

**МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ  
СУМСЬКИЙ ДЕРЖАВНИЙ УНІВЕРСИТЕТ  
КАФЕДРА ІНОЗЕМНИХ МОВ  
ЛІНГВІСТИЧНИЙ НАВЧАЛЬНО-МЕТОДИЧНИЙ  
ЦЕНТР**

**МАТЕРІАЛИ  
Х ВСЕУКРАЇНСЬКОЇ НАУКОВО-ПРАКТИЧНОЇ  
КОНФЕРЕНЦІЇ СТУДЕНТІВ, АСПІРАНТІВ ТА  
ВИКЛАДАЧІВ  
ЛІНГВІСТИЧНОГО НАВЧАЛЬНО-МЕТОДИЧНОГО  
ЦЕНТРУ КАФЕДРИ ІНОЗЕМНИХ МОВ**

**“WITH FOREIGN LANGUAGES TO MUTUAL  
UNDERSTANDING, BETTER TECHNOLOGIES AND  
ECOLOGICALLY SAFER ENVIRONMENT”**

**(Суми, 24 березня 2016 року)  
The tenth all Ukrainian scientific practical student`s,  
postgraduate`s and teacher`s conference**

## PROS AND CONS OF GLOBALIZATION'S ECONOMIC IMPACT ON INSURANCE MARKET OF UKRAINE

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In modern society, the relationships between individual countries become closer, and the role of liberalization as a process of breaking barriers between the autonomous economies is growing.

Under such conditions, the development of insurance market in any country is impossible without considering international financial market trends, including the global insurance market. The continuous growth of international trade, foreign direct and indirect investments consequently lead to capitalization and concentration of insurance capital, increased competition between large multinational insurers, foundation of strategic alliances between companies, establishing a single international insurance legislation, etc.

Accordingly, the insurance market of Ukraine could not escape the globalization processes influence. Despite the fact that our country joined the international insurance market later than other countries, the process of globalization has already made a certain impact on its development. Liberalization is aimed on establishing an optimal balance between the integration of the national insurance system to the global one and those mechanisms, which prevent the outflows of capital. These mechanisms primarily include the following: diversification of insurance types, unification of insurance principles, increase of domestic insurance companies' capitalization, presence of foreign insurance capital in the national market, extension of domestic insurers to foreign markets.

In general, global trends of insurance companies' development, particular in Ukraine, can be described as successful. Today there are numerous foreign insurance companies and companies with foreign capital in Ukraine, represented by 30 countries. The largest share in total amount is the capital of Great Britain, Northern Ireland, USA, Poland, Cyprus, the Netherlands, Russia and Austria. The Allianz, Generali, AXA, PPF, Wiener Städtische, Vienna Insurance Group, UNIQA, Fortis, BTA, RGS have been already operating in Ukraine. In addition, a large number of

insurance brokers successfully run their business here. Particularly, according to the latest figures of the National Commission for State Regulation of Financial Services Markets, there are 6 insurance and/or reinsurance non-residential brokers, who reported about intention to work in Ukraine. They are: the reinsurance broker «Talanx Reinsurance Broker Aktien-gesellschaft» (Germany), reinsurance broker «Greenstone insurance and reinsurance broker» (Latvia), an insurance and reinsurance broker «GrECo JLT Ukraine GmbH» (Vienna), «BRUNO SFORNI SPA» (Italy), «Reunion AG» (Swiss Confederation), «MARINE UNDERWRITING SERVICES SIA» (Latvia).

Today, there is no common view on the role of foreign investors on the national insurance market. There are both positive and negative aspects of this issue.

To the positive one, we can refer the possibility for Ukraine to attract inflow funds from abroad in the form of foreign investment for the development of both insurance business and economic system in general. Another positive feature of the foreign insurance companies' entrance may be an expanding range of insurance services, improving their quality through competition and, as a result, improving living standards and business practices through the better protection against existing risks.

However, one shouldn't miss the problems, caused by too excessive opening of national insurance sector. First of all, the activities of foreign economic actors are always more difficult to monitor and regulate by the state, than domestic ones. Therefore, there is a risk that governance may lose its control over the insurance reserves and investment funds, if foreign investors dominate on the market. Moreover, the success of foreign insurance companies often results in termination or bankruptcy of domestic enterprises. In that way, foreign insurance companies or large corporations displace less developed domestic businesses.

Thus, there are both advantages and disadvantages of foreign insurance companies presence in the domestic market of Ukraine. However, in the context of globalization trends, foreign capital is inevitable for our economic system.