.....pound..... ...)	0,622	0,629	0,692	0,679	0,684	0,682	0,684
Hungary (Hungarian forint)	256,590	242,960	253,620	251,660	248,05 0	264,26 0	251,35 0
Lithuania (Lithuanian litas)	3,582	3,459	3,453	3,453	3,453	3,453	3,453
Latvia (Latvian lats)	0,560	0,581	0,641	0,665	0,696	0,696	0,700
Poland (Polish zloty)	3,672	3,857	4,400	4,527	4,023	3,896	3,784
Romania (Romanian leu)	26004,00 0	31270,00 0	37551,00 0	40510,00 0	3,621	3,526	3,333
Slovakia (Slovak koruna)	43,300	42,694	41,489	40,022	38,599	37,234	33,775
Russia (Russian ruble)	26,127	29,690	34,682	35,817	35,164	34,114	35,030
Ukraine (Ukraine hryvnia)	4,814	5,030	6,024	6,609	6,390	6,337	6,918

Total insurance premiums in GDP in Ukraine is 2,5%, in western countries – 15% that shows a great Ukrainian insurance market development potential. GDP part per capita around the countries is represented in the table 4. In spite of the world financial crisis Ukrainian insurance market yearly growth in 2008-2010 years will be 20-25%, to the experts' minds, in comparison with European market, the greater part of its directions haven't any profitable (in general 1%). In the west the insurance business gets up to 10 % of resources income, that is put in investing instruments. Every foreign financial group that came to Ukrainian insurance market (wholesale insurance market, pledge insurance, bank loaner life and health insurance) estimates it to be of great perspective and verse its segments' growth on 50-60%. Rises insurance in Ukraine is about 2,5% from GDP or 56 euro per capita; and for example, in CEA in 2007 per capita – 1905 euro, in Russia – 153 euro, in Germany – 1983 euro, in France – 3065 euro (see ex. 3, 4, 5).

Table 3 – Total premium during the period from 2001 to 2007 around countries, mln. euro. [8-19]

Country	2001	2002	2003	2004	2005	2006	2007
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Austria	12 470	12 615	13 128	13 974	15 295	15 589	15 878
Belgium	20 571	22 304	25 774	28 417	33 832	29 750	31 440
Bulgaria	228	319	342	428	554	571	769
Switzerland	33 603	36 151	33 907	32 816	32 658	31 352	30 437
Czech Republic	2 362	2 950	3 286	3 499	3 901	4 309	4 786
Germany	136 124	141 325	147 749	152 107	157 974	161 940	163 200
Estonia	114	139	168	203	254	284	434
Spain	41 015	48 061	40 630	45 418	48 779	52 836	54 539
France	128 059	131 998	142 028	158 226	175 884	197 092	194 310
United Kingdom	228 691	229 851	211 616	221 289	239 063	267 697	295 045
Hungary	1 635	2 036	2 206	2 380	2 767	3 142	3 701
Ireland	10 518	11 208	11 884	11 998	13 580	16 150	17 672
Italy	76 254	87 708	96 993	101 038	109 780	106 502	99 116
Lithuania	133	224	242	269	302	419	0
Latvia	175	179	195	197	226	293	0
The Netherlands	42 335	43 995	46 235	48 375	47 967	72 947	75 950
Poland	6 095	6 006	5 646	6 091	7 717	9 629	11 580
Romania	0	434	514	614	890	1 276	2 018
Slovakia	736	850	1 008	1 198	1 309	1 413	1 714
CEA	812 721	853 348	866 047	918 828	998 255	1 086 010	1 115 266
EU (25)	767 785	803 706	817 762	868 210	943 399	1 029 752	1 061 334
EU (12)	496 131	529 214	557 076	595 779	645 937	698 064	697 829
Other	44 936	49 642	48 285	50 618	54 856	56 258	53 932
Russia	10 587	10 118	12 471	13 167	14 069	17 899	21 799
Ukraine	630	883	1 516	2 940	2 012	2 182	2 603

So, analyzing table 3 data, one can note, that during the period 2001-2007 the total premiums increase took place in the whole world and in separate regions and countries. The countries, that come in CEA, gathered 1 115 266 mln. euro of insurance premiums, according to experts' estimation, that is in 29 256 mln. euro bigger than in 2006 year and almost on 27% bigger than in 2001 year.

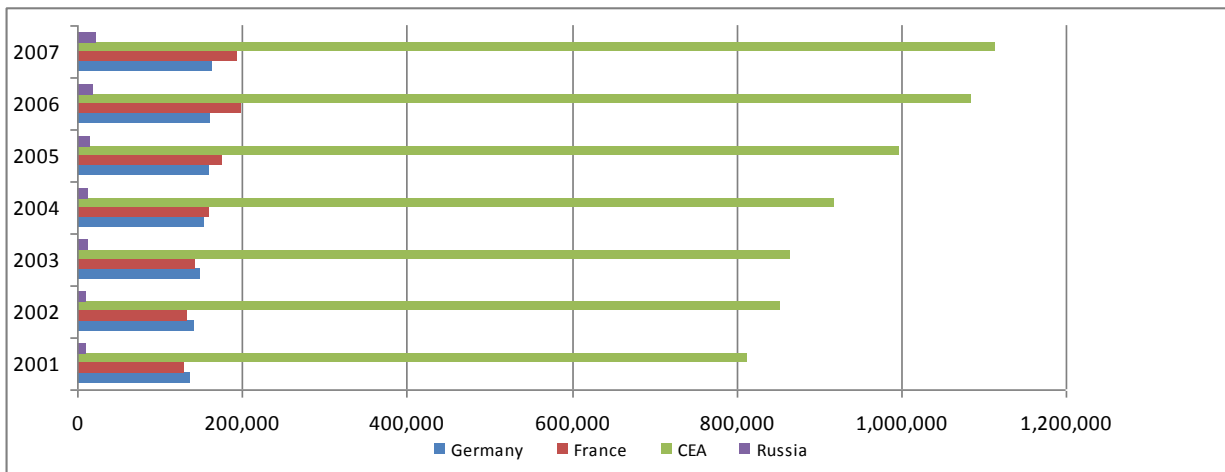
The most developed 12 European countries during investigated period. Also had conglomeration total premiums positive tendency. Total premiums volume in 2007 (697 829 mln. euro) that stayed at the same level that in the 2006 (698 964 mln. euro) testifies European insurance market formation, and the further given countries biggest insurance companies' development by means of least developed countries' going out the markets and more active influence on them.

While analyzing Russian total premiums dynamics, it's necessary to note, that during seven years the stable growing tendency to total premiums increase is seen in this country. If in 2001 total insurance premiums made up 10 587 mln. euro, than in 2007 the given index increased more than twice and made up 21 799 mln. euro.

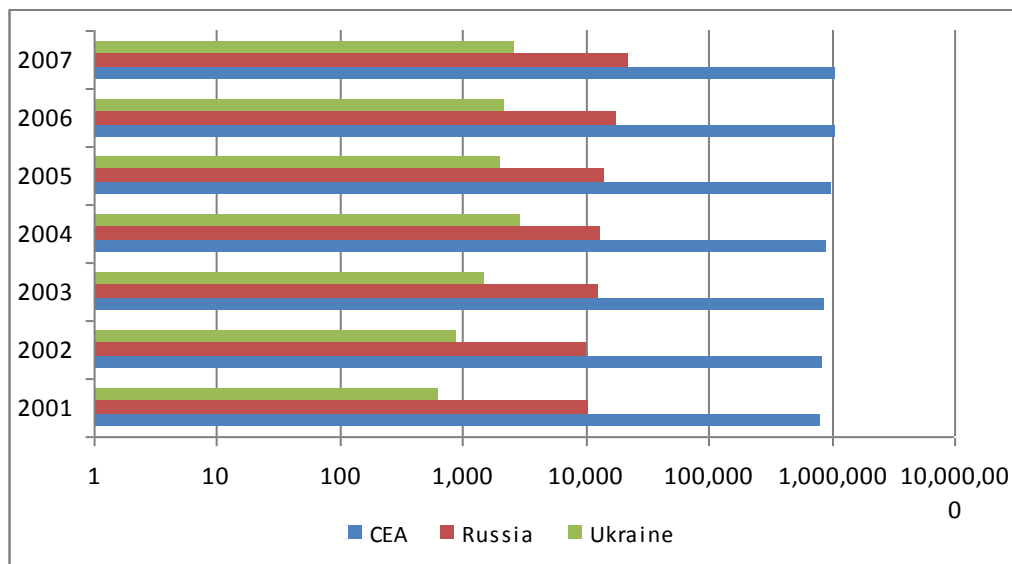
In Ukraine one can note negative tendency to total premiums decrease just in 2005 year. Insurance premiums sum, received by insurers during 2005 year, is 12 853, 5 mln. hrn. In comparison with the same, period of 2004 year. The given index volumes at the expense of receipt volumes of financial rises insurance means

from insurers-juridical persons decrease (in 2004 46,2% of total premiums came for financial risks insurance and reinsurance, while during 2005 year the part of that insurance kind stayed at the level 31,6%). This fact was connected with law changes as to the insurance and as the result with the possibility financial scheme in the sphere of financial rises insurance application decrease.

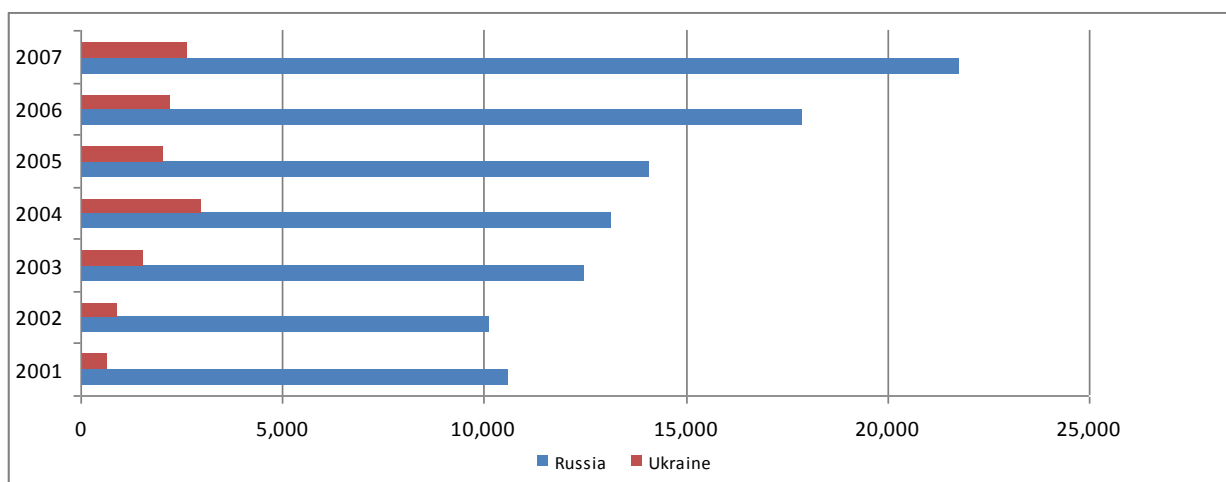
During the other years the national total insurance premiums increasing tendency saved in Ukraine. In 2007 year 2 603 mln. euro of premiums were gathered that is on 421 mln. euro bigger than in 2006 and on 592 mln. euro than in 2005 year.



Ex. 3 – Total premiums in CEA, France, Germany and Russia, mln euro



Ex. 4 – Total insurance premiums in Ukraine, Russia, CEA, mln euro



Ex. 5 – Total insurance premiums in Ukraine and Russia, mln euro

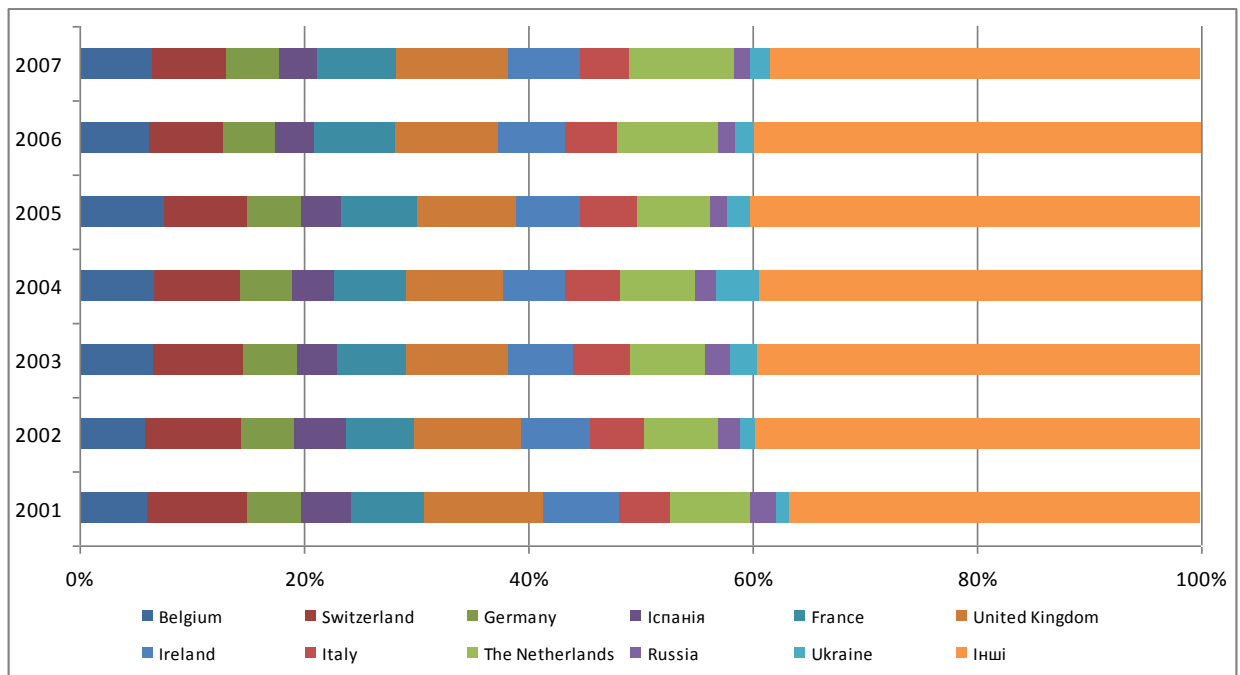
Table 4 – Ex. 4 – Total premiums in GNP around the countries, % [8-19]

Country	2001	2002	2003	2004	2005	2006	2007
Austria	5,87	5,76	5,88	6,00	6,26	6,06	5,86
Belgium	7,95	8,33	9,38	9,81	11,20	9,40	9,50
Bulgaria	1,50	1,92	1,92	2,15	2,53	2,26	2,66
Switzerland	11,80	12,21	11,78	11,22	10,92	10,13	9,82
Czech Republic	3,42	3,69	4,06	3,96	3,89	3,80	3,75
Germany	6,44	6,59	6,83	6,88	7,04	6,97	6,73
Estonia	1,65	1,79	1,93	2,12	2,27	2,15	2,79
Spain	6,03	6,59	5,19	5,40	5,37	5,39	5,19
France	8,55	8,52	8,91	9,53	10,19	10,90	10,27
United Kingdom	14,17	13,69	13,10	12,68	13,25	14,00	14,61
Hungary	2,75	2,88	2,95	2,89	3,11	3,49	3,66
Ireland	9,01	8,61	8,52	8,08	8,41	9,24	9,52
Italy	6,11	6,77	7,26	7,26	7,69	7,20	6,45
Lithuania	0,98	1,49	1,47	1,48	1,46	1,77	0,00
Latvia	1,88	1,81	1,95	1,76	1,74	1,83	0,00
The Netherlands	9,46	9,46	9,69	9,85	9,42	13,65	13,57
Poland	2,87	2,87	2,95	2,98	3,16	3,54	3,77
Romania	0,00	0,90	0,98	1,01	1,12	1,31	1,66
Slovakia	3,13	3,27	3,42	3,52	3,40	3,17	3,13
CEA	6,60	8,00	8,00	8,10	8,40	8,70	8,31
EU (25)	6,60	8,20	8,20	8,30	8,70	9,00	8,74
EU (12)	5,00	7,30	7,50	7,70	8,10	8,30	7,88
Other	6,60	6,30	6,00	5,90	5,60	5,40	4,22
Russia	3,11	2,77	3,25	2,81	2,26	2,26	2,31
Ukraine	1,50	2,00	3,40	5,60	3,10	2,60	2,50

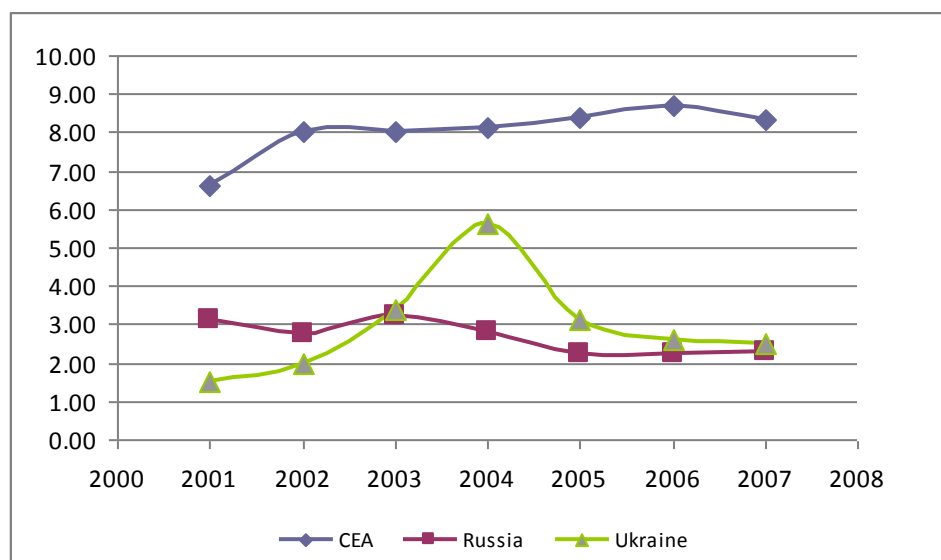
According to the data in table 4 one can make the conclusion that the part of total insurance premiums in the gross product “insurance penetration” in Ukraine, beginning with 2004 year, had decreasing tendency and if it hasn’t almost changed during 2006-2007, than in comparison with 2005 year the part of Total insurance premiums in GDP decreased on 0,6% and in comparison with 2004 – changed even more, on 3,1%.

The level of insurance penetration in Russia is even lower than in Ukraine. So, in 2007 it was 2,31%, that is on 0,19% lower than in our country, and this index was the highest in 2003 years, and it was 3,25%. The positive tendency was observed just during 2006-2007 years. So, the part of total insurance premiums in GDP in Russia have a small tendency to increase (in 2007 this index increased on 0,05% in comparison with 2006).

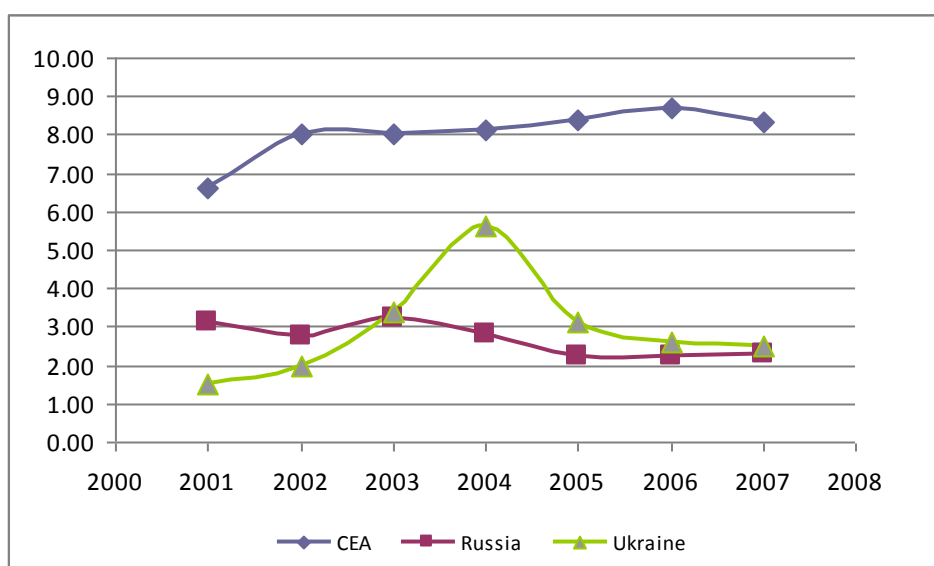
The information above rectifies the positive tendencies on the native insurance market and on Russian market but in European developed countries the part of total insurance premiums in GDP is on the level 8-9%, and in such countries as Switzerland, France, Great Britain this index in 2007 was 9,82%, 10,29%, 14,61% accordingly.



Ex. 6 – The part of insurance premiums in GNP with the group of countries, %



Ex. 7 – The part of premiums in GNP in Ukraine, Russia, CEA, %



Ex. 8 – The part of insurance premiums in GNP in CEA, Russia, Ukraine, %

Table 5 – The premiums per capita, euro [8-19]

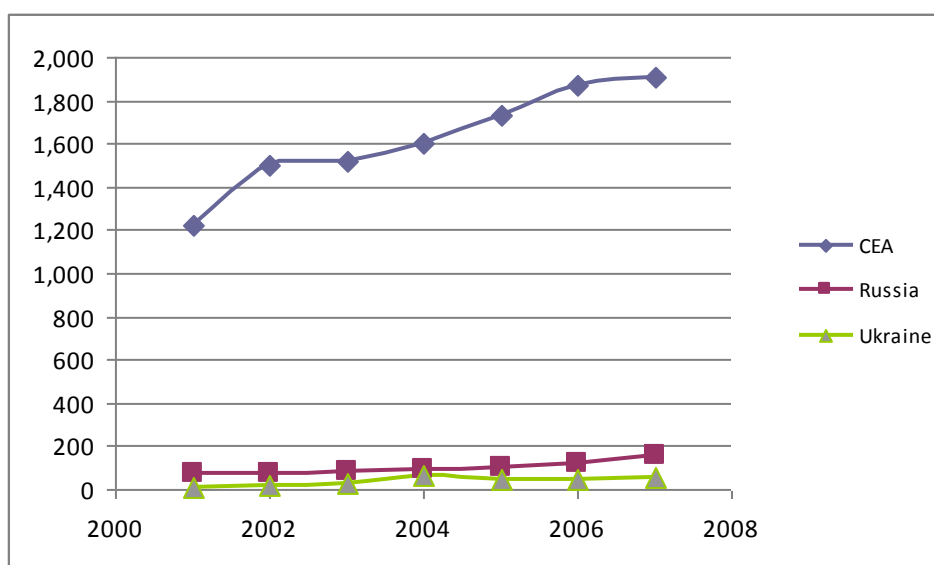
Country	2001	2002	2003	2004	2005	2006	2007
Austria	1 555	1 569	1 620	1 717	1 864	1 886	1 913
Belgium	2 004	2 163	2 489	2 733	3 239	2 830	2 970
Bulgaria	29	40	44	55	71	74	100
Switzerland	4 664	4 979	4 633	4 454	4 404	4 203	4 054
Czech Republic	230	289	322	343	382	420	465
Germany	1 655	1 714	1 790	1 843	1 915	1 964	1 983
Estonia	83	102	124	150	189	211	323
Spain	1 016	1 177	975	1 073	1 133	1 207	1 226
France	2 169	2 224	2 373	2 628	2 904	3 129	3 065
United Kingdom	3 820	3 887	3 567	3 718	3 982	4 433	4 849
Hungary	160	200	218	235	274	312	368
Ireland	2 749	2 874	2 998	2 981	3 305	3 837	4 096
Italy	1 318	1 539	1 692	1 748	1 878	1 813	1 676
Lithuania	38	64	70	78	88	123	-
Latvia	74	76	84	85	98	128	-
The Netherlands	2 648	2 732	2 855	2 976	2 942	4 466	4 643
Poland	158	155	148	159	202	252	304
Romania	-	20	24	28	41	59	94
Slovakia	137	158	187	223	243	262	318
CEA	1 218	1 496	1 516	1 599	1 729	1 866	1 905
EU (25)	1 369	1 768	1 798	1 900	2 053	2 222	2 278
EU (12)	1 146	1 726	1 814	1 929	2 077	2 219	2 206
Other	483	430	415	431	466	477	451
Russia	73	70	86	91	98	125	153
Ukraine	13	18	32	62	43	47	56

While analyzing the data in table 5 one can note that in accordance with the data 1 increases the premiums per capita significance with the Total insurance

premiums increase, as the population quantity in the investigated countries increased more slowly than grow insurance premiums increase, and in some countries the quantity was even decreasing.

But in spite of density insurance increase in Ukraine, the premiums per capita during 2005-2007 increased on 13 euro, this index remains in our country the lowest among the investigated countries. Even in Romania premiums per capita were 94 euro in 2007, and in Russia this index was three times higher in 2007 than in our state, and it was 153 euro.

The most numerous insurance premiums per capita are in United Kingdom – 4849 euro, the Netherlands – 4643 euro, Ireland – 4096 euro.



Ex. 9 Insurance premiums per capita, euro

Ukrainian insurance market tendency for the last 2 years has become the investor's buying some insurers at once. Life insurance and rises insurance companies do their best to occupy the larger part of Ukrainian insurance market. The correlation of total profit to payments in property insurance in 2007, made up 300 %. The insurance profit of owners' means of transport personal civil responsibility insurance made up 305% in 2007 (companies that insure autocivil responsibility gathered 1,2 bln. hrn. that makes up 70 % of obligatory insurance premiums, and payments made up 296 mln. hrn.). Insurance premiums, got from physical persons, made up 3,4 bln. for 3 quarters of 2007, that is on 70% bigger than during the same period in 2006.

Table 6 – Income sources premiums around the countries, % [8-19]

Country	2001		2002		2003		2004		2005		2006		2007	
	"life"	"non-life"	"life"	"non-life"	"life"	"non-life"	"life"	"non-life"	"life"	"non-life"	"life"	"non-life"	"life"	"non-life"
Austria	46,8	53,2	44,5	55,5	43,4	56,6	44,1	55,9	46,6	53,4	46,1	53,9	45,4	54,6
Belgium	64,0	36,0	64,7	35,3	68,0	32,0	70,0	30,0	74,4	25,6	69,4	30,6	69,8	30,2
Bulgaria	19,7	80,5	23,9	76,2	11,2	88,7	12,1	87,8	13,8	84,8	16,7	95,0	15,7	84,4
Switzerland	65,3	34,7	65,3	34,7	62,4	37,6	59,7	40,3	58,9	41,1	56,9	43,1	57,6	42,4
Czech	35,1	64,9	37,6	62,4	39,3	60,7	39,6	60,4	38,7	61,3	38,7	61,3	40,7	59,3

Republic															
Germany	46,5	53,5	46,0	54,0	45,8	54,2	45,0	55,0	46,0	54,0	46,2	53,8	46,2	53,8	
Estonia	20,0	80,1	20,5	79,1	22,1	78,1	25,4	74,5	32,1	68,0	29,7	70,4	41,5	58,5	
Spain	55,7	44,3	55,2	44,8	43,8	56,2	43,0	57,0	43,1	56,9	44,2	55,8	43,0	57,0	
France	66,1	33,9	64,8	35,2	64,8	35,2	66,6	33,4	68,6	31,4	71,1	28,9	70,0	30,0	
United Kingdom	73,0	27,0	70,1	29,9	66,7	33,3	68,5	31,5	69,6	30,4	73,3	26,7	75,5	24,5	
Hungary	41,7	58,3	40,9	59,0	40,1	59,9	40,7	59,3	44,0	56,0	50,7	49,3	54,7	45,3	
Ireland	68,1	31,9	64,7	35,3	64,3	35,7	66,1	33,9	71,7	28,3	76,3	23,7	79,2	20,8	
Italy	60,8	39,2	63,0	37,0	64,7	35,3	65,0	35,0	66,9	33,1	65,1	34,9	62,0	38,0	
Lithuania	19,5	80,8	18,0	82,0	25,5	74,3	25,3	74,8	27,7	72,4	31,3	68,8	-	-	
Latvia	4,1	95,9	3,8	96,2	4,2	95,8	5,1	94,9	6,9	93,1	7,8	92,3	-	-	
The Netherlands	61,1	38,9	54,7	45,3	53,7	46,3	52,0	48,0	51,8	48,2	35,3	64,7	35,0	65,0	
Poland	41,4	58,6	42,8	57,2	45,0	55,0	45,6	54,4	49,4	50,6	56,2	43,8	58,2	41,8	
Romania	-	-	25,5	74,5	23,8	76,2	22,3	77,7	26,4	73,6	19,8	80,2	22,2	77,8	
Slovakia	43,5	56,4	43,2	56,8	40,7	59,3	40,5	59,5	43,6	56,4	48,1	53,7	49,8	50,2	
CEA	62,7	37,3	61,1	38,9	59,6	40,4	60,2	39,8	61,9	38,1	62,1	38,0	62,3	37,7	
EU (25)	62,9	37,1	61,2	38,8	59,7	40,3	60,5	39,5	62,3	37,7	62,4	37,6	62,8	37,2	
EU (12)	58,4	41,6	57,6	42,4	57,3	42,7	57,8	42,2	59,9	40,1	58,5	41,5	57,4	42,6	
Other	59,9	40,1	59,7	40,3	56,9	43,1	56,3	43,7	56,0	44,0	54,9	45,2	51,1	48,9	
Russia	56,9	43,5	41,5	58,4	36,6	63,4	21,1	78,9	5,0	95,0	2,6	97,4	2,4	97,6	
Ukraine	0,5	99,5	0,5	99,5	0,8	99,2	1,0	99,0	2,5	97,5	3,3	96,7	4,4	95,6	

According to the data in table 6 one can come to the conclusion that total premiums in European countries are formed in the main at the expense of life insurance.

Countries that come in CEA during investigated period formed 62% of total premiums at the expense of life insurance and 38% by means of rises insurance. And in United Kingdom and Ireland more than 70 % of total premiums come to life insurance and just 30% - to rises insurance, that testify life insurance spreading among European countries' population and that insurance service is accessible.

We have quite different situation in Ukraine and Russia. And the increasing number of life insurance premiums in Russia up to the year 2005 mustn't bring in delusion. According to experts estimation during 2002-2004 more than 90 % of life insurance market were "false insurance" operations, directed on tax insurers improvement. The main changes' reasons in 2005 were the tax low changes and also insurance care demands, but not market factors.

So, in Ukraine and in Russia more that 95 % of insurance premiums are formed at the expense of raises insurance and just 5 % at the expense of life insurance. Trough during the investigated period in Ukraine positive tendency to life insurance premiums increase in general volume of Total premiums is observed. From 2001 to 2007 the part of life insurance in Total premiums increased on 3,9 % that is the result of this kind of insurance development and also of foreign insurance companies' coming to the native market, that propagandize actively life insurance among population.

Table 7 – The biggest foreign groups, represented in stock capital of Ukrainian insurance companies [6]

Country	Group	Company shareholders structure
Australia	QBE	QBE-УкраїнаUkraine
Austria	Vienna Insurance Group	IC Globus IC Knyaza IC Zesiya group VAB Ukrainian insurance company
	Grazer Wechselseitige (GraWe)	IC Grawe Ukraine IC Alkona
	UNIQA	IC Creco Classic UNIQA life
	ECCO Versicherungsmarkler Ges.m.b.H	Insurance group Ecco (life/non-life)
Kazakhstan	Bank TuranAlem	IC Oranta
Germany	ERGO	IC Jutico
	HDI-Gerling International Holding AG	IC Alkona
Israel	Phoenix	IC Inter TransPolis
Italy/ Czech Republic	Generali/PPF	Generally Guarantee Generally Guarantee Life insurance AC Home Credit Insurance
The Netherlands	Fortis	IC Fortis Life insurance of Ukraine
Poland	PZU	Insurance group PZU (life/non-life)
Russia	Rosgosstrah	IC Providna
	Ingostrah	Ingo Ukraine IC Ingostrah Life
	Reso-Guarantee	Prosto- life insurance
	Rosno	IC Rosno-Ukraine
	Suputnik	IC Renaissance life
	Russian Standard	Belief and guarantee
	National Reserve Bank	European insurance union
	Alfa-bank	IC Vesta
USA	AIG	AIG Україна Ukraine
France	BNP Paribas Group / AXA	IC Ukrainian insurance union BECKO Vesco IC Cardif
Sweden	SEB	IC SEB life Ukraine

As to the insurance companies' amalgamation, in 2007 in Ukrainian insurance market 10 contracts that cost 300 mln. dollars took place, including 25 %

IS Oranta shares acquired bank “Turamn Alem” fund of state property – IC Oranta shares in 15 mln dollars. It should be noticed that “Turamn Alem” bank had already possessed approximately 40 % IC Oranta.

About the pledge bank loaner life and health insurance advantage says the fact that French financial group AXA, with French bank BNP Paribas. That bought in 2006 Ukrsibbank, in 2007 bought 2 Ukrainian insurance companies (USA and “WESKO”).

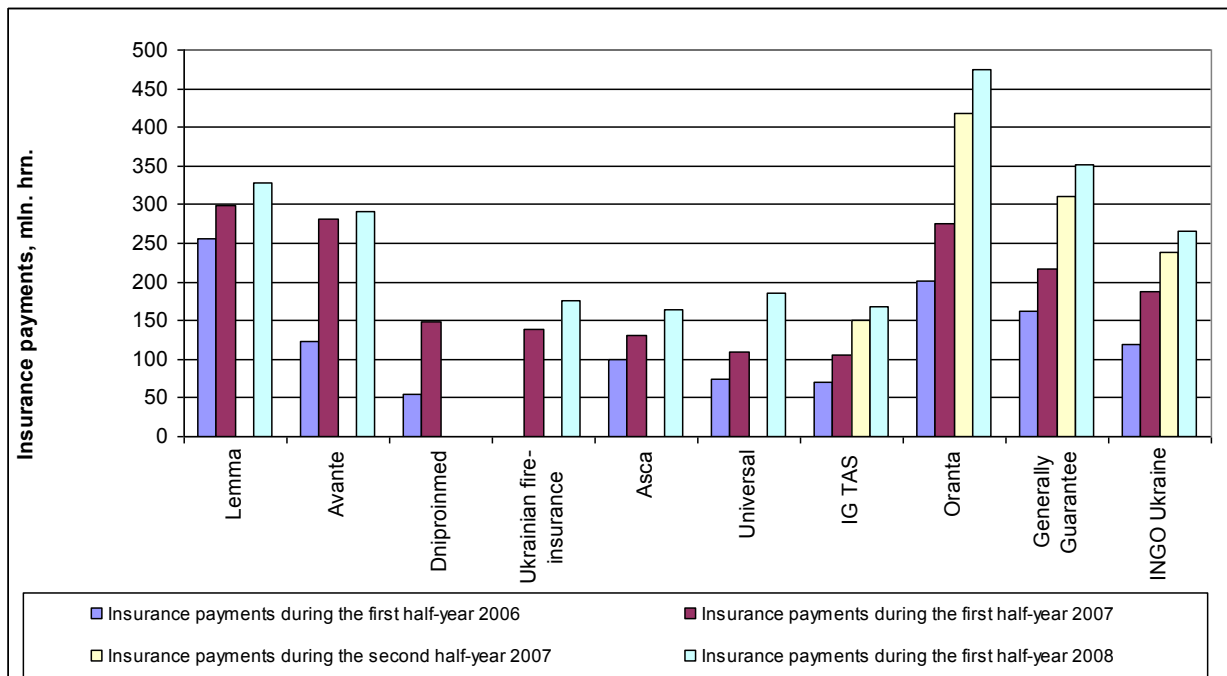
The buying – selling contracts’ value gained its maximum in 2007. Foreigners payed for native companies prized equal to 2,5-5 premiums (the value was estimated according to the Total premiums gathered during the year). Very likely that as the result of the world financial crisis the insurance companies’ value during 2008-2009 can considerably decrease. In 2008 German company HDI-Gerling International Holding AG bought 94,5 % of capital insurance company “Alcona” shares, concern Grazer Wechselseitig Versicherung Aktiengesellschaft (GRAWE) bought insurance company “INPRO” of control packet, insurer Phoenix from Israel bought insurance company “InterTrans Polis”. The company KD life from Slovenia decided to go another way and to found the company in Ukraine.

In 2009 Ukraine insurance market can be reduced on 80 % of companies’ quantity at the expense of small and middle companies that had limited business directions and had the main part of banking insurance. The large insurance companies that have developed office net, good working expenditure regulation system and high save their position. To coordinate directions in which companies’ will be able to place insurance reserves and other actives minimum statues find for life insurance with 1,5 mln. euro for risks insurance – 1 mln. euro will be determined. State commission that regulates financial markets plans to accept the regulation about capital sufficiency standards and criterions insurers’ actives diversification and quality, that can lead to decline according to almost half of insurance companies’ prognosis. The insurance companies, that can go bankrupt, are those which serve mininy and metallurgical complex and machine-building branch, that shorten corporative insurance programs. It is also the companies, which actives are formed of valuable papers, that have no value at all, and also companies, that are founded for fax optimization, for taxes’ avoiding. It’s general opinion, that nowadays ware as traditional insurance 100-120 from all registered companies, and the rest ones-icheme companies.

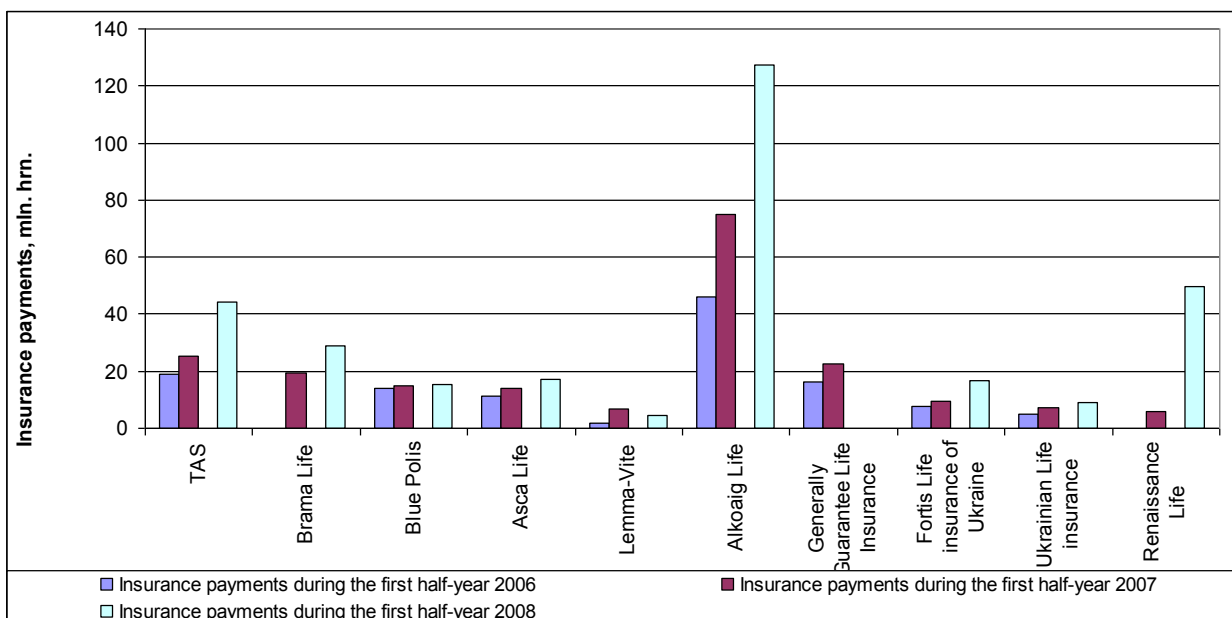
For the last 3 years almost 20 native insurance companies appeared to be under foreign financial groups’ control. Their financial contracts volume is more profitable than the contracts of national insurance companies, as in life insurance sector and along rises insurance. During the first half year of 2007, according to state information service, 81 insurance companies with foreign capital are registered (18,3% of all insurers). From 81 companies: 10 are companies with 100% foreign capital (2% of the insurance companies general number), 61 – rises insurance companies, 20 – life insurance. The largest foreign groups, represented in the shares capital of Ukrainian insurance companies are in table 7.

Let’s examine native insurance companies, including those which have the part of foreign capital and those with 100% foreign capital (see table 7) leaders

concerning life insurance premiums (see table 7), and leaders concerning rises insurance that is of great importance while analyzing not only volume increasing tendency, but also Ukrainian insurance market redistribution, that provoked foreign investors. Insurance payments volume of insurance company “Oranta” increased more than twice from 2006 to 2008.

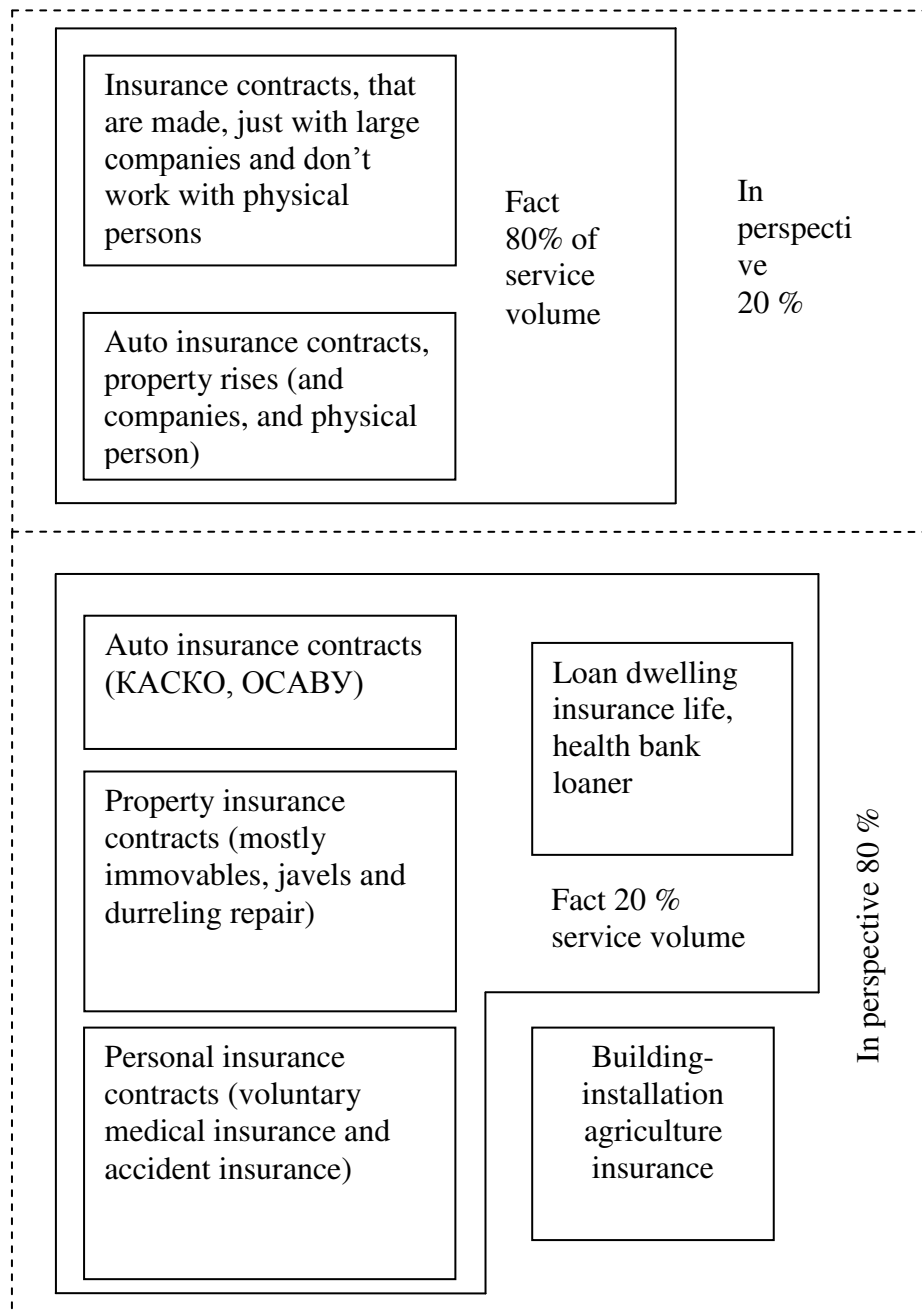


Ex. 10 – Ukrainian insurance companies – leaders concerning rises insurance premiums during 2006-2008



Ex. 11 – Ukrainian insurance companies – leaders concerning life insurance premiums during 2006-2008

Let’s examine the main parts of insurance company portfolio (see ex. 12).



Ex. 12 – Insurance company portfolio, development perspectives

Insurance companies' portfolio changes. Insurance companies' that made contracts just large companies and don't work with physical persons, and made contracts of property rises and means of transport insurance concerning service volume took about 80% of market. Large Ukrainian enterprises shorten their social portfolio in world economic crisis condition that will lead to service volume decrease in these kinds of insurance up to 20%. Large native insurance companies, including companies with foreign capital, come to more profitable sector. That today physical persons' is considered to be (medical insurance, property insurance, immovables insurance, jewels and dwelling repair). It's quite foreseen, bagging on Decree of Ukrainion Cabinet of Ministers № 86 from 22 January 2008, farmed are payed state subsidy, agriculture rises and building-installation works insurance will

be developed life and bank loaner health insurance will be developed, and also other kinds of physical persons' insurance.

Conclusions from this investigation and further elaboration in this direction' perspectives. Insurance market of Ukraine, Russia and other members of European insurance and reinsurance federation (CEA) structure and dynamics analysis showed the following:

- European countries haven't almost changed their insurance market member from 2001 to 2007 (companies' number decrease leader is Russia – 493 companies, in Ukraine the companies' number during this period increased on 109 companies in comparison with 2002);
- foreign financial groups bought 81 Ukrainian insurance companies (10 companies with 100 % foreign capital), including 61 rises insurance companies and 20 – life insurance);
- Ukrainian insurance market will develop at expense of insurance companies with foreign capital number and efficiency increase;
- insurance companies' number will be shortened without seeing after adopting regulation by special organ – State commission concerning financial service regulation (“about criteria and standards of capital sufficiency insurance actives' diversification and quality”).

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