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## RISK MANAGEMENT IN THE INSURER'S FINANCIAL MANAGEMENT SYSTEM

### **KRUSHYNSKA Alla**

*PhD in Economics, Associate Professor,*

*Head of the Department of Finance, Banking, Insurance and Stock Market*

*Leonid Yuzkov Khmelnytskyi University of Management and Law*

*ORCID ID: <https://orcid.org/0000-0002-0523-3423>*

### **KORBA Valerii**

*Postgraduate, Department of Finance, Banking, Insurance and Stock Market*

*Leonid Yuzkov Khmelnytskyi University of Management and Law*

*ORCID ID: <https://orcid.org/0009-0003-6464-9212>.*

### **TERLYCH Andriy**

*Postgraduate, Department of Finance, Banking, Insurance and Stock Market*

*Leonid Yuzkov Khmelnytskyi University of Management and Law*

*ORCID ID: <https://orcid.org/0009-0009-7575-0942>*

**Abstract.** *The article is dedicated to the analysis of modern approaches to risk management within the financial management system of an insurance company. It examines internal and external risk factors, the specifics of risk assessment, and risk management tools. Special attention is given to the optimization of the insurance portfolio and the reduction of potential financial losses.*

**Keywords:** *risk management, financial management, insurance company, risk optimization, risk management, insurance risks.*

In today's rapidly evolving economic landscape, characterized by globalization and digital transformation, insurance companies face a broad spectrum of risks that can significantly undermine their financial stability. This article presents a comprehensive analysis of modern approaches to risk management within the financial management system of insurance companies. It examines both internal risk factors—such as operational, financial, technological, and human resource challenges—and external factors, including market volatility, legislative changes, geopolitical uncertainty (e.g., the impact of Russian military aggression), and natural or man-made disasters.

The study aims to identify key issues and develop recommendations for enhancing risk management practices, thereby ensuring the financial resilience and competitive edge of insurers. The theoretical framework is built on an analysis of risk as an aggregated concept, where uncertainty and threats play a crucial role, and it distinguishes between insurable and non-insurable risks. Emphasis is placed on the necessity of integrating risk management into the broader financial planning process through the adoption of both qualitative and quantitative methods—such as statistical models, scenario analysis, and stress testing—aligned with international standards like Solvency II and ISO 31000.

Practical recommendations are provided, including conducting comprehensive audits of existing financial processes, establishing key performance indicators (KPIs) to monitor risk exposure, and optimizing the insurance portfolio by ensuring that the level of risk assumed is commensurate with the company's financial capacity. Furthermore, the article advocates for the implementation of innovative technologies—such as Big Data analytics, artificial intelligence, and automated monitoring systems—to enable real-time risk tracking and adaptive response mechanisms. Strategies for effective crisis management are also outlined, including the development of detailed crisis response plans, formation of dedicated crisis teams, and regular training and simulation exercises.

The findings underscore that successful risk management is a cornerstone of financial stability in the insurance sector. The proposed integrated approach not only bridges theoretical insights and practical applications but also provides a roadmap for insurers to minimize potential financial losses and adapt to continuously shifting market conditions. These insights are of particular relevance to both domestic and international scholars and practitioners seeking to advance risk management frameworks in an increasingly uncertain global environment.

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