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## **LIABILITY INSURANCE: CONCEPT AND PERSPECTIVES OF DEVELOPMENT**

Liability insurance is a relatively young branch of insurance, its origin and development occurred in Western Europe. For Ukraine, liability insurance is a new activity.

In the conditions of a actual market that is accompanied by various risks, there is an increase of the value of insurance as an important means of protection of property interests legal and physical persons In sphere of insurance are involved all new subjects as on the part of persons offering insurance services, and the recipients of these services. [1]

Liability insurance is the insurance industry, which combine a variety of types of insurance in which as object of insurance acts as the property interest associated with the compensation by the insurant (insured person) caused them harm the person or property of third parties

When the liability insurance of the following types of damage:

- property loss (damage to property) — repair cost for restoration of the movable and/or immovable property, other costs, caused by infliction of harm, for example, expenses on transportation, loan, loss of profit, etc.;
- personal loss (harm to individuals) — expenses for treatment, expenses associated with the increased requirements, for example, orthopedic appliances, hiring nurses, etc.;
- moral damage (compensation for suffering);
- claims indirectly affected, for example in the case of death of a breadwinner, costs of burial etc.

In practice, the compensation of the two types of losses is not provided in all types of liability insurance, and are not applied in all countries.

Analysis of the current state of the domestic insurance market is indicative of certain achievements and numerous shortcomings inherent in functioning as private insurance companies and the whole insurance system.

Today, the insurance in Ukraine is at the stage of recovery, however, there is a lot of problems and the reasons for the low level of development of the insurance industry. These include the following:

- lack of information provision of the insurance market and the low insurance culture of vehicle owners (low level of awareness in issues of insurance of civil liability);
- gross violations of traffic rules by citizens, which leads to a large number of accidents and poor condition of roads in Ukraine;

- damages from the accident is within the limit, while increasing the customer base, insurers in the EU reimburse the real damage and the purpose of their insurance activities is extremely transparent and fair compensation for the losses;
- existing insurance fraud many companies are trying to perform certain actions with the aim of refusal to pay compensation or reduce its size;
- imperfect legal regulation – the need for additional documentation, delaying consideration of insurance cases.

Study the specifics of liability insurance in Ukraine helped to identify the main positive trends of its development:

- fast extensive development of the industry;
- creation of legal prerequisites for the use of liability insurance to address socio-economic problems;
- the presence of associations of insurers to conduct certain types of liability insurance – the Motor (transport) insurance Bureau, Aviation and Marine insurance Bureau.

Negative trends are:

1. lack of incentives for development of voluntary insurance of responsibility;
2. the lack of an evidence-based list of mandatory types of insurance liability, unsystematic in their implementation; inefficient competition and manifestations of monopoly in the exercise of certain types of liability insurance.
3. the need to improve conditions for separate types of compulsory insurance through changes in laws and regulations.

Prospects of insurance of responsibility is also linked to how quickly our country will be implemented by the international experience of insurance of professional responsibility of enterprises for product quality and doctors, lawyers and other professionals for the quality services. An important factor that can affect the dynamics of the market is to offer businesses the possibility of attribution of costs for liability insurance to the cost of production enterprises.

The most important principle of development of the insurance market, in accordance with the current legislation of Ukraine is the motivation of the market participants, the creation by the state conditions under which consumers are interested in the insurance industry, insurers in the provision of these services.

Accelerating the development of liability insurance will be facilitated by tax incentives and the creation of financial conditions that ensure the insurers fulfill their obligations under liability insurance contracts and at the same time affect the insurer's solvency.

Increasing the solvency of domestic insurers can be done by expanding the list of allowed reserves for the formation of insurance reserves. The likelihood of a significant gap in time between a third party's injury and the date of its detection requires the formation of a comprehensive system of specific insurance reserves. Only in the presence of such a system, insurers have the financial capacity to guarantee the fulfillment of their obligations in a timely and complete manner.

At the same time, the weighted price policy and the breadth of range of services that modern insurance companies are ready to provide to customers are the main factors determining the possibility of stable development, high level of economic security and competitiveness of the insurer in the competition of several hundred domestic insurers, which takes place in the insurance market. Of Ukraine. In such a situation, it is advisable to expand the package of precisely liability insurance services, as a new and promising direction of insurance business.

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