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Abstract: *This article presents the importance of credit activities of commercial banks, the risks that may arise in this activity and their characteristics. At the end of the article, recommendations for achieving timely and full repayment of loans by commercial banks are formulated.*

Key words: *commercial banks, credit, credit risks, banking system.*

INTRODUCTION

In the realm of personal and business finance, the concept of risk is omnipresent. From unforeseen accidents to economic downturns, individuals and organizations alike are constantly exposed to various uncertainties that can potentially disrupt their financial stability. However, amidst these uncertainties, there exists a financial tool designed to mitigate the impact of unforeseen events – risk insurance. Risk insurance serves as a protective shield, offering individuals and businesses a sense of security in the face of unpredictable events. In this article, we delve into the intricacies of risk insurance, exploring its significance, types, and benefits.

Main part:

Understanding Risk Insurance:

Risk insurance, commonly referred to as insurance, is a contractual agreement between an insurer (insurance company) and an insured party (individual or business) wherein the insurer agrees to provide financial compensation in the event of specified losses or damages. Essentially, it is a mechanism through which risk is transferred from the insured to the insurer in exchange for a premium.

Significance of Risk Insurance:

The significance of risk insurance cannot be overstated, as it plays a crucial role in safeguarding individuals and businesses against financial hardships arising from unexpected events. Whether it's health-related expenses, property damage, liability claims, or loss of income, risk insurance provides a safety net, offering peace of mind and financial protection.

Types of Risk Insurance: Risk insurance encompasses a wide array of coverage options tailored to address diverse needs and risks. Some common types of risk insurance include:

1. Life Insurance: Life insurance provides financial protection to the beneficiaries of the insured individual in the event of their death. It ensures that dependents are adequately provided for and can maintain their standard of living.

2. Health Insurance: Health insurance covers medical expenses incurred due to illness, injury, or hospitalization. It alleviates the financial burden associated with healthcare costs and promotes access to quality medical services.

3. Property Insurance: Property insurance protects against damage or loss of physical assets such as homes, vehicles, and businesses. It provides compensation for repairs, replacement, or reconstruction in the event of covered perils such as fire, theft, or natural disasters.

4. Liability Insurance: Liability insurance offers protection against legal liabilities arising from bodily injury or property damage caused to third parties. It covers legal expenses, settlement costs, and damages awarded in lawsuits.

5. Disability Insurance: Disability insurance provides income replacement in the event that an individual becomes unable to work due to a disabling illness or injury. It ensures financial stability by replacing lost wages during periods of disability.

Benefits of Risk Insurance: The benefits of risk insurance extend far beyond financial compensation. Some key advantages include:

- Financial Security: Risk insurance provides a financial safety net, ensuring that individuals and businesses are not left financially vulnerable in the face of unforeseen events.

- Peace of Mind: Knowing that one is protected against potential risks can alleviate stress and anxiety, allowing individuals to focus on their personal and professional pursuits.

- Risk Management: By transferring risk to insurers, risk insurance enables individuals and businesses to effectively manage uncertainties and allocate resources more efficiently.

- Compliance: In many cases, having insurance coverage is a legal requirement, such as auto insurance for drivers or workers' compensation insurance for employers.

- Investment Opportunities: Certain types of insurance, such as life insurance with cash value components, offer investment opportunities that can help individuals build wealth over time.

Management of the provision of income on risky operations carried out by the bank	Manage the provision of the bank's fixed rate for non-performing loans	Management of the formation of sources of compensation for losses on banking risks	Managing the ratio between risk assets and stable funds	Ensuring proportionality of the scale of operations carried out by the bank to the financial condition of the bank
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Figure 3. Criteria for bank risk management

Figure 1. Shows a number of risk management criteria of commercial banks. In particular, in the management of bank risks, ensuring the proportionality of the bank's asset operations to passive operations, the possibility of obtaining the expected income on risky operations, ensuring the established norms of the volume of

problematic loans, forming the necessary reserves to cover possible losses, ensuring the balance between risky assets and stable financial resources. are the main criteria.

Conclusion:

In an unpredictable world fraught with risks, risk insurance serves as a cornerstone of financial planning and risk management. Whether it's protecting loved ones with life insurance or safeguarding assets with property insurance, the importance of insurance cannot be overstated.

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