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## INSURANCE IN TOURISM

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In the article the directions of development of tourist insurance are explored. The expediency and necessity of inclusion of additional services in the tourist insurance policy are substantiated. Estimated the degree of rise in tourist travel with the use of extended insurance coverage. The prospects for increasing the insurance efficiency in the tourism sector are determined. The insurance policy is an integral part of a quality tourism product. Understanding the importance of travel insurance is a sign of a high insurance culture of a tourist operator, insurer and the tourist. Travel insurance - is the compensation of medical expenses that may arise on a trip abroad due to a sudden illness or accident. In addition to compensation for medical expenses, insurance for citizens traveling abroad may include other guarantees, such as providing legal or road assistance. A The main tendencies of development of tourism insurance are analyzed in connection with development of tourism as an industry. The main factors of reducing the financial efficiency of insurance services in the field of tourism are presented, connected with the complex nature of insurance services, accumulation and concentration of risks. Defined as a priority direction of development of insurance of external tourism.

**Keywords:** insurance; tourism; cost of insurance policy; insurance risks.

**1. Introduction.**

In recent years, there has been a marked increase in the number of insured cases, particularly serious and costly ones, including deaths and the need to repatriate the body to its place of permanent residence. The insurance environment in a number of traditionally tourist countries has also deteriorated. Also, more and more Ukrainian tourists have recently gone abroad on holiday, but most of them are not sufficiently familiar with the insurance system. Therefore, the topic of the study is relevant.

Insurance is generally understood as the system of economic relations for the protection of the interests of natural and legal person by paying them insurance compensation (insurance payments) in case of certain events (insurance cases) from money (insurance funds) which are formed from premiums paid by these people (insurance premiums) within a certain amount (sum insured).

Tourism insurance is a guarantee that all contingencies related to insurance cases are borne by the insurer. The insurer can only be an insurance company with an appropriate licence. The travel agency insures the tourist and, in turn, enters into a contract (agency agreement) with the insurer. Under the agreement, the insurer undertakes to pay insurance reimbursements to the insured tourists by insured accidents; to provide a tour operator with the necessary insurance forms; and to give him with the necessary information on the insurance terms and rules, and changes in tariffs; advisory services; and so on.

The insurer is a travel company that has to assume the obligation to advertise insurance services of the insurer; insure tourists in accordance with the applicable

regulations established by the insurer; inform the insurer of the occurrence of the insurance accident in a timely manner within the period specified in the contract; transfer insurance payments to the insurer without delay.

The insurer pays the travel agent's fee as a percentage of the insurance payments received. In order to encourage travel companies to cooperate for a long time, insurance organizations provide preferential or no-cost policies for management, employees and their families, bonuses, etc. The system of benefits and rewards is gradually being expanded with the extension of the period of cooperation and revenue from tourist insurance by a travel agency.

Tourism insurance is the **object** of research in this area.

**2. Economic crisis effects on consumer behaviour****Insurance as an integral part of safety in tourism.**

The tourism industry has always posed, and continues to pose, a threat to the livelihoods of tourists and their workers. Natural disasters, accidents, miscalculations in production and other unforeseen events can disrupt the balanced activities of the tourist complex. At the same time, with the development of scientific and technological progress, natural and industrial disasters continue unabated. Risk management tools, such as insurance, are available to ensure the sustainability of tourism enterprises and the quality of tourism, including in high-risk areas. Insurance as a component security system in the tourism industry contributes to stabi-

lizing the activities of tourist enterprises and tour operators, as well as to the safety of tourism both in Ukraine and abroad.

A tourist trip brings many surprises. A tourist can be a victim of a disaster or a robbery, suddenly get sick, due to changing weather and other circumstances, may not live up to his hope for a quiet rest. In these and many other cases, the need to protect oneself in advance from their harmful effects or to minimize them will arise.

Some workers in the tourism industry are at high risk. When employing them, the relevant authorities and the tourism enterprise must assume the obligation to insure their life and health.

In recent years, there has been a marked increase in the number of insurance cases, particularly serious on the roads, including fatalities and the need to repatriate the body.

Currently the insurance environment in a number of traditionally tourist countries is precarious. One of the reasons is the lack of a culture of tourism abroad. Detailed pre-departure briefings by tour operators could help to address this problem. Of course, no one is immune to accidents. But some problems with customers can be prevented.

The Law of Ukraine «On Insurance» regulates relations in the sphere of insurance and is directed at creation of the market of insurance services, strengthening of insurance protection of property interests, in particular tourists, as well as tourist enterprises and their employees [2].

Insurance is a type of civil-legal relationship for the protection of the property interests of citizens and legal persons in case of certain events (insurance cases) defined by an insurance contract or by the legislation in force, at the expense of monetary funds, insurance payments (insurance premiums, insurance premiums) paid by citizens and legal entities and income from the placement of these funds.

Insurance is the main form of ensuring the safety of tourists in the country (place) of temporary stay. The security of tourists means not only their personal safety, but also the safety of their property and the absence of damage to the environment during travel.

The nature of insurance, like any other economic category, is determined by its functions. Insurance has four functions: risk, preventive, savings, control.

The risk function of insurance consists of risk recovery. As part of this function, there is a redistribution of monetary value among the insurers in relation to the consequences of accidental insurance events. The risk function of insurance is the main one, since insurance risk, as the probability of damage, is directly related to the main purpose of insurance for the compensation of international losses to victims.

The preventive function of insurance is the financing from the insurance fund of risk reduction activities.

The savings function of insurance contributes to the accumulation of money for life.

The control function of insurance is to check the earmarking and to use of the assets of the insurance fund.

According to the Law of Ukraine «On Tourism» the insurance of tourists (medical and accident) is obligatory and provided by the tourists on the basis of agreements with insurers [1]. Tourists have the right to self-insurance. In this case, they are required to confirm in advance to the tour operator or travel agent the existence of a duly concluded insurance contract [5, c. 201].

The insurance contract must provide for the provision of medical assistance to tourists and the reimbursement of their expenses in the event of an accident in the country (place) of temporary residence.

The terms of the compulsory insurance must be communicated to the tourist prior to the conclusion of the tourism contract.

Compulsory insurance (medical and accident insurance) is provided once for the entire period of the tourist trip. At the request of the tourist, the tour operator or travel agent provides insurance for other travel risks.

If the tourist so desires, insurance may be concluded to cover the costs of cancellation of the tourism contract at the initiative of the tourist, or to cover the costs, in case of an accident or illness, a person may return to his or her place of permanent residence prematurely. Compensation for damage to the life or health of a tourist or to his property is provided in accordance with the established procedure.

Tourist insurance is a voluntary insurance during the tour in case of sudden illness, death (loss) or personal injury suffered by a tourist as a result of an accident, as well as property insurance for personal property and baggage that is transported (carried) with him.

However, in addition to the types of insurance mentioned, tourists sometimes have to apply for other types of insurance assistance (legal, administrative, technical, etc.). As a result, some domestic insurance companies enter into joint ventures with foreign insurance service companies to facilitate the provision of insurance services to tourists directly in the host country.

Under an agreement with the partner, the Ukrainian insurer determines the scope of insurance services under the policy, and the provision of services is the responsibility of the assistance company. The calculation between the partners is done as between the cedent and the reinsurer.

Each company has a network of duty centres and offices with operators located in the regions covered by the policy. In case of insurance event, the tourist (or the senior tourist group) must call one of the duty centres, its telephones are indicated on the insurance policy (certificate) or an identification card.

The next centre sends a call from the insured person to the nearest office to the client, which deals with the direct organization of the insurance service, and confirms that all expenses will be paid. The more a company has on-call centers and offices, the faster it will be able to organize assistance to a client.

The insurance policy must cover medical care (medical expenses) and other property costs in case of insurance event in the country of temporary residence. Failure to comply with this condition, the tourist is deprived of the right to receive insurance payment when an insured event occurs.

### **Differences in consumer spending behaviour among age groups**

Insurance risk is a certain event for which insurance is provided and which has the characteristics of probability and chance of occurrence.

Insured event is an event provided by an insurance contract or legislation which has taken place and upon its occurrence it arises the obligation of the insurer to pay the insurance sum (insurance compensation) insured person, contributor or other third party [3, c. 138].

An insurance sum is a monetary amount, within its limits the insurer is obliged to pay the insurance event in accordance with the terms of the insurance, as well as the amount paid for personal insurance. Insurance payments under personal insurance contracts are made irrespective of the amount to be received by the recipient of state social security and the amount to be paid as damages. In the case of property insurance, the insurance amount is determined within the limits of the value of the property at the prices and tariffs in force at the time of the conclusion of the contract, unless otherwise provided by the insurance contract or the terms of the compulsory insurance.

Insurance payment is the sum of money paid by the insurer in accordance with the terms of the insurance contract in the event of an insurance accident. Insurance payments under an insurance contract are made in the amount of the insurance sum (part of it) and (or) in the form of regular, consecutive payments of the sum (annuity) specified in the insurance contract.

The amount of the insurance sum and (or) the amount of the insurance payments shall be determined by agreement between the underwriter and the insurer at the conclusion of the insurance contract or the amendment of the insurance contract, or in the cases provided by the legislation in force [5].

The amount of insurance shall not be established for an insurance event which regular, consecutive annuity insurance payments are made in. The investment income specified in the life insurance contract shall not exceed 4 per cent of annual income.

The insurance payment (insurance contribution, insurance premium) refers to the insurance payment that the insured person is obliged to pay to the insurer under a voluntary insurance agreement or the conditions of compulsory insurance.

Insurance tariff is the rate of insurance premium per unit of insurance sum for a certain period of insurance. Insurance rates under the voluntary form of insurance are calculated by the insurer independently. The specific amount of the insurance tariff shall be determined by agreement of the parties in the insurance contract. The legislation on compulsory insurance establishes the maximum amounts of insurance tariffs and the minimum amounts of insurance sums. The supplementary insurance obligations accepted by the insurer may be communicated to the insured in writing and may not be reduced unilaterally.

If the insured fails to pay the next insurance premium in the amount and within the time period such contract may provide for the insurer's right unilaterally to reduce (reduce) the amount of the insurance and (or) the insurance payments.

Personal insurance benefits are paid independently against the amount to be received by the recipient under the state social insurance and social security and the amount to be paid as damages.

Insurance compensation is an insurance payment which is carried out by the insurer within the limits of the insurance amount under the property and liability insurance contracts in the event of an insurance accident. The insurance compensation may not exceed the direct damage suffered by the insured person. Indirect damages are considered to be insured if the insurance contract provides it. In the event that the insurance amount is a proportion of the value of the insured object, the insurance compensation shall be paid at the same percentage of the insured loss unless otherwise provided by the terms of the insurance.

A franchise is part of the damages that are not reimbursed by the insurer under the insurance contract.

If the property is insured with more than one insurer and the total insurance amount exceeds the real value of the property, the insurance compensation paid by all insurers may not exceed the real value of the property. In such case, each insurer makes a payment in proportion to the insurance amount under the insurance contract concluded by him.

An insurance contract is a written agreement between an insurance company and the insured under which the insurer undertakes, in case of an insurance accident, to pay the insurance sum or compensate the damage caused within the limits of the insurance sum to the insured or another person, a certain insured person, or whom an insurance contract has been concluded, and the insured undertakes to pay insurance contributions within a specified period of time. In order to conclude an insurance contract, the insured shall submit to the insurance company a written statement in accordance with the form established by the insured or otherwise declare his intention to conclude an insurance contract. The application must contain all the necessary information about the facilities being declared for insurance and items. After the transfer of the insurance company, the application becomes part of the insurance contract.

Concluding an insurance contract, the insured person is obliged to inform the insurance company of all the circumstances known to him and answer all the questions put to him by the insurance company which are essential for determining the risk of man, which is accepted for insurance.

The insurance contract is concluded when the acceptance of the insurance by the insurance company is confirmed in writing. The insurance contract is formalized through the issuance of an insurance policy to the insured [5].

Once the policy is in place, all documents previously issued by the insurance company to demonstrate acceptance of the insurance will cease to be valid. An insurance certificate (policy, certificate) is a document that includes: the name and address of the insurer; the surname, first name and patronymic or name of the insured and its address; the identification of the insured; the amount of the insurance sum; the list

of insurance cases; the duration of the contract; determination of the amount of the tariff, the amount of insurance premiums and the period of payment thereof; procedure for modification and termination of the contract; other conditions by agreement of the parties, signatures of the parties.

The insurance contract shall enter into force on the date of the first insurance payment unless otherwise specified by the insurance terms.

Insurance sums and insurance reimbursements are paid by the insurer under an insurance contract or by legislation on the basis of an application by the insured person and an insurance certificate (accident certificate). Insurance certificate – is document containing exhaustive information on the insurance case. The insurance certificate shall be drawn up by the insurer or a person authorized by him. If necessary, the insurer may request information on the insurance case to the law enforcement authorities, banks, medical institutions and other enterprises, institutions and organizations having information on the circumstances of the insurance case, as well as the right to independently determine the reasons and circumstances of the insurance event. Enterprises, institutions and organizations are obliged to respond to the insurer for information related to the insurance case, in particular data which are commercial secret. The insurer is responsible for disclosing them in any form, except in cases provided by Ukrainian law.

The object of insurance is property interests, which are not contrary to the law, connected with the life, health, working capacity of citizens (in personal insurance); with ownership, use and disposal of property (in property insurance); with compensation of damage, caused by the insured, person or property of a natural or legal person (liability insurance).

Insurance interest is a measure of material interest in insurance. It is an element that leads to the possibility of the existence of an insurance institution. The insurance interest has a proprietary nature and includes the property that is the object of the insurance, its rights or its liabilities, anything that is likely to cause material damage to the insured or that may give rise to liability of the insured to third parties. The insurance interest may be monetized.

Insurance liability is the sum of the rights and obligations of the insurer to safeguard and protect the property or other interests of the insured person provided for in the insurance contract. The insurance contract is effective from the date of its entry into force and covers the entire period of its validity.

Insurance damage is material damage caused to the insured person as a result of an insurance event.

The insurance contract can be terminated by agreement of the parties and also in case of:

- 1) expiry date;
- 2) full performance by the insurer of its obligations to the insured;
- 3) non-payment of the insurance payments by the insured within the time limits established by the contract;
- 4) liquidation of the insured person - legal person, death or loss of legal capacity of the insured person - except in cases provided by law;
- 5) liquidation of the insurer in accordance with the procedure established by the legislation of Ukraine;
- 6) adoption of a court decision declaring the insurance contract null and void;
- 7) the other cases provided by Ukrainian law.

The insured are financial institutions which are created in the form of joint-stock, full, commanded companies or companies with additional responsibility according to the Law of Ukraine «On Business Companies» as well as having been duly licensed to carry out insurance activities. Insurers must have at least three participants. Insurance activities in Ukraine are carried out exclusively by resident insurers of Ukraine. In individual cases established by the legislation of Ukraine, insurers are recognized as state organizations which are established and operate in accordance with the Law of Ukraine «On Insurance». In this case the use of the words «state», «national» or derivatives thereof in the name of the insurer is allowed only on condition that the sole owner of such insurer is the state. The total contribution of an insurer to the charter funds of other insurers of Ukraine may not exceed 30 per cent of its own charter fund; in particular the contribution to the charter fund of an individual insurer may not exceed 10 per cent. These requirements do not apply to an insurer who carries out insurance activities other than life insurance if he contributes to the insurer's statutory fund which provides life insurance.

Insurers who provide life insurance may extend credit to insured people who have concluded life insurance contracts.

The results of an analytical report by the influential American research center "Reviews.com" show that today there are 11 best insurance companies in the world that offer travel insurance. Insurance companies designated by the agency provide short-term insurance policies, which complicates travel conditions for those who wish to travel abroad for a longer period. In this regard, the four best insurance companies that offer long-term insurance policies for travel abroad have been identified. (fig. 1).

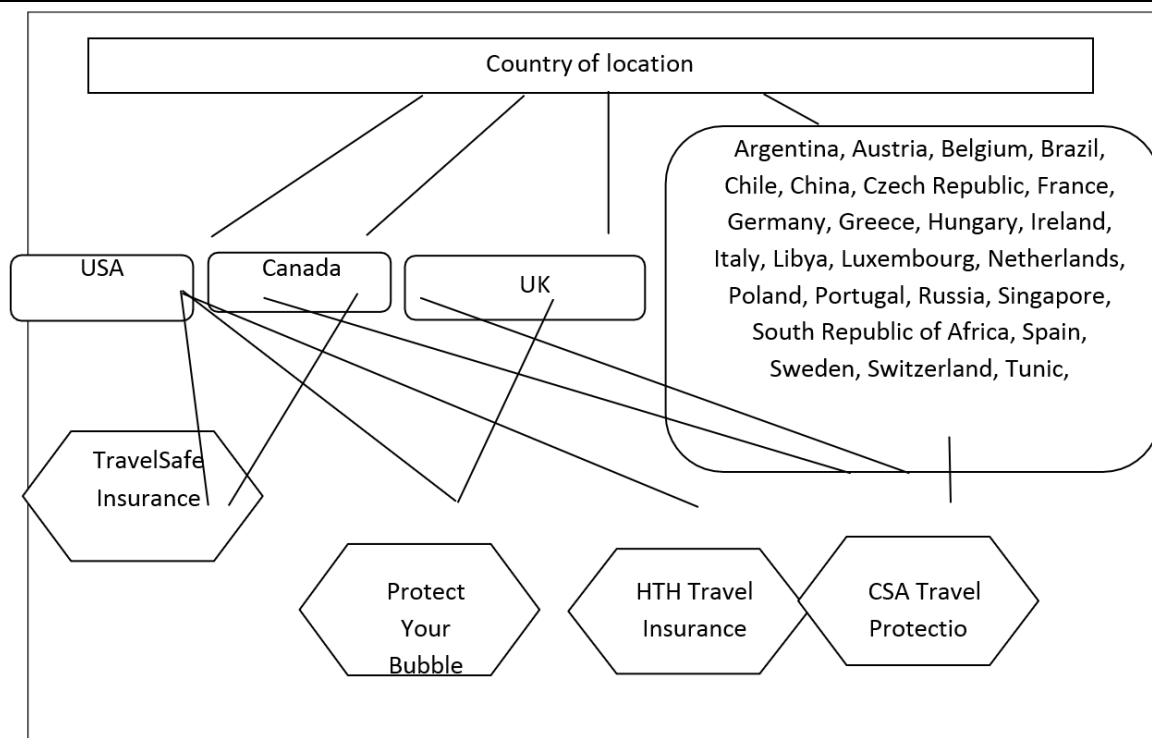


Figure 1. The best international companies providing travel insurance services

Enterprises, institutions and organizations may not become insurers by amending their statutes, provided that they have previously engaged in another activity, even if these provisions are complied with. The legislation of Ukraine may determine authorized insurers for the implementation of certain types of insurance if the exercise of legal relations involves the use of State budgetary resources and foreign exchange reserves; guarantees of the Ukrainian Cabinet of Ministers. The public tender for the publication of its terms and results in the media and the participation of representatives of voluntary associations of insurers should be a prerequisite for the identification of authorized insurers. In other cases, any authority of the insurers to carry out certain types of insurance by the state is prohibited.

The insurers are legal people and capable citizens who have concluded insurance agreements with insurance company or are the insured in accordance with the legislation of Ukraine.

The insurers may enter into insurance company contracts with third parties (insured people) only with their consent, except in cases provided by the legislation in force. Insured people may acquire the rights and obligations of the insured under the insurance contract.

The insurers have the right, concluding personal insurance contracts, to appoint, with the consent of the insured person, citizens or legal persons, to receive insurance payments and replace them before the occurrence of insurance, unless otherwise provided in the insurance contract [3].

The insured have the right, concluding insurance contracts, other than personal insurance contracts, to appoint citizens or legal persons who may suffer losses as a result of the occurrence of an insurance event to receive insurance compensation, and to replace them before the occurrence of the insurance event unless otherwise provided in the insurance contract.

Legal regulation of relations between insurance partners.

According to the Law «On Insurance», the insurer is obliged to:

- acquaint the insured with the terms and conditions of insurance;
- take steps, upon receipt of information on the occurrence of an insurance accident within two working days; issue all necessary documents for the timely payment of the insurance sum or the insurance reimbursement to the insured;
- pay the insurance sum or the insurance compensation within the period provided in the contract when an insured event occurs. The insurer is liable for the untimely payment of the insurance amount (insurance compensation) by paying the insured person a penalty (fine, penalty), its amount is determined by the terms of the insurance contract;
- reimburse the costs incurred by the insurer when an insured event occurs, to prevent or mitigate the loss, if the terms of the contract so provide;
- on the claim of the insured person in case of insurance activities that have reduced the risk or if the value of the property has increased, renegotiate the insurance
- keep secret information about the insured person and his property status, except in cases provided by the legislation of Ukraine.

Other obligations of the insurer may also be covered by the terms of the insurance contract [2].

In turn, the insured must:

- make timely payments;
- conclude an insurance contract, provide information to the insurer on all the circumstances known to him which are essential for the assessment of the insurance risk and inform the insurer of any further change in the insurance risk;

- inform the insurance company of other insurance contracts in force to the insured;
- take steps to prevent and mitigate losses caused by the occurrence of insurance;
- in case of insurance, inform the insurance company in accordance with the time frames [2].

The terms of the contract may also stipulate other obligations of the insured.

If an insured citizen dies, who has concluded a property insurance contract, the rights and obligations of the insured transfer to the person who received the property. If an insurer dies, who has contracted personal insurance in favour of third parties, his rights and obligations may be transferred to them, and people who, in accordance with the legislation in force, have the duty to protect the rights and legal interests of insured persons. If, during the period of validity of the insurance contract, the insured loses the rights of the legal person through reorganization, the rights and obligations arising from the insurance contract are transferred to the transferee of the insured person with the agreement of the insurer. If, during the period of validity of the insurance contract, the insurer is declared by the court to be incapable or have limited legal capacity, the rights and obligations of the insured person transfer to his or her guardian. Moreover, the civil liability insurance contract ceases to have effect from the moment of loss or limit the dispositive legal capacity.

Obligations of the insurer in case of an insurance accident.

In case of damage in respect of which the insurer appeals to the insurance company for compensation, the insured is obliged to:

- immediately, but in any case not later than five days from the date on which he knew or had to know of the damage, notify the insurance company or its representative;
- take all possible measures to prevent or mitigate damage and save the insured property; if it is possible, the insured must ask the insurance company for instructions to be followed;
- provide the insurance company or its representatives to inspect or survey damaged property, investigate the causes and extent of damage, participate in mitigation and rescue of the insured property;
- at the request of the insurance company, inform its in writing with all the information necessary to conclude on the extent and causes of the damage or loss of the insured property;
- provide the insurance company with a description of the damaged, loss or lost property. These descriptions must be made available within a period agreed with the insurance company, but in any case not later than one month from the date of the occurrence of the insurance event. The inventory shall indicate the value of the damaged items at the date of loss. The cost of the description shall be borne by the insured;
- keep the damaged property as it was after the insurance event.

The insured has the right to change the picture of damage only if it is necessary for safety reasons, reduc-

tion of damages, with the consent of the insurance company or two weeks after the insurance company has reported the damage. [3]

If the insured fails to fulfil any of the stated obligations, the insurance company has the right to refuse to pay the insurance compensation.

The insurance company and its representatives shall have the right to participate in the rescue and preservation of the insured property by applying and indicating the measures necessary for this purpose. However, this action by the insurance company or its representatives cannot be construed as an acceptance of its obligation to pay insurance reimbursements. If the insured prevents this, the insurance compensation shall be reduced to the extent that it has increased the damage.

The representative of the insurance company may proceed to inspect the damaged property without waiting for the insured person to be notified of the damage. The insurer has no right to prevent him from doing so.

The insurance company has the right to refuse to pay insurance sums (insurance compensation) if it is established:

- intentional acts of the insured or a person for whom an insurance contract has been concluded aimed at the occurrence of an insurance event. This provision does not apply to acts connected with the performance of civil or official duties or the protection of property, life, health, honour, dignity or business reputation. The classification of the actions of the insured or the person in whose favour an insurance contract has been concluded shall be established in accordance with the legislation in force in Ukraine;
- committing by a national insurer or other person in whose favour an insurance contract has been concluded of an intentional offence resulting in an insurance case;
- submission by the insured of knowingly false information about the object of insurance;
- receipt by the insured person of full compensation for damages under property insurance from the person responsible for the damage;
- failure of the insured to notify the insured of the occurrence of the insurance accident in a timely manner without valid reasons, or obstruction by the insurer of the determination of the circumstances, nature and amount of damages and other cases provided by the legislation of Ukraine.

The terms of the insurance contract may provide other grounds for refusing to pay insurance sums, unless this is contrary to Ukrainian legislation. The decision to refuse to pay the insurance sums is taken by the insurer and communicated to the insured person in writing with the reasons for the refusal. The insurer's refusal to pay the insurance sums may be challenged by the insured in a court of law. The insurer who has paid the compensation under the property insurance contract within the limits of the actual costs shall have the right of claim which the insurer or other person receiving the compensation has with the person responsible for the damage caused.



### Findings

The following types of insurance are applied in the tourism business: insurance of the tourist and his property; insurance of the risks of the tourist firms; insurance of tourists in foreign travel; insurance of foreign tourists; liability insurance; third-party liability insurance for vehicle owners; accident insurance covering medical expenses.

Insurance is voluntary and compulsory. Compulsory types of insurance in accordance with the instruments in force in Ukraine include:

- third-party liability insurance for vehicle owners;
- travel insurance.

Other forms of tourism insurance are voluntary. The insurance of the tourist and his property includes liability for loss or damage to the tourist's property. The contract begins when the insured leaves his permanent residence and ends when he returns. Baggage and personal property that tourists carry may be insured under such an agreement. Baggage is registered and unregistered items of a tourist. In addition, the items on his clothes and body, as well as those purchased during a trip abroad, are insured.

The types of insurance liability are: accidents, fires, explosions, natural phenomena, looting, theft and other intentional and malicious acts, military actions, etc.

Insurance of the risks of tourism firms includes financial risks, liability for claims of tourists, their relatives, third parties. Financial risks include:

- commercial risks (non-payment or delay of payment, penalty of the counterparty's failure to acknowledge breach of contract by force majeure)
- firm's bankruptcy;
- changes in customs legislation, currency regulation, passport control and other customs formalities;
- circumstances of force majeure;
- political risks and things like that.

Tourism insurance for overseas tourism generally includes:

- provision of emergency medical assistance to a tourist in case of a sudden illness or accident;
- transport to the nearest hospital capable of providing quality treatment under appropriate medical supervision;
- evacuation to the country of permanent residence under appropriate medical supervision;
- in-patient monitoring and information to the sick's family;
- the provision of medicines if they cannot be obtained locally;
- the services of specialized doctors (if necessary);
- payment of transport costs for transport of the sick tourist or his body (in case of death) to the country of permanent residence;
- provision of legal assistance to a tourist in the investigation of civil and criminal cases abroad.

Upon execution of insurance contract, the insurance amount is selected according to the country of destination and classified according to the need for minimum coverage.

Third-party liability insurance is available to tourists travelling in private cars, motorcycles or other

means of transport which are sources of increased danger. This type of insurance also applies when the insured person is liable to third parties.

This insurance is mandatory in most countries. This insurance is regulated by the relevant normative acts and compulsory personal accident in Ukraine. Insurance has been introduced for passengers of air, rail, sea, inland waterway and road transport, as well as tourists and visitors on long-distance excursions on the part of tour organizations for the duration of the trip (flight) [5].

It should be noted that compulsory personal insurance does not cover passengers: all modes of international transport; rail, sea, inland waterway and road suburban transport, maritime and inland waterway transport by inland waterway; road transport on urban routes.

It has been established that prior to the entry into force of Ukrainian Act the insurance protection of passengers (tourists, tour guides), compulsory personal insurance for these people is carried out in accordance with the procedure and conditions laid down in the act, contracts provided for Ukrainian legislation: between the relevant transport and freight forwarding enterprises, carriers and insurers. Licences for this type of compulsory insurance are issued to insurers in accordance with the procedure prescribed by Ukrainian law.

Insurance against an accident with a tourist abroad is generally provided within the agreed amounts of insurance, and compensation is payable by:

- group 3 disability - 50 per cent of the insurance;
- group 2 disability - 75 per cent;
- death - 100% of insurance.

Tourism cancellations insurance is available on the amount of insurance (insurance compensation) agreed upon in the contract which is paid in whole or in part if the impossibility of travel is due to the following reasons:

- sudden illness or death of a tourist or his family or relatives;
- damage to the tourist's property as a result of environmental impact or acts of third parties;
- the participation of a tourist in the proceedings at the time of the intended travel;
- receiving a call to perform military service;
- no entry visa for all documentation requirements;
- other reasons recognized in the contract.

Specific types of insurance.

Specific types of insurance for tourists are: in case of untimely departure; in case of bad weather at the place of temporary stay; in case of non-removal; in case of failure to obtain a visa for the cases of innocent fishing during fishing, non-killing of animals during hunting, etc. The specific rules (conditions) for the insurance of tourists for each type of insurance are drawn up by each insurer independently within the framework of the legislation and regulations in force in Ukraine on the supervision of insurance activities. Therefore, before concluding (signing) a contract with an insurance company, the prospective tourist must examine these

conditions and strictly observe them when undertaking a tourist trip.

Cooperation with tour operators and travel agents brings significant benefits to insurance companies. Therefore, some of them within the scope of expansion of contacts with turbine offer special discounts for tour firms, provides sale of policies of several types, with a wide range of services, including «minimum policies» with preferential tariffs.

Few Ukrainian companies, in cooperation with foreign partners, provide legal support to tourists in cases of administrative and civil violations. The information support guarantees tourists the necessary information (about the most convenient routes of travel in the city or the host country, about entertainment establishments, etc.) completely unfamiliar in Ukraine.

#### Personal Insurance Program.

Accident insurance is an inexpensive type of insurance (a tariff of 0.5 per cent of the insured amount), which includes insurance against temporary or permanent disability or death of the insured person.

Insurance companies in Ukraine offer these insurance programmes for medical and other unforeseen expenses of citizens travelling abroad.

The policy «Economy class» guarantees:

- emergency medical care and medical expenses;
- organization and payment of medical transportation for the tourist;
- organizing and paying for the repatriation of the body in case of the death of the insured person.

The policy «Business class» guarantees all services of the policy «Economy class», as well as payment of emergency dental care.

The VIP policy ensures the fall of the policy «Business class», as well as:

- organization and payment of family visits in the event of hospitalization;
- arranging and paying for the early return of the insured to Ukraine in case of an emergency;
- organization and payment of early return to Ukraine of unaccompanied minor children of insured persons; organization and payment of legal protection for the insured
- assistance in the loss of documents.

#### Types of insurance cases.

Travelling to a specific area, in any case, the tourist can be in an extreme situation: climate change, water chemistry, other diets and many other changes are automatically dangerous. One of the reasonably effective ways that insurers can use to prevent the occurrence of insurance cases involving tourists is to actively inform tourists of potential hazards, provide departing tourists with detailed instructions on the prevention of possible dangers during travel.

The main insurance cases that occur with tourists are (as a percentage of all insurance cases):

- cold - 20%;
- accidents, injuries - 17%;
- poisoning - 16%;
- chronic exacerbations - 11%;
- otitis - 9%;
- dental care - 8%;

- allergies - 5%;
- fractures - 5%;
- heat shock - 5%;
- death - 1%.

There are currently two forms of insurance for tourists.

#### 1. Compensatory.

It provides for the payment by the traveller himself of all medical expenses and reimbursement only upon return to his home country, which is usually inconvenient, as it obliges the traveller to carry a considerable amount of money for this purpose.

##### 1.1. Baggage insurance programme.

The insurance limit is about \$2,000. It is payable upon presentation of documents proving that the luggage was lost or damaged during storage or transportation. This is the most common form of insurance, as the baggage insurance rate is about 50 cents per day.

##### 2. Service (assistance)

##### 2.1. Health insurance.

2.2. Legal and information assistance - provision of legal support to travellers in case of administrative or civil infringements, as well as guarantee of necessary information on the most convenient routes.

##### 2.3. Accident insurance.

2.4. The program of liability insurance for damage to the property of third people caused by the tourist as a result of «unintentional acts».

When you plan a trip, you don't really think about insurance. Often we get a cheap insurance policy only for travel to countries where it is mandatory - in the Schengen area, for example.

Countries where insurance is mandatory to enter.

Starting with the cases where the purchase of insurance policy is not your choice, but a prerequisite for crossing the border.

For travel in any country of the Schengen area, you must have an insurance policy valid for the entire period of your trip, covering not less than \$35,000 or €30,000.

Let us recall that the Schengen includes: Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, France, Italy, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland.

Upon entry into Australia, all tourists over the age of 75 are insured.

Without insurance, you will not be able to take part in cruises to Antarctica - and because of the harsh conditions and the lack of medical facilities nearby, all tourists will need to have insurance policies with maximum coverage, including emergency evacuation and repatriation.

Countries where the lack of insurance can be very expensive.

No insurance will be required for entry into the United States or the United Arab Emirates, but it is better to have it. The cost of health services in these countries is very high. Inappropriately torn tooth, appendicitis attack, food poisoning, accidental injury or any other health problem that cannot be «tolerated» to

the house can cost thousands, or even tens of thousands of dollars.

Here are some examples that will help us understand the cost of health care in these countries.

In the United Arab Emirates:

- a visit to a therapist costs 150 dollars;
- blood test - \$50;
- surgery with anesthesia and hospitalization - from \$10,000;

- dental consultation and x-ray - \$100;
- tooth filling - from 150.

In the United States:

- GP consultation - \$150-300;
- ambulance exit - \$700;
- X-ray of the limb - \$300-400;
- casting - 200-400 dollars;
- abdominal ultrasound - \$1,000;
- removal of the appendix - \$30,000-\$35,000;
- tooth filling - \$1,200;
- weekly inpatient treatment - \$15,000-40,000.

As you can see, sudden illness or an accident during a trip to the United Arab Emirates or the United States can be very expensive.

Switzerland, Germany, France, the United Kingdom and Japan also have high medical costs. When you go to these countries, it is best to buy insurance with a minimum of \$50,000 – so it will be easier for you and your loved ones.

The amount of the cover is the maximum amount of expenses for consultations, medical treatment, medicine, evacuation, etc., the insurance company will pay you in case of insurance accident. The higher this amount is, the more expensive the insurance policy will be. If you have a trip to a country with expensive medical care, it's better to pay for the policy by \$20-\$30 more - and know that in case of injury or illness, you won't have to borrow money and get into debt.

The franchise is part of the cost of treatment, it will not be covered by the insurance company. For instance, if your policy includes a 50-dollar franchise and the foreign clinic where you were treated charged 90, the insurance will only reimburse you 40, and you will have to pay for it 50 on your own. The smaller the franchise size is (it can be zero), the more expensive the insurance policy is.

The insurance period depends on the frequency and duration of your travel. If you travel abroad 1-2 times a year, it makes sense to buy short-term insurance for exactly the number of travel days. For those who travel abroad every month, it will be more convenient and cheaper to issue a yearly policy.

The list of insured cases are injuries, diseases, health problems and the insurance company will compensate you them for the cost of treatment. Always study this item carefully in the insurance contract. If you choose to buy the cheapest policy, probably it will only cover first aid, emergency relief and pain relief, and all further treatment will have to be paid out of your own pocket.

As a rule, the aggravation of chronic diseases is not considered as insurance cases.

If you are planning an active holiday, the insurance also needs the «active». It is the one that

provides for the compensation of injuries incurred during sports and competitions. If you are injured while skiing, bungee jumping or safari touring, a regular tourist policy will not cover your expenses.

Sports insurance costs more, with the rate of premium depending on the sport or type of activity you plan to engage in. For example, swimming or playing tennis will cost less than mountain skiing and mountaineering, and risk insurance for climbing, climbing or parachuting is even more expensive.

For sport and active recreation in the mountains and in remote areas (mountain tourism, mountain skiing, snowboarding, mountain river alloys, etc.), an important point in the insurance is covering the cost of evacuation. For those who engage in serious mountain climbing and other sports at high risk to their lives, it makes sense to take care in advance and to compensate for repatriation (body delivery to home) - however horrendous it may sound.

The insurance contract may specify that compensation for sport injuries shall not be paid in the event of a safety breach - remember this when you communicate with the insurance and clearly describe the circumstances which the accident occurred in, not to give you cause to misinterpret them. Almost invariably, the insured denies payment, if the illness or injury occurred at a time when the tourist was under the influence of alcohol or drugs as a result of a violation of the law or the rules of conduct. For instance, a drunk driver who was in a car accident, the instigator of a brawl in a public place, or a tourist who climbed behind the fence and fell off the edge of a cliff in an attempt to make a spectacular selfie should not be compensated.

Consider what to do when an insurance event occurs:

Ideally, call the helpline in the first place. Assistance is a company which an insurance contract has been concluded with and it is directly involved in accompanying the victim in the event of an insurance accident. The number of the help desk is indicated on the insurance policy - so carry it with you at all times, not leave at the bottom of a suitcase in a hotel. If you don't want to carry a policy, take a picture of the numbers or put them in the phone book.

Of course, it is not always possible to contact the assistance before they begin to treat you - the situations in life are very different. Contact them as soon as you are in a position to do it. Try to keep as many documents as possible - all prescriptions and medical opinions, all hospital bills and pharmacy receipts. Be sure to write down the contact information of the medical institution where you were treated, as well as the surname, first name and contacts of your physician. The more documentary evidence you provide the better chance of getting the insurance payment in a timely manner. Choosing an insurance company, it is better to give preference to large and well-known companies. PZU Ukraine, Providna, ASCA, UNIQA, Alpha Insurance are examples of companies which have been operating long and stable on the Ukrainian insurance market.

Going on a trip it is possible to insure not only health and life, but also luggage, probability of departure, etc.

Baggage insurance - may be useful if you are flying with one or more transfers and are concerned about the security of your baggage.

The insurance case will be both the loss of your bags or suitcases and their damage during transportation.

Purpose of travel insurance is to obtain a visa for a trip and it is highly probable that you will not be granted a visa.

Green card – is compulsory insurance, in case of travelling to a number of countries by own car (international analogue of Ukrainian «compulsory insurance of the civil liability of vehicle owners»). It covers the costs of accidents caused by the fault of the insured. «Green Card» operates on the territory of Europe, Russia, Belarus, Moldova, Azerbaijan.

### Conclusions

Thus, it can be summed up that the intensive activities of tourists objectively create the need for a high level of production, labour and management in the tourism sector. In this sense, all tourism activities objectively acquire a special, dynamic style. This is why the role of specialists - organizers of all types of tourism activity - is high in this sphere. Tourism insurance is a special type of insurance, providing insurance protection for the property interests of citizens during their tours, journeys, cruises, etc.

Personal insurance for tourists is a risky type of insurance, its most common feature is its short-term nature, as well as the high degree of uncertainty about possible damage in case of insurance.

The main insurance events which personal travel insurance is provided for are: accident, sickness, death or death insurance.

The tourist, as a client of the insurance organization, is interested in receiving assistance as soon as possible and at the appropriate level. The cooperation of the Russian insurer with insurance or service organizations abroad plays an important role. At the same time, domestic insurance companies that sell insurance policies are currently using assistance systems. It means the insurer concludes the contract with the company directly or through an intermediary, specialized in the organization of medical care and other services. The range of services is very varied - before visa renewal and ticket exchange.

Insurance – is a system of economic relations for the protection of the interests of natural and legal people by paying them insurance compensation (insurance payments) in case of certain events (insurance cases) from money (insurance funds) which are made up of premiums paid by these people (premiums), up to a certain amount (insurance sum).

Insurance has four functions: risk, prevention, savings, control.

The risk function of insurance consists of risk recovery. As part of this function, there is a redistribution of monetary value among the insurers in relation to the consequences of accidental insurance events. The risk function of insurance is the main one,

since insurance risk, as the probability of damage, is directly related to the main purpose of insurance for the compensation of international losses to victims.

The precautionary function of insurance is the financing from the insurance fund of risk reduction activities.

The savings function of insurance contributes to the accumulation of money for life.

The control function of insurance is to check the earmarking and use of the funds of the insurance fund.

Insurance is voluntary and compulsory. Compulsory insurance includes:

- third-party liability insurance for vehicle owners;
- travel insurance.

Other forms of tourism insurance are voluntary. There are two forms of insurance for tourists.

#### 1. Compensatory.

It provides for the payment by the travellers themselves of all medical expenses and reimbursement only upon return to their home country, which is usually inconvenient, as it obliges the travellers to carry a considerable amount of money for this purpose.

#### 2. Service (assistance).

It provides a list of services (within the framework of the agreement) that are provided at the necessary time in kind or in cash through technical, medical and financial assistance.

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## INTERNAL CONTROL AS AN EFFECTIVE TOOL OF THE SMALL BUSINESS MANAGEMENT SYSTEM

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### Abstract

The article deals with the concept of internal control, elements of the internal control system. The peculiarities of the organization of internal control in small enterprises are revealed, as well as its close relationship with the management of the enterprise. The options of organization of SVK are considered, as well as possible influence of the selected option on results of activity of small enterprise.

**Keywords:** internal control, small business, control, management, internal control system (ICS), elements of ICS.

Every year, the share of small businesses among all economic entities is growing more and more. In this regard, small business entities have to systematically monitor the effective use of their resources. An excellent solution for this is the creation of an internal control system (ICS), which acts as a tool to improve the effectiveness of the organization. However, practice shows that among small enterprises, the introduction of CAS is not as common as in large organizations.

According to A.V. Zonova, Doctor of Economics, "internal control is a process aimed at achieving the goals of an economic entity, and is the result of decisions of the management on planning, organization, monitoring the activities of structural divisions and the organization as a whole" [4]. The importance of internal control has increased due to the introduction of significant changes from 01.01.2013 to the Federal Law No. 402-ФЗ "On Accounting," in which for the first time the head of the organization was entrusted with the responsibility for organizing and implementing the internal control system. According to article 19, paragraph 1, of this law, "the Economic Entity is obliged to organize and carry out internal control over the facts of economic life" [1].

A well-organized internal control system provides the enterprise with reliable economic information, ensures the safety of property, monitors the compliance of accounting with the approved accounting policy and monitors compliance with the rules for compiling and submitting the BFD, as well as generally increases the efficiency of the organization's business activities. It is worth noting that in order to strengthen the systematic functioning of control, it is recommended to develop and consolidate an internal document such as the Regulation on Internal Control. It should disclose the concept of CAS, its basic principles, objectives and objectives, the main control procedures and the responsibility for the organization of internal control.

For Russian small business enterprises, internal control is necessary and relevant as a tool for controlling all areas of activity and functioning of an economic entity. Consider the specific features of small business entities that directly affect the organization of internal control. Such features include:

- significant influence of owner and manager on all aspects of financial and economic activity of the organization;
- Lack of diversification of the authority of accounting and reporting personnel [5].

In this regard, the control and management of the organization as a whole is transferred to its head. In the case of the management of a small enterprise by its owner, both more effective supervision of its activities is possible, and the likelihood of significant distortions in the accounting (financial) statements is not excluded. This is due to the fact that the owner-manager is not able to independently organize a structured internal control system, in which all its five elements are clearly defined, namely:

- control medium;
- Risk assessment;
- Information and communication;
- control procedures;
- monitoring of the control system.

Let's take a look at the characteristics of these elements of CAS in small businesses. Thus, the control environment is characterized by the fact that the main control functions are performed by one person, namely the head of the organization. With regard to risk assessment, this component is not as clearly represented in small businesses as in larger companies. Information and communication, in turn, is easier due to the small number of personnel, which allows management to not miss any details in the activities of the organization during the observation. However, control procedures in small business are formal due to the constant control and supervision by management of the quality of the

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