NOVATEUR PUBLICATIONS
JournalNX- A Multidisciplinary Peer Reviewed Journal
ISSN No: 2581 - 4230
VOLUME 10, ISSUE 4, April -2024

INSURANCE OF RISKS OF IMPLEMENTATION AND FINANCING OF INVESTMENT PROJECTS

Shodiboyeva D. F.
Teacher of the Department of Valuation and Investments

Abstract:
The article presents the risks regarding investment and investment activities. Types of insurance considered investment risks, the main provisions of the insurance agreement, the concept of investment risks and cost factors are given development of investment risks.

Keywords: investment, investment risks, investor, insurance, national economy, investment policy, financial privilege, financial flows, investment project, administrative privilege, infrastructure, efficiency, economic indicators.

INTRODUCTION

When implementing an investment project, you can observe a large number of different transactions made both between different participants or investors, and between participants and investors. Each transaction imposes corresponding obligations on the parties who entered into it under certain conditions.

Contracts may contain many different conditions and obligations. It is obvious that transactions carried out within the framework of objectively existing risk systems, depending on the nature of the conditions and obligations assumed, can both strengthen and weaken the possibility of various events occurring, i.e. increase or decrease the risks of transaction participants. However, it is especially important to note that when developing various conditions and accepting obligations, there is not always a distribution or redistribution of risks between the contracting parties, and sometimes when certain conditions are included, an overall reduction in risk for both parties can be observed.

This occurs when organizational, financial or other special mechanisms are included as mandatory in the implementation of the project, causing an increase in the quality of project implementation and strengthening control over financial flows, measures to protect against the occurrence of various unfavorable situations, etc. In this regard, insurance must be considered as the most important mechanism for reducing the risks of participants and investors. However, a problem arises: Russian insurance companies are not yet seriously involved in this matter, and it is unlikely that project participants or investors will be able to insure their risks on acceptable terms. The selection here is not accidental, because what is considered acceptable in such cases and what is not is not easy to determine. Let us take a closer look at three problems encountered in this area of insurance activity.

Three problems of project insurance:

Firstly, insurance against the risks of project implementation and financing is quite difficult to organize correctly. After all, insurance activities are licensed. The current procedure, for example, stipulates that in order to obtain a license, an insurer that has passed state registration (at the registration chamber)

must submit the following documents to the Department of Insurance Supervision of the Ministry of Finance.[1]

— a program for the development of insurance operations for three years, including the types and volume of planned operations, maximum liability for individual risk, conditions for organizing reinsurance protection;

— rules or conditions of insurance by type of operation, certificates from banks or other institutions confirming the presence of authorized capital, reserve or similar funds;

— statistical justification of the applied system of tariffs, rates and reserves.

Moreover, it should be taken into account that the insurance supervision department has quite serious rights to exercise control over the activities of insurance companies, including conducting audits of their financial and economic activities.

It is obvious that preparing the above and similar documents is not a simple matter for insurance companies, especially when developing a new segment of the insurance market associated with the implementation and financing of investment projects.

Secondly, there are difficulties associated with an objective assessment of the actual practice of project implementation. It cannot be said that the practice of this activity in Russia is very rich. But it is not systematized deeply enough. Under these conditions, it is hardly legitimate to talk about a representative statistical base for the implementation of investment projects, which insurers could use as the basis for their system of tariffs, rates and reserves.

Thirdly, to insure the risks of implementing and financing investment projects, it is necessary to carry out appropriate methodological developments, which can form the basis of actuarial calculations (During actuarial calculations, the costs required to insure the seabed object, the cost and cost of the service provided by the insurer to the insured, are determined, as well as the share of participation of each insurer in the creation of the insurance fund, i.e., the size of tariff rates.In a more generalized form, actuarial calculations can be represented as a system of mathematical and statistical laws governing the relationship between the insurer and policyholders).

Determining the costs required to insure a bottom object is one of the most difficult and responsible moments in the activities of an insurer. The role of actuarial calculation is very important in the insurance business. On the one hand, it allows you to determine the cost of the service provided by the insurer, and on the other hand, with its help, conditions are created for a comprehensive analysis and disclosure of the reasons for economic, financial and organizational successes or shortcomings in the activities of the insurance company.

Actuarial calculation allows you to determine the amount of insurance premiums under the contract. The amount of these contributions involves measuring the risk accepted by the insurer. The actuarial calculation also includes the calculation of the amount or share of expenses for conducting business on servicing the insurance contract.

Consequently, in order to establish in Russia, in practical terms, insurance for the risks of implementing and financing investment projects, domestic insurance companies need to find an opportunity to sufficiently solve all three of the above problems in order to obtain a practical opportunity to carry out insurance.

[1].Shakhov V.V. Introduction to insurance: Textbook. allowance. — 2nd ed., revised. and additional M.: Finance and Statistics, 2001. P. 89.

Is this possible in the near future? There is reason to believe so. Let's consider some key aspects of the practical solution to these problems. It should be immediately noted that these problems are not completely independent. There is a logical sequence to their rational solution. Perhaps the initial problem with which to begin is to conduct an objective assessment of actually existing practice.

LITERATURE REVIEW

When using insurance, it is very important to consider the types of risks which are not worth insuring. We can suggest the following classification of types of risks of investment activities, minimized by other methods:

- acceptable risks that are compensated by self-insurance in the form of reservations;
- speculative risks that are compensated by diversification;
- completely unidentifiable risks (from an economic point of viewvision);
- difficult risks due to financial and organizational problems insufficient development of insurance risk management;
- rare risks;
- political, military, terrorist, social and environmental risks;
- major systematic risks that are neutralized favorable climate through government regulation;
- catastrophic risks that are compensated by the state orparastatals;
- new risks that are only included in the management process.

Investment risk is the risk of loss investments, failure to receive full return from them, depreciation over time time of initial investment. In other words, under investment risks are understood as the property interests of investors associated with preserving their deposits from the risks of their destruction, depreciation or total loss.[2]

ANALYSIS AND RESULTS

In investment insurance, determining the costs of insuring objects seems to be a very difficult task. As noted earlier, to determine the amount of insurance payments required to be paid under the contract, an insurance (actuarial) calculation should be drawn up. In this case, a mandatory condition is put forward: the amount of insurance payments presented for payment must be based on a careful measurement of the risk accepted by the insurer.

Accordingly, the main tasks of actuarial calculations for any type of insurance, including investment, are the following:

— research and grouping of risks within the insurance population, i.e. fulfilling the requirement for scientific classification of risks in order to create a homogeneous subset within the overall insurance population;

— calculation of the mathematical probability of the occurrence of an insured event, determination of the frequency and severity of the consequences of damage both in individual risk groups and in the insurance population as a whole (One of the specific features of investment insurance is that in mathematical calculations it is necessary to use data other than data obtained from previously accumulated statistical observations, and expert assessments.);

[2] Bolshakov S.O.Insurance of investment risks. International scientific and practical online journal “PRO-Economy” Number 8, 2018 (August) 1-6 pages

— mathematical justification of the necessary expenses for conducting business by the insurer and forecasting trends in their development;

— mathematical substantiation of the necessary reserve funds of the insurer, proposal of specific methods and sources of their formation.

When solving these problems, the following important features related to the practice of insurance should be taken into account:

- the probabilistic nature of the events being assessed (It must be taken into account that an insured event is not an object of insurance. This object is a risk. The risk is realized through the occurrence of random events or phenomena that give rise to an insurance relationship.), which is reflected in the amount of insurance payments required for payment ;

— in some years, the general pattern of the phenomenon manifests itself through a mass of isolated random events, the presence of which implies significant fluctuations in insurance payments submitted for payment;

— calculation of the cost of services provided by the insurer in relation to the entire insurance coverage;

— the need to allocate special reserves at the disposal of the insurer, determining the optimal size of these reserves;

— forecasting the reversal of insurance contracts, expert assessment of their value;

— study of the loan interest rate and the trend of its change in a specific time interval;

— the presence of complete or partial damage associated with the insured event, which predetermines the need to measure the magnitude of its distribution in time and space using special tables;

— compliance with the principle of equivalence, i.e. establishing an adequate balance between the insurer's payments, expressed in the sum insured, and the insurance coverage provided by the insurance company thanks to the insurance payments received;

— identification of a risk group within a given insurance population.

When organizing actuarial calculations related to investment insurance, it is necessary to provide for the solution of some general issues. These include: determination of the net premium (Net premium is the part of the insurance premium that is necessary to cover insurance payments for a certain period of time for a given type of insurance. Its value depends on the development of risk.

The net premium will be equal to the risk premium in cases where there is a systematic development of risk. However, since the insurance premium is the average size of these payments, positive and negative deviations are possible. To compensate for possible deviations, a guarantee (stabilization) bonus, risk premium and business expenses are added to the risk premium.

It should be taken into account that, despite the methodological unity of all actuarial calculations, the practice of their implementation allows for various options associated with the specifics of individual types, subtypes and industries of insurance. In general, there is a certain dependence of the practice of these calculations on the specific type of insurance, the chosen security system and the method of insurance, and investment insurance is no exception.

CONCLUSION

In conclusion, it can be noted that, although Russia has generally favorable conditions for large-scale implementation of investment projects, the risks of their implementation and financing cannot be underestimated. It is necessary to effectively manage these risks by creating adequate systems, and in

this matter, investment insurance should play a significant role. The faster and better this segment of the Russian insurance market is developed, the more active domestic and foreign investors will be able to develop. As for managing the risk of implementing and financing investment projects, this will have to be mastered by all participants in the implementation and financing of projects, including insurance companies.

In domestic practice, investment insurance has not received Currently due development due to:

- lack of the necessary regulatory and legislative framework for investment insurance;
- insufficiency of own capital to accept liability for major risks;
- underdeveloped infrastructure that guarantees high-quality pre-insurance examination of investment risks;
- lack of experience and qualified personnel.

At the same time, insurance of investment risks is promising and priority type of insurance protection participants in foreign economic activity.

REFERENCES

1.Bulletin (2018) Economy of Uzbekistan. Information and analytical bulletin for January-December 2017. T .: Center for Economic Research 2018.

2. Bulletin (2019) Economy of Uzbekistan. Information and analytical bulletin January-December 2018. T .: Center for Economic Research 2019.

3. Constitution (2014) Constitution of the Republic of Uzbekistan - T.: “Uzbekistan”, 2014.

4. Gromova A.S. (2013) Evaluation of the effectiveness of the functioning of special economic zones in the Russian Federation / A. S. Gromova, S. V. Kuskova // Bulletin of Siberian Science. - 2013. - No. 3 (9). - [WITH. 132-139].

5. Igonina L.L. (2005) INVESTMENT. Tutorial. M.: Economist, 2005 .-478

6. Kasyanenko T.G., Maksovikova G.A. (2009) INVESTMENT. Tutorial. M.: Eksmo, 2009 .-- 240 s.