

INSURANCE, A GUARANTEED RISK OR A RISK ASSUMED?

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Abstract

In the context of various changes in the players' composition on the insurance market, along with the changes that take place in the legislative area of the insurance system, we ask ourselves whether insurance is a guaranteed risk or a risk assumed by secure? At national level, due to the fact that within the insurance companies the internal control is not well implemented, there is no staff to pursue this goal and no mitigating measures are taken so that the risks triggered by the human decision-making factor be decreased. Because of this fact, the insurance can become a lottery for the insuree at one point because either the insuree cannot cover the damage s/he has secured, or s/he can lose as a result of some decisions taken by a representative of the insurance company. Therefore, a well-implemented and managed internal control can save both the activity of an insurance company as well as its image. That will generate a profitability, a good reputation for the insurance company, as well as policy-holders' satisfaction. In this paper we aim to highlight the importance of internal control within insurance companies, as well as the consequences arising from a lack of internal control or its existence at a declarative level only.

Keywords: insurance, risk, assumption, warranty, control

JEL Classification: G22, M40, M41