

SOCIAL INSURANCE: A SECURITY FACTOR IN THE CONTEXT OF MODERN CHALLENGES

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Abstract. The article reveals the meaning and relationship between the concepts of "social protection", "social insurance" and "sustainable development". It was determined that the main goals of implementing the concept of sustainable development in the social sphere are to improve the social well-being of citizens, ensure social justice and increase social security. It was established that the basic component of the social policy of the state is social protection and social security of the population, which on the one hand acts as a right of citizens, and on the other - as a socio-economic necessity. This dual nature of social protection is determined by socio-economic risks that continuously accompany the life activities of a person and society. The role of social insurance as an organizational and legal form of social security of the population, which creates conditions for the reproduction of the workforce and the protection of citizens in the event of certain insurance cases, is justified. working capacity; social insurance in connection with accidents at work and occupational diseases; social insurance in case of unemployment; pension insurance. It is substantiated that all types of social insurance have an impact on the quality of life of citizens and public welfare. The general directions and principles of the modernization of the social insurance system in Ukraine, taking into account the priorities of sustainable development, have been determined. The main problems on the way to improving the effectiveness of the functioning of the social insurance system of the population, such as the crisis of the pension system and the underdevelopment of medical insurance, are considered. It is substantiated that the solution of the mentioned problems lies in the plane of the economic and social policy of Ukraine and requires a comprehensive approach.

Keywords: sustainable development, social protection, social insurance, pension insurance, medical insurance, social welfare.

JEL Classification: J32, J53

Formulas: 0, **figures:** 3, **tables:** 1, **bibl.:** 14

Introduction. The modern socio-economic development of European states is based on maintaining a balance of economic and social interests of society, combining the policy of economic reforms with an active social policy and finding new reserves to ensure public welfare, technological progress and economic growth, taking into account the impact on the ecology of the planet. It is these principles that underlie the concept of sustainable development, which in modern conditions has turned into a guide to action.

The term "sustainable development" was first presented in the report of the UN International Commission on Environment and Development "Our Common Future" in 1987. in which the concept was defined as the development of society, which makes it possible to meet the needs of the present without endangering the ability of future generations to meet their own needs [10, p. 17]. This concept includes three

components that form a system of economic, social and environmental priorities of human activity, organizations, and the state, as it is a complex and multi-level category.

Improving the social well-being of citizens, ensuring social justice and increasing social security are the main goals of implementing the concept of sustainable development in the social sphere. Especially under conditions when political turbulence and the growth of crisis phenomena in the country's economy affect the emergence of social risks and the deepening of social problems, which make the issues of social protection of the population and social security especially urgent. The organizational and legal form of social security in the state is social insurance, thanks to which the principle of social justice is implemented in the distribution of financial funds.

Literature review. The works of such Ukrainian scientists as V. Bezugla, O. Koval, O. Moskalenko, E. Libanova, H. Nazarova, N. Tkachenko and others are devoted to the theoretical and practical aspects of the functioning and improvement of the social insurance system. The essence of social insurance, its financial support, influence on the economic development of the country was theoretically substantiated by such domestic scientists as: O. Antonenko, V. Bazilevich, K. Dubych, O. Palii. Scientists O. Kyrylenko and V. Tolubyak study the functions of social insurance in the conditions of the welfare state and promising directions for their improvement. It should be noted that V. Andriiv, N. Bolotina, S. Sivak, I. Syrota, and B. Stashkiv also analyze the modern problems of social insurance in their works.

The scientific works of M. Krupka and I. Pryimak are also devoted to the disclosure of the role of social and personal insurance in ensuring public welfare in Ukraine. Scientists such as E. Libanova, B. Nadtochii, V. Novikov, O. Shaliy, V. Skuratskyi, P. Shevchuk, V. Yatsenko and others devoted their works to the study of the theoretical foundations of pension insurance and pension reform. At the same time, it should be noted that the need for further transformation of the pension system, introduction of health insurance and improvement of financial support of the health care sector in Ukraine indicates the relevance of further research into the role of social insurance in the system of implementing sustainable development priorities.

Aims. The purpose of the article is to study the role of social insurance in the system of implementing the priorities of sustainable development, to identify the modern challenges of functioning and reforming the social insurance system, and to outline the priorities of its development.

Methods. The methodological basis of writing the article was made up of the following methods: systematization and generalization (when formulating the key concepts of the article); structural-functional approach (to determine the structure of the social security system and functions of the social insurance system); systemic approach (when considering directions for modernization of the social insurance system); statistical economic analysis (for evaluating objective indicators of the development of the social security and social insurance system); graphical method (for presenting research results).

Results. The main component of the social policy of the state is the social protection of the population, which on the one hand acts as a human right, and on the

other - as a socio-economic necessity. This dual nature of social protection is determined by socio-economic risks that continuously accompany the life activities of a person and society. At the same time, in our country, there is a reduction in the amount of state spending on social protection. Thus, in 2021, according to preliminary data, these expenses as a percentage of GDP amounted to 6.5%, which is 1.5 points less than the level of 2020 [9, p. 13] (Fig. 1). At the same time, it should be noted that in European countries this indicator was: in France – 31.02% of GDP, Finland – 29.1%, Poland – 21.3%, the Czech Republic – 19.2% (2019 data) [12].

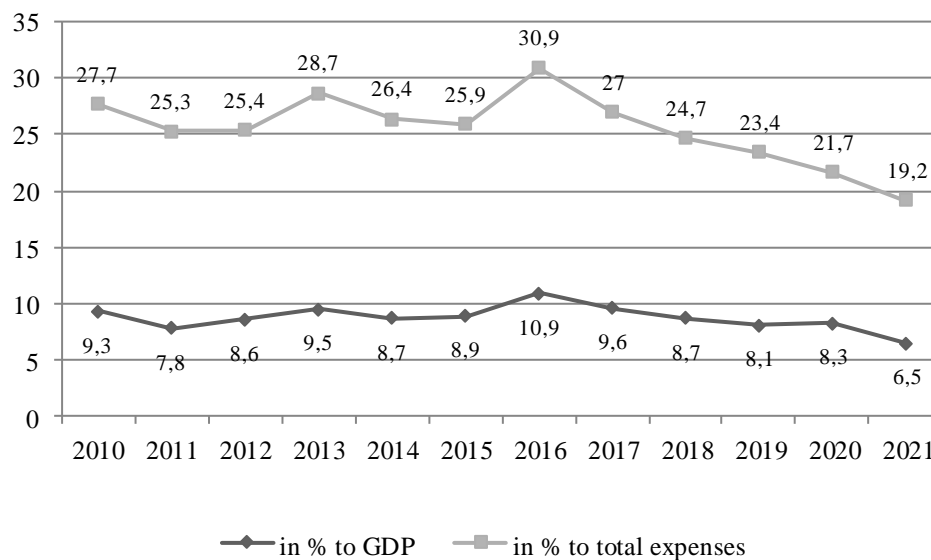


Figure 1. State expenditures on social protection and social security of the population in Ukraine

Source: [9, p. 13]

At the same time, the right of citizens to social protection is fixed by relevant legislative documents. Yes, Art. 46 of the Constitution of Ukraine enshrines the right to support citizens in case of total, partial or temporary loss of working capacity, loss of breadwinner, unemployment due to circumstances beyond their control, as well as in old age and in other cases provided for by law. This right is guaranteed by mandatory state social insurance at the expense of insurance contributions of citizens, enterprises, institutions and organizations, as well as budgetary and other sources of social security; creation of a network of state, communal, private institutions for the care of the disabled.

In the system of implementing the priorities of sustainable development, all social policy actors must do everything possible to preserve this right for future generations, ensuring the effective formation and use of appropriate funds for financing social protection measures. A fundamental role in this direction is played by social insurance in all its variety of forms and types of social benefits.

Social insurance is also a socio-economic necessity, as it creates conditions for the reproduction of the labor force and protection of citizens in the event of the occurrence of certain insured events: loss of working capacity, including in connection with child care, pregnancy and childbirth; loss of breadwinner, unemployment;

accident at work, etc. At the same time, the activity of social insurance funds should take place in two directions:

- security (material provision of temporarily disabled or disabled persons);
- social development (provision of prevention, restoration and preservation of working capacity of employees, including health measures and retraining of personnel) (Table 1) [8, c. 29].

Article 4 of the Law of Ukraine "Basics of Ukrainian Legislation on Mandatory State Social Insurance" defines the following types of social insurance in the system of social protection of the population of Ukraine: pension insurance; insurance in connection with temporary disability; Medical Insurance; insurance against an accident at work and an occupational disease that caused the loss of working capacity; unemployment insurance; other types of insurance provided by the laws of Ukraine [5].

Table 1. Areas of activity of state mandatory social insurance funds

Social Insurance	Security	Social development
Mandatory state social insurance against temporary disability	<ul style="list-style-type: none"> –avoiding deterioration of the employee's health and possible complications; –preventing the spread of infectious diseases in the organization; –prevention of a decrease in the standard of living of a person and his family members 	–payment of treatment or rehabilitation assistance in the departments of the sanatorium and resort after illnesses and injuries
Mandatory state social insurance in connection with accidents at work and occupational diseases	<ul style="list-style-type: none"> –prevention of industrial accidents and occupational diseases; –provision of insurance payments for the purpose of restoring working capacity; –temporary transfer to an easier job while maintaining the average monthly earnings 	–vocational training or retraining under a rehabilitation program with payment of average monthly earnings
Mandatory state social insurance in case of unemployment	<ul style="list-style-type: none"> –reducing the duration of unemployment; –reduction of the share of youth in the total number of unemployed; –prevention of a decrease in the standard of living of a person and his family members. 	<ul style="list-style-type: none"> –training, retraining, advanced training of unemployed persons; –provision of one-time financial assistance for the organization of business activities.
Mandatory state pension insurance	<ul style="list-style-type: none"> –provision of an appropriate level of cash payments and material support; –provision of additional pension payments. 	–extension of the period of labor activity in connection with the pension reform.

Source: compiled by the authors

Therefore, social insurance as an organizational and legal form of social protection of the population should perform two important functions:

- 1) prevention of socio-economic risks, preservation and restoration of working capacity of employees;
- 2) provision of insurance payments to citizens to ensure a decent standard of living.

Currently, research results and statistical indicators show that social insurance in Ukraine has a significant gap in the direction of preventive activities and prevention of insurance incidents. Thus, in the budget of the Social Insurance Fund of Ukraine for 2021, no funds were allocated for the prevention of insurance cases at all, and in 2020 the specific weight of these expenses was 0.04% [6]. That is why the issue of modernization of the social insurance system of Ukraine does not lose its relevance and importance.

The modernization of the social insurance system in Ukraine should take place in three directions:

- 1) further, as complete as possible implementation of the insurance principle in the social insurance system;
- 2) improvement of the administration of the current system of mandatory state social insurance;
- 3) introduction of new institutions in the field of social insurance, which are provided for by the current legislation, tested by the best world practice, but currently absent in Ukraine [3, p. 3-4].

The foundations of the legislation of Ukraine on mandatory state social insurance establish the principles on which the system functions and which require further implementation:

- legislative determination of the conditions and procedure for implementing mandatory state social insurance;
- mandatory insurance of persons who work under the terms of an employment contract and persons who provide themselves with work independently, citizens - subjects of entrepreneurial activity;
- granting the right to receive payments under mandatory state social insurance to persons engaged in entrepreneurial, creative activities, etc.;
- mandatory financing by insurance funds of expenses related to the provision of material security and social services, in the amounts stipulated by laws on mandatory state social insurance;
- solidarity and subsidies;
- state guarantees of realization of their rights by insured citizens;
- ensuring a standard of living not lower than the subsistence minimum established by law, by providing pensions, other types of social benefits and assistance, which are the main source of livelihood;
- targeted use of mandatory state social insurance funds;
- parity of representatives of all subjects of mandatory state social insurance in the management of mandatory state social insurance [5].

Thus, social insurance in the system of implementation of sustainable development priorities is intended to ensure, first of all:

1. Social solidarity, which finds its expression in two important areas. On the one hand, social solidarity manifests itself in intergenerational relationships, because the social insurance system requires working members of society to provide financial support to those who have lost their ability to work or who did not have it. For example, pension payments to senior citizens are funded by working members of society, i.e. younger generations. On the other hand, social solidarity is based on the joint responsibility of employers and employees and is implemented through insurance contributions by both of these entities.

2. Management of social funds on a parity basis - by state authorities, employers, employees. The principle of subsidization provides for the mandatory financial participation of insured persons in the formation of insurance funds, which is a mandatory condition for obtaining the right to insurance payments.

3. Social justice, which is ensured through the redistribution of funds of social insurance funds between different social groups, directly between insured entities and is manifested in equality and inequality in the distribution of material and spiritual goods in society.

4. Social security, which is a guarantee of the protection of the social interests of individuals, economic entities, society and the state against internal and external threats. It is implemented through the functioning of an effective pension system, availability of quality medical services, material support of citizens in difficult life situations. However, often the resources of the state and local budgets are not enough to finance the social protection system of the population, so there is a need to use insurance tools to neutralize the effect of the main social risks.

5. Social well-being, which characterizes the complete provision of the country's population with material, spiritual, social and environmental benefits. Achieving social well-being is possible only through state regulation of the use of resources, redistribution of income and creation of conditions for stimulating the development of activities of all members of society [4, p. 55].

Reduction in the number, aging of the population, a high level of burden on the Pension Fund and a low level of pension provision actualize the need for deep transformation of the pension insurance system. These issues are also aggravated by the incompleteness of the pension reform, as a result of which it was not possible to build a system of accumulative pension insurance, and non-state pension insurance did not become widespread.

According to the data of the Pension Fund on the specific weight of pensioners by the amount of the assigned monthly premiums, as of January 1, 2021, 13.4% received pensions of up to UAH 2,000, and more than a third of all pensioners in Ukraine received pension payments in the amount of UAH 2,000 to UAH 3,000. (Fig. 2) [1].

The average amount of the pension was UAH 3,991.53, and the replacement rate by the average wage was at the level of 27.4%, with the International Labor Organization standard of 40%.

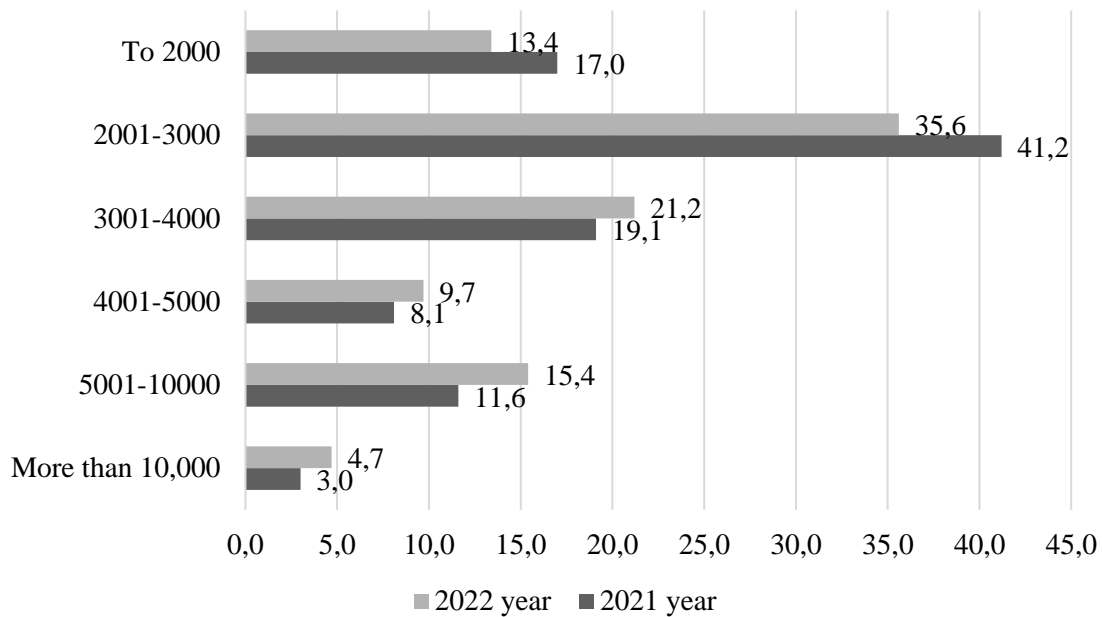


Figure 2. Distribution of pensioners according to the amounts of the assigned monthly premiums as of January 1, 2021 and 2022

Source: [1]

The solution of the mentioned problems lies in the sphere of economic and social policy of Ukraine and requires a comprehensive approach to reducing the level of unemployment and social burden, implementation of measures to reduce wages, development of a three-level pension system and improvement of pension insurance. The social sphere, which determines the quality of society's life and the level of its social well-being, is the sphere of health care, an important stage of reforming which is the further development of the mandatory health insurance system. It should be noted that personal types of insurance (voluntary health insurance, accident insurance, life insurance) in the total insurance portfolio in 2021 accounted for 31% (Fig. 3).

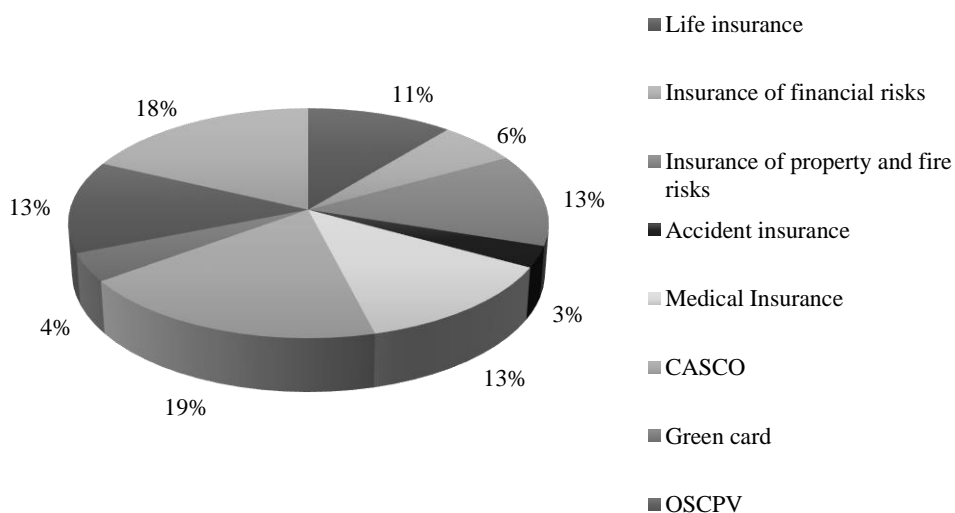


Figure 3. Insurance portfolio for 2021 by types of insurance

Source: [2]

The incentives for the growth of the voluntary health insurance market in 2018-2021 were the relative macroeconomic stabilization in the country; the beginning of the medical reform, which created competition between medical and preventive institutions; establishment of tariffs for medical services for the secondary and tertiary links of the health care system; growing demand and expectations of insurers regarding the introduction of mandatory health insurance. At the same time, the question of the readiness and ability of Ukrainian insurers to properly organize mandatory medical insurance and cover the entire working population with insurance coverage remains relevant [4, p. 62].

Conclusions. Thus, social insurance is an important component of the system of social protection of the population of Ukraine, which is based on the principles of solidarity and subsidization. It is in the social insurance system that funds for the material support of citizens who have lost their ability to work are formed at the expense of contributions from working members of society, the so-called contract of generations is in effect. And management of social funds should be carried out by state authorities, employers, and employees on a parity basis.

Social insurance as an organizational and legal form of social protection of the population performs two important functions: 1) prevention of social and economic risks; 2) provision of insurance payments to eliminate the consequences of an insurance event and ensure the appropriate quality of life of citizens. At the same time, the results of the study prove that the preventive direction of activity is almost not implemented in Ukraine. Against this background, the pension crisis, the imperfection of health insurance and the limited financing possibilities of social insurance funds actualize the need for further research into the role of social insurance in the system of implementing sustainable development priorities.

Author contributions. The authors contributed equally.

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