

STAGES OF FORMATION AND DEVELOPMENT OF INSURANCE COMPANIES AS FINANCIAL INTERMEDIARIES

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We consider the evolution of the historical stages of the changing roles and responsibilities of companies as financial intermediaries. We identify factors that have systematic effects on the formation of the modern institution of insurance protection.

Economic performance depends on many components, including the degree of development of financial institutions, implementing mediation. In foreign literature the insurance company is assigned to a group of financial intermediaries, that is, organizations that are part of the financial system, and transfer funds from lenders to borrowers or savers to investors.

Financial intermediaries are not just moving money and securities between clients, they help to reduce information costs and the overall transaction costs, by this increasing the efficiency of resource use. Insurance in a number of financial intermediaries has a special place.

The specific character of the functioning of insurance companies as financial intermediaries is that, firstly, they have the specific generic features that are paramount, as opposed to the functions of financial intermediaries. Secondly, insurance companies have their own specialty, its field activities; and thirdly, the important social functions are related to the protection of property interests of individuals and entities by creating an insurance fund.

Insurance Institute has been formed as a financial intermediary in the long historical development. The first signs of insurance emerged in ancient times.

The idea of collective collaboration by combining the efforts and capital to develop the necessary techniques, could to some extent protect the individual from the destructive effects of natural forces, originated in ancient Rome and Greece.

The basic principle of ancient Roman boards and unions represented the accumulation of funds (contributions in cash) into a single fund to be spent on their intended purpose, namely to compensate the support and urgency. However, the way to combat the dangers and costs of compensation to citizens and property loss was

sporadic and haphazard due to the lack of economic and legal assumptions.

This fact indicates that at an early stage of development of insurance the personal interests of citizens almost were not taken into account, methods for assessing insurance risks were not used, there was no identification and grouping of certain types of hazards risks. In addition, early insurance was not regarded as a source of income or profit from insurance activities. Organization of the insurance relationship was based on mutual insurance.

Information about the origin of insurance in the medieval guild of Western Europe, belongs to the X - XI centuries.

However, during this period there was no division into the insurer and the insured, members of a team insured themselves and were not intended to gain profit.

The history of insurance in the era of capitalism can be divided into three stages: the first - begins in the middle of the XIV century, and continues until the end of XVII century and is consistent with the period of the initial accumulation of capital, the second - covers the first half of XVIII and XIX century - the period of free enterprise, the third - is from the middle of XIX century until the end of XX century - the period corresponds to the period of monopolistic capitalism.

At this stage of the development insurance becomes a form of big business. The emergence of large insurance companies with a broad client base able to accumulate substantial amounts of money reflects the fact that insurance is becoming a lucrative type of business.

Thus, the involvement of insurers to financial intermediaries ensuring the capitalization of surplus funds of enterprises and population relates to the period of formation and development of capi-

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talist relations. At this stage there occurs massive emergence and development of insurance intermediary organizations like financial institutions.

The current stage of development of insurance companies is characterized by the expansion of the range of services in the field of life insurance, health, property, liability, business and financial risks. There are several factors that have the greatest influence on the development of the institution of insurance in the past decade, among them are the growth of income, strengthening the competitive environment, technological innovations in the field of financial transactions and the emergence of new financial instruments, leading to the reduction of transaction costs and improve efficiency of operations; increase in the capitalization of insurance companies, liberalization of international economic relations, reducing barriers to free

movement of capital, the withdrawal of insurance beyond the national borders, the globalization of insurance market.

These circumstances contribute to turning insurance organizations into the influential financial market participants. In addition, the strengthening of relations with banks and other lenders increases the efficiency of insurance companies and runs a mechanism of positive feedback.

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