

FINANCIAL RELIABILITY OF THE INSURER: EVALUATION CRITERIA

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Despite the existing needs for understanding the concept of financial reliability of insurers, scientists have not yet formed a system of criteria for its evaluation, which would be comprehensive and take into account the specifics of the insurance industry. Existing approaches to assessing the financial reliability of insurance companies are characterized by sufficient diversity, which is manifested primarily in understanding the nature of financial reliability and financial stability of the insurer and highlighting their differences and common features.

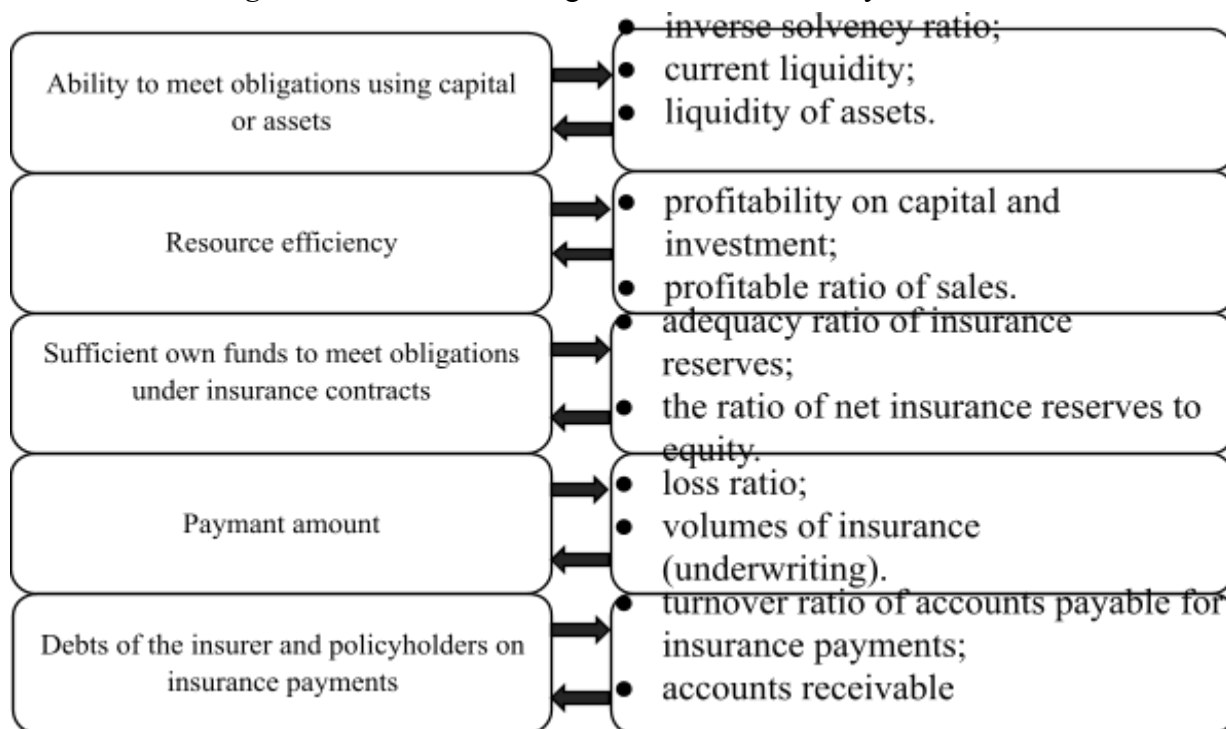
Sufficiently comprehensive identification and detailing of factors that directly affect the financial reliability of the insurer is contained in publications authored by Abernikhina I.H. [1], Ivanyuk I.S. [2], Tkachenko N.V. [6] and etc.

A certain group of scientists identify the concept of "financial reliability of the insurer" with the concept of "financial stability of the insurer". Proponents of this approach are Bihdash V. D., Bland D., Vnukova N. M., Vovchak O. D., Diachkova Yu. M., Osadets S. S. Another group of scientists consider financial reliability to be a much narrower concept than financial stability, namely its derivative. Proponents of this approach are Ivanyuk I.S. [2] and Tkachenko N.V. [6]. According to these researchers, an insurance company that is financially reliable does not have to be financially stable, but an insurance company that is financially stable will always be financially reliable.

Oliinyk V. M. [4] quite accurately characterizes financial reliability as the ability of the insurance company to fully and timely fulfill the obligations under insurance and reinsurance contracts in conditions of variability and uncertainty. Thus, the basis for choosing the indicators of assessing the financial reliability of the insurer are those that related to the regulation of financial obligations of the insurer.

Summarizing the results of research we consider it appropriate to use the following main criteria for assessing the financial reliability of the insurer (Fig. 1). Each of the criteria meets a certain group of indicators that characterize certain aspects of the financial reliability of the insurance company.

Fig. 1. Criteria for assessing the financial reliability of the insurer



The proposed general evaluation system of five groups of criteria and derived indicators for assessing the financial reliability of insurance companies in our opinion can sufficiently trustworthy characterize the ability of the insurance company to meet its obligations to policyholders and other creditors.

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