



BUSINESS AND ITS CHALLENGES IN GEORGIA

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Article history:	Abstract:
<p>Received: 1st November 2021 Accepted: 1st December 2021 Published: 5th January 2022</p>	<p>Insurance - is one of the financial tools of risk management, which allows to avoid financial losses caused by risk. Insurance has a great role and importance in the development of the public reproductive process. The importance of insurance is expressed in the so-called of insurance services that facilitate the expansion of the reproductive process of economic entities. Insurance, as a subset of financial relations, has a special role in the development of business and as an economic category, it is a system of economic relations, which enables the formation of funds and their use compensates losses in the event of various adverse cases. This paper presents the problems facing the insurance business in Georgia and their solutions.</p>
Keywords: Insurance, Business, Risks, Financial Losses And Challenges	

Insurance plays an important role and importance in the development of the social reproductive process. The importance of insurance is expressed in the so-called special insurance services, which contributes to the expansion of the reproduction process of economic entities. The main function of the insurance system is to assume part of the risk of households and firms.

1) INSURANCE IN GEORGIA

In Georgia, the first insurance company was founded in 1990. It was, "Aldagi". As for the Law, on Insurance was founded in 1990 to 7. In the same year, the State Insurance Service was established, which is responsible for the supervision, licensing and control of insurance companies in Georgia.

In Georgia, the dreams of the private insurance industry were laid in the 90s. When there was a new product in the healthcare sector, private health insurance, a market share-oriented financial access strategy was used. Simply put, the population had the opportunity to purchase a very cheap health insurance product. If, on the one hand, at that time, we take into account the socio-economic situation in the country, this strategy can be considered the right decision.

Overview of the insurance market in Georgia today

- As of September 30, 2020, 18 insurance companies were registered, 17 of them have a life and other insurance license, and only one of them, the license of another insurance; the

Insurance, as a subtype of financial relations, plays a special role in the development of business and as an economic category, as well as represents the economic system of relations by which the monetary funds are formed and used to compensate for losses in various adverse events.

- leaders of the insurance market are, "Imedi" - attracted insurance premium 158 million Lari, "Dhipiai" - 56 million GEL and "Aldagi" - 51 million GEL. It should be noted that these three companies control 47% of the insurance sector, followed by Tibisi Insurance - a premium of 39 million Lari and Ardi with 29 million Lari.
- The insurance premium raised for 9 Masys residents of 2020 from direct insurance activities amounted to 513.4 million GEL. According to the results of the same insurance period, the profit of insurers amounted to 126.7 million Lari, and net profit amounted to 44.3 million GEL.
- The total assets of insurance companies are GEL 979.9 million and the capital is GEL 282.7 million.
- "Meditsin" insurance still occupies a leading position in the distribution of attracted premiums, which is 37% of the sector's revenue. In Georgia, 16% of the population have private insurance. As for the second



largest insurance market - auto insurance, then of all those registered in the country

- of motor vehicles, only 6% are registered.
- The insurance sector is particularly successful in developed countries, as for Georgia, the picture is complicated in this direction. In particular, the total premium attracted by insurance companies in 2018 amounted to 542 million lari, which is 1.32% of the domestic product. So we are in the finite ranks of developed countries.

INNOVATIONS IN INSURANCE Pension reform

A type of pension insurance that guarantees that a retired person will receive a certain profit. Sometimes the pension is assigned according to the well-deserved length of service, but it is mainly based on contributions: a certain part of the salary is transferred weekly to the pension fund, on the basis of which a person subsequently receives a pension.

Important changes occurred in the past year. Since January 1, 2019, a mandatory funded pension program has been launched. The pension program, which is known as 2 + 2 + 2, involves the calculation and accumulation of 6% of a citizen's salary in a pension agency monthly. Regardless of the consideration of the positive and negative aspects of the pension plan, it still had to be voluntary and the population should have distributed its savings on its own, in this case there was an expectation that the act. The income of citizens will be low, and if the rule is adopted, the fund will be able to mobilize the maximum of funds.

Problems of insurance companies and their ways in Georgia

As a result of the study, the following problems and their ways of solving them were revealed:

The development of insurance requires a high entrepreneurial insurance culture, as a necessary prerequisite. Here such problems as unemployment of the **country's population, a low level of general insurance culture and limited financial opportunities, as well as the lack of professional qualifications, highly qualified personnel and professional training systems are revealed**, for the elimination of which it is necessary to take appropriate measures, which is reflected in the minimum insurance education of the population. At the same time, it is necessary to eliminate the information deficit in society, to create systems of professional

training of insurance workers, which will make the insurance system more effective.

- 1) **Lack of trust This is the reason why a lot of** people won't be able to use different types of insurance. Many companies can't offer benefits to consumers. So most of the population considers insurance to be just one additional expense.
- 2) **There are** a lot of insurance firms in the market, and accordingly policyholders face an intense challenge. Most insurance companies, especially new ones, are the most dubious companies. In fact, most people trust existing insurance companies to deal with some new businesses, as new businesses operate with less capital compared to large companies, so it is hard to keep up with the small amount of money they have.
- 3) **Economic instability At a time when the** country's economy is unstable, each of the companies begins to reorganize. In such situations, insurance companies can raise their rates, as well as as interest rates on credit lines from financial institutions increase. Of course, none of the clients will support this, even if the contract clearly states that insurance rates may change from time to time. Thus, such a situation can create a bad picture of the company, since customers can share information about the services and products that they use, that the price does not correspond to the service and therefore the company will lose customers.

CONCLUSION

As you can see, the insurance business in Georgia is developing quite slowly. From year to year, the company has a slight increase in revenue and they can not really develop it. Insurance is still a relatively expensive pleasure for the national market, and this requires a more stable economy and more customers with high incomes. One of the necessary conditions for its popularization may be the growth of economic well-being. The role of the state and the availability of compulsory insurance are also important, so that the culture of insurance in society increases, and the insurance sector itself will become stronger and more diverse.



World Economics & Finance Bulletin (WEFB)
Available Online at: <https://www.scholarexpress.net>
Vol. 6, January 2022,
ISSN: 2749-3628

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