

REINSURANCE AS A NECESSARY CONDITION OF FINANCIAL STABILITY ENSURING AND NORMAL ACTIVITY OF THE INSURER

Galushchak V.V.

Candidate of Economic Sciences, Assistant Professor,
Assistant Professor of the fundamental and special disciplines
Chortkiv Educational-Scientific Institute of Entrepreneurship and Business
Ternopil National Economic University

The development of Ukraine's insurance market is very closely linked with the process of reinsurance, which ensures the creation of maximum risk portfolio, its balance, and additional opportunities for the investment of the insurance reserves. The growing demand for insurance services makes domestic reinsurers to develop its activities in the competitive environment by increasing the quality of insurance products, expanding their range, strengthening its own capital base, improving reinsurance, programs of the procedures and the methods of the company management. All these measures achieve the main aim of the existence of any insurance company – timely implementation in full volume of its financial obligations to the insured in regard to pay the insurance indemnity in the case of the event that is provided by the insurance contract.

Today there is a trend of the insurance and the reinsurance markets convergence of different countries and the unification of rules and requirements to the work. This process

allows the insurance companies to use not only the national reinsurance market capacity, which in most countries is not enough to cover large risks, but also the potential of international reinsurers.

The need in reinsurance will grow every day through the coverage by increasing the number of large, specific risks, as well as with its release to a qualitatively new level of development, the formation of an integral system of ensuring the financial stability of all subjects of the reinsurance market and insurance companies.

The effectiveness of the functioning of the reinsurance in Ukraine as a necessary condition of ensuring financial stability is determined by many constituents, including the volume of own and borrowed capital, the size of insurance and other reserves, the quality of reinsurance protection and some others, and it remains actual, causing the need to search for the tools of influence on the components system ensuring the financial stability of the insurer.