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**INSTITUTIONAL FORMS AND THEIR
COMPETITIVE ANALYSIS OF ORGANIZATION OF
INSURANCE ACTIVITIES IN UKRAINE**

Introduction. In the insurance market of Ukraine, there is a need for non-commercial insurance, which does not carry out business activities in favor of shareholders, but implements the principle of collective mutual assistance of insurance participants. Its necessity is determined, first of all, by the possibility at affordable prices to provide real insurance coverage to the general population, agricultural producers, small business representatives, and others like that.

The development of the strategic development of the work of insurance companies prompts them to rational use of all their resources, in order to increase their efficiency at all stages of development. For this purpose, special methods of strategic management are used, which include the search for economic criteria that provide an objective assessment of the company's activities.

Thus, conducting this analysis will enable each company to make it competitive on the insurance market.

Aim and tasks. The purpose of the article is to reveal and substantiate the institutional forms and perform SWOT analysis to identify the weak and strong points of the organization of the insurance company and the strategic development of insurance activities in general.

Research results. The article reveals the concept of institutional forms of organization of insurance activity in Ukraine. Conducted competitive analysis (SWOT-analysis) of strategic development of insurance companies and organization of insurance activity in Ukraine. The proposed ways of strategic development, weak and strong forms of organization of insurance activity are revealed.

Conclusion. Insurance companies have financial institutionalization of their forms of activity. Under this concept is understood the process of consolidation of norms, roles, statuses, rules for bringing and combining them into the insurance system for the ability to act for insurance protection.

The conducted analysis of the activity of the insurance company, its development strategy provides an opportunity to identify the most promising directions for its development and organization of work. Thus, the identification of weak and strong sides of the company, based on SWOT analysis, positively influences the development of the company's future strategy, its organizational structure, as well as the quality and price of insurance services.

Keywords: insurance market, insurance companies, institutional forms, SWOT analysis, competitiveness, development strategy, insurance

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ІНСТИТУЦІОНАЛЬНІ ФОРМИ ТА ЇХ КОНКУРЕНТНИЙ АНАЛІЗ ОРГАНІЗАЦІЇ СТРАХОВОЇ ДІЯЛЬНОСТІ В УКРАЇНІ

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Проблема. На страховому ринку України, відчувається потреба у некомерційному страхуванні, яке не здійснює підприємницької діяльності на користь акціонерів, а реалізує принцип колективної взаємодопомоги учасників страхування. Його необхідність визначається передусім можливістю за доступними цінами забезпечити реальним страховим захистом широкі верстви населення, сільськогосподарських товаровиробників, представників малого бізнесу тощо.

Розробка стратегічного розвитку роботи страхових компаній спонукає їх до раціонального використання усіх своїх ресурсів, для забезпечення підвищення їх ефективності на всіх етапах розвитку. Для цього використовуються спеціальні методи стратегічного управління, які передбачають пошук економічних критеріїв, що забезпечують об'єктивну оцінку діяльності компаній.

Таким чином проведення даного аналізу надасть можливість кожній компанії зробити її конкурентоспроможною на страховому ринку.

Мета та завдання. Метою статті є розкриття та обґрунтування інституціональних форм та виконання SWOT-аналізу для виявлення слабких і сильних сторін організації роботи страхової компанії та стратегічного розвитку страхової діяльності в цілому.

Результати. В статті розкриті поняття інституціональних форм організації страхової діяльності в Україні. Проведено конкурентний аналіз (SWOT-аналіз) стратегічного розвитку страхових компаній та організації страхової діяльності в Україні. Запропоновані шляхи стратегічного розвитку, виявлені слабкі та сильні форми організації страхової діяльності.

Висновки. Страхові компанії мають фінансову інституціоналізацію своїх форм діяльності. Під цим поняттям розуміють процес закріплення норм, ролей, статусів, правил щодо приведення та об'єднання їх в систему страхування задля здатності її діяти для страхового захисту.

Проведений аналіз діяльності страхової компанії, її стратегії розвитку дає можливість виявити найбільш перспективні напрямки щодо її розвитку та організації роботи.

Таким чином виявлення слабких і сильних сторін роботи компанії, на основі SWOT-аналізу позитивно впливає на розробку подальшої стратегії розвитку компанії, її організаційну структуру, а також на якість та ціну страхових послуг.

Ключові слова: страховий ринок, страхові компанії, інституціональні форми, SWOT-аналіз, конкурентоспроможність, стратегія розвитку, страхування.

Introduction. The development of healthy competition in the domestic insurance market requires the creation of insurers of various organizational forms and the provision of insurance services both on a commercial basis and on a non-profit basis. This is required by the low solvency of a large part of potential prosecutors, the high quality of insurance products is not always adequate to the quality of the services offered, the need for a more democratic insurance mechanism, etc.

Therefore, the creation of necessary conditions for the harmonious development of both classical and non-classical insurance companies will contribute to increasing competition in the insurance market through the emergence of potential insurers.

Analysis of recent research. The insurance market is an extremely complex multilevel system, which forms a series of interconnected and interconnected subsystems. Actual problems of functioning and development of the insurance market of Ukraine are at the center of attention of many scientists. The study of theoretical foundations for the functioning and development of the insurance market is devoted to the scientific works of famous foreign scientists such as M. Green [1], P. Kongstvedt [2], M. Morrisey [3], L. Norris [4].

Questions of the formation of the insurance market were studied by Ukrainian scientists such as O. Dyachenko [5], O. Baranovsky [6], V. Plisa [7], I. Rud [8], O. Gamankova [9], V. Kudak [10], P. Balasanov [11], A. Govorushko [12], O. Zaletov [13] and others.

Paying tribute to the scientific developments of domestic and foreign scientists, we note that some issues related to the substantiation of scientific and methodological principles and the development of practical recommendations for the development of the Ukrainian insurance market require further integrated research.

Aim and tasks. The purpose of the article is to substantiate the institutional forms and their competitive analysis in the organization of insurance activities. The main task is to conduct a SWOT analysis, identify weak and strong sides of the organization of the insurance company's business for its competitiveness.

Main results. The National Commission for State Regulation of Financial Services is a comprehensive information system for financial institutions. As of 12.31.2016 it accounted for about 310 insurance companies that are included in the register (Fig. 1).

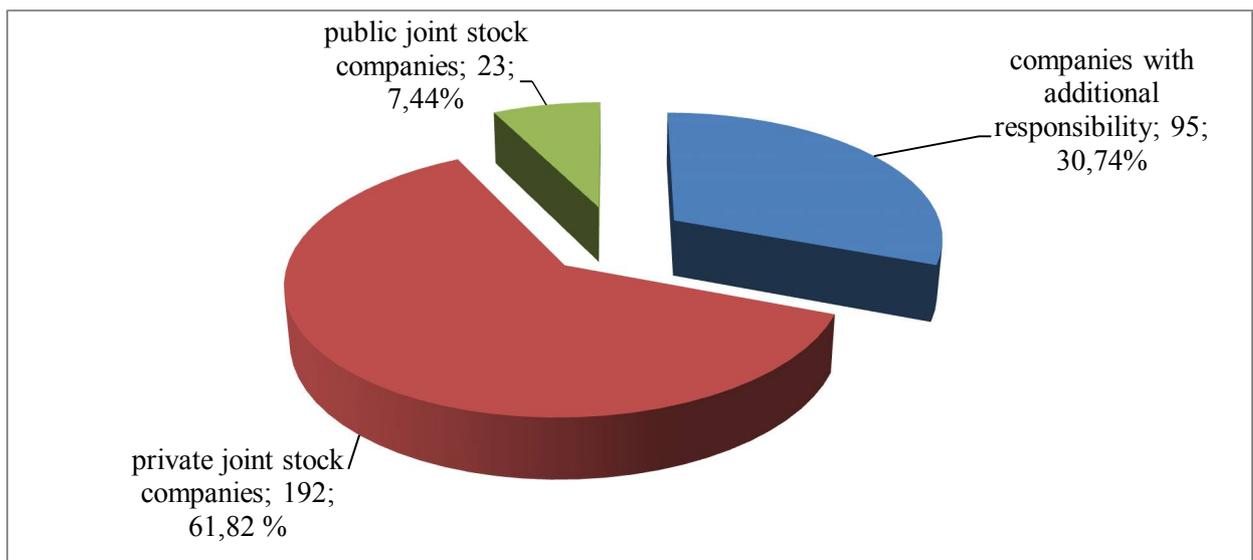


Fig. 1. Composition and structure of insurance companies of Ukraine in organizational and legal forms

Source: built according to [14]

The most widespread form of organization of insurance companies in Ukraine is the private joint stock companies (61.82%) in Ukraine, as well as the companies with

additional responsibility (30.74%). The share of public joint stock companies is insignificant (7.44%).

Table 1. The number of financial institutions in the State Register of Financial Institutions, 2016-2017

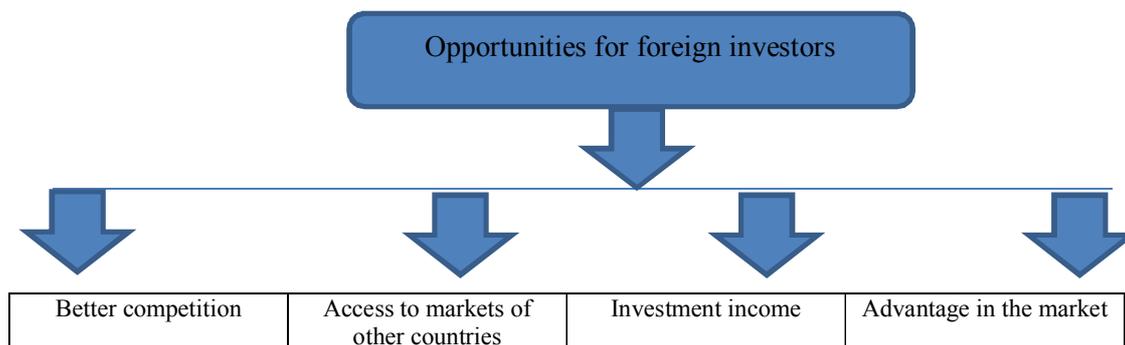
Financial institutions	As of December 31, 2016	During 2017		As of December 31, 2017	Deviation 2017/2016, (+/-)
		Added	Excluded		
Insurance companies, all	310	4	20	294	-16
including:					
with the risk types of insurance	271	4	14	261	-10
with life insurance	39	0	6	33	-6

Source: formed on a basis [15]

At present, strength and size of international financial conglomerates can pose a threat to the Ukrainian insurance market, and uneven distribution of market segments and insufficient

capitalization are the main reasons for this situation [15].

Goals of mergers and acquisitions by foreign investors in the market are:



Source: formed on a basis [16].

The presence of insurance companies with foreign capital in the market makes it possible to highlight the following features:

1. Insurance assets controlled by foreign insurers are constantly increasing;
2. The greatest interest of foreign insurance companies is allocated to life insurance;
3. The entry of foreign capital into the insurance market positively affects the competitiveness of the national insurance system;
4. Insurance companies with foreign capital concentrate its activities on work with insurers - individuals [16].

Foreign investors on the territory of Ukraine open subsidiaries or buy a domestic insurance company, invest in it a significant amount of financial resources. Investors pay attention to the following points: risks of the region and volume of the market, purity and transparency of the business, analysis of the risks of the insurance company. When buying a small insurance company, the investor changes the name, borrows the strategy of the parent company. The quality is important for him (how much the company can develop its business), audit, ownership structure, network quality, company portfolio (by concentration and by product) [17].

A precondition for the takeover and merger of insurance companies is the large number of insurers and the high growth rates of the market.

In Ukraine, TOP-20 insurance companies control 50% of the insurance market. Small insurance companies will be squeezed out of the market or absorbed by foreign investors, in the long run. The criteria for selecting insurance companies by foreign investors are as follows:

1. Leading position in the country market as a whole.

2. Leading position in the region, in insurance of branch risks, in the form of insurance.

3. Availability of a license for the main activities.

4. Popularity among policyholders.

5. High regional coverage, wide network.

And above all:

1. Availability of a branch network;

2. Work in the real insurance business;

3. Availability of qualified personnel;

4. Availability of a portfolio of insurance products [18].

Among the organizational forms (joint-stock, full, limited partnerships or partnerships with additional responsibility) the insurance activity takes a special place cooperative form of interaction between subjects and objects of the insurance process [19, p. 53].

In the face of fierce competition in the insurance market, one of the most important factors in the successful organization of insurance business is the choice of the legal form of an insurance organization. One of the tools for researching the competitiveness of insurance companies is SWOT-analysis [20, p. 125]: Strengths, Weaknesses, Opportunities, Threats.

The theory and practice gained experience in its application not only to the insurance market, but also to other financial markets. In particular, P. Balasanov, using SWOT-analysis technology to assess the macro- and micro-environment of financial intermediaries in the Ukrainian stock market, formed a coherent picture of his micro and macro environment [21, p. 23]. This allows us to form a common platform for an effective

analysis of financial companies that helps to identify threats in a timely manner to prevent a crisis, and knowledge of the financial position provides opportunities for the efficient use of their resources.

The study of foreign experience allows us to conclude on the significant development of cooperative forms of insurance activity. In the United States and Canada (40% of the world insurance market), mutual insurance companies cover 57.6% of the life insurance market and 27% of the general insurance market. Among the countries of Western Europe (33.9% of the world insurance market), the largest segment of the mutual insurance market belongs to Austria, Finland, Germany, the Netherlands, the United Kingdom, Sweden. In Japan (over 25% of the world insurance market), mutual insurance companies account for 89.4% of the life insurance market and 5.1% of the general insurance market [22, p. 97].

Leading experts in the insurance industry have made an attempt to predict the development of the insurance industry in developed markets. So, among the major economies, the US economy is projected to grow at just over 2%, with inflation taking place every year over the next two years.

Growth in the Eurozone and the UK is projected to be about 1% and 1.5% respectively, while growth in Japan should be less than 1%. The growth of China's economy is expected to be about 6.5%. Monetary policy will remain stimulating over the next two years, even in the United States there will be a gradual increase in rates. It is expected that other central banks will keep their interest rates unchanged.

With an increase in the Federal Reserve rate, the yield of 10-year the US government bonds is likely to increase, slightly increasing the profitability in Europe accordingly.

The insurance sector is shrinking with deterrents, moderate economic growth and still sufficient market conditions, creating complex conditions for tariff formation, SwissRe economists considered. However, bonuses continue to grow as developed along with economic activity. There is also an increase in the level of insurance penetration, especially in markets with a transition economy. [23].

Table 2. Real growth of insurance premiums with risk insurance in 2014-2018 (%)

Region	2014	2015	2016	2017	2018F
USA	3,0	3,6	2,3	1,3	1,5
Canada	1,9	4,1	0,8	1,7	2,6
Japan	1,2	1,3	1,0	1,2	2,2
Australia	1,3	0,5	0,4	0,6	1,4
UK	1,7	1,3	1,5	0,3	1,4
Germany	1,8	3,3	2,5	0,9	1,1
France	0,3	1,0	0,8	0,4	2,8
Italy	3,0	2,9	1,8	0,3	2,3
Spain	0,2	3,0	4,6	4,1	4,3
Developed markets (including North America, Western Europe, Israel, Oceania, Japan, South Korea, Singapore and Taiwan)	1,8	2,5	1,7	1,3	1,9
Emerging Markets	6,4	4,9	5,3	5,7	6,7

Source: formed on a basis [23].

The important role of cooperative insurance organizations in the world insurance market is associated with the joint responsibility of participants in the insurance process, the transparency of the flow of cash flows and the common financial and economic interests of all subjects of insurance. However, in the insurance market of Ukraine, there are no cooperative insurance organizations, despite the legally foreseeable possibility of their functioning.

According to article 14 of the Law of Ukraine "On Insurance", adopted in 1996, individuals and legal entities for the purpose of insurance protection of their property interests can establish mutual insurance societies in accordance with the procedure and under the conditions established by the legislation of Ukraine [24]. To find out the reasons for the non-demand of cooperative forms of insurance activity, it is advisable to conduct its SWOT-analysis.

The SWOT matrix allows us to draw conclusions about potential of organization's forms of insurance activity and to justify recommendations for strategies for ensuring their development by combining different combinations of strengths and weaknesses, opportunities and threats [24, p. 45].

The process of SWOT-analysis of organization's forms of insurance activity is carried out in such a sequence. Initially, strong (comparable with market opportunities) and weak (directions for overcoming them) side of the organization's form are identified, as well

as identifying potential threats (development of measures for their neutralization) and opportunities (identifying competitive advantages and forming strategic priorities). The result of SWOT analysis is the matrix of interconnections of strengths and weaknesses, opportunities and threats of the organization's form of insurance activities.

Strengths of the company, which belongs to one form or another of the organization of insurance activity, can be considered those areas in which it has succeeded, or some of its unique features that can provide additional opportunities. Particularly, the strong point can be the experience in the work, the presence of highly qualified personnel, high quality services and service, a well-proven brand (name) company, a well-known market leader, cost advantages, time-tested management.

Weaknesses are the lack of important elements in the functioning of the company or what gives the advantages to competitors. As an example, one can cite insufficiency of insurance products, poor market reputation, low level of service, lack of financing, vulnerability to competitive service, lack of clear strategic guidelines, weak knowledge of market situation.

Opportunities are the favorable circumstances that an insurance company can use to obtain certain benefits. For example, the deterioration of market positions of major competitors, a sharp increase in demand, an increase in incomes, access to new markets, the creation of new insurance products, etc.

Threats are events whose occurrence may have a negative impact on the activity of an insurance company, namely: entry into the market of new competitors, changes in tax legislation, unfavorable state policies, economic crises, and adverse demographic changes.

The specifics of the activities of mutual insurance societies are that they simultaneously act as insurers and insureds. The task of mutual insurance societies is to provide member-shareholders with the combination of the best quality insurance services at an affordable price. Excess of income over expenses of the company is, first of all, to replenish the reserve fund.

The surpluses accumulated during the reporting period of the company's activity (as a rule, during the year), by decision of the general meeting, can be used to replenish

insurance reserves and indemnify losses. The distribution of the amount of net income among the members of the mutual insurance company is proportional to their contributions to one or another fund (that is, cooperative payments are made). Joint liability of members of the company is limited to the sum insured.

In countries of the European Union, together with mutual insurance societies, insurance cooperatives (insurance cooperatives), which are similar in their economic essence, operate simultaneously and represent a group of persons organized to cover the insured risks forming a fund of payment for share payments and acting on a non-profit basis.

The SWOT matrix for classical and cooperative forms of insurance activity is shown in the table. 3-4.

Table 3. SWOT matrix for the classical form of insurance activity

The inner environment	
<i>Strengths</i>	<i>Weaknesses</i>
high level of standardization of insurance services; customer service on a mass and person basis; provision of both basic and additional insurance services under contracts; available opportunities for capitalization of activities in the financial market	the main purpose of the insurer's activity is to obtain profits from insurance activities; selective approach to insurance of potential risks; opacity of the insurer's cash flow for the insured
The external environment	
<i>Opportunities</i>	<i>Threats</i>
an extensive network of insurance organizations; provision of insurance services to insureds depending on their level of solvency; use of risk reinsurance schemes; extension of the insurance field of the insurer depending on the financial and economic, organizational provision of the insurance company	monopolization of individual segments of the insurance market; imperfection of insurance legislation in the field of protecting the rights of insureds; violation of the terms of the stricter agreements on the calculation and payment of insurance indemnity; use of insurance fraud schemes

Source: developed by author

Each of the forms of activity of insurers has both its advantages and disadvantages. Creating the necessary conditions for the harmonious development of both classical and non-classical insurance companies will contribute to increasing competition in the insurance market through the emergence of potential insurers.

The insurance market of Ukraine undoubtedly feels the need for non-commercial insurance, which does not carry out entrepreneurial activities in favor of shareholders, but implements the principle of collective mutual assistance of insurance participants.

Its necessity is determined, first of all, by the possibility at affordable prices to provide

real insurance coverage to the general population, agricultural producers, small business representatives, and others like that.

At present, the need for the development of insurance cooperatives in Ukraine, as one of the oldest classical forms of insurance protection, is growing, as potential insurers:

- have a financial condition that limits the possibility of obtaining insurance services on a profit basis and adopting rigid regulations of commercial insurance;

- require more democratic and mild forms of insurance, since under all circumstances they risk their own funds in the risk transfer of an insurer;

- are interested in the fact that in the domestic insurance market really was present a healthy competition among insurers of various organizational forms and types;

- receive a waiver of commercial insurers in a significant number of risks due to significant amounts of insurance, due to the high probability of occurrence of insurance cases, etc.;

- have unsecured demand for insurance in the agro-industrial complex, including to insure many agricultural production risks owing to the high risk of commercial insurance.

Table 4. SWOT matrix for cooperative forms of insurance activity

The inner environment	
<i>Strengths</i>	<i>Weaknesses</i>
<p>activity is not related to the receipt of profits from insurance activity;</p> <p>greater efficiency, because the company is managed not by investors who seek to maximize profits, but directly the policyholders themselves;</p> <p>lower fee for using insurance services due to lack of administrative expenses, advertising costs and finding new clients;</p> <p>obtaining insurance services at the level of cost;</p> <p>establishment of the most acceptable conditions and forms of insurance;</p> <p>efficiency of realization of insurance services and provision of insurance protection;</p> <p>the possibility of choosing the optimal insurance option</p>	<p>the only source of profit for the expansion of an insurance fund is investment activity;</p> <p>insufficient level of formation of insurance reserves;</p> <p>insufficient level of culture of consumption of insurance services;</p> <p>lack of popularization of the idea of cooperative movement in the insurance sector of the economy;</p> <p>absence of methods of analysis of insurance cases, settlement of losses, standards of service operations;</p> <p>lower quality of service provision due to insufficient training of skilled personnel for management</p>
The external environment	
<i>Opportunities</i>	<i>Threats</i>
<p>providing insurance coverage to policyholders in the form of covering almost all possible risks;</p> <p>avoiding negatives related to actions of unscrupulous insurers;</p> <p>ensuring the community and identity of the property interests of the members of the insurance cooperative;</p> <p>establishment of mutually beneficial and partner relations with international cooperative organizations;</p> <p>high degree of stability relative to economic fluctuations;</p> <p>guarantee of payment of insurance sum in case of occurrence of insurance cases in the necessary (full) volume despite the fact that this amount of damages was not provided for in the contract</p>	<p>loss of solvency due to the payment of insurance indemnities due to the occurrence of insurance events;</p> <p>high competition in the insurance market;</p> <p>lack of adequate infrastructure support for the development of cooperative insurance; lack of sufficient legal support for the development of cooperative insurance companies in Ukraine;</p> <p>the lack of fiscal methods to stimulate the creation of mutual insurance societies in Ukraine</p>

Source: developed by author

For more effective use of formal and informal risk-sharing mechanisms, insurance cooperatives use insurance schemes for micro-insurance, which create additional conditions for the functioning of the agrarian insurance market.

Micro-insurance is a type of civil law relationship for the protection of property interests mainly low-income people in exchange for low insurance premiums in the case of small insurance amounts, a simplified insurance system, a high proportion of insurance indemnity and insurer's low profits.

Potential clients of micro-insurance in the agrarian sector may be small agricultural enterprises, farms, members of personal subsidiary farms. The achievement of the socio-economic effect of introducing insurance programs for micro-insurance is possible in the presence of two conditions: firstly, if the number of insured persons is sufficiently high and tends to increase; and secondly, the insurer's costs for the introduction will be reduced.

The number of farmers involved in the micro-insurance process can vary in rather broad ranges from a few peasants in a small community to large groups that carry out agricultural activities within a particular region, region or state as a whole.

As a result of the SWOT analysis, structured information is used that is used for strategic planning and allows choosing the most optimal way of development of the insurer, avoiding possible threats and risks, maximizing use of available resources, and ensuring competitiveness at a high level.

As a result, it is advisable to choose a priority development strategy: an adaptation strategy to the external environment (the result of the analysis of opportunities and threats); strategy for the formation of the internal environment (analysis of strengths and weaknesses). However, these two strategies must be realized at the same time, since the company is an open system that changes under the influence of the environment, and at the same time it changes it.

Conclusions and further research.

According to the results of the assessment of the Ukrainian insurance market in recent years, it can be concluded that, despite the gradual growth of the insurance market, there are problems that hinder its development, namely:

- unstable political situation in Ukraine;
- distrust of the population to insurance companies;
- instability of the national currency;
- a high level of inflation, as a result of which the implementation of long-term types of insurance in the national currency is immaterial;
- lack of reliable investment instruments;
- absence of free funds from individuals and legal entities;
- low insurance culture of the population, direct employees and some students;
- low level of capitalization of insurance companies;
- absence of bad faith in saving the incoming money;
- controversial insurance and tax legislation;
- absence of anecdotal stability, the steady state of production, insolvency of the population and deficiency of financial resources [24].

In Ukraine, unlike the European insurance market, direct methods of selling insurance products dominate, that is, intermediaries in the market play insignificant role. In our country, the system of general agents existing in the EU has not developed.

The main reason for this is distrust of the population to insurance mediation. Therefore, the state should have the task of creating an effective, reliable system that will promote the spread of private insurance, which will be a source of trust.

It was investigated that the concentration of foreign capital in the insurance market has both positive and negative consequences, which affects the activities of 88 insurers, insured persons and the state as a whole.

From the view's point of insurers, it is expected to introduce advanced market development strategies, new insurance products, modern insurance technologies, and an effective risk management system. In

addition, the presence of foreign investors will increase the level of competition in the market, which will supplant the weak insurance companies and will affect the growth of capitalization of domestic insurance companies.

From the view's point of consumers of insurance products, the presence of foreign capital will lead to an increase in the number of quality, new products, as well as the gradual reduction of prices for them. For the state, the presence of foreign investors shows an increase in the credibility of the world market, an increase in the capitalization of the insurance market, the effective development of insurance, the development of market infrastructure.

Under the financial institutionalization of organization's forms of insurance activities understand the process of defining and consolidating norms, rules, statuses and roles, bringing them into a system of insurance, able to act in the direction of satisfying the public need for insurance protection. SWOT analysis has made it possible to establish that the strengths of classical insurance companies are weaknesses of cooperative insurance organizations and vice versa. Therefore, they must co-exist, complement each other, while competing with each other, which will positively affect the quality and price of insurance services.

Detailed analysis of the SWOT analysis of the company will be able to:

1. Use opportunities in the following way:

- The presence of the established retail infrastructure will promote the development of retail insurance;
- The growth of insurance capacity, as well as the creation of corporate infrastructure will help to develop the insurance of legal entities;
- The availability of built relationships with banks allows you to offer new joint products;
- The growth of the investment

attractiveness of individual insurers will allow them to raise funds for business modernization.

2. Due to what can be reduced threats:

- The negative effect of rising unprofitability in corporate insurance will be offset by a solid stock of strength accumulated in this segment;
- The development of risk management and the change of target benchmarks after the crisis will increase the reliability of insurance companies, lead to a new level of their relationship with insurance intermediaries (guarantees, control).

3. What can prevent use of opportunities:

- Low operating efficiency can reduce the return on investment in infrastructure creation;
- Low customer orientation and poorly developed product line will hinder the development of retail insurance;
- The low reliability of some insurance companies will destabilize the insurance market, which may adversely affect the state's attitude towards the insurance industry;
- The low profitability of an insurance business can scare away potential investors.

4. The greatest dangers:

- A poor image of insurers, coupled with a low customer orientation and an underdeveloped product line, will limit the growth of voluntary demand for insurance;
- Low reliability of insurance companies coupled with low quality of insurance supervision will maintain high statistics of bankruptcies, both small and relatively large insurers, which will negatively affect their image;
- Lack of regulation of insurance intermediaries combined with the high dependence of insurers on their activities will destabilize the business of insurance companies.

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