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LIFE INSURANCE IN RUSSIA: FEATURES OF REGIONAL DEVELOPMENT¹

Life insurance is the economic tool allowing to accumulate large monetary funds at the level of the country, regions and certain insurers, and also providing growth of a standard of living of citizens and social stability in society. Subject matter of the research is the economic aspects of development of life insurance in regions of Russia. The purpose of the work — to carry out the comparative analysis of functioning of the markets for life insurance in territorial subjects of the Russian Federation, to reveal regularities and distinctive features of development of the markets and to define further prospects of branch. Methods of research: analysis, comparison, induction, analogy, mathematical modeling were used. The main results of research: life insurance — a demanded financial product in Moscow, but in regions of Russia demand for it is extremely limited; economic indicators of the market have low values and vary on territorial subjects of the Russian Federation; statistics of a variation confirm heterogeneity of functioning of the life insurance market in comparison with the insurance market in general; life insurance volumes in regions of Russia significantly depend on activity of real sector of economy, thus have practically no close interrelation with the income of the population. Collaboration of authorities of all levels and insurance community is necessary for effective development of the life insurance market in regions. The special attention has to be paid to price policy of insurers, increase of transparency of the movement of their financial streams and guarantees of recoverability of means of insurers.

Keywords: regional insurance market, life insurance, insurance premiums and payments, depth of the insurance market, insurance density, level of insurance payments, life insurance statistics

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Comparative indicators of the markets for life insurance

Indicator	2011		2012		2013
	in Russia	in the world	in Russia	in the world	in Russia
Insurance premiums, millions of dollars in the USA	1082	4566163	1741	2620864	2594
Share in the general insurance premium, %	5.24	57.2	6.51	56.82	9.38
Depth of the market, % to gross domestic product	0.06	3.8	0.08	3.69	0.13
Density of insurance, US dollar	7.56	378	12.15	372.6	18.05

Life insurance is one of the essential elements of the insurance market of Russia and, at the same time, it is characterized by rather poor development. Indicators of the life insurance market the lowest that was repeatedly reflected in the research conducted earlier. Recently there, were many scientific works devoted to the research of various aspects of development of the insurance market in general and the market for life insurance, in particular.

Single questions of life insurance in Russia are also abroad lit in works of domestic scientists, in particular, such as: A.M. Avakyan [1], S.A. Bakhmatov and E.V. Semyonova [2], E.F. Dyuzhikov [3], E.I. Ivashkin and S.V. Oganov [4], E.V. Kechutkina [5], I.B. Kotlobovsky, A.I. Sagan [6], D.A. Maximov [7], A.I. Maskayeva and Zh. A. Glebov [8], E.L. Prokopyeva [9, 10], I.A. Sudarikova [11], Yu. Yu. Finogenova [12].

Also, certain interest is represented by scientific works in which features of functioning of the insurance markets of regions of Russia are considered. In particular, authors of such research are E.V. Andreyeva and E.M. Khitrova [13, 14], I.D. Anikina, I.M. Shor, A.S. Bondarenko [15], S.A. Belozyorov, Zh. V. Pisarenko [16], A.S. Kabirova [17].

It should also be noted scientific research of foreign scientists that contain problem aspects of functioning of the insurance markets of economically developed countries. Here it is possible to refer works of the following authors: D. Blake [18], B. Balewski and A. Janowski [19], J. Chalmers and J. Reuter [20], C. Laux and A. Muermann [21], L. Lobo-Guerro [22], J. Outreville [23]. These works are of interest to development of the conceptual basis of the insurance market of Russia, including, the life insurance market.

Despite numerous and versatile research, in this aspect the analyzed problem wasn't studied for this reason it represents a certain scientific and practical interest. To estimate a place of the Russian life insurance market in world comparison, first of all, we will consider the main financial performance characterizing insurance volumes by this look in Russia and the world [24, 25] (table 1).

For the convenience of comparison of indicators of the sum of insurance premiums in the Russian Federation, they are counted in US dollars at the official rate of Bank of Russia established on December 31 of the corresponding year.

The insurance premium on life insurance in Russia in 2013 made 9.38 % in a cumulative insurance premium according to the Russian

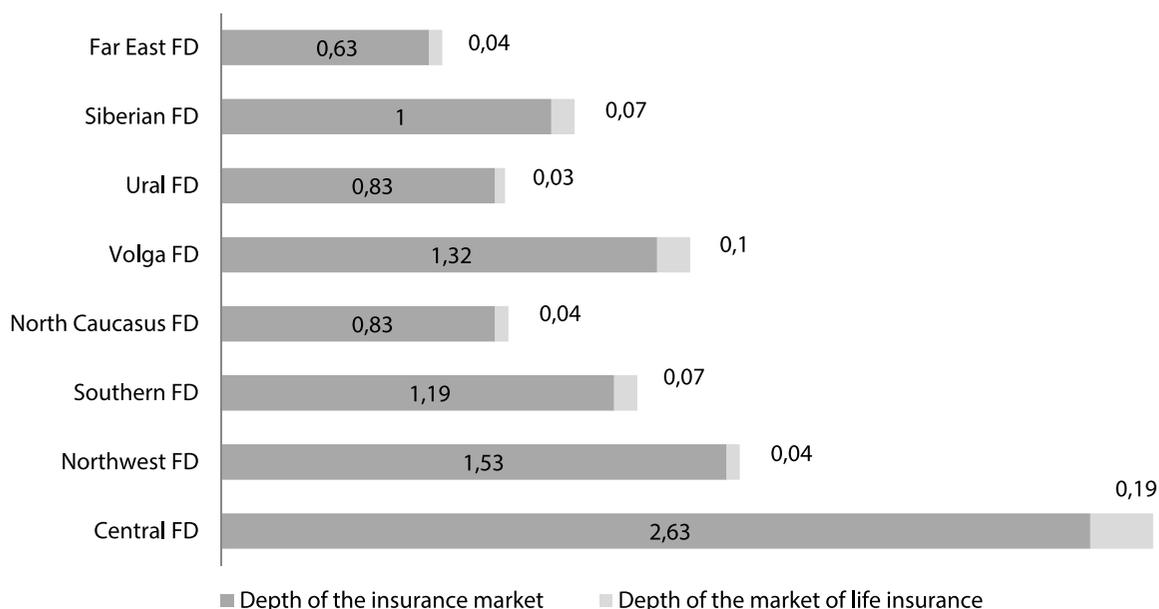


Fig. 1. Indicators of depth of the insurance market in 2012, % in VRP

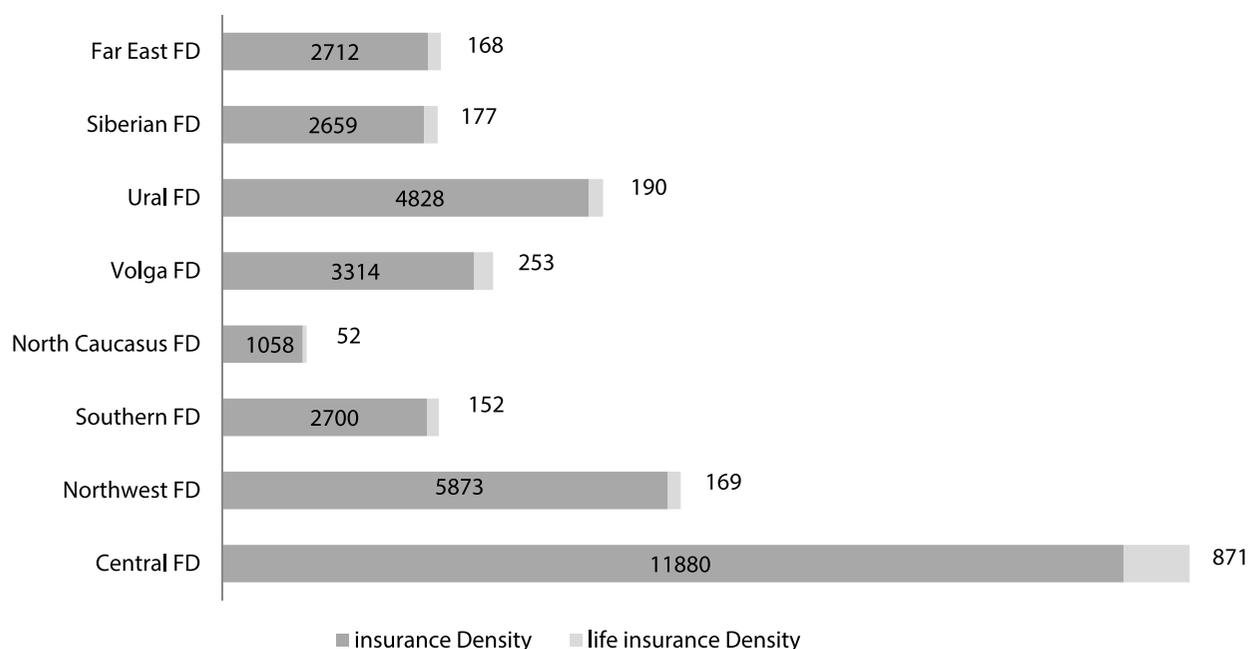


Fig. 2. Indicators of density of the insurance market in 2012, rub.

Federation. Analyzing dynamics it is possible to see that in recent years growth of the life insurance market is observed, but its share in relative expression is still very small. For comparison, the award on life insurance in the world makes about 57 % in a cumulative insurance premium. In comparison with previous years, the specific weight of life insurance in the world significantly didn't change [25, p. 37]. The Russian insurance market for the entire period of formation of the market economy never managed to reach such indicators of life insurance. Everything is caused by that this type of insurance doesn't carry out the direct function of accumulation and is used mainly in addition to a credit product.

Relative indicators of the market — depth and density of life insurance are quite informative. In our country, they are also at the very low level. The average world indicator of the depth of the life insurance market (the relation of an insurance premium to GDP) makes 3.7 %. In Russia, the corresponding indicator is ten times less. The same can be told about life insurance density (an insurance premium per capita) — in the world it averaged 373 US dollars following the results of 2012, in our country — 12.15 and 18.05 US dollars in 2012 and 2013 according to. Indicators are rather low, but rates are high.

One of the problems of development of the life insurance market in Russia is deep regional disproportions. They are characteristic both for the insurance market in general, and for life insurance, in particular, and are caused by the big territorial extent of the country and distinctions in economic development of regions. For confirma-

tion of it we will consider the relative indicators of insurance in a territorial section characterizing its high-quality development (figures 1–3).

In the figure 1 indicators of depth of the insurance market in the federal districts (FD) of Russia (a share of an insurance premium in a gross regional product) are presented. From the chart unevenness of functioning both the insurance market in general, and the market for life insurance, in particular, is visible. The greatest indicators of depth of the market are noted in Central Federal District — at the expense of a high share of the awards collected in Moscow. In other federal districts the general regularity is the lowest level of life insurance — it makes the 100-th shares of percent in VRP.

In figure 2 the sums of insurance premiums per capita on federal districts of the Russian Federation (insurance density) are presented. The main feature is a lack of proportionality between awards in life insurance and the general award here. The ratio between insurance density in general and life insurance makes in federal districts from 13 to 35 times. The greatest density of life insurance is observed in Central Federal District and makes 871 rub. per capita. It is also provided at the expense of Moscow and is caused by rather high demographic and economic rates. The smallest indicator in North Caucasus federal district — it makes only 52 rub per capita. It is explained by high political instability and a low standard of living of the population in the region. In other federal districts, the award sizes per capita differ slightly.

The chart in figure 3 clearly demonstrates distinctions in levels of payments for life insurance

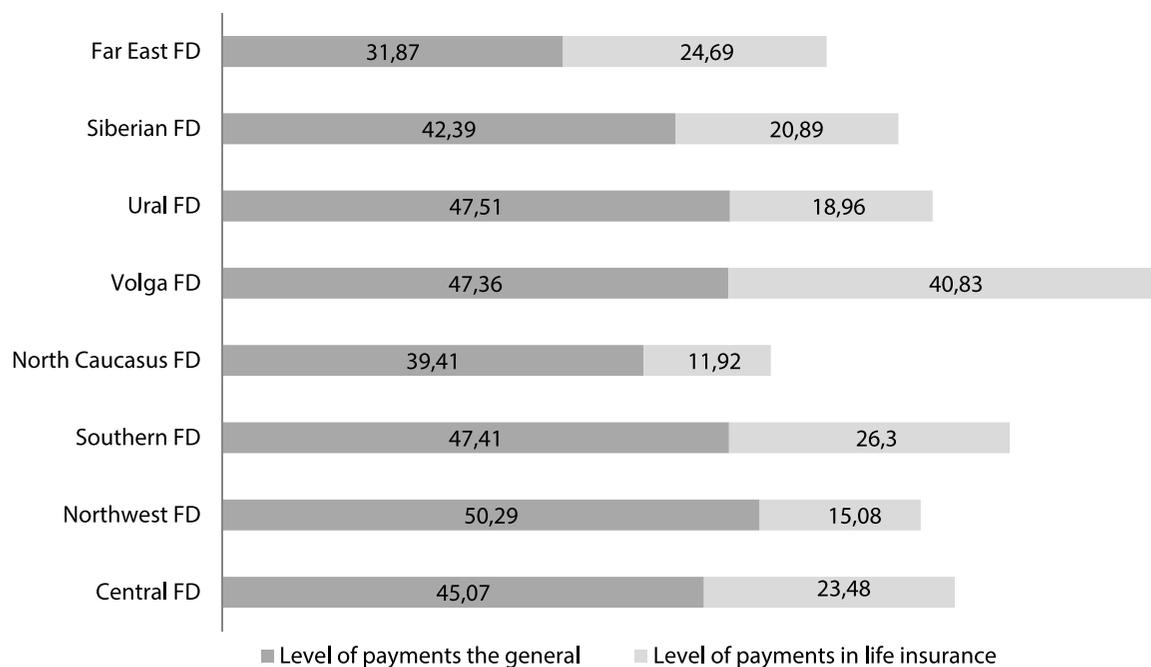


Fig. 3. Indicators of a ratio of insurance premiums and payments, %

and insurance, in general. And ratios of these indicators also considerably vary in a territorial section. The most unprofitable for insurers is life insurance in the Volga Federal District where the level of payments makes more than 40 %. In the majority of regions, this indicator is in the region of 20 %. The lowest level of payments is noted in North Caucasus federal district. It is caused, first of all, by small volumes of operations of life insurance. At the same time, the level of payments for the insurance market in general in the majority of regions is approached 50 %. The conclusion follows only one from here: in life insurance for the present there are no the settled principles and rules therefore insurers to protect themselves from risks, overestimate tariffs so, how it allows the market.

More profound analysis of economic indicators in a section of subjects of Federation also confirms the existence of an imbalance in development of the regional markets of life insurance. The indicators of depth, density or unprofitability of life insurance calculated on all subjects of the Russian Federation following the results of 2012 are given in table 2.

Indicators that values are higher than the corresponding average values across Russia are allocated to a bold-face type. At the same time, apparently from the table, the vast majority of regions of Russia have a level of development of the life insurance market much below, than on average about the country. So, the average depth of the market about the country makes 0.11 % to GDP. For the considered period of subjects where

the similar indicator is higher, there were only 8 subjects, such as Moscow, the Ivanovo, Kirov, Samara, Saratov and Ulyanovsk areas, and also the Republics of Kalmykia and Tyva. However in the listed regions (except for Moscow) this level of depth of the market is provided mostly at the expense of a low gross regional product, than high insurance premiums. Respectively, in other 72 regions of Russia the award relation on life insurance to VRP is lower, than the average level in the country. The smallest indicators of depth of the life insurance market are noted in such subjects of the Russian Federation as the Leningrad region, the Republics of Dagestan, Ingushetia and Chechnya, and also the Sakhalin region and Chukotka Autonomous Area. In these regions the life insurance award, relation to VRP makes all thousand shares of percent. So low indicator of the depth of the market is explained by that the listed regions belong or to politically unstable subjects of the Russian Federation, or to remote regions with a low standard of living. The exception is made here only to the Leningrad region where the low indicator of depth of the market is explained by the small sum of awards on life insurance owing to accumulation of the most part of insurance funds by the companies of St. Petersburg (it is visible from table 2).

The average value of density of life insurance (an insurance premium per capita) makes 369.14 rubles. Thus, only two regions of Russia matter this indicator above this level — Moscow and the Samara region. The award on life insurance per capita in Moscow makes 2609.49 rubles that above

Table 2

Economic indicators of the markets for life insurance in territorial subjects of the Russian Federation for 2012

Regions of the Russian Federation	Insurance premiums, thousand rubles	Insurance payments, thousand rubles	Share of an award in VRP, %	Award per capita, rubles	Level payments, %
Russian Federation	52 861 073	13 347 737	0.1069	369.14	25.2506
Central federal district	33625037	7 895 461	0.1929	870.93	23.4809
Belgorod region	153 935	74 041	0.0282	100.05	48.0989
Bryansk region	102 638	9 563	0.0489	81.52	9.3172
Vladimir region	252 822	43 320	0.0885	177.19	17.1346
Voronezh region	220 898	22 534	0.0388	94.77	10.2011
Ivanovo region	184 215	31 106	0.1350	175.19	16.8857
Kaluga region	81 443	7 483	0.0282	80.88	9.188
Kostroma region	66 163	9 168	0.0503	100.20	13.8567
Kursk region	110 429	9 824	0.0435	98.56	8.8962
Lipetsk region	147 405	13 916	0.05	126.63	9.4407
Moscow region	409 577	85 084	0.0168	58.5	20.7736
Oryol region	59 658	11 422	0.0408	76.63	19.1458
Ryazan region	170 658	40 541	0.069	148.84	23.7557
Smolensk region	90 287	8 406	0.0449	92.33	9.3103
Tambov region	61 029	12 882	0.03	56.55	21.108
Tver region	65 961	2 305	0.0246	49.29	3.4945
Tula region	94 029	25 643	0.0304	61.12	27.2714
Yaroslavl region	253 908	18 197	0.0782	199.72	7.1668
Moscow	31 099 982	7 470 026	0.294	2609.49	24.0194
Northwest federal district	2319682	349 808	0.0441	169.46	15.08
Republic of Karelia	67 259	4 351	0.0415	105.37	6.469
Komi Republic	121 194	33 747	0.0252	136.91	27.8454
Arkhangelsk region	225 502	19 937	0.0481	186.69	8.8412
Vologda region	280 457	31 229	0.0788	234.23	11.135
Kaliningrad region	137 719	11 599	0.052	144.85	8.4222
Leningrad region	41 578	9 251	0.0062	23.86	22.2497
Murmansk region	111 057	9 564	0.0396	141.62	8.6118
Novgorod region	47 934	25 922	0.0278	76.35	54.0785
Pskov area	28 336	5 462	0.0262	42.66	19.2758
St. Petersburg	1 258 646	198 746	0.0549	252.2	15.7905
Southern federal district	2109104	554 663	0.0667	151.77	26.2985
Republic of Adygea	23 098	1 693	0.0354	52.09	7.3296
Republic of Kalmykia	37 719	945	0.1109	132.16	2.5054
Krasnodar Krai	861 801	147 282	0.0599	162.38	17.09
Astrakhan region	133 236	9 319	0.063	131.34	6.9944
Volgograd region	282 951	52 745	0.0493	109.29	18.641
Rostov region	770 299	342 679	0.0917	180.92	44.4865
North Caucasus federal district	494235	58 913	0.0407	51.93	11.92
Republic of Dagestan	16 014	1 521	0.0042	5.45	9.4979
Republic of Ingushetia	358	212	0.001	0.82	59.2179
Kabardino-Balkar Republic	72 886	9 551	0.0688	84.85	13.104
Karachay-Cherkess Republic	10 240	672	0.0172	21.64	6.5625
Rep. Northern Ossetia — Alania	31 672	5 322	0.0318	44.76	16.8035

Regions of the Russian Federation	Insurance premiums, thousand rubles	Insurance payments, thousand rubles	Share of an award in VRP, %	Award per capita, rubles	Level payments, %
Chechen Republic	2 092	84	0.002	1.59	4.0153
Stavropol Krai	360 973	41 551	0.0838	129.43	11.5108
Volga federal district	7540168	3 078 642	0.1008	253.09	40.8299
Republic of Bashkortostan	856 955	140 031	0.0743	210.94	16.3405
Republic of Mari El	98 500	17 365	0.0838	142.47	17.6294
Republic of Mordovia	95 458	37 521	0.072	116.13	39.3063
Republic of Tatarstan	1 247 245	1 459 476	0.0868	327.14	117.016
Udmurt Republic	340 058	61 948	0.0915	224.03	18.2169
Chuvash Republic	206 470	42 025	0.0951	165.81	20.354
Perm Krai	399 504	71 135	0.0445	151.74	17.8058
Kirov region	259 344	55 470	0.1221	195.95	21.3886
Nizhny Novgorod Region	860 280	298 902	0.1026	261.21	34.7447
Orenburg region	192 568	44 389	0.0306	95.34	23.051
Penza region	107 587	9 287	0.0448	78.38	8.6321
Samara region	1 754 573	190 049	0.1863	545.97	10.8316
Saratov region	825 253	604 290	0.1729	329.31	73.2248
Ulyanovsk region	296 373	46 754	0.1214	231.85	15.7754
Ural federal district	2312046	438 415	0.0326	189.97	18.9622
Kurgan region	109 065	20 469	0.0753	122.41	18.7677
Sverdlovsk region	769 370	92 883	0.0518	178.44	12.0726
Tyumen region	796 469	246 325	0.0172	228.54	30.9271
Chelyabinsk region	637 142	78 738	0.0756	182.94	12.358
Siberian federal district	3408633	712 097	0.0666	176.89	20.891
Altai Republic	6 146	37	0.0208	29.35	0.602
Republic of Buryatia	337 012	37 929	0.2018	346.86	11.2545
Republic of Tyva	60 468	6 626	0.1604	195.12	10.9579
Republic of Khakassia	62 492	47 196	0.0478	117.34	75.5233
Altai territory	160 652	19 808	0.0433	66.86	12.3298
Zabaykalsky Krai	66 463	5 865	0.0295	60.57	8.8245
Krasnoyarsk Krai	521 379	48 881	0.0437	183.43	9.3753
Irkutsk region	500 114	110 255	0.0672	206.39	22.046
Kemerovo region	418 427	79 752	0.0583	152.34	19.06
Novosibirsk region	569 186	90 399	0.0863	210.95	15.8822
Omsk region	503 500	246 295	0.101	255.01	48.9166
Tomsk region	202 794	19 054	0.0542	191.14	9.3957
Far East federal district	1052168	259 738	0.039	168.11	24.686
Republic of Sakha (Yakutia)	154 063	35 023	0.0285	161.2	22.7329
Kamchatka Territory	22 276	2 046	0.0175	69.54	9.1848
Primorsky Krai	316 731	74 382	0.0571	162.52	23.4843
Khabarovsk Territory	381 606	117 339	0.0879	284.30	30.7487
Amur region	93 171	8 755	0.0398	113.73	9.3967
Magadan region	15 198	1 071	0.0198	99.06	7.047
Sakhalin region	42 660	9 126	0.0066	86.29	21.3924
Jewish autonomous region	25 497	11 678	0.06	146.92	45.8015
Chukotka Autonomous Area	966	318	0.002	18.98	32.9193

Table 3

Statistics of levels of payments in 2012

Indicator	Insurance market as a whole	Life insurance market
Average level of insurance payments, %	45.64	25.25
Scope of a variation	52.6392	116.414
Dispersion	96.3472	337.7974
Standard deviation	9.81566	18.3793
Coefficient of a variation, %	21.51	72.79

the average level by 7 times, and also in tens and hundreds of times are higher than the corresponding indicators of other regions of Russia. The lowest density of life insurance is noted in regions of North Caucasus federal district. So, in Dagestan it makes 5.45 rubles, in Ingushetia — 0.42, in the Chechen Republic — 1.59. As it was noted are subjects of the Russian Federation with high political instability and a low standard of living of the population above. Respectively, to insurance companies it is unprofitable to sign contracts of life insurance — risks are too high, and the population has neither financial opportunities nor economic interest to do it. In the majority of regions of Russia the award on life insurance per capita varies from 150 to 200 rubles that, certainly, it isn't enough, in comparison with the western countries, and also with a similar indicator on insurance in general.

The average level of payments in life insurance about the country makes 25.25 %. Thus, 16 subjects have an indicator above an average. Feature is that this indicator has a wide spacing between regions of Russia. So, the lowest unprofitability is observed in such regions as Altai Republic (0.6 %), the Republic of Kalmykia (2.5 %), the Tver region (3.5 %) and the Chechen Republic (4 %). All listed regions are united by one — rather small sums of insurance premiums, thus the smallest sums of payments. From here the conclusion follows that the low level of payments can be considered as the indicator of poorly developed life insurance market with the insignificant competition and number of insurers.

The highest loss ratio is observed in such subjects of Federation as the Republic of Khakassia (75.5 %), the Saratov region (73.2 %), and also the Republic of Tatarstan (117.02 %) in which insurance companies really work at a loss. For comparison, it is necessary to tell that these regions have the considerable sums, both contributions, and payments. And still the vast majority of subjects of the Russian Federation have a life insurance loss ratio around 20–25 %. This circumstance doesn't promote increase in demand for insurance services and interferes with effective functioning of the market for life insurance.

It should be noted the existing different interpretations in treatment of a loss ratio as estimated indicator of development of the market. So, from a position of insurers, the minimum level of payments is preferable. At the same time, from the point of view of the author, the effective insurance market has to be characterized by the maximum values of unprofitability as in highly competitive markets value of unprofitability increases. It is ex-

plained, as a rule, by cut in expenditure and rates of return. Thus, 65 regions from 80 have indicators of unprofitability of life insurance below an average. It, in our opinion, it is possible to consider as the characteristic of low efficiency of the regional markets of life insurance.

In addition to analytical financial performance the statistics characterizing a ratio of payments and awards of life insurance in regions of Russia (table 3) were calculated.

The average level of payments for the insurance market Russian Federation in general for 2012 made 45.64 %. It shows a share of cumulative insurance premiums that was directed on payments. Scope of a variation makes 52.64 % — it is a difference between maximum (60.37 % in Murmansk region) and a minimum level of payments (7.73 % in Chukotka Autonomous Area). The standard deviation of levels of insurance payments for regions of the Russian Federation from an average value makes 9.82. It means that the average level of payments for the insurance market can be in the range from 35.82 % up to 55.45 %. Thus, the coefficient of a variation will make 21.51 %. Value of coefficient of a variation less than 33 % — it means that the data set is uniform, that is the average value adequately reflects values of the corresponding indicators on the market, in general. In the interpretation of insurance sector, it means that regional disproportions insignificant if to analyze insurance premiums and payments in total.

We will consider similar indicators on the life insurance market now. The average level of payments for this type of insurance makes 25.25. Scope of a variation makes 116.41 % (the corresponding indicators are given in table 3). Thus, the standard deviation is equal 18.38. Thus, the average level of payments can vary in the range from 6.87 % to 43.63 %. The variation coefficient thus is equal 72.79 %, that is in limits of this size indicators of a ratio of insurance payments and awards can vary. Certainly, it once again shows heterogeneity of functioning of the life insurance mar-

keton different regions of Russia. The main reason, in our opinion, consists in the lack of balance in the regional insurance markets, namely, stable supply and demand of services of life insurance and uniform price policy.

Further, it is expedient to reveal the factors that most have impact on efficiency of functioning of the markets for life insurance in regions of Russia. In earlier works as the author, a number of the factors playing an essential role in the development of the regional insurance markets was considered [26, page 111].

In this work, we will try to estimate the dependence between the main socio-economic indexes for regions (according to Federal State Statistics Service)¹ and the volume of awards on life insurance. For the analysis the following indicators were chosen:

1. A gross regional product — a basic indicator of economic development of the region, therefore, its size directly influences the activity of the financial markets, including, and the insurance market.

2. Population of the region — a demographic indicator, nevertheless, it has to have a certain impact on the sum of collecting on life insurance. Nevertheless, the greatest value has a standard of living of citizens.

3. The number of the citizens occupied in economy. This factor has to influence the sum of insurance premiums as working citizens are capable of doing assignments on life insurance significantly.

4. The average per capita monetary income per capita and the nominal added salary. These factors are close to economic sense, to only that difference that the average per capita income is defined counting on number of inhabitants of the region and a nominal salary only on the working citizens. But they have approximately identical impact on the sum of insurance premiums.

5. Consumer expenses per capita — the factor that is indirectly influencing indicators of the life insurance market. On it is possible to judge the income of the population, and also a share of accumulation and consumption of citizens.

6. Investments in fixed capital — also indirect factor for the insurance market. However, it is the most important indicator of economic activity in the region that usually leads to growth of indicators on other segments of the financial market.

7. Commissioning of houses is also an indicator of investment activity in the region. Besides,

part of contracts of life insurance are caused by contracts of a mortgage.

8. Balanced financial result of the enterprises is an indicator of an economic situation of the enterprises. It is possible to say that it has no direct impact on the life insurance market, but promotes increase of a standard of living of citizens, and also gives opportunity to the enterprises to sign contracts of insurance in favor of the workers.

9. The number of the companies of life insurance is rather indicator of activity of the insurance market than the defining factor. The number of the companies increases if there is a demand for this service, and demand is defined more by economic factors.

All listed factors directly or indirectly reflect region economic and social situation therefore anyway have to influence the sums of insurance premiums including in life insurance. According to the assumption of the author, on life insurance such factors as a gross regional product and the income of the population have the greatest impact on the size of collecting. Other factors are less significant for an assessment of indicators of the market for life insurance.

For confirmation of this hypothesis or its denial correlation coefficients on territorial subjects of the Russian Federation were calculated. The factorial signs stated above are given in table 4. They are located on extent of weakening of correlation between the corresponding factorial sign and a resultant sign (the award sum of life insurance).

Results of calculations were unexpected if to be based on the theory and foreign practice of insurance business. Apparently from the table, the

Table 4
Correlation between factorial signs and awards on life insurance

Factorial sign	Coefficient correlations
Balanced financial result of the enterprises, million rub.	0.97
Gross regional product, million rub.	0.9283
Number taken in economy, thousands of people	0.8775
Population, thousands of people	0.8703
Commissioning of houses, thousands of sq. m	0.8539
Investments in fixed capital, million rub.	0.8467
Number of the companies of life insurance	0.8398
Consumer expenses per capita, rub. in month	0.4001
Average per capita monetary income per capita, rub. in month	0.3162
The nominal added salary, rub. in month	0.2249

¹ Regions of Russia. Socio-economic indexes, 2013 [Electronic resource]. URL: http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/publications.

greatest correlation is observed between financial results of the enterprises and the sum of awards on life insurance, and also between VRP and an insurance premium. On life insurance, such factors as population, including occupied in economy, the volume of construction and investments, number of the companies of life insurance also have quite strong impact on an award. And very weak correlation exists between the income and expenses of the population and volume indicators of life insurance.

From here the conclusion arises that the salary and other income of citizens aren't the main sources of financing of services of life insurance in the Russian regions. Nevertheless, according to statistical data, the most part of an insurance premium is formed at the expense of contributions natural persons (figure 4).

From the chart, it is visible that the main source of financing of life insurance — means of citizens. At the expense of natural persons, 80–90 % of the cumulative insured sum are paid, and in dynamics this share increases.

It turns out that citizens in regions of Russia, spend some sum of money which significantly doesn't depend on the level of their income for life insurance. The considerable share of life insurance is the accompanying service to consumer crediting. At the expense of it the big share of the corresponding contributions (table 5) is also formed ¹.

Apparently from the table, a half of all contributions to life insurance is formed at the expense of borrowers of the consumer credits. The majority of them (apart from the housing credits) don't possess the high income. These can explain weak dependence on the income of citizens and the sums of awards on life insurance.

Thus, research showed that the near-term outlook of life insurance in regions of Russia is very foggy. More active policy in this sphere is necessary from the state. We think that involvement of insurers in the system of pension insurance can give a certain impetus to the market. But to do a forecast in this respect it is premature, considering a passive position of Russians during the previous periods of carrying out pension reform. The insurance community too has to participate in advance of products of life insurance, at least by carrying out information and advertising the work. As a rule, citizens in details learn about the activity of insurance companies and their services only when there is a need to issue the contract of insurance.

¹ Forecast of the market of life insurance // Prime insurance. Information and analytical portal. [Electronic resource]. URL: <http://ins.lprime.ru/news/life/>.

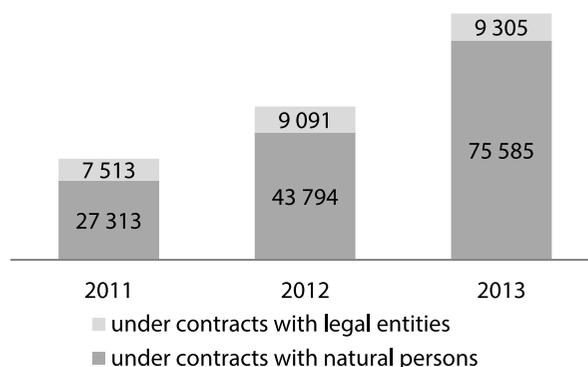


Fig. 4. The sums of awards on life insurance, million rubles

Table 5
Structure of awards on life insurance segments in 2012

Life insurance segment	Sum, billion rub.	Specific weight, %
Life insurance of borrowers of the consumer credits	26,9	50
Investment and accumulative insurance products	21,0	39,03
Pension insurance	0,9	1,67
Other life insurance	5,0	9,29
Total	53,8	100

Based on results of this research, carrying out the following actions aimed at the further development and increase of competitiveness of the regional markets of life insurance is represented to the author expedient.

1. At the legislative level, it is expedient to fix possibility of the organization of the companies of life insurance in the form of the societies of mutual insurance (SMI). It will promote the reduction in cost of this insurance product as, OVS — a non-commercial form of the organization of insurance business, respectively, in structure of an insurance tariff the rate of return is not provided.

2. Also, it is worth stimulating activity of the independent regional companies of life insurance, including the possibility of creation of such companies from scratch. This action at the moment can seem not actual as reduction of the insurance market is observed. However in long prospect activity of regional insurance companies for an increase in competitiveness of the relevant markets is represented to us the most expedient. Advantages of such approach — the price policy approached living conditions on the periphery, and also the subsidence of part of financial funds of insurance in regions. Perhaps, it is worth providing participation in the capitals of again created insurers of life of regional authorities, and also further financial support.

3. It is necessary to provide financial guarantees of recoverability under contracts of life insurance. In our opinion, this problem can be solved

quite simply at this stage of functioning of the insurance market. As now the regulator is the Bank of Russia, it would be logical to include the companies of life insurance in a deposit insurance system.

4. For an increase of trust of society to the system of insurance, it is necessary to provide transparency of financial activity of insurers, especially regarding pricing. Formation of tariffs in life insurance — the hidden process for nonprofessionals of the market. In the presence of free access to this information, insurers will seek to lower components of a tariff rate, being guided by competitors. Besides, from a position of the Central Bank it is expedient to establish certain «ceiling» of tariff rates in life insurance and correction coefficients to them. Or, as an option, it is possible to limit a share of expenses of conducting business and rate of return in a tariff. Of course, this action demands the corresponding legislative registration, but, in our opinion, it is capable of stimulating demand for classical life insurance. The similar measure of influence will be applied in 2015 to commercial banks to rates on the credits. It is regulated by the new law «About Consumer Crediting».

5. For life insurance service depreciation, the regulation of the minimum standard of unprofitability of insurance premiums can become an effective measure. As showed the carried-out analysis, values of this indicator on regions have a wide spacing and are not regulated in any way. From there are also problems of financial stability of insurers and mistrust of insurers to long-term financial products because of opacity of pricing. Therefore, this action can have a positive influence on the development of the market for life insurance. As an example it is possible to use the mechanism of financial calculations in obligatory insurance of responsibility of car owners, here only the quantitative criterion needs to be defined in the experimental way.

6. Using economic methods, it is necessary to interest citizens to sign contracts of life insurance with the average level of the income. For this purpose, insurers have to guarantee a profitability rate, not below the annual rate of inflation, plus bonuses as a form of participation in profit. This measure is actual as by results of the analysis lack of the close connection between the income of citizens and contributions to life insurance is revealed. At the same time, the credit market can't be the engine of automatic growth of life

insurance any more, market incentives are necessary for its development.

7. As it was noted earlier, once the company recruits life insurance in provision of pensions of citizens. The problem of voluntary provision of pensions gains special relevance right now. It is connected with that at the state level there is a transition from accumulative system of obligatory provision of pensions to the distributive. As the demand for voluntary pension products in our country is extremely limited. It is confirmed by these tables 5 where the share of pension insurance in the award sum on life insurance makes less than 2 %. Therefore, it is necessary to carry out explanatory work among citizens of rather alternative methods of increase of the income at retirement, their advantages, and shortcomings. Certainly, key factors of motivation at creation of accumulation are profitability and reliability of investments. That is, when developing legal support of voluntary pension insurance the recommendations provided above, namely, effective use of mechanisms of guaranteeing safety of long-term accumulation and establishment of the minimum rate of profitability with a binding, for example, to a refinancing rate have to be considered. Participation of insurers in provision of pensions will promote an increase of financial stability of the insurance market due to diversification of operations and attraction of additional stable financial resources.

Thus, now reserves of inertial growth of the life insurance market are almost settled. If soon not to start solving legal and economic problems in this sphere, the market expects inevitable reduction of demand. The situation will be aggravated with decrease in a standard of living of citizens against all-economic and foreign policy crisis in the country.

The coordinated policy of the government of Russia, authorities of territorial subjects of the Russian Federation and the self-regulating organizations of insurers is necessary for an increase of efficiency of functioning of life insurance in regions of Russia. Only under such condition the competition in the market will increase, and service prices will come nearer to the equilibrium. As a result demand for the corresponding financial products will constantly increase, and financial resources of insurance in territorial aspect will be distributed more evenly.

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