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Tsurkan I.M.

*PhD in Economics, Docent,**Docent of the Department of Economic Analysis and Finance
SHEE "National Mining University"***ESSENCE AND ELEMENTS OF THE INSURANCE SYSTEM****СУТНІСТЬ ТА ЕЛЕМЕНТИ СТРАХОВОЇ СИСТЕМИ****ANNOTATION**

The main theoretical approaches to the definition of "insurance system" are considered. There are two approaches to the definition of the essence of the concept of "insurance system": institutional and systemic. In addition, in order to determine the essence of the concept of "insurance system", the author identified the characteristic, general and specific features which are inherent in the insurance system. The theoretical principles concerning the structure and content of the constituent elements of the insurance system are developed. The research, analysis and generalization of scientific works of scientists concerning definitions of the category "insurance system" made it possible to formulate a personal author's vision of the concept "insurance system".

Keywords: insurance system, system, elements, structure and features of the insurance system.

АНОТАЦІЯ

Розглянуто основні теоретичні підходи щодо визначення поняття «страхова система». Виокремлено два підходи до визначення сутності поняття «страхова система»: інституційний та системний. Крім того, з метою визначення сутності поняття «страхова система» автор визначив характерні загальні та специфічні ознаки притаманні страховій системі. Розроблено теоретичні засади щодо структури та змісту складових елементів страхової системи. Дослідження, аналіз та узагальнення наукових праць вчених щодо визначень категорії «страхова система» дали можливість сформулювати особисте авторське бачення поняття «страхова система».

Ключові слова: страхова система, система, елементи, структура та ознаки страхової системи.

АННОТАЦИЯ

Рассмотрены основные теоретические подходы к определению понятия «страховая система». Выделены два подхода к определению сущности понятия «страховая система»: институциональный и системный. Кроме того, с целью определения сущности понятия «страховая система» автор определил характерные общие и специфические признаки присущи страховой системе. Разработаны теоретические основы относительно структуры и содержанию составляющих элементов страховой системы. Исследование, анализ и обобщение научных трудов ученых относительно определений категории «страховая система» позволили сформулировать личное авторское видение понятия «страховая система».

Ключевые слова: страховая система, система, элементы, структура и признаки страховой системы.

Formulation of the problem. Formation and securement of innovative model of economic development is an actual task of modern society of Ukraine. Financial and credit institutions play a major role in solving socio-economic contradictions regarding the financial provision of innovation development, as the activities of banking and insurance institutions carry out redistribution of financial resources and create conditions for stimulating investment in innovation. In this regard, the institutional development of the insurance system, as well as the formation of a

favorable institutional environment in the insurance services market, will be of particular importance, which will reduce the riskiness of innovation activity in Ukraine. In today's economic conditions, the insurance system of Ukraine has not fully mobilize all its capabilities yet.

Analysis of recent research and publications. Issues relating to the essence, elements and features of the insurance system were investigated in the writings of such scholars as V.G. Baranova [6, 22], O.A. Vodolazskaya [9], L.M. Voitovich [8], L.O. Pozdnjakova [7], S.K. Reverchuk [2; 21], N.V. Tkachenko [4], I.P. Khominich, S.N. Tikhomirova [5] and etc.

Until now, in the economic literature, there is no single approach to the essence of the concept and structure of the insurance system, since all scholars adhere to their own views on its components. Thus, there are some theoretical unworkable questions regarding the consideration of the constituent elements of the insurance system, the definition of the place of the insurance system in the hierarchy of economic and social systems.

In our opinion, it is impossible to improve the insurance system without scientifically substantiating the essence of the subject of the study. It is from these positions that it is appropriate to consider the relevance of the study, the main results of which are given in the article.

The purpose of the article is to study the approaches formed by domestic and foreign scientists to determine the concept (essence), elements and characteristics of the insurance system.

Presentation of the main research material. When investigating the insurance system of any country, it must be taken into account that its current state is the result of long-term development, the consequence of complex, legal and economic transformations, which are based not only on purely economic and legal laws and trends, but also take into account national, cultural and moral traditions the people. The functioning national insurance system in Ukraine is in the process of development and definitely needs further improvement.

In order to make a holistic scientific idea about the insurance system, it is necessary to identify its elements, to reveal their internal pattern and interconnection. The term of "insurance system" is not defined at the legislative level, and the analysis of scientific liter-

ature allows us to conclude that today there is no unity of views on the concept and structure of the insurance system.

Analyzing different views about the nature of the insurance system, we can provide them with two main approaches, based on the interpretation of the insurance system from the standpoint of institutional and systemic approaches.

From the institutional point of view, the insurance system acts as a “set of insurance companies operating in a particular economic environment” [1, p. 39], “the aggregate of insurance companies operating in this economic environment, in one or another country in a certain historical period of time «[2, p. 28], or as” a set of different types of insurance companies in their relationship with the insurance supervision that exists in a particular country in a certain historical period «[3, p. 204].

Most researchers define the concept “insurance system” from the point of view of the system approach. The definition of “insurance system” by the system approach is summarized in Table 1.

For the scientific substantiation of the insurance system as a system, it is first of all to determine what will be the kind of education that can in principle be called a system.

In dictionaries, the term of “system” (Greek systema – education) is interpreted as follows: 1) a significant number of naturally connected with each other elements that make up a certain whole entity, unity; 2) the order caused by the planned, correct placement of parts in the established connection, strict sequence; 3) form, way of organizing something; 4) what has become customary, regular [10, p. 1320; 11, p. 628]; 5) a set of elements that are in certain relations and

ties with each other and form a certain integrity, unity [12, p. 610].

According to A.G. Spirikina, the system – it is internally organized integrity on the basis of one or another principle, in which all elements are so closely linked with each other, which constitutes a certain unity in relation to the environment and other systems. The element of the system is the minimal unit as a part of the whole which performs a certain function in it. The systems can be simple and complex. The elements of the complex system themselves are considered as systems [13, p. 179].

A well-known theorist in the field of systems V.N. Sadovsky, in one of his works, noted that the properties of the system are manifested not only as the sum of the qualities of individual components, but also determined by the presence and specificity of the relationship between the elements, that is to say, they are constituted as integral properties of the system as a whole. Availability of connections and relationships between elements of the system and generated their integration, holistic as it provides a relatively independent, separate operation (and in some cases development) system [14, p. 83-84].

It should be noted that in the literature there is no unanimity in determining the characteristics of this phenomenon. For example, Y. M. Kozlov highlights such signs of the system: a) a set of interrelated, closely interacting elements, relatively independent on the functional principle; b) the internal organization of the system, which transforms it into a single holistic phenomenon with a common purpose [15, p. 7]. According to R. V. Igonin, the system has the following features: 1) expediency, that is, the desire to achieve a specific general

Table 1
Definition of the concept “insurance system” from the position of the system approach

Authors	Definition
Tkachenko N.V. [4, p. 132-133]	The insurance system is a well-organized unity of insurance companies and other subjects of economic relations, which are united by internal connections, within the national economy, interact with each other and with the external environment over a certain period of time, and perform their proper functions that are mediated by economic, legal, social and other relations.
Khominich I.P., Tikhomirov S.N. [5, p. 45]	Insurance system – a form of organization (construction) of insurance relations between economic entities in the national economy, which includes a set of elements, united by internal communications that interact with the external environment (with larger or neighboring systems), and is a single entity, whose properties differ from the properties of individual elements.
Baranova V.G. [6, p. 4-5]	Insurance system – organizationally formal and legally fixed organizational and legal system of economic (financial) relations, having a specific closed nature, with the redistribution of monetary resources in order to provide insurance protection for risks that are recognized by society as insurance.
Pozdnyakova L.O. [7, p. 380]	The insurance system – dynamic integral unity, which has a definite structure, consists of interdependent and interconnected elements, each of which can be considered as a separate system, serves as a redistribution of cash flows for the purpose of insurance protection and the establishment of certain social standards.
Voytovich L.M. [8, p. 284]	Insurance system – a combination of elements, united by internal and external communications, which interact and represent the ensemble.
Vodolazskaya O.A. [9, p. 80]	Insurance system – a set of insurance companies, businesses and individuals and the state, which are in interaction concerning redistribution relations caused by the formation of the insurance fund and its use in the case of probabilistic events that caused the loss, damage or (and) degradation of specific insured object or event related to life support or operation of the insured entity.

system; 2) structuring, relative internal organization (autonomy) of the plurality of components (elements); 3) the unity and integrity of the constituent components (elements); 4) the entry of a subsystem into a higher order system [16, p. 335]. I.V. Blauberg and E.G. Judin to the signs of the system include: 1) the integrity of the system; 2) presence in the system of two or more types of connections (spatial, functional, genetic and others); 3) the structural organization of the system, the presence of levels and their hierarchy; 4) management; 5) the purpose and expediency of the organization; 6) self-organization, functioning and development [17, p. 61–64].

The properties of the insurance system depends on the choice and construction of effective mechanism for management.

Comparing the insurance system with others, it is possible to identify in it common for all systems features that confirms its systemic character, as well as purely specific features that emphasize the insurance specifics.

By systemic features inherent in each system and on which it is based, include: emergence (integrity) hierarchy, integrity and dedication.

Under emergence (integrity) is a property of a system that embodies the idea that the whole has properties that can not be withdrawn as a consequence of the properties of the individual parts [18, p. 96].

The integrity of the insurance system lies in the fact that it has its own characteristics, which are absent from its constituent elements. Therefore, the transfer to the insurance system of the properties of a separate insurance company means denial of its social nature.

Hierarchy as a property implies that each system is an element of a higher order system.

The insurance system is, on the one hand, a subsystem of the financial system of the state [7, p. 381; 9, p. 80; 19, p. 8]. It is subject to rules and norms of activity that are characteristic of the entire financial system of the state. In turn, the financial system is a subsystem of the socio-economic system as serving the needs

of the financial functioning social and economic processes (figure 1).

The insurance system belongs to the category of active, purposeful systems with feedback. Characteristics of the insurance system as an active purpose-oriented system due to its strategic position, goals and functions it performs.

To the specific features of the insurance system we will refer dynamism, controllability, self-organization, activity, stochasticity, openness, evolution, probability and existence of feedback with the environment.

The dynamism of the system is manifested in the change of certain properties of the system, its constituent elements under the influence of the environment. The insurance system is constantly evolving taking into account the key trends in the development of society, adapting to changes in the economic situation in the country, is being improved as new requirements of the market economy, in particular, changing the technology of insurance activities, expanding the range of insurance products and services.

Management and system regulation. Participants of the insurance system are guided in their activities by the current legislation and regulations, as well as the rules and regulations adopted in the business environment [4, p. 134].

Self-organizing system, which assumes the ability to overcome internal contradictions and limitations, to achieve new, more stable states.

The parameters of the state of the insurance system are not constants, but quickly change over time. Quantitative and qualitative changes in the parameters of the system occur stochastically (by accident), thereby defining the nature of the behavior of the system as a probabilistic (indefinite).

Unlike the banking system, which is a closed system (which is manifested by the concentration of attention of its subjects mainly on specific activity, which is related to the monetary sphere, the execution of banks is purely banking operations. A significant amount of banking information in accordance with national law is a banking

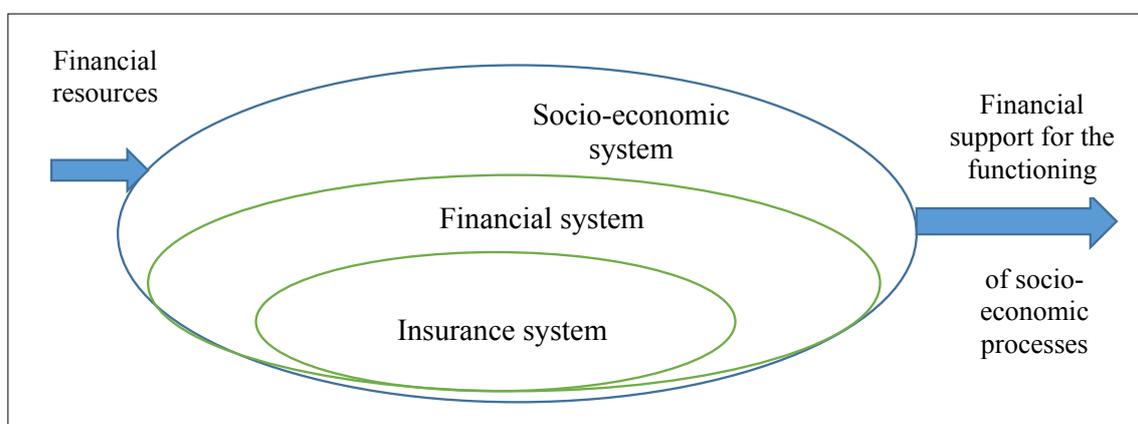


Fig. 1. The place of the insurance system in the socio-economic system of Ukraine

Source: author's development

secrecy and can not be disclosed or transferred to other systems [20, p. 15]), the insurance system is open. It is characterized by the exchange of information between the constituent elements and the external environment.

The specifics of the insurance system are determined by its constituent elements and the relations that arise between them.

Since the insurance system acts as an object of public administration, it must be clearly understood that it includes, from which elements it is composed. Elements of the insurance system of Ukraine as the basis for its construction are not defined in the legislation, which makes it difficult to decide on the criterion of assigning those or other formations to this system.

The study of theoretical foundations concerning the structure and content of the constituent elements of the insurance system showed the existence of different views of scientists about its components (Table 2).

In our opinion, the definition of an insurance system that reduces itself to transferring only insurance companies that are elements of the insurance system is too narrow. More successful is the broad approach, which involves attributing to the system not only those entities that carry out a certain type of activity, but also organizations that make up the infrastructure of this activity, provide the main function of the system.

In the scientific plan there is every reason to proceed from the broad concept of the insurance system, since it will allow you to really assess the state of affairs and develop the forms of interaction of all elements. A similar view of the composition of the insurance system is gaining more and more supporters. Thus, S.K. Reverchuk stresses the inappropriateness of the definition of the insurance system solely as a combination of

insurance companies operating in this economic environment, in a particular country in a certain historical period of time [21, p. 177-178]. This is a much more complicated mechanism that includes a number of interrelated elements, including a set of insurance institutions, an insurance state regulator, an insurance market, insurance infrastructure, etc. [21, p. 178]. Supporters of this point of view are a number of Russian scholars. In particular, L.V. Popova L.A. Melikhova, S.Yu. Shaldokhina, D.N. Popov [NSS, p. 14-15].

On this basis, the insurance system can not be limited to the presence of only insurance companies directly performing the functions of providing insurance protection for legal entities and individuals. The elements of the insurance system should include a number of other components.

It means that the organizational structure of the insurance system should also include a network of subsidiary organizations that ensure the normal operation of insurance companies, contributing to the functioning of a complex mechanism of interconnection of insurance companies with legal entities and individuals.

In the insurance system, in an institutional plan, you can identify insurance associations which include: insurance pools that can be created by insurers for the joint implementation of insurance and reinsurance.

In our view, it is worthwhile to include in the insurance system insurers and non-profit associations that do not have the right to engage in insurance or entrepreneurial activity but which play an important role in the insurance system.

According to Art. 13 of the Law of Ukraine "On Insurance" includes unions, associations and other associations formed to coordinate their activities, protect the interests of their members and implement joint programs.

Table 2

Elements of the insurance system

Authors	Structural elements of the insurance system
Baranova V.G. [22, p. 52]	To the elements of the insurance system we classify the insurance organization as a carrier of economic relations with the redistribution of GDP, the social insurance system and the insurance market as an economic space that provides the movement of insurance resources.
Pozdnyakova L.O. [7, p. 380]	The insurance system consists of a commercial system and a social insurance system. The system of commercial insurance consists of elements that correlate with the internal structure and the external environment of the insurance market. The social insurance system consists of elements that correspond to the types and forms of social protection.
Voytovich L.M. [8, p. 284]	Elements of the insurance system are: insurance companies; reinsurance companies; branches of non-resident insurers; mutual insurance societies; insurance and reinsurance pools.
Khominich I.P., Tikhomirov S.N. [5, p. 45-46]	The structural aspect of the insurance system can be represented by the following subsystems: a) legislation, regulation and supervision; b) the market; c) infrastructure (payment and payment systems, communication systems, including electronic networks, information provision,
Popova L.V., Melikhova L.A., Shaldokhin S.Yu., Popov D.N. [19, p. 14-15]	trading exchange systems, banking system, etc.); d) nonmarket entities (state, non-profit, non-governmental organizations); e) Institutions (formal and informal rules, standards and norms of conduct, etc.).
Reverchuk S.K. [21, p. 178]	Elements of the insurance system: state regulator, insurance companies, insurance market, insurance infrastructure, insurance institutional environment.

The following professional associations were formed in Ukraine: the League of Insurance Organizations of Ukraine (created in 1992), the Motor (Transport) Insurance Bureau of Ukraine (established in 1994), the Nuclear Insurance Pool of Ukraine (established in 2003), the Agrarian Insurance Pool (established in 2012), Federation of Insurance Intermediaries of Ukraine (established in 2003), Association of Actuaries of Ukraine (established in 2004).

Without the considered elements of the infrastructure, the normal operation of insurance companies in a market environment is impossible. Therefore, the need to integrate them into the insurance system objectively follows from the needs of comprehensive regulation of insurance companies, including the activities of subsidiary organizations for the development of the entire insurance system in accordance with the needs of the economic entities it serves.

Thus, the elemental composition of the insurance system is not limited to insurance and reinsurance companies that directly carry out insurance and reinsurance activities. At the level with them it also includes insurance infrastructure, insurance law, insurance market, non-profit associations that ensure the normal functioning of the insurance system as a whole.

Conclusions. Thus, the insurance system is a complex, dynamic, managed and purposeful system. By the way of interaction with the external environment, it is an open system, which operates under conditions of uncertainty (probability) and is a subsystem of systems of higher order: financial, socio-economic.

Consequently, on the basis of the foregoing, the insurance system is proposed to understand the complex system of education, consisting of a combination of insurance elements, interconnected links and relationships that exist and develop to meet the needs of the national economy – a system of higher level – in protection against influence adverse events due to their onset.

Further study of the insurance system requires the study of structural and institutional factors affecting its development. Sustainable development of the Ukrainian insurance system will promote the innovative development of the economy, raising the welfare of the population and the level of stability in society.

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