

producers. Despite the reserves are now at acceptable level, we won't be able to maintain fixed exchange rate in long run. Based on stated above the author has come to the conclusion that fixed exchange rate decreases level of living in Ukraine.

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### **FINANCIAL MECHANISM OF SOCIAL INSURANCE IN GEORGIA**

During the transition to market economic relations before each Soviet Union country between the facing problems - one of the most acute problems was currently existing social situation. The main task was creation of socio-economic conditions relevant social protection mechanisms. From 1990, in Georgia has catastrophically reduced production, real income, consumption, and capital - investments and all economic indicators. During 1990-1995 political developments in the country - as a result of the economic events GDP amount per capita was 250 dollar, accordingly reduced to 0.81 U.S. dollars per capita health care costs. During this period, the social security system was carried out only for medical applications. In 1996 was made the first step towards social insurance financing mechanisms, namely, has been introduced compulsory medical insurance 3% employer and a 1% employee contribution. Later has been introduced a system of social insurance and mandatory health insurance and social contributions in the share of public spending on health was up 10% - to 34%. However, this mechanism proved to be weak because the fixed contributions (3+1) was used for employed population and manufacturing-organizations and fast-growing unemployment made powerless social insurance financial base and the state budget.

For the implementation of existing objectives, by the assessment of the Doctor of Medical Sciences, Mr. Verulava «medical insurance mandatory contributions were accumulated through the State Health Insurance companies, which was public or main-governmental structure, and the contribution, in fact, was an intermediate category between «mandatory contribution and targeted budgetary costs» in particular the collection technique (exclusively for the State Health Insurance Company) resembled «3 +1» contribution, the payer and the payment procedure accounting technique - targeted budget tax. (T.Verulava Health Economic and Insurance 2010 July).

During the years 2003-2004 of its social insurance taxes were sat in the framework and deliberately failed to fulfill the targeting function, so 2005 was withdrawn or revoked social insurance taxes and established social charges that was accumulated in budget. In Georgia during 20 years has not been established such a mechanism of the protection from the risks, which could reduce the number of social insurance or the number of state social beneficiaries and social assistance and simultaneously would create preconditions for the creation of condition gradual inclusion of population in private health system. Existing current Social Fund minimally did not comply with the demands. That was not the main reason for the inappropriate use of it, but the social background - which was created in the country after the collapse of the Soviet Union. During the transition period by disruption of economic relations, in fact, destroyed factories were not able to put into operation, and creation of new enterprises proceeded with difficulty. If we take into account, it's easy to explain, the social fund inability. Contrary to the small number of taxpayers appeared huge army of socially vulnerable people. Based on the abovementioned thus the existence of a unified social tax lost all sense and taking into account this and other reasons, in 2007 in accordance with the amendments made in tax code has been abolished social tax from January 1, 2008. The social fund function was imposed to the state. By January 2012 situation 1,639,264 people are registered in miserable conditions database in Georgia, 36,7% of the population of Georgia. Based on these data, the use of the social security system, social insurance mechanism is associated with very difficult conditions, but however its ignoring even more separates the population from payment equivalent insurance protection receiving possibility and social insurance institute, as the most reliable protection mechanism couldn't develop. We have developed social insurance financial model, which

unlike European countries, the distribution of the insurance payment, between the state, the employee and employer. According to the following scheme. (See Appendix 1)

According to experts, any social contribution worsens workers and employers tax burden, in our opinion is mistake. Although the salary of each insurer is reduced according to insurance rates, but its positive effect is manifested in the fact that it evenly distributes the social hazards in time. With the opposite action social risks reduce income, when by their functioning compensation for losses will depend only on wage income.

Thus that in Georgia in a very high proportion between the value of the minimum wage and a maximum wage, about 1/20. In our scheme set up by concretization according to the salary size, in particular: The employee having salary equal to minimum subsistence will not pay the insurance fees, the other end of the same insurance protection, as well as payer, subject to the payment of insurance contributions from the average salary employees with the salary amounting to GEL 1000, as for the employees with the salary more than GEL 1000 will pay only to the state insurance fund from the amount to be paid insurance payment of wages 7% -, but he/she will receive state pension and in case of need disability pension established under the laws of the state.

But against other social risks insurance social protection he/she has to purchase in voluntary form in private insurance companies. Distribution of insurance contributions in the country employment level enlargement, poverty reduction, in case of income increase will be subject to change. In this model determining is employed workers' average salary. In 2011 in accordance to the «Geostatistics» data income from the population salary, amounted gross domestic product, only 13.6%. This of course does not give an optimistic picture, by the functioning of given model in a short time has to ensuring the effectiveness of social insurance, but progress will be developed in several directions:

1. From the state budget formation of the social insurance fund resource allocation will largely eliminate its use purposefulness;
2. Hired people will get full insurance policy from risks and health insurance high-quality package;
3. Hired employee population, who are provided with a high salary and will have necessity for health and protection from other social risks can apply the private insurance companies;
4. Mentioned model will facilitate the development of private insurance institutions, and accordingly financial market, which in the provision of financial resources of plants – organizations plays a central role.

The social insurance system based on the principle of justice requires that social payments and insurance contributions should be equivalent. Based on the basic insurance tariff compulsory social insurance tariff stature should be based on a variety of risks insurance. Rates are determined without assessment of social risks and actuarial calculation. Our model is built up by the specific social risks insurance and insurance constitutions should have strictly oriented direction. But as you can see from scheme part of the insurance performs insurance principle, and the part despite the fact that purpose is defined, stands far from the insurance payment principle, because here dominates the principle of solidarity, workers' participation in the state social policy. At the same time, do not rule out that the social status of the employees can change, and become the beneficiaries of the social insurance fund. According to current difficult economic situation entrepreneurs and employees employment insurance contributions burden increase may be obtained gratuitously, but we think that Social Security mechanism should be multiple subjective. Next to the state employers and employees public organizations, charitable funds, commercial organization should play important role.

During the development of social insurance our ways, insurance fees tariff collection was based on the basis of Western developed countries financial mechanisms. General insurance contribution in these countries is about 42-50%. Of course the social and economic situation of Georgia does not allow setting tariff close to it. So We therefore can guide with medium-quality medical policy price is GEL 25, which is the average salary of 600 GEL 4.2%, from professional risks insurance rates take for an average of 5% employed, but from the type of production can change, unemployment insurance employers and employees participation can be considered equal and should be 1 - 1.5%. State Pension fund provides employee insurance contribution - 7%, 3% of employee. Because between the workers' salaries difference is great, necessary to consider insurance fees paying the workers divide into two categories, in

particular, in case of 350 - 600 GEL, take 2% health insurance contributions, as well pension insurance contribution is 2%, while the unemployment contribution 1%. In case of salary Gel 600 -1000, health insurance contribution 30%, unemployment contribution 1.5%.

The proposed social insurance model main basis with social insurance assistance form social insurance fund gradually moves to promote voluntary social insurance. At that time in the country existing economic conditions and social protection sharpness high degree, yet does not give possibility that social insurance financial mechanism based on voluntary social insurance. In this mechanism it is clear that it partly serves the social security system of social provision and plays the role of social security mechanism, in particular the state pensions, unemployment insurance contribution payer and not payer will receive equal social help.

Thus, proceeding from the role of the social insurance system, it represents the combination of the relations that is associated with the distribution of gross domestic product attitude towards depending on the enforcing of the social risks.

#### ***Literature***

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