



Necessity and methods of classification and insurance of business risks

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ABSTRACT:The article reveals the essence of the risks associated with entrepreneurial activity, based on common signs, sources of manifestation and causes of occurrence divided into groups and classified, advantages and ways of applying these classifications to insurance are justified.

KEY WORDS: entrepreneurship activity, risk, classification risk, insurance, insurance risk, financial stability.

I. INTRODUCTION

In any business venture, there are certain risks. Risky concerns include risks associated with natural phenomena and risks associated with partners, personnel relationships, and changes occurring in the country of their own country and partners in the business process.

It is impossible to start and implement business without risk. Enhanced competition in the market economy increases the risk. The risk of overcrowding is a failure.

Research has been conducted by many scientists and practitioners to research and analyze this issue in order to minimize the risks of entrepreneurial activity. It is important to first classify it to study risk. Business risk can be classed as follows.

Table 1
Classification of business risks *

| entrepreneurship risk | |
|-----------------------|--|
| 1. | Risks associated with natural phenomena |
| 2. | Production risks |
| 3. | Risks of trade-intermediation |
| 4. | Financial risks |
| 5. | Risks in the service sector |
| 6. | Political and Economic Risks |
| 7. | Risks associated with unlawful acts of third parties |

* The table is prepared by the author

Risks associated with natural phenomena include earthquakes, severe winds, floods, floods, floods, floods, severe frosts, heavy snowfalls, strong winds, hail, droughts, droughts, garms, strong heat, and so on. the loss of property, life, health, employment and income of an entrepreneur.

Risks associated with manufacturing activity for various reasons (interruptions in the supply of raw materials and materials, electricity, gas, coal, etc.) by the suspension of production, market fluctuations, or the loss of raw materials, excessive cost savings, and consequent loss of revenue from product sales, poor qualifications or incompetence of employees technology or means of production as a result of inadequate or inadequate performance of employees, and consequently the suspension of production, various causes for the transport of goods, damage to life and health of workers as a result of natural and accidents at work, the risk of death or illness of a manager or employee who plays an important role in the activities.

Risks associated with trade-intermediary activities are caused by a failure to pay for the goods sold as a result of a change in market conditions or a decrease in the profitability of the goods purchased, the loss of goods for various reasons on the road, loss of solvency of the buyer partners, damage to life and health of employees as a result of natural and other accidents, stable operation of the enterprise plays an important role in the management or staff of possible risks, such as death or illness.

As a result of the insufficiency of turnover due to the financial risks of the financial activity, there is a lack of turnover, losses due to currency fluctuations, excess of costs as a result of the increase in tax rates, loss of value at stock exchange, loss of shares, loss of resources, the lives and health of workers as a result of natural and other accidents. damage is crucial to the sustainability of the organization or the risk of death or illness of a liable officer or employee.

Risk-related services as a result of malpractice or incompetence of employees as a result of material damage to employees, inadequate qualifications of employees or poor organization of work, loss of clients and consequent profits, damage to life and health of employees as a result of natural and other accidents, An indication of the risk of death or illness of an executive or employee who plays an important role mkin.

Political and economic risks include the disruption of political turmoil in a country or business partner where the business or organization operates, the introduction of restrictions on the transformation, the increase in the tax burden, the increase in the refinancing rate of the Central Bank, changes in legislation affecting the activities of the entity or its partner, the establishment of restrictions on exportation of its property from the country, and the increase in customs duties.

The risks associated with the unlawful acts of other persons may be identified by the risk of theft or other damage to the property or funds of an enterprise or organization that has been established in any form and way.

Risk can be categorized as sources of origin and the reasons for its occurrence.

Table 2
Originals and classification of risk due to occurrence *

| | | |
|--|---|---------------------------------|
| Risks by sources of access | | |
| Farm insurances | Personal risk | Risks caused by natural factors |
| Risks for reasons of appearance | | |
| Risks associated with future uncertainties | Risks associated with partners' actions | Insufficient information risk |

* The table is prepared by the author

The complexity of the classification of business risks is their diversity. The diversity of risks and their immediate and indirect impact on the enterprise's operations necessitates a deeper analysis of the causes and contents of their occurrence.

There are some types of risk that affect the entire business sector. However, there are other types of risks that can affect only certain sectors of the business. For example, bank risks are different from insurance risks. Insurance risks vary from business risks to production.

At present the economic theory has different approaches to the classification of risks in entrepreneurial activity and there is no generalized approach. This is because in practice the risk is different. In some cases, it is difficult and difficult to separate specific risks. Based on the synthesis of existing classifications and our own understanding of the issue, we have attempted to systematize business risks and develop a classification that incorporates the most important types of activities, and make recommendations to reduce the impact, or to cover losses incurred by using the insurance system.

Table 3
Classification of business risks *

| | |
|---|---|
| Risks of entrepreneurial activity | |
| External or systemic risk | Natural, Political, Tax, Environmental, Inflation, Rates, Interest, Currency, Deposit, Criminogen |
| Internal or non-structural: I. Risks of business-commercial activity II. Risks of financial-investment activity | I. Expression; resource; commerce; technical-organizational. II. Decrease of financial stability; risk of losing money; insolvency; loan; bankruptcy; operating; investment; innovation. |
| By the time of occurace | 1) retrospective risks 2) current risks 3) perspective risks |
| Probability of facial expression according to the degree of damage | 1) average risks 2) high level of risks |

| | |
|-----------------------------------|---|
| On a specific subject | 1) Risk of special operation 2) Risks of various activities 3) general risks of the enterprise |
| By the complexity | 1) Simple risk 2) complex risk |
| Financial outcomes | 1) Risks leading to economic loss 2) Risks leading to loss of profit 3) the risks of loss of financial losses and additional income |
| With regard to the nature of time | 1) is continuous 2) temporary |
| Opportunity to forecast | 1) Risks that can be forecasted 2) Risks that are not predictable |
| Insurance possibility | 1) insured risks 2) insurable risks |

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Classification of risk factors can be done by different criteria. Entrepreneurial activity is a reference point for the selection of the risk classification system for risk allocation to the systematic and non-systematic types of risks, and the choice of risk management strategies. This classification can be universal regardless of the size or size of the company and the level of management. Risk factors for entrepreneurial activity can be divided into external and internal factors. External factors arise regardless of the business entity's activities. These factors are relevant to all types of entrepreneurial activity.

External factors have a significant impact on the degree of risk of entrepreneurial activity in the country's average level of development. Stable political situation in the current business environment; proper distribution of powers between republican and local authorities; the state of the barriers to movement of capital and goods; changes in tax rates; Changes in banks' loan rates; changes in currency circulation; changes in the procedures for conducting foreign economic activity; changes in tariffs for natural monopoly products (electric power, gas, etc.); changes in tariffs for transportation of goods by railway and other vehicles, etc.

In our opinion, it is necessary to classify the risks of internal, non-structural or private business. The risks can be grouped as follows:

- Risks inherent in business activities (production and product realization);
- risks related to investment activity;
- Risks associated with financial activities.

Such a grouping provides the methodological basis for the analysis of the business activity (for example, an analysis of the cash flows of an enterprise is within the scope of the business combination).

It should be noted that all risks associated with the economic and financial activities are also insurmountable. The criteria determining the possibility of accepting the risk into insurance are determined on the basis of the nature of the insurance. Risks to be included in the insured risk should have the following ten features:

- the possibility of getting rid of the problem;
- An unexpected occurrence;
- where and when the insurance event is unknown;
- The randomness of the occurrence of a risk is similar to the associated risks, which means that the law of large numbers can be applied to them;
- the ability to objectively measure the consequences of your risk and to be financially viable;
- Your insurance case should not be the result of the actions of the insurer or other interested person;
- should be clear, that is, to a certain type of damage;
- Respectively, it must be subjective, that is, to have a personality with regard to its source and consequences;
- insurance event should not have catastrophic status;
- Insurance protection against corruption should be socially justified.

Although the criteria for the proposed insurance risk are not necessarily accurate, they are closest to reality.

Based on the classification of proposed business risks, it is desirable for us to insure the following risks in the context of business risk insurance:

- risk of failure (or improper performance) by the partner's partner of the contract;
- the risk of interruption (stoppage) of production or commercial activities resulting from a variety of causes;



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- the risk of losing money from the entrepreneur's bank or other financial institution;
- risk of partial or complete loss of real or portfolio investments and income from them;
- Innovation risks - the risk of damages resulting from the implementation of all types of research, project development and scientific and technical innovations;
- the risk of excessive costs of manufacturing and sales of goods (works, services) as a result of unrelated circumstances;
- The risk of loss of property rights of a businessman (property rights, business, property management, lease and other rights) and non-property rights (copyrights, intellectual property rights, trademark rights, etc.);
- Bank risks associated with its operations;
- risk of entrepreneurial damage resulting from inadequate staffing;
- the risk of a businessman's bankruptcy;
- The risk of non-payment of litigation costs.

Taking into account the risk-based insurance activity, it is important to ensure the stability of the insurance company by taking into account the above-mentioned risks the classification and on the basis of which insurance and tariffs are crucial.