

THE ROLE OF INSURANCE IN REGULATING FOREIGN ECONOMIC ACTIVITY

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Introduction

Foreign economic activity is great importance to countries and businesses in the modern world. However, the specific characteristics of foreign economic activity, in particular, the instability of the world market, exchange rate fluctuations, political risks, natural disasters and other various risks, make foreign economic activity one of the specific risky processes. Therefore, risk management is important in the effective implementation of foreign economic activity. One of the most effective means of risk management is insurance.

Foreign economic activity covers a wide range of transactions and interactions between entities across national borders. It plays an important role in stimulating economic growth, fostering innovation and strengthening global interconnectedness. At the same time, foreign economic activity also creates various risks and uncertainties that can affect business and the economy. The insurance mechanism serves as a crucial tool in reducing these risks and ensuring the uninterrupted flow of foreign economic activity.

Importance of Insurance in Foreign Economic Activity:

- Coverage of risks: Under the insurance contract, the insurance company covers the risks related to the insured's property or interest. This protects businesses in foreign economic activity from unexpected financial losses and allows them to focus on further business development.
- Ensuring financial stability: Insurance contracts help attract financial resources and ensure financial stability of business.
- Adaptation to the world market situation: Insurance companies have the experience of the world market situation and risk assessment, and provide the necessary



financial protection for the effective implementation of foreign economic activity through insurance contracts.

- Increasing export and import volumes: Insurance contracts help reduce business risks for exporters and importers, which in turn contributes to increasing export and import volumes.
- Investment attraction: Insurance contracts help to attract foreign investment. It helps to protect investments, reduce risks and make investments more efficient.

Types of Insurance in Foreign Economic Activity:

The following main types of insurance are used in foreign trade activity:

- Export insurance protects exporters from delivery of goods, receipt of payments and other risks.
- Import Insurance: Protects importers against receiving goods, poor quality goods, delivery delays and other risks.
- Investment insurance protects foreign investments against political risks, nationalization, war and other risks.
- Credit Insurance: Protects exporters against late payment or non-payment by the buyer.
- Exchange Rate Insurance: Protects against losses due to exchange rate fluctuations.

Improving the Insurance System in Foreign Economic Activity:

The following measures should be taken to improve the insurance system in foreign economic activity:

- Diversification of insurance products: study of the most advanced insurance products in international practice and expansion of the type of insurance products used in TQF.
- Improving the quality of insurance services: improving the quality and speed of insurance services, customer relations.
- Coordination with international standards: adaptation of the insurance system to international standards, development of international cooperation.
- Development of the insurance market: making the insurance market competitive, creating new investment opportunities for insurance companies.

Insurance has an important position in international trade. Foreign trade usually go through long-distance transport, whether by sea, land, air, or land and sea transport all have a certain amount of risk, due to natural disasters and accidents, transport and cargo may have caused the loss. In order to guarantee safe transport of goods, the importer and the exporter, and the urgent need for both sides are willing



to participate in the insurance, which is the fundamental reasons that insurance has become one of the fundamental prerequisites for foreign trade.

Conclusion

In conclusion, insurance in foreign economic activities is an important tool in risk management, protects businesses from financial losses, helps the effective implementation of foreign economic activities, increases the volume of exports and imports, and encourages the attraction of foreign investments. encourages. improvement of the insurance system in foreign economic activity should be carried out through the cooperation of the state and businesses. This has a positive effect on strengthening the integration of our country's economy and the world economy, increasing the volume of international trade, and the economic development of our country.

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