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## IDENTIFICATION OF THE REINSURANCE SERVICES IN THE SYSTEM OF INSURANCE RELATIONS

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*Summary. In the paper the nature of reinsurance services and its interrelation with insurance services is investigated. The identification criteria of reinsurance services in the system of insurance relations are defined.*

**Key words:** *insurance services, insurance product, reinsurance services, reinsurance activities, reinsurance.*

The basis of the insurance relationships organization is the reinsurance services and their existence is caused by the insurers' necessity to protect the property interests in respect of the obligations to policyholders. Therefore, the objective need for reinsurance protection raises the demand for specific reinsurance services and the availability of interest in the reinsurance of risks forms the proposal of their specific forms, methods and kinds.

*The aim of the paper* is to determine the nature of the reinsurance services and to formulate the specific features of their identification in the system of insurance relations, taking into account the peculiarities of reinsurance activities.

The reinsurance services are one of the reinsurance manifestations in the system of reinsurance relationships. However, in the national legislation there's no interpretation of reinsurance services, but it provides for their separation as part of financial services, in particular insurance services. This is because the provisions of the insurance and reinsurance services complement each other uniting by economic nature in a single insurance environment.

The economic literature emphasizes on the insurance services interpretation, while the definition of «reinsurance services» is not almost considered. Accordingly, taking into account the general economic nature of these services, the summarized scientific approaches to the definition of the insurance services were the basis for clarifying the reinsurance services essence, considering the reinsurance activities specificity.

In national and foreign literature, the term «insurance services» is considered from different points. Until now there have been discussions about the

identity, interchange and isolation of such notions as «insurance services», «insurance commodity» and «insurance product». We believe that the insurance services are special insurance products in the case when they are the object of marketing activities of the insurer and have the consumer and exchange value. In this context the reinsurance services have consumer value, i.e. the usefulness realized by the reinsurer that gives the ability to provide the protection of his property interests against unforeseen situations that threaten the insurance solvency, financial stability and profitability of insurance operations. The exchange value of the reinsurance services is reflected in the reinsurance premiums as a compensation for risk transfer into the reinsurance and characterizes the reinsurer's expenses as to provide certain services of the reinsurance protection. The relationship between consumer and exchange value of the reinsurance services is reflected in price setting, which should be adequate to the reinsurance risk degree, the usefulness and quality of the reinsurance services and to provide the opportunity to receive incomes in the form of percentage.

Regarding the interrelation between the concepts «insurance services» and «insurance product», some scholars identify these concepts, while the others differentiate them. There's a controversial position concerning the separation of the insurance product in the insurance services. We share the position according to which the insurance product is a result of the insurer's activity towards the determination of the insurance conditions and rules by the individual insurance services, and the insurance services are the amount of benefits that can be given by the insurer and received by the policyholder to protect his prop-

erty interests, embodied in the insurance products.

Note that the product in the reinsurance sphere is formed before its buying and selling, after development, underwriting, and actuarial calculations. However, unlike an insurance product, a product of the reinsurance relationships takes the form of the trade object and is transformed into a commodity at the reinsurance market only with the concurrence of all items in the reinsurance treaties by both reinsurance participants. That is, the reinsurance product is the result of activities of both the reinsurer and the policyholder, who according to the forms and methods of reinsurance define the conditions and rules for the reinsurance process. In this case, such product is tied to the insurance risk that is transferred into the reinsurance, and is reflected in the reinsurance contract. Accordingly, the implementation of procedures and rules, embodied in the reinsurance product, is made by specific operations that accompany the reinsurance services provision. However, it is not advisable to bind the reinsurance services with only part compensation of the insurance payments under the insurance contract. We believe that the services of reinsurance protection occur while concluding the reinsurance contract and the reinsurance premiums payment, and its full realization occurs at the time of insured event under the reinsurance contract.

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Reinsurance services have some specific features that define the reinsurance object and identify them in the insurance as specific services: subject of the insurance contract does not coincide with the subject of the reinsurance contract, the subjective composition of the reinsurance relationships, and payment of the agreements. The above mentioned differences in the insurance and reinsurance contracts characterize a different legal nature of the insurance and reinsurance relationships, and therefore prevent the legal identification of the insurance and reinsurance services.

In conclusion, we note that the specificity of the reinsurance services is defined by the organizational and legal nature of the reinsurance activities. Therefore, the starting point of the reinsurance market formation is the reinsurance service that characterizes a set of contractual relations between the reinsurer and the policyholder as to determine the terms and conditions of reinsurance and their realization in order to obtain the beneficial effects in the form of the reinsurance protection and meet the economic interests of both parties. Concerning the above mentioned, a considerable interest is the further investigation of the reinsurance market as a new form of economic relations in the insurance relationships, its institutional framework and methodology of development.

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