УДК 069.64

EVALUATION OF DETERMINING THE FINANCIAL STABILITY OF AN INSURANCE COMPANY IN FOREIGN COUNTRIES

Ansabaeva Rymgul Smagulovna, Master, Senior Lecturer,
Karaganda Economic University, ansabaeva68@mail.ru

Annotation. This article contains information that at the present stage, the assessment of the financial stability of insurance organizations in our republic and in a number of foreign countries, due to the importance of insurance protection in society, is of particular importance.

Keywords: solvency margin, financial stability, insurance organizations, financial resources, profitability.

Nowadays the assessment of the financial stability of insurance organizations in our republic and in a number of foreign countries, due to the importance of insurance protection in society, is of particular importance. Since the problem of providing an insurance organization has arisen recently, it has not been given sufficient attention in the domestic theory of insurance and has not been studied by domestic science. The object of the study was some issues of financial results of insurance operations, but not every individual insurer operating in a market environment, therefore, the indicators of the analysis of financial condition and financial stability are imperfect. Research in recent decades has been conducted at the macro level, which was largely explained by the presence of a state monopoly, a huge number of potential insurance objects and the presence of the single largest insurer in the world. Until now, there is no consensus among experts on the volume of liabilities, the composition and valuation of available assets, financial guarantees and other problems of their provision related to the formation of a rational insurance portfolio, risk allocation, and the formation of insurance reserves. In this regard, the insurance practice is forced to solve these issues empirically. To assess financial stability, an analysis of its financial condition is necessary. An analysis of the criteria used in Kazakhstan to assess the financial situation of insurers shows that the number of such indicators is small, but they are often unrelated. This follows from the fact that the insurer's activity consists of several elements:

- directly carrying out insurance operations;
- investment of financial resources;
- other activities (obtaining loans, settlements with the budget and with extra-budgetary funds, financing their own activities). At the same time, it is necessary to take into account the transfer of risk as the main feature of insurance activity [1, p.6].

In our opinion, the analysis of the financial situation of the insurer should be based only on the study of a group of indicators, which, on the one hand, can be presented in the form of firmly established standards, and on the other - in the form of recommendation parameters.

Relative indicators are used to assess solvency. The most well-known is Solvency Margin (Solvency Margin) calculated as the ratio of own funds to the net premium collected by the insurance company for the reporting period. The requirements for the minimum level of solvency in different countries differ slightly and almost all are located within 20%, including in Kazakhstan (16%). In addition to this indicator, the level of sufficiency of coverage with own funds (Capital Adequacy Ratio or CAR) is used, calculated as the ratio of the difference between the actual level of solvency of the insurance company and the regulatory one, for example, 20%, to the regulatory level of solvency

$$CAR = (Uf-Un)/ Un *100\%, \qquad (1)$$

where, U f (n) is the actual (normative) level of solvency [2, p.23].

Solvency rules are the most characteristic expression of the European regulation, to which all insurance organizations of the European Union must obey. The main idea of the current model of control over the solvency of insurance organizations is the sufficiency of the company's own funds. The level of solvency of the insurer is determined by comparing its assets with existing liabilities at a certain moment, thereby calculating the amount of actual available assets. These are resources that are free from any obligations. In terms of their financial content, they correspond to the amount of the insurance company's own capital. The resulting value is compared with the regulatory level, thereby revealing the insufficiency of equity. This means that the organization is in a critical position from the point of view of solvency. Thus, the solvency of insurance organizations may be when the actual amount of their own funds corresponds to the regulatory one. The standard size of own funds is considered in three indicators:

- Solvency margin;
- Guarantee fund = 1/3 of solvency margin;
- Minimum guarantee fund.

It should be noted that calculations in the EU countries are made separately for insurance organizations engaged in risky types and life insurance. When assessing according to the current EU methods, a few more points are highlighted. Technical reserves may be undervalued and assets may be overvalued. As a result, the resulting solvency margin may be overstated. The unification of Europe and, accordingly, the wide opportunities for capital overflow that have arisen have revealed another problem in determining the solvency margin. It is possible to double account for own capital due to its "transfer" from another organization. In this case, there should be a single solvency for the group. Such a system exists in the USA and some European countries. It is called "solo responsibility plus". Currently, there is an active discussion on the introduction of the American model of solvency control in the European Community in order to take into account the main risks when determining the regulatory level: technical risk, investment risk, tariff risk, etc. There have long been specialized rating agencies abroad that regularly publish ratings of insurance organizations and analytical reviews of their financial activities. The world-famous rating agencies in the USA are Standart&Poor's, Moody's Investors, Fitch Investors, Duff & Phelps, which thousands of insurers and investors apply to to obtain qualified information about the financial activities of insurance and reinsurance organizations[3, p.47].

It would be a mistake to believe that the solvency indicator can comprehensively characterize the financial situation of an insurance company, since it does not take into account:

- the level of payments for insured events;
- the amount of risk per policyholder;
- sufficiency of reserves;
- liquidity of assets;
- the nature of investment activity;
- profitability.

US financial analysts of insurance joint-stock companies use a number of specific approaches in studying this problem. The official approach to determining the financial stability of insurance organizations has been taken by the National Association of Insurance Commissioners (NAIC). As criteria of its Information System of Insurance Regulation (Insurance Regulatory Information System - IMS), relative indicators are used that measure the level of financial stability, considered as a possible indicator of future solvency. The NAIC Annual Report is a relatively detailed and complex document. The services conducting the evaluation work are developing approaches to analyzing the level of solvency of insurance organizations. A set of possible measures to strengthen its financial condition may be a revision of insurance, financial and marketing policies, namely:

- to make adjustments to tariff rates for the types of insurance carried out;
- expand reinsurance protection;
- to attract additional financial resources by increasing the authorized capital by additional issue of shares;
- it is possible to change the organizational and legal form of the insurance company[3, p.52];

It should be emphasized that regular analysis of financial stability is becoming increasingly relevant due to the increase in the number of insurance organizations and, accordingly, the number of potential bankrupts. In such a situation, the “openness” of insurers is a sign of their confidence in their own capabilities.

To improve the situation, a number of possible measures should be applied, both comprehensive (for example, revision of insurance, financial and marketing policies) and specific:

1. Conducting a factor analysis of unprofitability, paying attention to the thorough legal registration of insurance payments, since the possibility of forgery of documents for their receipt is not excluded.
2. Revision of the gross rate structure, correct outdated demographic data on mortality and injury rates.
3. Conduct marketing activities more actively, providing customers with a wider range of services and their combination in one insurance product (for example, insurance, legal and banking).
4. Compare the prices of insurance services with competitors' analogues, conduct a factor analysis of costs while simultaneously finding the so-called break-even point, below the value of which the insurer's activity will be ineffective.

It should be emphasized that regular analysis of financial stability and solvency is becoming increasingly relevant due to the increase in the number of insurance organizations and, accordingly, the number of potential bankrupts. In such a situation, the “openness” of insurers is a sign of their confidence in their own capabilities.

List of used materials

1. Avdasheva S.B., Rudensky P.O., The scale effect in the activities of insurance companies//Finance, 2021, No. 3, pp.5-8

2. The problem of capitalization of the insurance market of Kazakhstan // Karzhy-Karazhat, No. 11, 2020.

3. Fitch Ratings report "On the problems of the insurance market of the Republic of Kazakhstan", 2020.