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STATE POLICY IN THE SPHERE OF INSURANCE IN THE CONDITIONS OF MARTIAL STATE IN UKRAINE

ДЕРЖАВНА ПОЛІТИКА У СФЕРІ СТРАХУВАННЯ В УМОВАХ ВОЄННОГО СТАНУ В УКРАЇНІ

The article examines the features of the formation and implementation of state policy in the field of insurance under martial law in Ukraine. The research methodology is based on the use of systemic and complex methodological approaches, as well as methods of analysis and synthesis, comparative analysis, content analysis of regulatory legal acts and scientific publications. It is determined that the war significantly exacerbated systemic problems in the insurance sector of Ukraine, especially the lack of trust on the part of the population and business, and also created certain prerequisites for accelerated reform of this sector, in particular in the direction of digitalization of state policy. The regulatory and legal support of state policy in the field of insurance is analyzed, the role of key subjects of public administration, in particular the National Bank of Ukraine, in ensuring the stability of its functioning is determined. The international experience of forming and implementing state

policy in the field of insurance and the possibilities of its implementation in Ukraine are characterized. The main results of the study indicate a gradual improvement of the existing regulatory environment, however, the need for more flexible approaches in the formation and implementation of state policy in the field of insurance under martial law is identified. It is proven that in the conditions of Russian military aggression and the introduction of the legal regime of martial law in Ukraine, state policy in the field of insurance has undergone a significant transformation and has acquired the features of an important element of national security in the conditions of existing challenges, risks and threats. It is proven that the further development of state policy in the field of insurance should be aimed at increasing the efficiency of the insurance market, strengthening the financial stability of insurance companies and adapting the Ukrainian insurance system to international standards. Recommendations are substantiated for the transformation of state policy in the field of insurance aimed at supporting the sustainable and safe functioning of this sphere in the conditions of martial law in Ukraine.

Keywords: *public management and administration, state policy, insurance sphere, state policy in the field of insurance, martial law, National Bank of Ukraine, financial system.*

У статті досліджено особливості формування та реалізації державної політики у сфері страхування в умовах воєнного стану в Україні. Методологія дослідження базується на використанні системного та комплексного методологічних підходів, а також методів аналізу і синтезу, порівняльного аналізу, контент-аналізу нормативно-правових актів та наукових публікацій. Визначено, що війна суттєво загострила системні проблеми страхової сфери України, особливо дефіцит довіри з боку населення і бізнесу, а також створила певні передумови для прискореного реформування цієї сфери, зокрема у напрямку цифровізації державної політики. Проаналізовано нормативно-правове забезпечення державної політики у сфері страхування, визначено роль ключових суб'єктів публічного управління, зокрема Національного банку України, у забезпеченні стабільності її функціонування. Охарактеризовано

міжнародний досвід формування та реалізації державної політики у сфері страхування та можливості його імплементації в Україні. Основні результати дослідження свідчать про поступове удосконалення існуючого регуляторного середовища, проте виявлено необхідність більш гнучких підходів при формуванні та реалізації державної політики у сфері страхування в умовах воєнного стану. Доведено, що в умовах російської військової агресії та запровадження в Україні правового режиму воєнного стану державна політика у сфері страхування зазнала суттєвої трансформації і набула ознак важливого елементу національної безпеки в умовах існуючих викликів, ризиків та загроз. Доведено, що подальший розвиток державної політики у сфері страхування має бути спрямований на підвищення ефективності страхового ринку, посилення фінансової стійкості страхових компаній та адаптацію української страхової системи до міжнародних стандартів. Обґрунтовано рекомендації щодо трансформації державної політики у сфері страхування, спрямованої на підтримку сталого та безпечного функціонування цієї сфери в умовах воєнного стану в Україні.

Ключові слова: *публічне управління та адміністрування, державна політика, сфера страхування, державна політика у сфері страхування, воєнний стан, Національний банк України, фінансова система.*

Problem statement. With the beginning of the Russian invasion of Ukraine on February 24, 2022, in accordance with Presidential Decree No. 64/2022 of February 24, 2022, martial law was introduced in Ukraine, which provides for the possibility of restricting the constitutional rights and freedoms of a person and a citizen, the rights and legitimate interests of legal entities in accordance with Article 8 of the Law of Ukraine "On the Legal Regime of Martial Law" [13].

It is obvious that russian military aggression against Ukraine causes significant destruction, damages property and infrastructure, and causes crisis phenomena in the economy. It is natural for individuals and legal entities to seek to avoid losses caused by external circumstances in advance, which undoubtedly include war. Universal methods of minimizing risks traditionally

include insurance, which is an important element of the state's financial system and one of the key mechanisms for protecting the property interests of citizens and business entities.

Therefore, the relevance of the study is due to the need for a comprehensive analysis of the features of the formation and implementation of state policy in the field of insurance in the context of martial law introduced in the country.

Analysis of recent research and publications. The peculiarities of the functioning of the insurance market, state regulation and supervision of the activities of participants in the insurance market, protection of the rights and legitimate interests of clients, including in the conditions of Russian military aggression against Ukraine, were studied by such Ukrainian scientists and experts as Berezhna D., Burel L., Duma V., Zhytar M., Zalevska O., Kalugar A., Kondratenko K., Kucherivska S., Marina A., Martsenyuk O., Machuska I., Petsenko M., Pokorchak S. and others [1; 3; 4; 5; 6; 7; 8; 9; 10; 12].

At the same time, despite numerous scientific studies, special attention needs to be paid to the substantiation of directions for the modernization of the regulatory and legal framework, the search for optimal state policy instruments that would take into account the specifics of the functioning of the insurance sector under martial law in Ukraine.

Research objectives. The purpose of the study is to determine the features of the formation and implementation of state policy in the field of insurance and to substantiate the directions of its improvement under martial law in Ukraine.

Presentation of the main material. In modern conditions, when Ukraine is in a state of full-scale war, the role of the insurance market is significantly increasing, war and hostilities make fundamental adjustments to the functioning of the insurance sector, and war risks, destruction of infrastructure, reduced economic activity and uncertainty create new challenges for the functioning of the insurance sector. Martial law conditions require adaptation of legislation, development of new insurance products and introduction of special support programs. That is, state policy in the field of insurance should be aimed at ensuring the stability of the insurance market, protecting the rights

of policyholders, increasing the financial stability of insurance companies and creating effective mechanisms for covering risks [4; 5; 7].

The general principles of the functioning of the insurance market and the activities of its participants, the features of state regulation and supervision of activities in the insurance market, as well as the protection of the rights and legitimate interests of clients are regulated by the relevant provisions and norms of the Law of Ukraine "On Insurance", according to which the purpose of state regulation and supervision is to ensure compliance of insurance activities with the legislation of Ukraine in order to protect the rights and legitimate interests of clients (including consumers, policyholders, insured persons and beneficiaries), and the regulator of the insurance sector is the National Bank of Ukraine [15].

Priority areas of supervision by the NBU during martial law in Ukraine are: compliance by insurers with the requirements for proper and timely disclosure of information about their financial condition; submission of regulatory reporting; disclosure of information on compliance with financial regulations; compliance by insurers with mandatory regulations for the implementation of risky activities; proper fulfillment by insurers of obligations under concluded insurance contracts; operational monitoring of critical indicators of insurers' activities (cash-flow); specialized research on the purchase and sale of government bonds and government bonds [14].

Therefore, the National Bank of Ukraine, in accordance with the legislation, must actively make efforts to properly regulate the activities of the insurance market and implement an effective supervision system by promoting the protection of consumers of insurance products and services by increasing market transparency and stability of insurance companies. And in the conditions of martial law in Ukraine, state policy in the field of insurance is a system of economic, legal and organizational measures aimed at regulating the activities of the insurance market and ensuring its stable functioning.

It is obvious that the introduction of martial law in the country due to Russian military aggression significantly affected the activities of the insurance market, because hostilities, destruction of property, forced migration of the population and reduction of economic activity created significant economic

difficulties for insurers and insured [8; 9].

Thus, Ukraine's direct documented losses due to military actions, according to experts with the participation of the Kyiv School of Economics, as of mid-2025 amount to about \$176 billion (losses of housing stock, damaged and destroyed airports, bridges, highways, enterprises, energy, etc.). At the same time, according to estimates by the World Bank Group together with the Government of Ukraine, the European Commission and the UN, the costs of rebuilding Ukraine reached \$486 billion as of December 31, 2023. And after the start of a full-scale war in Ukraine, only individual insurers among 60 insurance companies provide coverage for military risks, which is due to the high probability of risks occurring, the difficulties of reinsurance on the international market, etc. [3].

Moreover, according to experts, war risks will remain relevant even after the end of active hostilities due to prolonged demining (5–10 years) and security implications. The market does not plan to exclude them in the near future, although it is possible to clarify the conditions or limits for certain threats, such as missile strikes. In insurance against war risks, insurers will continue to seek a balance between protection and the realities of war. Comprehensive programs, remote services and tariff stability are answers to the challenges of unpredictability, geography and resources [1; 12].

Despite the above, since the beginning of the full-scale invasion, the insurance market has gradually adapted to the requests of business and the population for coverage against war risks and has begun to provide limited coverage for certain categories of insurance objects - movable property (mainly motor vehicles) and real estate objects.

Thus, the number of concluded insurance contracts covering war risks for the period 2022-2025 amounted to more than 77 thousand, the total insured amount under property insurance contracts and CASCO with war risks coverage amounted to UAH 26 billion, and the total insured amount for war risks coverage, which was created thanks to international cooperation, amounted to \$ 200 million [3].

That is, the martial law introduced in Ukraine led to an increase in risks for insurance companies, a decrease in demand for some types of insurance,

the need to adapt insurance products to new conditions, and an increase in the importance of war risk insurance. In addition, martial law became a factor that changed the conditions for the functioning of the insurance sector, the development of which was negatively affected by economic losses, the relocation of enterprises, the temporary occupation of territories, and a decrease in population incomes.

In general, the war significantly affected the insurance sector, as it became difficult to predict all insured events, insurance risks increased significantly, and some international insurance companies left the Ukrainian market. However, despite the introduction of martial law and the occurrence of force majeure, insurance companies continue to operate and fulfill insurance contracts in accordance with the law. They are also obliged to reimburse the amounts specified in the contracts in the event of an accident, property damage, etc.

That is, war, martial law, destruction from shells, bombs, artillery, burning of cars by occupiers, confiscation of property by the occupying authorities, other unlawful actions in the occupied territories and everything related to this are risks that are not covered by insurance contracts. However, even in conditions of martial law, the contract with the insured is valid, because if, for example, a fire broke out in the insured property not due to military actions, the right to compensation for losses under the insurance contract is preserved.

It should be noted that the main changes in the insurance sector under martial law in Ukraine affected the following areas:

- transition to an online format, that is, most policies can now be purchased online (until February 24, 2022, they had to be issued only in paper form): green card, CASCO, civil car insurance, etc. Insurers are increasingly offering clients a simplified procedure for filing cases, for example, without calling the police (due to the impossibility of sometimes doing so);
- deferral of payments until the situation stabilizes (in specific individual cases);
- significant complication, and often the impossibility of recording insurance cases in areas of combat operations and in occupied territories, because the fact that martial law is in effect in the territory is not a reason for

refusing insurance payments [6].

And among the key challenges to the functioning of the insurance sector under martial law in Ukraine are: lack of data for the development (improvement) of insurance products; limited equity capital of insurers; insufficient capacity of the insurance market; low demand for insurance; significant amounts of potential losses, etc. [5; 8; 10].

And this situation requires an appropriate response and regulation by the state and the expert and scientific community both at the level of working out practical solutions and at the level of theoretical and methodological substantiation of the directions of transformation of state policy in the field of insurance under martial law.

That is why the National Bank of Ukraine developed a short-term and long-term concept of supporting the insurance sector under martial law and post-war reconstruction of the country [3].

Thus, a short-term solution to cover war risks during the war provides for partial compensation for losses to property of business entities damaged or destroyed as a result of armed Russian aggression, as well as partial compensation for insurance premiums under insurance contracts against war risks.

A long-term model of protecting business entities against war risks after the end of the war provides for the development of the following possible options [3].

Option 1. The model of state support (compensation) provides:

- insurance against war risks is provided at the expense of the state/donors/etc. funds without creating a separate institution (State Agency) and without involving insurers;
- the state can compensate part of the insurance premium under property insurance contracts concluded by citizens and businesses with property insurance contracts.

Option 2. Mandatory separate target payment (following the example of Israel):

- the state covers the war risks of the population and business at the expense of a specially formed fund, which is replenished at the expense of

mandatory separate target payments;

- coverage is provided for damaged property within the established limits, to expand coverage, an additional insurance contract can be concluded with private insurers.

Option 3. The model following the example of South Africa, Spain, New Zealand provides:

- coverage of war risks is provided as an addition to the property insurance contract / CASCO;
- insurers are not responsible for war risks themselves, they sell such coverage under the contract exclusively as agents;
- standardized products and prices from a separate institution (for example, the State Agency).

Option 4. Authorized reinsurer following the example of France:

- a specialized reinsurer is created that will provide war risk coverage at the second level after insurers;
- centrally places war risks on the international market (when international reinsurers return to cover risks in Ukraine) [3].

In general, in most countries of the world, insurance claims are always paid, except for force majeure and war, which is a classic exception to the insurance rules, under which there are no payments, which is primarily prescribed in insurance contracts.

It should be noted that after the launch of the experimental program (temporary solution) proposed by the Ministry of Economy, the NBU, with the participation of all stakeholders involved, plans to finalize a systemic solution to build a long-term model for covering war risks. Currently, the NBU will conduct constant monitoring of the existing demand for war risk coverage by including a question on the need (needs) for war risk insurance in the quarterly survey on business expectations of enterprises in Ukraine and the regions [3].

As already noted, a significant part of insurance contracts does not cover losses caused by hostilities, which creates a need for special mechanisms for insurance of war risks. In this regard, there is a need to develop new insurance protection instruments for businesses, investors and citizens.

That is why the state must implement a set of measures to develop the

insurance market, in particular by improving legislation, creating a system of war risk insurance, and implementing business support programs under martial law.

Thus, the Cabinet of Ministers of Ukraine adopted an important decision to improve the mechanism of property insurance against war risks - the relevant changes came into force and apply to property that was damaged or destroyed from January 1, 2026 [16].

That is, from January 1, 2026, a new mechanism of property insurance against war risks came into force in Ukraine, which provides for direct compensation for losses for enterprises in front-line regions and partial compensation of insurance premiums for businesses throughout Ukraine.

From now on, compensation is not only for real estate, but also for production equipment (machine tools, devices, tools, devices, etc.) used in the main activity. Also, the compensation limit (10 million UAH for property or 1 million UAH of insurance premium compensation) applies to each legal entity separately, and not to all related persons. It is clearly stated that compensation is provided not only for direct hits by missiles or artillery, but also for shock waves, falling UAVs and debris, as well as for indirect effects of weapons.

State support, as before, provides for two instruments: direct compensation for losses for enterprises whose property is located in high-risk areas (Dnipropetrovsk, Donetsk, Zaporizhia, Mykolaiv, Odessa, Poltava, Sumy, Kharkiv, Kherson, Chernihiv regions, excluding occupied territories) and partial compensation for insurance premiums for businesses in the rest of Ukraine [16].

That is, this decision eliminated unnecessary bureaucracy: businesses no longer need to spend time and money on property valuation just to submit an application, and production equipment was also included in the insurance coverage and the possibility of insurance coverage in case of damage from drones and debris was clearly spelled out, which made the mechanism not only more accessible, but also legally protected for policyholders. It should be noted that direct compensation for losses for enterprises in front-line regions is provided to businesses whose property is located in high-risk areas (Dnipropetrovsk, Donetsk, Zaporizhia, Mykolaiv, Odessa, Poltava, Sumy,

Kharkiv, Kherson and Chernihiv regions, excluding occupied territories). The maximum amount of compensation is up to UAH 10 million (including related parties), but not more than the amount of actually confirmed losses. Participation in the program is voluntary and involves the payment of a one-time contribution of 0.5% of the total amount of probable damage for damage/destruction of all property declared prior to participation in the program for compensation for damage/destruction of property.

Enterprises throughout Ukraine can receive compensation for part of the insurance payment under property insurance contracts against war risks concluded with insurance companies.

The state compensates for the part of the insurance tariff exceeding 1% in the amount of up to UAH 1 million for each contract. For example, if the tariff of the war risks insurance policy is 6%, the state compensates for the difference - 5%, but in an amount not exceeding UAH 1 million. For participation in the program for compensation of insurance premiums, an enterprise pays a contribution of UAH 5 thousand to the account of the Export Credit Agency when submitting each application [11].

Unfortunately, in fact, as of mid-March 2026, the above-mentioned program for compensation for business property losses and insurance premiums from war risks, which was previously requested by the business itself, has collected only 13 applications since the beginning of the year, 3 companies were admitted to participate, and only 4 applications for participation were submitted for compensation for insurance premiums [2].

That is, the state program of partial compensation for property losses of businesses and insurance premiums under insurance contracts against war risks shows disappointing results and requires appropriate changes. Despite the measures taken by the state, the insurance system of Ukraine faces a number of problems such as insufficient development of war risk insurance; limited financial capabilities of insurance companies; high level of economic uncertainty; low level of public trust in insurance institutions, etc.

Thus, state policy in the field of insurance plays an important role in ensuring the stability of the financial system of Ukraine. In modern conditions,

the importance of the insurance sector is significantly increasing, since it provides an appropriate mechanism for compensating for losses of the population and business and supports economic activity in conditions of martial law.

Conclusions. Thus, the introduction of martial law significantly changed the nature of state policy in the field of insurance, causing a transition from classical regulatory approaches to anti-crisis ones, which are characterized by increased centralization of insurance decisions, as well as the expansion of discretionary powers of public authorities in this area. State policy should be aimed not only at compensating for losses, but also at forming a sustainable, innovative and socially oriented insurance system, and the implementation of such an approach will create the basis for the sustainable development of the insurance sector and the effective recovery of Ukraine in the post-war period.

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