

Contractual savings institutions

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**What does it mean
– “contractual
savings
institutions”?**

Contractual savings institutions, such as insurance companies and pension funds - are financial intermediaries, accumulating funds for some time on a contract basis.

Based on the foregoing, we consider separately the function of insurance companies as financial intermediaries and the functions of non-state pension funds.

Insurance companies' functions:



1. Insurance function related to the provision of insurance services in the insurance market

the protection function is to provide insurance protection against various risks and damages

the preventive function by means of the financing of the insurance fund activities aimed at preventing the occurrence of the insured event and reduce the impact of insurance risk,

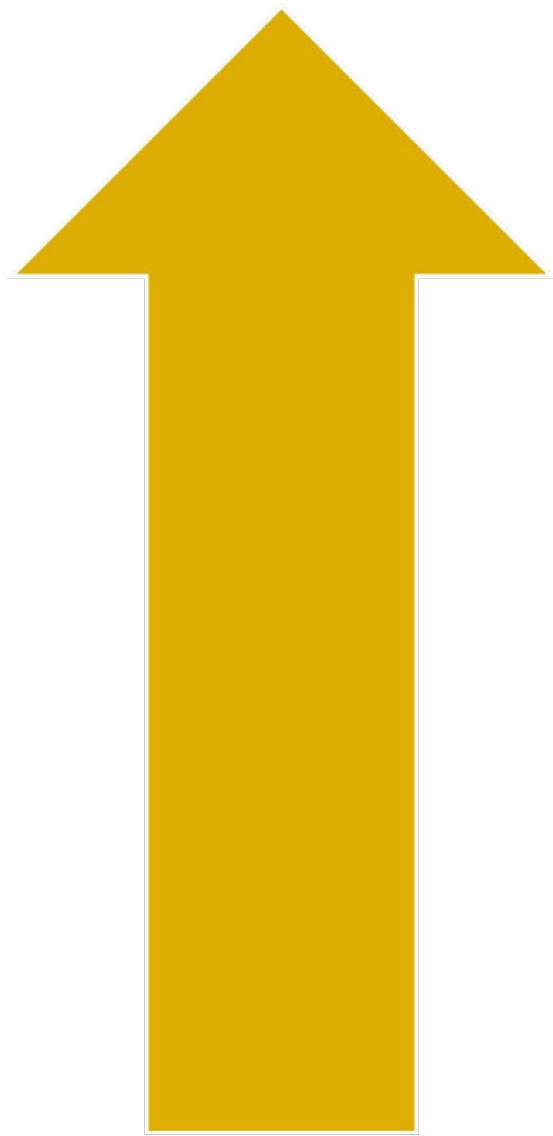
2. *The function of financial intermediation, which is implemented by transforming accumulated capital investment based on a quantitative risk assessment of necessary information*

a) saving function - accumulation and the growth of (a good example - operations for life insurance) funds of individuals and legal entities;

b) the investment function, which is the concentration of investment resources and use them to finance the economy;

c) The innovative feature is realized through encouraging and supporting innovation in the production and through the development and promotion of new insurance products;

d) the information function, which consists in the fact that insurance companies accumulate and analyze large amounts of information, helping to reduce information asymmetry.



Fundamental difference between the insurance companies from other institutions of financial intermediation is the dual nature of their financial intermediation activities, manifested through a set of core (insurance) and acquired (mediation) functions and is an activity on the movement of accumulated capital, depending on the action of risk, and also in the process of investment activity

The first in the history of the insurance contract was signed back in 1346.

Interesting facts about the insurance:

The first customer who opened the fashion of "exotic" insurance, became silent movie actor Ben Turpin. In the early 20-ies of the last century, he insured his eyes to the \$ 20 thousand

Experts perfumers insure their noses, food experts - taste sensitivity. For example, the language of the chief coffee taster of one of the largest British chain stores insured for 10 million pounds (\$ 13.95 million). Gennaro Pelitstsiya personally tasting raw coffee beans in London for the British chain Costa Coffee coffee before roasting and shipping to retail outlets.

Face top model Claudia Schiffer were insured at the time of \$ 5 million

Interesting facts about the insurance:

the fastest, based on the book of Guinness World Records, legs famous Irish dancer Michael Flatley insured for \$ 25 million.

Voice for the first time insured Marlene Dietrich, and at that time was also a fabulous sum - \$ 1 million!

The most expensive insurance policy in the world - American director Steven Spielberg, his life is insured for \$ 1.2 billion

One oddity decided to swim across the English Channel in a bath previously insured for 100 thousand pounds. Underwriter calmly took the risk by putting a condition that the drain hole bathroom will be plugged.

Interesting facts about the

insurance:

British desire to various gambling activities so much that "Lloyd" has developed a special insurance policy for the insurance of the employer in the event of dismissal of two or more employees, winning the national lottery. According to this policy to the insurer covers the costs of services to the employer recruitment agency.

A number of unusual insurance associated with the business, and some of them of exotic become common practice. There are insurance to cover the entrepreneur for audit services, if regulators suddenly choose his company for such a check.

Private pension funds's functions:

development of the rules of the fund;

accumulation of pension contributions and pension assets;

management of retirement accounts private pensions;

informing investors, participants and the insured status of accounts;

forming equipment intended for authorized activities, and placement of its constituent funds;

organization of investment of pension savings;

implementation of actuarial calculations;

appointment and payment of non-state pension participants;

finally, pension contracts, the mandatory pension insurance and the Treaty of occupational pension schemes

Pension reform and the development of NPF in Ukraine

Pension reform and the
development of SPC in
Ukraine

2004, entry into force of the
Law of Ukraine "On private
pension provision" (reform)

2009 - created 109 SPF (members - 480,000,
assets, 660 million UAH., Payments-14 mln.),
St. 90% of the contributions paid by
enterprises, with the participation of workers
and employers is voluntary

2011 - 2012 - participation in the NPF for employees
mladshe40 years will be mandatory (similar, in Russia and
other Eastern countries. Europe: Poland, Hungary, Bulgaria,
...), and the contribution will be 7% of salary

After 2012 - participation in the NPF for businesses with employees with special working conditions (Lists of number 1 and number 2) will be required, and the size of the employer's contribution to an average of 10% of the employee's salary



Pension funds and retirement plan business :


NPF - non-profit organizations that are not directly linked to the state pension system, and not a substitute for it, and only reinforce and complement the social component, using

investment opportunities for the accumulation of assets and the payment of pensions to participants ratio (former employees)



Conclusions:

Thus, we can conclude that the value of pension funds and insurance companies to the economy and population in particular is huge, but, unfortunately, in Ukraine the role of these types of financial institutions is not significant, in contrast to European countries and the U.S. although their number is constantly rose. We hope that in the future the importance of private pension funds will increase.



Thank you for attention