

PROCEDURE FOR EMPLOYER'S LIABILITY RISK INSURANCE AND ITS ACCOUNT(On The Example Of Social Infrastructure Organizations)

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Abstract

The article scientifically and theoretically examines issues such as the employer's risk of civil liability in social infrastructure organizations, the importance of risk assessment, accounting of compulsory insurance practices and the participation of insurance companies in these processes. Some problematic situations that may occur in practice are also illustrated using examples.

Keywords: *social infrastructure organizations, accounting, insurance, risk, cost estimates, budget classification, risk assessment, insurance premiums, insurance coverage, budgetary and extra-budgetary funds.*

1. INTRODUCTION

In the context of the global pandemic, the use of funds of insurance companies is not excluded in ensuring that the effects of financial crises are overcome without losses or with minimal losses, in the elimination of losses or shortages of financial resources. According to the European Insurance and Occupational Pensions Committee (EIOPC), even in insurance companies with a high corporate governance culture and a well-established risk management mechanism, risk managers' warnings and recommendations are sometimes ignored. The EIOPC recommended that in times of crisis, risk managers should be able to make priority decisions through top management activities or be included in the Board of Directors. In this process, it is noted that it is expedient to limit the corporate level of risk by setting a normative limit of risk. [1]

The first lessons of the crisis in the context of the global pandemic show that no matter how severe its consequences, the effectiveness of its financial and economic recovery can be higher if the optimal solution of the problem is developed and implemented at the state, sectoral and corporate levels.

In the context of constant integration and globalization of economies, the role of compulsory insurance in the international financial system as a factor of stability in ensuring the continuity of production (services, work in social infrastructure organizations) is growing. Therefore, in this process, on the one hand, the change and complexity of risk as an object of compulsory insurance, on the other hand, the improvement of the mechanism of financing, warning, control and accidental losses, the ability of insurance companies to pay, as well as risk assessment and accounting in social infrastructure requires further improvement of the book system. In view of the above, it can be said that this article scientifically describes the procedures for insuring the employer's risk of liability in social infrastructure organizations and its accounting.

2. LITERATURE REVIEW

In social infrastructure organizations, we can recognize as the objects of research the basic concepts that form the basis of the topic, such as compulsory insurance and accounting of employer liability, budget classification, risk assessment, insurance premiums. We will study the scientific interpretations of these concepts in the scientific works of foreign and local scientists and other resources (the Internet).

The normative-legal basis of any activity regulates and balances relations, defines and protects interests. Therefore, we will focus on the legal basis of the content of the article. In particular, the reflection of insurance premiums under the contract of compulsory insurance of civil liability of the employer in the accounting and reporting of social infrastructure organizations in Uzbekistan is regulated by separate regulations. A number of legislative acts, decisions, normative legal acts and instructions on this topical issue have been put into practice. In particular, the Law of the Republic of Uzbekistan on Compulsory

Insurance of Civil Liability of Employers (2009), [2] Resolution of the Cabinet of Ministers of the Republic of Uzbekistan on measures to implement this law (2009), [3] Instruction on application of budget classification (2010), [4] Legal documents such as the Guidelines on Accounting in Budget Organizations (2010) [5] are among them. The adopted normative legal acts clearly define the economic essence of the compulsory insurance of civil liability of the employer, the economic classification of budget expenditures and the scope of the chart of accounts of budget organizations.

Along with the normative and legal documents, it is important to cover the methodological aspects of the issues under study with a clear and scientific basis. In this regard, below we will focus on scientific research conducted by leading experts in the field.

In particular, Ibragimov and Sugirbaev (2010) [6] "Risk assessment (or risk identification) is based on the nature of internal control to ensure that organizations or agencies achieve their goals based on risk analysis. Management assesses risk by introducing controls to reduce risk. Risk refers to the likelihood of negative events occurring in the course of the activities of budget organizations. The classification of risks is diverse and largely depends on the type of activity of budget organizations. Risks can also be divided into operational and audit risk types. Budget organizations use analytical methods in risk management and implementation of procedures. This method is a tool for determining the impact of risks, and includes the creation of a system of insurance risks.

According to Abdurahmanov, Beknazarov, Tursunov (2020) [7], "the successful development of risk management in the insurance system in the country lags behind due to the lack of qualified specialists with modern knowledge and experience in conducting insurance business in accordance with the new requirements."

The International Association of Insurance Supervisors (IAIS) suggested forming.

In our opinion, the terms risk and risk assessment in social infrastructure organizations are new concepts for the industry, and in the current pandemic, risk assessment of any financial transaction carried out by the organization is not harmful at all. Also, the issue of young personnel with modern knowledge is always relevant. We believe that following the useful recommendations and guidelines of internationally recognized organizations for the development of the industry is essential for our national economy, which is rapidly integrating into the world economy.

3. RESEARCH METHODOLOGY

The article provides an in-depth analysis of issues relevant to the industry in the context of the global pandemic.

4. ANALYSIS AND DISCUSSION OF RESULTS

In accordance with Articles 17 and 27 of the Law on Compulsory Insurance of Civil Liability of the Employer, 2009

From October 18 the employer is obliged to insure his civil liability under the conditions and in the manner prescribed by the "Rules of compulsory insurance of civil liability of the employer", approved by the Cabinet of Ministers of the Republic of Uzbekistan dated June 24, 2009 No 177 and the contract of compulsory civil liability insurance the condition of payment of the prize in cygypa is set. In particular, the economic nature of compulsory insurance is that it aggregates the proceeds from all citizens involved in a particular type of insurance and covers the losses of those affected by the event when the insured event occurs. One of the advantages of compulsory insurance is that it significantly expands insurance coverage. This, in turn, will reduce existing insurance rates to a minimum.

In accordance with the established requirements, the cost estimates of social infrastructure organizations provide for the proper planning of insurance premium costs under the contract of compulsory insurance of civil liability of the employer and the timely reflection of the amount of insurance premiums in accounting and reporting. In particular, we will try to cover these issues in more detail below, using examples.

I. The current state of planning the cost of insurance premiums under the contract of compulsory insurance of civil liability of the employer in the cost estimates of social infrastructure organizations.

Determining the need for funds for compulsory insurance costs For the twelve months preceding the month in which the compulsory contract is concluded, the annual salary of all employees of the employer (Economic Classification of State Budget Expenditures under Article 41-11-100 (sub-item and element), budget and extra-budgetary actual expenditures on funds).

If the social infrastructure organization has employees receiving funds from extra-budgetary funds, the costs of compulsory transfer of these employees shall be covered from the funds of the relevant extra-budgetary funds in the manner prescribed by law.

The source of funds for the payment of insurance premiums is the funds provided for in the cost estimates under Article 41-21-200 "Other allocations (contributions) to social needs" (sub-item and element) in the cost estimate.

Also, if the funds received from the above sources are not sufficient to fully cover the costs of compulsory insurance, the undersupplied part of the funds will be covered from the extra-budgetary funds of the social infrastructure organization. When compiling cost estimates for compulsory insurance, Group II expenditures are considered and planned under Article 41-21-200 "Other allocations (contributions) to social needs" (sub-item and element) of the Economic Classification of State Budget Expenditures.

II. Procedure for reflecting the amount of insurance premiums in the accounting and reporting of social infrastructure organizations.

A sub-account "Insurance Payments" has been established to reflect in the accounting and reporting by social infrastructure organizations the amount of premiums calculated and transferred on compulsory insurance.

When calculating the amount of insurance premium for compulsory insurance on the basis of the contract on compulsory assignment of civil liability of the employer, the accounting of the social infrastructure organization shall make calculations on the following:

Debit of sub-account "Actual expenditures on budget funds" (if the source of funds is budget funds)	Credit of the sub-account "Insurance payments"
Debit of relevant sub-accounts accounting for funds on extra-budgetary funds (if the source of funds is extra-budgetary funds)	

The amount of insurance premiums accrued on compulsory insurance is considered as actual expenses and is reflected in the relevant registers of the analytical account and in the accounting report.

The amount of the insurance premium on the amount calculated on compulsory insurance, the amount paid on the basis of the payment order is reflected by means of the following accounting transfers:

Debit of the sub-account "Insurance payments"	Credit of the sub-account "Budget funds financed for the maintenance of the organization" (social infrastructure organizations not transferred to the treasury)
	Loan from the sub-account "Budget financing" (if the source of funding is the social infrastructure organizations, which are budget funds, transferred to the treasury)
	Loans from the relevant sub-accounts for off-budget funds (if the source of funds is extra-budgetary funds, social infrastructure organizations transferred to the treasury)

The amount of accrued (paid) insurance premiums on compulsory insurance is a cash expense and is reflected in the relevant registers of the analytical account and the accounting report.

In accordance with the above rules, the calculation of the amount of insurance coverage under the contract of compulsory insurance of civil liability of the employer, based on the act on the insured event, is reflected in the following accounting transfer:

Debit of sub-account "Settlements with other debtors and creditors"	Credit of the sub-account "Accounts for social benefits with employees"
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There is also a concept of "annuity contract" in the legislation. This "Annuity Agreement" is concluded in

accordance with the legislation for a period of time for which the degree of disability of the victim or the beneficiary is entitled to insurance compensation.

An annuity contract is concluded between an employer and an insurer under an annuity contract. The basis for concluding an annuity contract is a written application of the employer.

When concluding an annuity contract, in accordance with paragraph 52 of the above rules:

Debit of the sub-account "Accounts for social benefits with employees"	Credit of the sub-account "Insurance payments" (non-treasury social infrastructure organizations)
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The use of insurance coverage received under the contract of compulsory insurance is formalized by the accounting of the social infrastructure organization with the following account:

Debit of the sub-account "Insurance payments"	Credit of the sub-account "Cash on other accounts"
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In addition to the above points, there is also a brief information on the difference between compulsory insurance and voluntary insurance. The main differences between these two types of insurance are that if voluntary insurance is carried out in accordance with the terms of insurance, insurance premium (fee), terms and procedure of its payment and insurance period (insurance period) between the insurance company and the insurer (client). Terms of insurance, insurance premium (fee), the order and terms of its payment are determined by law and are the same for all.

COMPULSORY INSURANCE COVERAGE IS PAYED IN THE FOLLOWING VIEWS

As a percentage of the average monthly salary received by the victim before the disability, a monthly payment determined as a percentage of the average monthly salary received before the diagnosis of an occupational disease, or a monthly payment determined as a percentage of the average monthly salary

Monthly payment in the amount of the average monthly salary of the deceased, minus the share of the able-bodied persons who are in his and his dependents, but are not entitled to compensation for the damage caused

A lump-sum benefit payment to a victim or beneficiary in cases specified by law

Funeral expenses in the event of the death of an employee in the amount specified in the contract of compulsory insurance of civil liability of the employer, not more than three times the basic calculation amount (minimum wage) established by law

Additional costs of the employer will be reimbursed in accordance with the legislation

Figure 1. Cases in which insurance coverage is paid under compulsory insurance.

The calculation of the amount of insurance premium on compulsory insurance is shown in the following conditional example:

In the city hospital (class 01, line 16 of the classification of the level of hazardous activities of the employer) for twelve months prior to the month of conclusion of the contract of compulsory insurance of employer's liability incurred actual expenses in the amount of 900 000 000 soums per year Economic classification of budget expenditures Article 41-11-100 "Basic salary" (sub-item and element).

In accordance with Annex 9 to the Rules of compulsory insurance of civil liability of the employer, Part I - "Procedure for the application of the classification of insurance rates for compulsory insurance by insurers in determining the amount of insurance premium", the amount of insurance premium is

determined using the following formula:

$$PP = CC \times TB \times KCT / 100$$

Where PR is the amount of insurance premium payable under that contract;

CC- the amount of cygypta - 900 000 000 sum;

ТБ- annual base rate - 0,1 % ;

KCT - insurance tariff coefficient - 0.571.

The amount of insurance premium for this social infrastructure organization (city hospital) is calculated as follows:

$$PP = \frac{900\,000\,000 \text{ sum} \times 0,1 \times 0,571}{100} = 513000 \text{ sum}$$

If the organization has entered into a contract of compulsory civil liability insurance of the employer for a period of less than 1 year (for example, 10 months - 304 days), the amount of premium (PP) payable under this contract is the amount of premium (Cc), the annual base rate (TB) and the corresponding tariff (KCT) and the number of days for which the contract of compulsory insurance is concluded (Д).

$$PP = (CC \times TB \times KCT) / (100 \times 365) \times Д$$

$$PP = \frac{900\,000\,000 \text{ sum} \times 0,1 \times 0,571}{100 \times 365 \text{ day}} \times 304 \text{ day} = 428015,34 \text{ day}$$

If the insurer paid the insurance indemnity during the term of the contract of compulsory indemnity, the insurance amount under the contract of compulsory indemnity shall be reduced by the amount of insurance indemnity paid. In this case, the employer must pay the insurance premium for an additional seven working days in accordance with paragraph 27 of the Rules of compulsory insurance of civil liability of the employer in proportion to the amount of insurance compensation paid and the remaining term of the contract of compulsory insurance.

In the conditional example, such calculations are performed in the following order.

On January 1, 2019, the employer (city hospital) entered into a contract of compulsory civil liability insurance and paid an insurance premium in the amount of 513,000 soums, the sum insured is 900,000,000 soums, which is the limit of the insurance company's liability for insurance indemnity.

During the term of the contract of compulsory insurance of civil liability of the employer, one employee (May 31 of this year) was paid insurance compensation in the amount of 15,000,000 soums for an occupational injury, resulting in the remaining 7 months (214 days) pays an additional insurance premium in the amount of 5022 soums, and thus the sum insured will initially be 900 000 000 soums.

$$PP = \frac{15\,000\,000 \text{ sum} \times 0,1 \times 0,571}{100 \times 365 \text{ day}} \times 214 \text{ day} = 5022 \text{ sum}$$

Employer's civil liability insurance and proper accounting in accordance with existing standards is a guarantee of timely care for employees, reimbursement of expenses in the event of an employee's disability or occupational disease, and the provision of adequate financial assistance to the employee.

5. CONCLUSIONS AND SUGGESTIONS

Based on the above, instead of concluding, we consider it appropriate to emphasize the following:

- We recommend to the objects of social infrastructure to check whether the employer has concluded the contract of compulsory insurance of civil liability for the calendar year on the basis of the established norms;
- When concluding a contract with an insurance company, it is necessary to strictly follow the rules of

compulsory insurance of civil liability of the employer;

- It is necessary to accelerate research on the methodological basis of current issues such as risk and risk assessment in social infrastructure organizations;

- Although the terms risk and risk assessment in social infrastructure organizations are new concepts for these areas, we recommend a preliminary assessment of the risk of any financial transaction carried out by the organization;

- the employer must regularly notify the partner insurance company of the contract of compulsory civil liability insurance in a timely manner of changes in the information provided in the contract, which will reduce the risks for both stakeholders in the future.

Due to the fact that the source of insurance of social infrastructure organizations' liability as an employer is mainly budget funds, special care is required in the calculation of insurance premiums. This, in turn, reduces the insurance risk for insurance companies, on the other hand, serves the efficient use of budget funds. Innovative development of insurance services in our country at the level of demand, as well as scientific research of accounting based on the ideas based on digital technologies is one of the important issues of socio-economic importance in the context of the pandemic.

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