

## ANALYSIS OF FINANCIAL CONTROL MANAGEMENT OF STATE BODIES ON ISSUES OF INSURANCE COMPANIES' ACTIVITIES

## АНАЛІЗ УПРАВЛІННЯ ФІНАНСОВИМ КОНТРОЛЕМ ДЕРЖАВНИХ ОРГАНІВ ЗА ДІЯЛЬНІСТЮ СТРАХОВИХ КОМПАНІЙ

*The article explores the theoretical foundations and practical aspects of financial control exercised by state authorities over the activities of insurance companies, using the case of PJSC "Knyazha Vienna Insurance Group". The author emphasizes the crucial role of insurance in ensuring the financial stability of the economy and protecting the interests of insurance service consumers, which necessitates effective state regulation and control. The essence of financial control, its functions, and its importance in the modern economy are analyzed, as well as the toolkit used by regulatory bodies, particularly the National Bank of Ukraine, in supervising the insurance market. Factors contributing to the intensification of regulatory activities are examined, especially in the context of the digital transformation of financial services and the increasing demands for transparency and accountability from insurers. Special attention is given to the results of the inspection of PJSC "Knyazha Vienna Insurance Group", which revealed violations related to improper client communication, inaccuracies in financial reporting, and deficiencies in the corporate governance system. Based on the analysis, recommendations are made to improve internal financial control, implement digital technologies for data processing and reporting, and enhance the professional competencies of staff. The article is of significant practical value, as it provides well-founded proposals to improve the effectiveness of state financial control amidst the ongoing reform of Ukraine's insurance market, integration into European standards, and the implementation of digitalization policies.*

**Keywords:** analysis, management, financial control, insurance company, state regulation, National Bank of Ukraine, digital transformation, corporate governance, internal audit, reporting.

У статті досліджуються теоретичні засади та практичні аспекти здійснення фінансового контролю державними органами за діяльністю страхових компаній, зокрема на прикладі ПрАТ «Страхова компанія «Княжа Вієнна Іншуранс Груп». Автори підкреслюють ключову роль страхування у забезпеченні фінансової стабільності національної економіки та захисті прав і законних інтересів споживачів страхових послуг. Це, у свою чергу, обумовлює необхідність наявності ефективного та прозорого механізму державного регулювання і контролю, що відповідає сучасним викликам та тенденціям розвитку страхового ринку. У роботі детально проаналізовано сутність фінансового контролю, його основні функції, завдання та значення у сучасній економічній системі. Особливу увагу приділено інструментам та методам, що використовуються регуляторними органами – зокрема, Національним банком України – для здійснення контролюючих заходів. У цьому контексті розглянуто нормативно-правову базу, стандарти нагляду, методи аналізу фінансової звітності та інші засоби, що дозволяють своєчасно виявляти порушення та запобігати ризикам. Окремо висвітлено актуальні виклики, які постають перед системою фінансового контролю в умовах цифрової трансформації фінансових послуг, а також посилення вимог до прозорості, достовірності та підзвітності діяльності страхових компаній. Підкреслюється необхідність впровадження інноваційних технологічних рішень, зокрема систем автоматизованого моніторингу та обробки звітності, для підвищення ефективності контролю. На прикладі перевірки діяльності ПрАТ «СК «Княжа Вієнна Іншуранс Груп» проаналізовано конкретні порушення, серед яких – недоліки у системі інформування клієнтів, наявність неточностей у фінансовій звітності, а також слабкі сторони у системі корпоративного управління. Вивчення цих аспектів дозволило авторам сформулювати низку практичних рекомендацій, зокрема щодо зміцнення внутрішнього фінансового контролю, підвищення рівня кваліфікації персоналу, а також модернізації процесів звітності через цифрові платформи. У підсумку, стаття має значну теоретичну й практичну цінність. Вона не лише розкриває сучасні тенденції у сфері державного фінансового контролю, але й пропонує обґрунтовані заходи для підвищення його ефективності в контексті реформування страхового ринку України, гармонізації з європейськими стандартами та впровадження політики цифровізації економіки.

**Ключові слова:** аналіз, управління, фінансовий контроль, страхова компанія, державне регулювання, Національний банк України, цифрова трансформація, корпоративне управління, внутрішній аудит, звітність.

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**The importance of the research.** In today's market economy, insurance plays an important role in providing the financial stability of both individual business entities and the state. Insurance companies act as intermediaries in the redistribution of financial resources, forming substantial insurance reserves that can have a significant impact on the economy. That is why the state is interested in providing

transparent, stable, and reliable activities of the insurance market.

Financial control by state authorities is a key instrument for regulating the insurance sector. It not only helps to detect and prevent violations, but also increases the level of trust in insurance institutions by providing the protection of consumers' interests. This issue becomes particularly relevant in times of

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economic instability when the risks of insurance companies' insolvency increase.

#### **Analysis of recent research and publications.**

The issue of financial control in insurance is explored in the works of Ukrainian scientists such as Vilenchuk O.M. [8], Hamankova O.O., Borysiuk O.V. [6], Sosnovska O. [3], Fedoryshyna L. and Aleskerova Yu. In particular, the works of Vilenchuk O.M. emphasize the need to build an effective risk management system in insurance, while Hamankova O.O. [7] investigates the use of information technologies and neural network approaches in financial monitoring. However, despite existing research, there is still a need for further study of the practical application of state control tools over the activities of specific insurance companies, considering the digitalization of processes.

**The purpose** of this study is to examine the mechanisms of financial control management by state authorities over the activities of insurance companies, using PJSC Insurance Company "Kniazha Vienna Insurance Group" as a case study.

#### **The statement of the basic research material.**

Insurance organizations are an integral part of the financial market infrastructure and are expected to perform the important function of protecting society from various dangers and risks. A well-designed and effective system of financial control is intended to foster that insurers fulfill their obligations to both clients and the state. The term "financial control" is not new in academic literature; however, in our view, the definition of financial control of insurance organizations requires further detailed study and clarification, particularly given the significance of insurance activities. To develop our own interpretation and definition of the term "financial control of insurance organizations", we will first examine existing views of scientists on financial control, which is related to the categories of "finance" and "control", specifically in the context of insurance companies. Academic literature indicates that the word "control" originates from the French "contrôle", meaning "inspection" or "verification", and from the Old French "contrôle", referring to "a list that has a duplicate for verification purposes".

Scientists interpret the term "control" in different ways. Some believe that it refers to the supervision of an object and the maintenance of its functioning in accordance with established principles by generally comparing the actual state of the object with the desired state that should be ensured. Others argue that control is a function of a management system, understood as a system of observation and verification of the functioning process and the actual state of the controlled object, with the goal of identifying deviations from specified parameters. It is also viewed as an activity carried out to correct the behavior of the controlled object, to ensure the implementation of laws and other regulatory acts, directives, and orders of government authorities, regarding compliance with executive and financial discipline, the proper use of financial resources and property, and the organization of work

with proposals, statements, and citizens' complaints. Financial control is an integral part of the economic system, aimed at ensuring the legality, appropriateness, and efficiency in the use of financial resources. It serves as an important instrument of public administration, which not only enables the detection and prevention of financial violations but also contributes to the formation of the state's economic security. Thanks to financial control, the stability of the financial and credit system is maintained, the level of trust in economic entities is increased, and conditions for sustainable economic growth are created. Financial control encompasses a wide range of activities: from verifying the accuracy of accounting practices to assessing the effectiveness of the implementation of government programs and private investment projects. In this context, it performs the functions of supervision, audit, inspection, examination, and monitoring. The main tasks of financial control are: verifying compliance with financial discipline, assessing the efficiency of financial resource utilization, detecting and preventing financial violations, ensuring transparency in the financial activities of economic entities, strengthening accountability for the irrational or unlawful use of funds, improving the effectiveness of the budgetary and tax systems [6].

The Ukrainian financial school believes that finances touch all areas of society's activities and are present at all levels of economic activity. After all, at the level of enterprises and households, relationships arise that are related to the creation, distribution, and use of financial resources, which have a clearly defined financial nature, where the movement of value occurs through the movement of funds. The definitions of the economic essence of finance presented do not exhaust the full range of conceptual approaches and considerations on this issue. Financial control, in domestic science, is usually considered through the functions of finance. Most scientists distinguish two functions of finance – distributive and controlling. These functions are considered fundamental. Others additionally highlight the function of mobilizing financial resources. The essence of the distributive function lies in the fact that finance participates in the distribution process, during which the national income is distributed. As a result of the functioning of finance, public funds are created, and financial resources are used to ensure the implementation of the tasks and functions of the state, local government bodies, and other public and economic entities [7].

In the context of the insurance sector, financial control takes on special importance, as insurance companies handle significant amounts of funds that belong to policyholders. These funds form insurance reserves, which must always be available to fulfil obligations to clients. Therefore, the reliability, financial stability, and solvency of insurance companies become priority concerns for state regulatory authorities. Effective control over the activities of insurers provides transparency in their operations, reduces the risks of fraud and

bankruptcy, and supports overall stability in the country's financial market.

Table 1 illustrates the key functions of financial control, which are aimed at ensuring the stability and efficiency of the economic system. In the insurance sector, these functions take on particular importance due to the need to protect the interests of policyholders and provide the reliability of insurance services.

Important issues regarding the improvement of internal financial control include the implementation of new information systems to monitor the financial condition of insurers, the creation of a rapid response system to deviations, and the development of new preventive measures to avoid sharp changes in indicators and negative financial consequences for both the company and the insurance services market.

Currently, Ukraine is undergoing transformational changes in the state regulation of the non-bank sector. Starting from July 1, 2020, in accordance with the Law of Ukraine "On the Protection of Economic Competition" dated January 11, 2001 (as amended on March 7, 2018), the National Bank of Ukraine assumed the functions of the regulator for the non-bank financial services market, including the insurance market. The purpose of these changes is to update the outdated legislative framework, digitalize the sector, and restore public trust in non-bank financial institutions, implement a financial ecosystem, intensify the protection of consumers' rights and interests, and promote further innovative development of the non-bank financial services market. Regulation of insurance activities at the legislative level can be seen as the state's effort to

ensure the "moral security" of its citizens. Table 2 presents the main reasons for the necessity of state regulation of insurance activities.

Thus, the legislative framework serves as the foundation for building an effective system of financial control over the activities of insurance companies, ensuring their reliability, transparency, and compliance with the best international practices. The main body of governmental oversight for the activities of insurance companies in Ukraine is the National Bank of Ukraine (NBU), which performs regulatory functions in accordance with the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" and the Law of Ukraine "On Insurance". Since July 1, 2020, following the reform of the supervisory system, the powers for regulation and supervision of the insurance market were transferred from National Commission for State Regulation to the NBU.

The National Bank of Ukraine (NBU) monitors the activities of insurance companies with the aim of ensuring financial stability, solvency, protection of policyholders' interests, and prevention of risks associated with improper management of insurance operations. The main control instruments include licensing, supervision of financial condition, analysis of reporting, inspections, monitoring compliance with regulations, evaluation of corporate governance systems, as well as oversight of adherence to principles of transparency and the protection of the rights of consumers of financial services.

Insurance Company "Kniazha Vienna Insurance Group" as one of the leading companies in the market, complies with current legal requirements and

Table 1

#### The main functions of financial control in the economic system

Function	Description
Verification of financial discipline	Control over compliance with financial regulations and rules
Assessment of effectiveness	Analysis of the effectiveness of financial resource utilization
Detection of violations	Detection of cases of abuse, fraud, and other financial violations
Ensuring transparency	Promoting openness and accessibility of financial information

Source: based on the authors' own research

Table 2

#### Reasons for the necessity of state regulation of insurance activities

Levels of implementing the regulation	Reasons for regulation	Beneficiaries
Strategical	Possibility of stimulating investment activity	State
Strategical	Antitrust regulation of the insurance market	State and consumers
Tactical	Necessity of tax insurance	State
Tactical	Introduction of nationwide compulsory insurance, guarantees, or joint participation of the state and legal entities or individuals in the formation of insurance funds for specific types and subtypes of insurance	Insurers and state
Tactical	Control over the transparency of the insurer's actions and the insurer's access to accurate and complete information about the policyholder	State
Operational	Possibility of receiving potential benefits (income) in the future	Insurers
Operational	Control over the necessity and feasibility of insurance	Insurers

Source: based on the authors' own research

maintains a transparent cooperation policy with the National Bank of Ukraine (NBU). The company regularly submits financial reports to the regulator in the prescribed formats and within established deadlines, including the balance sheet, income statement, reports on insurance reserves, reinsurance, and asset structure. Additionally, the company participates in system-wide initiatives implemented by the NBU, particularly in relation to the implementation of Solvency II standards, as well as efforts to enhance transparency and digitalization of insurance processes.

The National Bank of Ukraine (NBU) periodically conducts scheduled and unscheduled inspections of insurers' activities. Based on the results of these inspections, recommendations may be issued to address deficiencies, or sanctions may be applied in the event of identified violations. In recent years, Insurance Company "Kniazha Vienna Insurance Group" has not recorded any significant violations, which indicates proper internal control practices and compliance with corporate governance standards.

In addition to the NBU, insurance companies may also interact with the Antimonopoly Committee of Ukraine in cases involving unfair competition, the State Tax Service – on taxation matters, and law enforcement agencies – in cases of financial violations. However, the key and permanent regulator remains the NBU, which performs both supervisory and advisory functions aimed at strengthening the stability of the insurance market in Ukraine.

Table 3 shows the multifunctional supervisory toolkit of the NBU, aimed at providing the stability of the insurance market, maintaining a high level of insurers' solvency, and preventing systemic risks. An important component is the protection of rights of financial services consumers, which is achieved through prompt

response to complaints, monitoring of the transparency of insurance products, and compliance with service delivery standards. Together, these functions create a reliable foundation for the effective regulation and supervision of the insurance sector, fostering trust from both the population and investors.

The analysis of Table 4 shows that Insurance Company "Kniazha Vienna Insurance Group" maintains a proper level of interaction with the National Bank of Ukraine, demonstrated through the systematic submission of complete and accurate financial reports, active participation in reforms and initiatives aimed at improving the insurance market, particularly in implementing European standards. The company demonstrates a high level of financial discipline, compliance with solvency and capital requirements, and an effective internal control system that helps avoid violations during regulatory inspections. This reflects its reliability, stability, and responsibility as a participant in the Ukrainian insurance market.

In February 2025, the National Bank of Ukraine (NBU) conducted a scheduled inspection of Insurance Company "Kniazha Vienna Insurance Group". As a result of the inspection, violations of legislation concerning the protection of consumers of financial services and the submission of inaccurate reporting were identified. Specifically: A fine of 2,057,000 UAH was imposed for violations of the legislation on the protection of consumers of financial services. A fine of 40,000 UAH was imposed for submitting inaccurate reporting for the first half of 2024.

A written warning was issued regarding violations in the insurer's management system and the activities of its separate subdivisions.

The analysis of the identified violations indicates the presence of systemic deficiencies in the areas of consumer protection, financial reporting, and internal

Table 3

**The main functions of the National Bank of Ukraine (NBU) regarding insurance supervision**

Function	Meaning
Licensing	Issuing and revocation of licenses for insurance activities
Solvency supervision	Monitoring compliance with solvency and capital
Analysis of financial statements	Assessment of the insurers' financial situation based on the reports
Conducting of inspections	Scheduled and unscheduled inspections of insurance companies
Protection of the rights of financial services consumers	Consideration of complaints and enforcement of client rights

Source: based on the authors' own research

Table 4

**The interaction of Insurance Company "Kniazha Vienna Insurance Group" with the National Bank of Ukraine (NBU) in 2024**

Ways of interaction	Feature
Submission of financial statements	Regular submission of reports in accordance with established forms and deadlines
Involvement in the NBU initiatives	Active participation in the implementation of Solvency II standards and the digitalization of processes
Results of inspections	Absence of significant violations based on the results of inspection
Compliance with regulations	Full compliance with solvency and capital requirements

Source: based on the authors' own research



control organization. This serves as a clear signal to the company's management regarding the need for a comprehensive modernization of internal processes and structures. Shortcomings in client communication may lead to loss of trust and reputational risks, while violations in reporting can result in regulatory sanctions and a decline in the company's investment attractiveness. At the same time, weak internal control poses a threat to the financial stability of the insurer.

Considering the above, there is a clear need to implement a well-structured internal audit system that encompasses both the review of financial and operational reporting and monitoring compliance with legal requirements. Additionally, it is essential to provide continuous personnel development, particularly compliance officers, finance specialists, and risk management professionals to maintain a high level of awareness regarding current regulatory requirements and international insurance standards. These measures will not only help eliminate existing deficiencies, but also prevent their recurrence in the future, thereby contributing to enhanced transparency, reliability, and competitiveness of the insurance company in the financial services market.

The imposed sanctions on Insurance Company “Kniazha Vienna Insurance Group” have both financial and reputational effects, highlighting the seriousness of the violations identified by the regulator. Specifically, the size of the fines indicates the importance of adhering to consumer protection regulations and ensuring accuracy in financial reporting. These regulatory measures not only lead to direct costs for the company but can also have a significant impact on its reputation among clients, partners, and potential investors.

At the same time, the fact that the overall number of sanctions is limited may indicate the relative stability of the financial and operational activities of Insurance Company “Kniazha Vienna Insurance Group”. This suggests the presence of fundamental management mechanisms capable of ensuring compliance with key

regulations and standards. However, the identified deficiencies highlight the need for further improvements in the company's internal management policies, strengthening of control procedures, and the development of a corporate culture that emphasizes adherence to compliance norms and business ethics.[4]

Thus, the company has the potential to strengthen its position in the market through the systematic improvement of internal processes, which will prevent similar violations from occurring in the future. The identified violations indicate the need for strengthened internal control and management processes within Insurance Company “Kniazha Vienna Insurance Group”. The discovered deficiencies point to systemic weaknesses that could affect the effective risk management, financial reporting, and consumer protection. This creates the necessity to review internal regulations, implement modern management control tools, and enhance the professional skills of responsible personnel. The measures taken by the National Bank of Ukraine (NBU) are intended to encourage the company to improve its operations and comply with legislative requirements. Regulatory pressure plays a disciplinary role, prompting the insurance company not only to address the identified violations but also to implement long-term compliance strategies, improve financial transparency, and enhance corporate governance. Regulatory bodies, particularly the National Bank of Ukraine, continue to actively monitor insurers' compliance with regulatory requirements, ensuring increased transparency and stability in the insurance market. With the introduction of modern regulatory and supervisory approaches, including the adaptation of Solvency II principles, trust in the insurance sector from both consumers and investors is increasing. This contributes to the sustainable development of the industry, its integration into the European financial space, and the strengthening of its role in the national economy.

The analysis of the data presented in Table 7 regarding the violations identified in the activities of Insurance Company “Kniazha Vienna Insurance

Table 5

**The identified violations during the inspection of Insurance Company  
“Kniazha Vienna Insurance Group” in 2025**

Type of violation	Description
Consumer protection	Failure to comply with informing and serving customers
Inaccurate reporting	Revealed discrepancies in the financial statements for the first half of 2024
Management	Shortcomings in working with separate units and in the corporate governance system

Source: based on the authors' own research

Table 6

**The imposed sanctions on Insurance Company “Kniazha Vienna Insurance Group”**

Type of sanction	Amount of Sanction (UAH)	Reason
Fine	2 057 000	Violation of consumer rights
Fine	40 000	Inaccurate reporting
Written warning	—	Deficiencies in the management and operation of departments

Source: based on the authors' own research

Group” demonstrates the presence of systemic deficiencies in internal business processes. The recurrence of certain types of violations indicates weaknesses in the internal control mechanisms, inadequate effectiveness of management, and non-compliance with the principles of fair customer service.

The frequency of violations related to information disclosure, financial reporting, insurance reserves accounting, and the timeliness of settlement of insurance claims is particularly alarming. This not only creates risks for consumers, but also undermines the trust in the company from its partners and regulators. In this context, there is an urgent need to review customer service policies with a focus on transparency, timeliness, and openness. Strengthening management structures is also necessary through the implementation of modern corporate governance tools, optimization of the organizational model, and improving staff qualifications [5].

Furthermore, it would be advisable for the company to implement more effective auditing procedures and regular monitoring of internal processes. Transparent and timely financial reporting should not only be a regulatory requirement but also an element of the corporate culture. Overall, such systemic changes will contribute to restoring customer trust, reducing regulatory pressure, and ensuring the long-term stability of the company in the insurance market.

Measures taken by regulatory authorities are an important tool for influencing the behavior of insurance companies. They are not only aimed at punishing detected violations but also play a key role in stimulating systemic changes in management, adherence to corporate governance standards, and improving customer service quality. This approach contributes to strengthening the insurance services market, fostering fair competition, and ensuring consumer rights. The review of the inspection results of Insurance Company “Kniazha Vienna Insurance Group” indicates the seriousness and consistency of control by state

regulators, particularly the National Bank of Ukraine. These inspections allow for the identification not only of individual violations but also of deeper systemic issues that may affect the financial stability of the company and its ability to fulfill obligations to clients.

Implementing the recommendations provided by the National Bank of Ukraine due as a result of inspections is a crucial step in improving the company's operations. This includes enhancing internal risk management procedures, increasing transparency in financial reporting, refining the internal control system, and strengthening communication with clients. The adoption of such measures not only helps address the identified shortcomings but also boosts the level of trust in the company, both nationally and internationally.

In conclusion, the interaction between insurance companies and regulatory bodies is constructive and plays a crucial role in the sustainable development of the market. Compliance with regulatory requirements, timely responses to feedback, and a commitment to continuous improvement enable companies to maintain competitiveness, enhance service quality, and strengthen their reputation among consumers. Financial control plays a key role in ensuring the stability and reliability of an insurance company, especially in the context of increased regulatory pressure and growing risks. The example of Insurance Company “Kniazha Vienna Insurance Group” has revealed several shortcomings that highlight the need for improvements in internal oversight and interaction with the National Bank of Ukraine. To enhance the control system, it is advisable to implement several managerial and organizational measures, including: Strengthening internal control and auditing enables to ensure the timely detection of deviations from legal requirements and corporate governance standards. It is advisable to implement regular internal audits with the involvement of independent experts.

Improving the reliability and transparency of reporting. To strengthen trust in the financial information of

Table 7

**The nature of the revealed violations at Insurance Company “Kniazha Vienna Insurance Group”**

Violation category	Specific deficiencies
Consumer rights	Improper informing of clients about insurance services
Financial reporting	Submission of incomplete and inaccurate reporting
Internal management	Inadequate control over separate subdivision

Source: based on the authors' own research

Table 8

**The NBU reaction to the violations**

Measures of influence	Description of the action	Expected effect
Fines	Financial sanctions for violation of the law	Strengthening discipline and caution in the company's actions
Warning	Legal notice to eliminate the shortcomings	Improving the management system
Monitoring	Strengthened control over the company's operations	Increasing transparency and preventing repeat offenses

Source: based on the authors' own research

the insurance company, it is advisable to modernize the approaches to the formation and submission of reports. This includes reviewing the existing methodological approaches to accounting and report preparation, aligning them with international standards (particularly IFRS), and implementing automated tools for processing financial data. Introducing control procedures at every stage of the reporting process will reduce the risk of errors, improve data accuracy, and minimize the impact of the human factor.

Digital transformation of reporting and management processes. Digitizing key functions in financial management creates the conditions for more flexible, faster, and more accurate analytics. The implementation of specialized software (ERP-systems, financial analytics tools, artificial intelligence-based solutions) allows real-time tracking of key indicators, identifying deviations from normative values, and generating automatic alerts for management decision-making. This also facilitates interaction with the regulator through electronic document management.

Development of personnel potential. In today's environment, qualified personnel are a critical resource for ensuring the company's compliance with regulatory requirements and effectively implementing digital solutions. Systematic employee training should cover areas such as financial accounting, internal auditing, reporting, risk analysis, working with financial systems, and regulatory compliance. It is also important to encourage staff participation in professional associations and certification programs (e.g., ACCA, CPA, CIA), which will enhance the overall level of management culture within the company.

The presented Table 9 outlines the key areas for improving financial control in Insurance Company "Kniazha Vienna Insurance Group" aimed not only at addressing the identified shortcomings, but also at laying the foundation for building a modern, resilient, and efficient financial oversight system. The proposed measures reflect a comprehensive approach to enhancing the company's reliability, based on the principles of transparency, accountability, and technological flexibility.

In particular, the implementation of a systematic internal audit allows not only for the prompt identification of violations or discrepancy, but also for preventing their recurrence in the future by creating feedback mechanisms and analysis of the causes. This approach is a key component of corporate governance,

as it fosters a culture of control and accountability at all management levels. Enhancing the transparency of financial reporting, in turn, helps build trust among stakeholders – clients, regulators, partners, and potential investors. Improving accounting methodology, automating data verification, and implementing digital tools minimize human error, increase the accuracy of reporting, and reduce the risk of manipulation.

Digitization of financial monitoring processes opens new opportunities for real-time data analysis. It allows to identify the atypical trends, the construction of predictive models, and more effective risk management. In the face of increasing complexity in financial flows and cyber threats, having modern software becomes a necessary condition for effective control.

Equally important is the development of human capital which is the main driver of change within the company. Regular training of personnel, participation in professional workshops, and adaptation to international reporting and auditing standards help to form a highly qualified team, capable of functioning effectively in the constantly changing regulatory environment. Together, all these directions form the foundation for the sustainable development of Insurance Company "Kniazha Vienna Insurance Group". Their consistent and integrated implementation will enable the company not only to meet current regulatory requirements, but also to become a model of best practices in the Ukrainian insurance market.

**Conclusions.** As a result of the conducted research, it has been established that effective financial control over the activities of insurance companies is not only a technical tool of state regulation, but also a system-forming element of the country's financial stability. The reliable functioning of the insurance market directly affects the level of trust from financial services consumers, investors, and international partners. Therefore, the quality of oversight and control is of strategic importance.

The analysis of the activities of PJSC Insurance Company "Kniazha Vienna Insurance Group", which is part of the powerful international group Vienna Insurance Group, showed that the presence of financial resources and international support does not automatically guarantee high standards of corporate governance and compliance. Despite stable financial performance, the company faced several serious violations in 2023, which were identified during inspections by the National

Table 9

**The main improvement directions of financial control at Insurance Company  
"Kniazha Vienna Insurance Group"**

Improvement direction	Feature
Internal control and audit	Conducting independent internal audits and implementing an internal supervision system
Transparent financial reporting	Using digital tools for processing and verifying reporting data
Information technology	Automation of financial monitoring, implementation of a risk management system
Retraining of personnel	Training on regulatory requirements, international reporting standards, and auditing

Source: based on the authors' own research



Bank of Ukraine. Among these were: submission of inaccurate and incomplete reporting, which makes it impossible to properly assess the financial condition, violation of consumer rights, in particular improper communication regarding insurance conditions, delayed payment of insurance claims, etc., weaknesses in the internal risk management and control systems, which increase the probability of accumulating critical issues.

The consequences of these violations became regulatory sanctions, including significant fines, written warnings, and demands to address the shortcomings within specified deadlines. This was the impetus for reviewing internal procedures, strengthening independent audits, and improving compliance and risk management systems.

The conducted analysis also revealed that the identified violations are not isolated but systemic, indicating deeper structural problems in the organization of internal control processes. Therefore, addressing these issues requires not only localized changes but a comprehensive approach to reengineering the internal management system, with a focus on best European practices. To improve the financial control system for the activities of Insurance Company "Kniazha Vienna Insurance Group" and similar companies, it is advisable to: strengthen internal control and audit, automate reporting and data analysis processes, adapt national regulations to European standards, develop the professional potential of personnel. In general, improving the effectiveness of financial control will contribute to strengthening trust in the insurance market, protecting consumer rights, and providing the stability of Ukraine's financial system, which aligns with the strategic objectives of state policy in the financial services sector.

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