

[DOI: 10.20472/IAC.2016.024.042](https://doi.org/10.20472/IAC.2016.024.042)

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GEORGIA'S SOCIAL INSURANCE SYSTEM: REALITY AND PROSPECTS

Abstract:

Actuality. Organization of social security system serves the aim – Living and quality standards of population should be ensured by redistribution of national income, by realization of social solidarity principle for disabled and low income population. Deepening the problems of social security, usage different forms of protection system has made the issue about improving social security system as a central part of economic research.

Usage of social insurance for compensation of losses received from social risks has not been fully formed in Georgia. Social insurance is an important element of the financial system, social security system of population and insurance industry, which brings together the interests of the citizens of any country. Its qualitative and quantitative characteristics create idea about social, economic, legal and cultural level of society.

The object of the research is the social insurance system of Georgia, economically strong, democratic and legal state building perspective greatly depends on effective functioning of above mentioned system.

The aim of the research. The aim of the research is studying of existing problems in social insurance system and ways of improvement.

Research Methods. During the research, due to practical importance and complexity of the problem, it has been used systemic, historical and logical generalization methods. Also it has been used scientific abstraction, methods of analysis and synthesis.

Conclusion. The findings and results from the survey will help to eliminate existing problems in social insurance system of Georgia and will raise efficiency.

Keywords:

insurance, insurer, social insurance, universal insurance.

Georgia's Social Insurance System: Reality and Prospects

Introduction. Organization of social security system serves the aim – Living and quality standards of population should be ensured by redistribution of national income, by realization of social solidarity principle for disabled and low income population. Deepening the problems of social security, usage different forms of protection system has made the issue about improving social security system as a central part of economic research.

Usage of social insurance for compensation of losses received from social risks has not been fully formed in Georgia. Social insurance is an important element of the financial system, social security system of population and insurance industry, which brings together the interests of the citizens of any country. Its qualitative and quantitative characteristics create idea about social, economic, legal and cultural level of society.

Theoretical part. Social, political and economic transformation processes actively requires new vision of social policy. Social issues have become a priority for government agencies, because without improving the social situation, discreditation of market relations will be unavoidable in population. It is advisable macroeconomic regulation of population's social security system and state support programmes of disabled population. In addition, problems like public health and social security, employment and migration, fertility and mortality, education and so on, can not be considered separately from macroeconomic objects of regulation. One of the most difficult field of macroeconomic regulation of social security system is pension maintenance.

Existing situatuin in Georgia. Ensuring of social stability in Georgia without active involvement of state is unimaginable. In Eastern Europe regulation of labor relations was one of the most important directions of macro economic regulation. Representatives of the London School of Economics David Fretwell and Richard Jackmann think that state should perform function of mediator through legal institutions, which means formation of parity relations between employers and trade union through labor law. As for working conditions and safety issues, this is the part of state social policy and should be implemented through state supervision. (Balcerowicz, 2004)

In every historical moment state should properly identify optimal sectoral structure, which is related to formation of social security, education, employment, health care and other social institutions. We think that it is necessary to create modern social insurance system, which on the new methodological basis, in short period of time, with the aim of fast and important results, will implement fundamental transformations. Leszek Balcerowicz believes that in conditions like this, for adequate functioning of system, it is necessary: studies of social security conditions, its priorities, determination of medium and long term perspectives; evaluation of market realibility, economic development, demographic and other conditions; creation of social securury schemes, which describes ongoing processes in the country, promotion of private and insurance systmes by state, wide usage of international experience in social field. (Balcerowicz, 2004)

On the way of reform strategy realization one of the most serious obstacle is inappropriate information of population, which requires maximal simplification of events. Investments and human capital is very important for strategy success.

Currently social security is implemented by four main forms:

- Universal pension and assistance, which is given to all citizens after reaching relevant age, it depends on income, work experience and on adequate living standards;
- Universal social security system, when in case of necessity aged people receive assistance on the basis of financial situation assessment;
- Social insurance system, under which pensions are given to insured aged people and its amount depends on number of working years or on paid contributions;
- Providential (pre-determined) saving fund – pension is determined by annual contributions and by accumulated interest.

One of the priorities of social policy regulation is ensuring of unprotected society with minimum living wage and minimum state guarantees. Therefore, it is advisable to:

- Improve legislation;
- Form modernization strategy of economy;
- Attract and place investments in social infrastructure;
- Support socially vulnerable groups of population;
- Protect environment;
- Transfer social security systems insurance principles

Social insurance is considered as guaranteed social security of insured, aged, disabled, pregnant and childbirth people, also in case of children rehabilitation.

Research Methods. During the research, due to practical importance and complexity of the problem, it has been used systemic, historical and logical generalization methods. Also it has been used scientific abstraction, analysis and synthesis methods.

Conclusion. International experience suggests that only creation of branching system of social insurance gives only preconditions of specific needs of particular groups of population and social insurance balances. Social insurance must be carried out in a mixed form in order to give people the right to choose. Improved methodology of social insurance functioning has not been implemented in Georgia, up today has not been created developed mechanism of social insurance system where would be clearly defined priorities of insurance activities.

In Georgia market economy system was formed in difficult social and economic conditions. Population was accustomed that any kind of problem would be solved by the state, so from the side of individuals, awareness of the problem and impact on it was impossible. The content of social risks is not comprehended up today, also its impact factors on standards of living and it goes without saying that fight against the

problem without knowing the reason will not have the result. In Georgia many type of social risks appeared in the same time and classification of it in a right direction is the step forward in formation of social security system of population. Nowadays social insurance and social assistance have leading positions, which itself foresees different compensations and services. It should be mentioned that country's social security can not be achieved only through the efforts of the government. Stability of social system needs active support of population.

Literature review: While preparing the article author used next literature: Balcerowicz I. Freedom and Development, Tb., 2004; Vekua D., Vekua I. Ways and directions of macroeconomic regulations of social insurance system in Georgia, Tb., 2013; The law of Georgia about insurance, Tb.,1997; Shatirishvili J, Kakashvili N. „Insurance”, Tb., 2012 <http://insurance.gov.ge/>, Especially was used Vekua D., Vekua I. Ways and directions of macroeconomic regulation of social insurance system in Georgia, Tb., 2013, where authors discuss in details ways and directions of macroeconomic regulations of social insurance system, also laws about „Insurance”, „Non-state pension insurance and security” were used in the article.

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