

Features and Benefits of Microinsurance

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Introduction. In modern conditions of economic and social instability in Ukraine microinsurance is an effective mechanism for reduction and risk management for the poor. At the same microinsurance also has certain risks.

Materials and Methods. During the writing the work used system of general and special methods that allow processes microinsurance explore, discover their benefits and risks. Basic knowledge of scientific methods should highlight the abstract and theoretical, historical, dialectical, induction and deduction, analysis and synthesis.

Results. Determined that microinsurance has the following advantages over traditional systems of social security:

1. Can reach informal economy workers, small businesses with low income, people with incomes close to the minimum wage in the country, and the self-employed in agriculture.

2. Sources of funds for social protection and microinsurance differ because microinsurance expected to participate in domestic and international foundations and donors, specially created organizations.

3. If the social welfare system provides for the participation of executive and non-profit self-governing organizations, microinsurance can carry out commercial organizations.

4. Less bureaucratic restrictions, supply of services microinsurance carried directly to the target groups, that is where the traditional insurers are not interested to work (remote rural areas).

5. Microinsurance designed to quickly respond to the needs of insurance coverage and solvency target groups of the poor.

6. The insurance compensation is small and therefore the economic effect of abuse is small.

7. Microinsurance will help reduce social tension in society, if insurance coverage will cover poor along with the state social security.

8. The state will distribute the burden of budget financing of microinsurance companies: State buys microinsurance policies, and the service provider pays the compensation. This is an example of public-private partnership and is more profitable for the state compared to direct social benefits.

Conclusions. Implementation microinsurance as an element of social protection are expected to lead to success in overcoming the risks vulnerable.

Literature

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