

THE DEVELOPMENT FACTORS OF THE RUSSIAN INSURANCE MARKET

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The article covers the analysis of the main stages of the Russian insurance market development. The major attention is focused on the background that promoted the creation of insurance market and those factors that influenced its development.

Peoples' ability to plan (marriage, children and etc) and forecast their possible future conditions (retirement, loss or depression of labor ability and etc) gives an opportunity to foresee future needs (house for a new family, children' educational expenses, wealthy old age and etc.)

In traditional societies we can find beginnings of the different forms and institutes for covering all possible damage and provision of all future needs. In a modern society the protection of risks is realized by the insurance institute as a special form of the business activity and social relations.

The insurance is a type of household activity based on solidarity and onerousness what aimed on the coveting the future need or necessity happened occasionally but also statistically fixed occurrence¹.

So the insurance is a tool of provision of material interests of juridical persons and natural persons. It becomes more important for solving individual social and economical tasks as a basis of financial protection and stable development of the society.

The insurance appears a long time ago. Already the ancients became to understand the necessity of support in a case of emergency. Historical practice shows that people always have been taking into account risks while they make their business, because all these occasions brought a lot of material problems, money problems, problems of social, medical and moral spheres. To prevent all these crises it was made a material and money reserves.

The insurance activity in Russia became developed at the end of the XVIII what was alter then in European countries what made an accent on marine insurance in contrast to Russia what paid attention to the fire insurance.

In a majority of Russian cities at that time there was no elements of the insurance. But some houses in Saint Petersburg were insured but in England. Sp economic needs in insurance are partly covered by foreign insurance companies' services.

Insurance agents have been selling insurance policies and executed functions of these

companies. The sale of insurance policy as a type of external deal with foreign partner meant money export. So it influenced badly on balance of payment in situation of chronic deficit of state budget².

It leded to attempts of organization of own insurance system in Russia. The

First step was made during the government of Ekaterina II. The manifest from June, 28th 1786 about establishment of the State borrowed bank and forbade to insurance the property in foreign companies. This bank provided building insurance.

Also the Insurance expedition was founded. Manifest stipulated the insurance on stone houses what was accepted as a pledge in credit transactions.

In a content of the Insurance expedition were included member of chief body of bank, secretaries and some specialists. The insurance mechanism was just an additional transaction of credit activity. It was forbidden to get a credit in State borrowed bank without insurance in Insurance expedition.

But the monopoly was not absolute: credit establishments were allowed to take as loan houses insured by foreign companies. It meant that for breaking rules of state insurance monopoly it was taken a penalty equal of insurance contribution what was paid in the insurance in Insurance expedition. In other words, insurance monopoly was just a tool of extra-taxation of owners for State Treasure.

After breaking serfdom in 1861 the intensive development of the private household relation appeared, it was a growth of commercial activity of people. That is why it was a necessary to develop insurance activity and also in commercial sense.

At that time in Russia the own "lower" initiative appeared in a sphere of the insurance what become a commercial activity under state control. It is performed in a development of inter-insurance in 1860-70.

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In a frame of the state reform in 1864 the laws about obligatory fire insurance of buildings.

So to the beginning of the First World war in Russian the insurance market became a developed and included:

- ◆ State fire insurance (obligatory, voluntary and additional);

- ◆ joint-stock insurance companies (fire insurance, insurance from accidents, life insurance and transport insurance);

- ◆ loan and fund associations (insurance from the fire and transport insurance)³.

- ◆ In a soviet period the insurance activity in Russia was changed totally connected with changes of social and economical and political relations.

Insurance of all types was declared as state monopoly in 1918.

In a period of military communism the life insurance was reduced.

But the experience of the military communism proved that for reproduction and normal functioning of state economy in an industrial period on socialistic country it is necessary to recover the insurance and commodities and money turn-over.

In 1921 was publish a decree About State Property insurance, was made a Gosstrakh what had a monopoly of all types of insurance services.

After the Second World War the Gosstrakh was divided into Ingosstrakh (because of development of import activity and invalidly Russian insurance policies). It acted in a field of the import and export insurance and other transactions connected with international contracts. That is why Ingosstrakh was obligated to re-insurance of its risks in foreign insurance companies.

In a post-war period of soviet history the necessity of personal insurance appeared. But in a reality it hadn't so much sense because state enterprises were out of need in insurance because theirs damaged was covered with state funds and now so many people applied for insurance companies. Over state control and weak orientation of the people on self-organization hampered the insurance development even in state form.

A new period of insurance development connected with economic changes in Russia in post-soviet period.

The formation of new services market was connected with the problems in economic, legal and social spheres.

In 1990th the collapse of soviet system of state insurance and leaving of the state from many

spheres of social and economic activity led to appearance of joint-stock and private commerce insurance as forms of business activity.

The development of insurance in Russia is stipulated by the following factors:

- ◆ Development of the non-state sector of economy, growth of free trade and economic activity of people;

- ◆ Changes in economic, social and political life;

- ◆ Implementation of new types of obligatory insurance such as insurance of responsibility (e.g. liability car insurance and etc.), housing insurance;

- ◆ The growth of the level of life and income of population and also increasing lifestyles differentiation.

The development of the commerce trade in Russian in the end of the XX - beginning XXI is connected with leaving of the state from insurance with increasing need in legal regulation of insurance market.

Nowadays in our country the insurance market include a lot of professional insurance and re-insurance companies. A lot of types of insurance services required to world standards and take into account the needs of Russian insurers. The infrastructure of the insurance market is also developing.

Market changes lead to appearance of the commerce component of the national insurance system. Last to years it was appeared a lot of private insurance companies, development and acceptance of special laws and law acts targeted at regulation of relations in an insurance sphere.

The role of Insurance in a system of organization of the security of activity of business units and people is a reference point for development of national system of insurance in Russia proved by international experience.

In a modern economy in a hierarchy of the biggest international companies the insurance companies have leading positions. It is obviously generate the necessity of permanent scientific research of principle of the activity of insurance companies - basis subjects of insurance market.

¹ *Vobliy K.G.* The basics of economy of insurance. M., 1995. C. 20.

² *Zhuravin S.G.* *Brief course of insurance.* M., 2005. P. 23-25.

³ *Insurance / Editor T.A. Fedorova.* M., 2005. P. 37.