Insurance in Ukraine by Numbers: 
Overview of Key Market Indicators Dynamics (2010 – 2015)

Current overview is aimed at analyzing the key insurance market indicators of Ukraine compared to EU 15 and Poland. The choice of these countries is determined by the fact that EU 15¹ comprises the most mature markets which set the highest benchmark for Ukraine to look up to while advancement of insurance market in Poland, having had almost identical start conditions for economic development in early 90s as Ukraine, sets an example for our country in terms of the scenario for insurance market indicators dynamics possible in the short run.

Three key market indicators² such as insurance density, insurance penetration, and loss ratio are considered in the overview. Insurance density represents the amount of total insurance premiums per capita and is measured in currency units while insurance penetration is calculated as percentage ratio of total insurance premiums to country’s GDP. Loss ratio equals the relation of total claims paid to total insurance premiums and is measured in %. The number insurance companies’ dynamics in Ukraine and Poland is also presented in the overview.

Figure 1. Insurance market penetration, %

¹ Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, United Kingdom.

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU 15</td>
<td>82,34</td>
<td>89,31</td>
<td>87,84</td>
<td>83,29</td>
<td>80,30</td>
</tr>
<tr>
<td>Poland</td>
<td>68,08</td>
<td>69,83</td>
<td>64,02</td>
<td>63,82</td>
<td>62,39</td>
</tr>
<tr>
<td>Ukraine</td>
<td>26,45</td>
<td>21,43</td>
<td>23,95</td>
<td>16,23</td>
<td>18,90</td>
</tr>
</tbody>
</table>

Table 1. Loss ratio, %

![Insurance market density graph](image)

Figure 2. Insurance market density, €

<table>
<thead>
<tr>
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<th>2014</th>
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</thead>
<tbody>
<tr>
<td>Ukraine</td>
<td>456</td>
<td>442</td>
<td>414</td>
<td>407</td>
<td>382</td>
</tr>
<tr>
<td>Poland</td>
<td>63</td>
<td>61</td>
<td>59</td>
<td>58</td>
<td>80</td>
</tr>
</tbody>
</table>

Table 2. Number of insurance companies’ dynamics

<table>
<thead>
<tr>
<th></th>
<th>Q1-3 2015</th>
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<tbody>
<tr>
<td>Density, €</td>
<td>21,14</td>
</tr>
<tr>
<td>Penetration,%</td>
<td>1,58</td>
</tr>
<tr>
<td>Claims payment ratio, %</td>
<td>21,5</td>
</tr>
<tr>
<td>Number of insurance companies</td>
<td>368</td>
</tr>
</tbody>
</table>

Table 3. Current key insurance market indicators of Ukraine

Numbers presented show clearly that Ukraine, unfortunately, falls behind both mature European markets and emerging market of Poland.

This is mainly explained by:
- Insufficient paying capacity of population
- Lack of trust for insurance services quality
- Uneven geographic distribution of insurance services
- Low level of insurance culture
Spheres to work on within the framework of EU-Ukraine’s association are, to our mind, as follows:

1. Strengthening governmental supervision over insurers’ financial stability and quality of the services offered.
2. Facilitating the prompt claims settlement process.
3. Developing life insurance segment as an effective instrument to contribute to population’s retirement benefits.
4. Diversifying the choice of insurance products available in the market.
5. Implementing compulsory health insurance.