

# Improving Risk Management and Insurance Mechanism in the Activities of Enterprises

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## **Abstract:**

In this article, information was given about the risks of business activity in the process of changing and diversifying the production, and the development of scientific proposals and practical recommendations for further improvement of their production and ensuring its production.

**Keywords:** insurance market, risk insurance mechanism, analytics, combination, insurance object.

## **Introduction**

The President of the Republic of Uzbekistan, Shavkat Mirziyoyev, in his Address to the Oliy Majlis, made the following comments on the fundamental reform of investment activity: "We all understand well that any reform and change cannot be implemented without a stable economy. We have started extensive work on this over the past year. But we still have many tasks ahead of us in order to strengthen our national economy and bring our country to the ranks of developed countries<sup>1</sup>.

In order to operate successfully in the conditions of the market economy, enterprises must know effective management methods in the course of their activity, be able to determine the limits of risk, and be able to choose the most optimal of the available options. This is determined by his business ability and requires a certain level of knowledge and skills from each manager.

Accounting and evaluation of economic risk in the conditions of market relations acquires independent theoretical and practical importance as an important component of management theory

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<sup>1</sup>Address of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis// Xalq sozi, December 23, 2017.

and practice. Most management decisions are made in risky situations due to the lack of complete information, conflicting ideas, probabilistic elements and many other factors.

### **Background of the research**

This issue was studied in the scientific works of foreign economists A. A. Alekrinskaya, S. N. Asabina, Yu. S. Bugaev, K. G. Voliy, V. A. Sukhov, K. B. Turbina and other scientists in the study of the insurance system of their enterprises. .

In the works of economists such as H. Sobirov, M.A. Mirsadykov, D.M. Abdusattarova, O.G. Ikromov, H.M. Shennaev, B.B. Ashrafkhanov, H. Boev, A.A. Yadgarov in the field of insurance in Uzbekistan is also covered.

### **Statement of the Problem**

In risk management in enterprises, first of all, the types of risks that may occur are determined, they are analyzed and the level of possible damage is determined. At the next stage, risk prevention, risk reduction or insurance measures are developed and methods of its management are selected. At the last stage, measures will be taken to compensate for the damages, analyze the consequences and eliminate them.

In general, risk management allows the entrepreneur to use resources more rationally, distribute responsibility, improve the results of the firm's activities, and ensure its safety from the effects of risk.

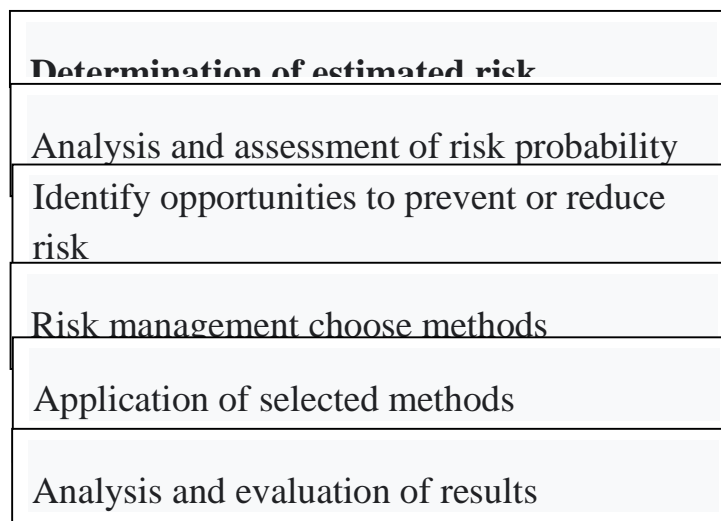
In the process of risk management, the main focus is on the assessment of business risk.

Risk assessment is a quantitative or qualitative assessment of the level of risk.

Determining the estimated probability of risk can be done in different ways. In the scientific literature, there are 4 methods of assessing business risks:

1. Statistical method;
2. Expert method;
3. Analytical method;
4. Combined method.

Risk management and identification consists of several complementary steps (Figure 1).



**Figure 1. Risk management process**

Statistically, the level of risk events and losses incurred as a result of several years of activity of the enterprise and other similar enterprises in the network is studied.

The expert method takes into account the opinions, accurate calculations and descriptions of highly qualified specialists with high work experience and who are considered experts in this field.

In the analytical method, the level of risk is assessed using economic-mathematical methods, situational business games and models in the theory of probabilities.

The combined method is carried out by using all of the above methods or several of them.

In the process of solving business risks, the entrepreneur faces the question of choosing one of the available methods, that is, the one that meets the requirements. For this, the entrepreneur must analyze all the circumstances. The accuracy of business risk assessment and calculations depends on the expertise of specialists and the situation they are dealing with.

One of the most effective ways to transfer risk associated with enterprise activity is insurance. In insurance, the risk of risks that may arise due to the production, commercial, financial activity or natural factors of the enterprise is transferred to the insurance company on the basis of a contract in return for a certain fee. If the enterprise suffers a loss as a result of some type of risk, the major part of the loss is covered by the insurance company based on the insurance contract.

The following may appear as an insurance object:

- insurance of enterprise assets against damage, failure, fire and other natural disasters, i.e. property insurance;
- insurance of goods received and sent by the enterprise;
- non-return of borrowed funds, i.e. credit risk insurance;
- insurance of pledged property;
- insurance of employees against accidents in the production process, etc.

Insurance, especially during the period of development of market relations, creates conditions for economic entities to protect their means of production and labor tools from various unforeseen circumstances, financial and financial protection, and to focus their attention more on the problems of competition in the production process.

### **Statement of the Problem**

The article describes the risks of enterprise activity and their further improvement of insurance, the economic relations that arise in the process of improving the mechanism of insurance of risks related to production in the activity of agricultural enterprises.

### **CONCLUSION**

The insurance system is a unique, socially oriented stabilizing mechanism that contributes to the development of the national economy. It has a positive effect on macroeconomic stability in the country and reduces the level of influence of various negative factors.

The formation of a modern and stable insurance market, a component of the market infrastructure of the insurance system, has become a real protection mechanism for the interests of citizens, business entities and the state. Taking into account this situation, the Cabinet of Ministers of the Republic of Uzbekistan is implementing complex measures in our country to form financial resources of insurance organizations, expand their activities in the capital market, include insurance organizations as large joint-stock companies in the stock market listing, and increase the volume of insurance services.

The study of this system is one of the urgent tasks of today, as the insurance system is becoming an auxiliary link of today's economy and protects all insured economic entities and citizens equally without using budget funds. Earlier, there was a single state insurance organization in our republic, but due to independence, several insurance companies were established and they operate on the basis of competition in the insurance market.

In conclusion, it can be said that it is appropriate to implement the following in order to improve the system of insurance of risks in the activities of agricultural enterprises:

- taking into account the risks of enterprises and developing separate new insurance definitions for them;
- wide implementation of compulsory civil liability insurance of employers in social protection of employees working in enterprises;

proper implementation of promotion and explanatory work in the field of compulsory civil liability insurance of employers in the field of social protection of employees working in agricultural enterprises;

- the company should take the initiative in timely and permanent compensation of the damage caused to the enterprises operating in the enterprises and their employees, and thus the companies should become a reliable partner.
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