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FEATURES OF FOREIGN EXPERIENCE OF MICRO-INSURANCE FOR INSURANCE MARKET IN UKRAINE

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***Abstract:** In scientific research is being studied the advanced foreign experience of micro-insurance organization. The possibility and advantages of using the experience of micro-insurance in the countries of Europe, Central and South America, Asia for the insurance market of Ukraine are analyzed. The conducted research showed that the current state of micro-insurance development in highly developed countries of the world has many advantages over the development of micro-insurance in Ukraine. Therefore, we consider it necessary to build a Ukrainian model of micro-insurance taking into account the best foreign experience, using highly effective methods of its application and implementation in practice. It has been established that in recent years micro-insurance has been developing at the fastest pace in Central America and South America. The analysis of microinsurance in Ukraine showed a low level of awareness of the population of the country with the benefits of micro-insurance and the need for its use as an insurance protection instrument. It was established that the development of micro-insurance in Ukraine is a promising direction for improving the insurance market.*

***Keywords:** micro-insurance, insurance market, insurance premium, competitiveness.*

INTRODUCTION

The development of insurance relations in Ukraine today is influenced by socio-economic and political factors, which has positive and negative consequences for the insurance market. In addition, a substantial devaluation of the national monetary unit in recent years was one of the main reasons for the reduction of the level of real incomes. At the same time, the most negative impact on this situation was precisely on the socially unprotected and low-income groups of the population. It is this group of the population of the country that is the insurance field for micro-insurance. The experience of foreign countries in the organization of micro-insurance shows the benefits and peculiarities of the application of this insurance protection tool for the poor. Therefore, when building a system of mortgage insurance in Ukraine it is necessary to take into account all aspects of the use of micro-insurance in foreign countries in order to increase the efficiency of insurance and increase the level of insurance protection of the population of the country.

EXPOSITION

The development of micro-insurance in foreign countries today shows a positive dynamics of the formation and increase of the range of implementation. In this case, the use of micro-insurance is an important tool for financial protection of low-income groups of the population.

The main products of micro-insurance in different countries of the world are 1) flood insurance (China); 2) unemployment insurance (Uganda); 3) group personal accident insurance (Ghana); 4) agricultural insurance programs (India, Mexico); 5) combined insurance products (India); 6) burial insurance (Colombia, Mexico); 7) harvest insurance, including weather (India, Mexico, Nicaragua); 8) property and animal insurance (India, Bangladesh, Nepal, Albania); 9) health insurance against serious illness (India, Bangladesh, Philippines, Cambodia, China, Colombia, Mexico, Georgia, Russia); 10) life insurance and deposits (India, Bangladesh, Sri Lanka, Nepal, Viet Nam, Pakistan, Indonesia, Laos, Colombia, Guatemala, Mexico, Nicaragua) (Shirinyan, L., Shirinyan, A., 2012) [9].

In the Philippines insurance companies are divided into the following types (Shirinyan, L., Shirinyan, A., 2012):

- 1) traditional commercial organizations with a normal tax burden;
- 2) non-profit organizations of mutual assistance (mutual assistance associations, MBA), which in fact act as microinsurers and have significant tax incentives.

The activities of non-profit organizations of mutual assistance are at the center of the state structure, which regulates and controls the scope of insurance in accordance with the state requirements of the Insurance Code.

The distribution of risk and other forms of governance through solidarity mechanisms has been a feature of the Philippine communities for centuries. One of the schemes is based on the creation of a general life insurance fund and is characteristic of cooperatives and associations.

Under this self-insurance scheme, participants carry the risk of one person to a group of individuals who collectively manage this risk. Such a scheme got legal status and became obligatory [9].

The experience of microinsurance in Peru points to the following features of the insurance market (Shirinyan, L., Shirinyan, A., 2012):

- 1) the development of a micro-insurance product becomes successful if it involves many parties: both insurers and insureds; both non-governmental organizations and other financial institutions;

- 2) distrust of the population significantly slows the introduction of micro-insurance.

Another feature of Mexico is that the traditions in the insurance market are quite strong and the emergence of new products is always accompanied by resistance, so it is quite slow. The experience of Mexico shows that sometimes the relatively developed insurance market is less innovative than undeveloped. Secondly, insurers of the country prefer to contact the intermediaries than to offer the insurance product themselves, even when this product is simple [9].

Microinsurance in India has two central regulatory documents. The first document is Obligations of Insurers to Rural Social Sectors, that was published in 2002. This system of regulation of substance is a quota system that applies to private insurers working in the insurance market. In addition, this regulatory system requires insurance companies to pay a certain percentage of income in favor of vulnerable persons [7] (Fig. 1).

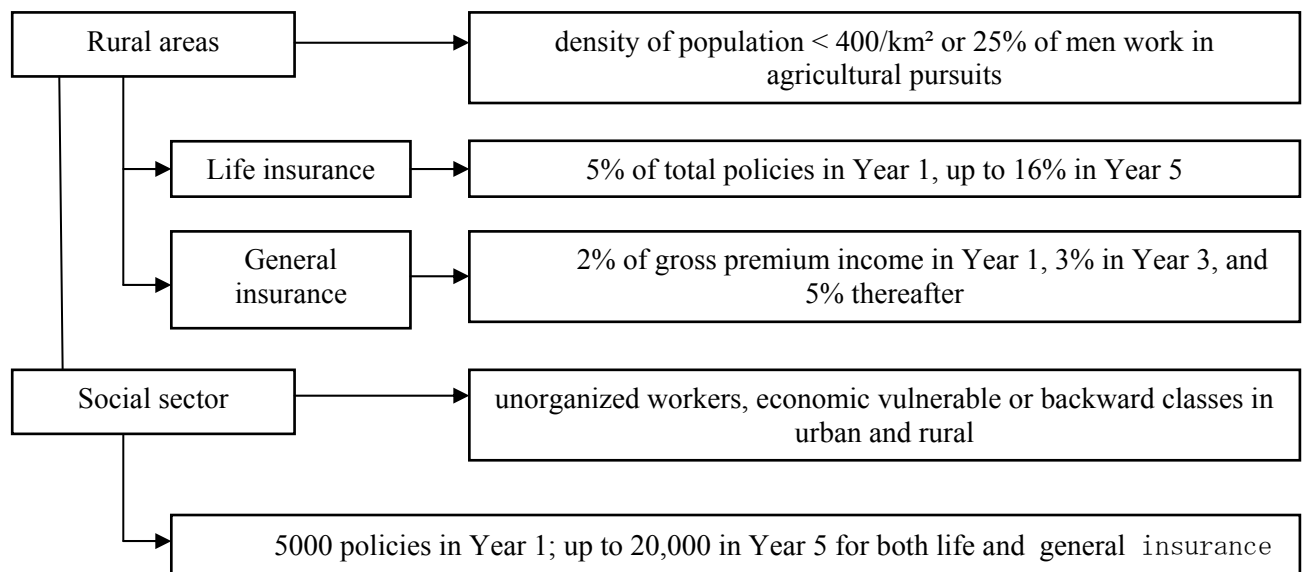


Fig. 1. Obligations of Insurers to Rural Social Sectors in India (Roth, J., Churchill, C., Gabriele Ramm, G., 2005)

The next regulatory document regulating micro-insurance in India is "The Concept of Necessity of Regulating Microinsurance in India," published in 2004. This document can not be called a standard regulatory document, it is better to consider it as the intention of the insurance market regulators. In this case, the concept of the need for regulation of microinsurance in India has the following disadvantages (Roth, J., Churchill, C., Gabriele Ramm, G., 2005):

- 1) the micro-insurance regulation process has implicit restrictions, as well as constrain the development of micro-insurance in the country;
- 2) the regulatory document quite strong puts the requirements for the design and description of the insurance product;
- 3) the regulatory system only allows intermediaries to cooperate with one life insurance company and one general insurer [7].

Micro-insurance in Nigeria has four main implementation models (Ikechukwu Acha, Mfon Sampson Ukpog, 2012):

1. The partner – agent model. This model for the implementation of micro-insurance involves cooperation between the insurance company and the insurance agent (or other mediator of the insurance market). It also provides for the possibility of involving health professionals in the process. The insurance company is responsible for the implementation of insurance services. The insurance provider benefits from limited risks.
2. The provider – driven model. In this model, the implementation of the services of micro-insurance, the insurance company is responsible for the development, implementation and implementation of insurance services. The insurance company can work with healthcare workers. However, this model has drawbacks that result from the possibility of raising risks.
3. The full – service model. Under this system of micro-insurance services, an organization providing medical services is an insurance company that carries out micro-insurance. In this case, the insurance company is responsible for all operations related to the development and implementation of insurance services.
4. The community – based model. This micro-insurance system implies that policyholders cooperate with healthcare providers. This gives the opportunity to improve the efficiency of the disassembly and implementation of insurance policies [1].

In Brazil, the insurance market is completely formal and strictly regulated by the state. Microinsurance is at an early stage of development and is called "popular insurance". The feature of micro-insurance in Brazil is that the sale of micro-insurance products is governed by the ordinary insurance law. Another feature is that microinsurance is combined with broad educational activities among the population regarding the benefits of using micro-insurance. For the development of micro-insurance in Brazil, the government is currently uniting several companies to boost insurance coverage [9].

The experience of micro-insurance in Mexico has shown that insurance with state participation may be more beneficial to the state than direct social assistance. In 2008, the Mexican Association of Insurance Institutes created the Microfinance Insurance Committee, which specializes in life insurance policies for people who have taken a microcredit.

CONCLUSION

The experience of applying the system of micro-insurance of foreign countries shows that the insurance protection of low-income groups of the population should be carried out taking into account the peculiarities of the socio-economic and political situation in the country. At the same time, the choice of some one foreign system of micro-insurance with a view to its further realization in Ukraine is a problem, because Ukraine's economy has many specific features. However, it should be noted that highly effective development of the micro-insurance system in Ukraine is possible only with the practical implementation of advanced foreign experience, which has repeatedly confirmed its quality and effectiveness.

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