DEFINING THE CONCEPT OF 'INSURER'S FINANCIAL SECURITY'

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The financial security of an insurer is critically important not only for the stability of the insurance company itself but also for the economic system as a whole. The ability to meet obligations to policyholders, effectively manage risks, and ensure resilience to financial shocks are key aspects of an insurer's financial security. To understand the essence of the financial security of an insurance company, we will use the methodology developed by A. Starostina and V. Kravchenko [1].

At the initial stage, we compile a list of definitions of the concept of "financial security" available in the literature and break these definitions down into three components: the essence of the phenomenon, its content, and the outcome (Table 1).

The next step is to classify the existing approaches to defining the concept of "financial security". Analyzing the approaches to defining the essence of financial security, which are given in Table 1, we can identify five approaches to the interpretation of its essence, such as: 1: 1) a set of insurer's measures; 2) a dynamic integral characteristic of performance; 3) financial condition/ process of achieving financial condition; 4) insurer's ability; 5) a complex system of relations.

The first approach is characterized by a practical orientation – the approach allows to clearly outline specific actions to be taken to ensure financial security, which is useful for the management of insurance companies.

The second approach takes into account the dynamic environment in which an insurance company operates and is aimed at building financial security in the face of long-term changes and challenges. As this approach is more conceptual, it does not contain specific recommendations or measures to achieve financial security in the short term.

The third approach is based on specific financial indicators (solvency, liquidity, sustainability), which facilitates the assessment of the company's financial condition. It has a practical orientation.

The fourth approach primarily concerns the ability of an insurance company to meet its financial obligations. This means that the insurer must have sufficient capital and liquidity to ensure insurance payments even in the event of sharp economic changes or an increase in the volume of insured events.

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Table 1

List of definitions of 'insurer's financial security'

№	Source / Author, Year, Type of Publication	Essence of the Phenomenon	Content of the Phenomenon	Outcome of the Phenomenon
1	2	3	4	5
1.	L. Shiriyan, 2024, article [2, p. 96]	A set of measures by the insurer	to eliminate threats of financial deterioration	to achieve an acceptable level of activity risk over a certain period and ensure the insurer's financial stability against increasing external and internal factors influencing its financial condition
2.	N. Levkovets, L. Babych, N. Tesliuk, 2021, article [3, p. 4]	The ability to identify internal and external threats and develop measures		to ensure the quality of assets, solvency, financial stability, profitability, including under institutional changes
3.	S. Kozmenko, O. Ruban, 2014, article [4, p. 321-322]	A dynamic integral characteristic of the insurer's long-term performance efficiency involves the ability		to resist external and internal threats
4.	S. Achkasova, O. Klimchuk, 2016, article [5, p. 7]	The ability of the insurer	to fulfill insurance and other obligations	reacting promptly to any threats, internal or external, minimizing or avoiding them, and ensuring the balance of
			under a balanced and optimal approach to managing its financial resources and strict control	the insurer's financial interests

(End of Table 1)

1	2	3	4	5
5.	V. Bazylevych, 2008, textbook [6, p. 479]	The ability	to fulfill commitments under insurance contracts amid unfavorable factors and changes in the economic situation	
6.	L. Matviichuk, 2013, article [7, p. 31]	A process of achieving a certain condition of the insurance company	characterized by resilience to internal and external threats, an optimal financing structure, rational management of insurance reserves, timely fulfillment of insurance obligations.	allows the insurer to operate effectively in the present and future periods
7.	I. Zaichko, N. Biloshkurska, 2021, article [8, p. 3]	A complex system of connections	involves the use, reproduction, and control of financial resources in the most effective way	ensures survival and development under internal and external threats and unforeseen factors
8.	A. Yermoshenko, 2006, dissertation abstract [9, p. 3-4]	The financial condition	characterized by a balanced system of financial indicators and resilience to internal and external threats	enables timely and full fulfillment of commitments and ensures the effective development of the insurance organization in the current and future periods

Source: compiled by the author based on [2–9]

The fifth approach to understanding financial security emphasizes its systemic nature. In this case, it refers to a complex network of connections between an insurance company and various elements of the internal and external environment. Within this system, the company must maintain a balance between its own interests and interaction with external factors.

At the next stage, we will evaluate the existing approaches on a five-point scale based on the following criteria: the presence of three components in the definition, the prevalence of the definition in scientific sources, the theoretical validity of the concept, and accessibility for practical use [1]. The results of the assessment are shown in Table 2.

Table 2

Assessment of existing approaches to the definition of 'insurer's financial security'

№	Source / Author, Year, Type of Publication	Evaluation (Points)				
		Presence of Components	Prevalence of Definition	Theoretical Justification	Practical Accessibility	Total Score
1.	L. Shiriyan, 2024, article [2, p. 96]	5	4	1	2	12
2.	N. Levkovets, L. Babych, N. Tesliuk, 2021, article [3, p. 4]	2	5	5	3	15
3.	S. Kozmenko, O. Ruban, 2014, article [4, p. 321-322]	4	1	1	2	8
4.	S. Achkasova, O. Klimchuk, 2016, article [5, p. 7]	5	5	5	4	19
5.	V. Bazylevych, 2008, textbook [6, p. 479]	3	5	4	2	14
6.	L. Matviichuk, 2013, article [7, p. 31]	5	4	5	4	18
7.	I. Zaichko, N. Biloshkurska, 2021, article [8, p. 3]	5	3	2	4	14
8.	A. Yermoshenko, 2006, dissertation abstract [9, p. 3-4]	5	4	5	2	16

Source: compiled by the author based on [2–9]

According to the results, the definition by S. Achkasova and O. Klimchuk received the highest number of points. The definition emphasizes that financial security is the ability of the insurer to fulfill all its obligations, which ensures the trust of customers and partners. The wording includes mechanisms for risk prevention, which contributes to long-term financial stability and security.

The wording reflects the relationship between strategic planning and practical actions, which is important for achieving long-term financial stability.

Having identified the strengths and weaknesses of the studied definitions of the concept of financial security, we can offer our own definition. Financial security is the set of conditions of an insurance company in which it is able to effectively identify and manage financial risks, ensuring a sustainable balance between profitability, liquidity and solvency in the face of internal and external threats to ensure the company's stable operations, increase its competitiveness in the market and trust from customers and regulators. The definition is clearly structured, revealing the essence of financial security through key elements, and the use of clear terms makes the definition accessible.

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