

Opeshko N. S.

*PhD in Economics, lecturer at financial services management department
Simon Kuznets Kharkiv National University of Economics
(Ukraine)*

Davydenko D. O.

*Postgraduate at financial services management department
Simon Kuznets Kharkiv National University of Economics
(Ukraine)*

INSURANCE OF RESIDENTIAL REAL ESTATE IN THE PROCESS OF REALIZATION THE FINANCIAL SERVICE THROUGH CONSTRUCTION FINANCING FUNDS

Investment in residential real estate is one of the most popular way for people to save their money in the long term. Laws of Ukraine "About financial and credit mechanisms and management of property under construction housing and real estate transactions" [3], "About financial services and state regulation of financial services markets"[2] define a list of funding instruments that allow interested investors (principals) to invest funds in financial services in the housing market. Funds of finance the construction (FFC) is one of such tools. FFC is funds transferred a manager of FFC to the management, which manager uses or will use in future in terms of fund rules and agreements about participation in FFC.

Law of Ukraine "About financial and credit mechanisms and management of property under construction housing and real estate transactions" [3] necessarily involves the creation of FFC by a financial institution (manager of the FFC), which is the intermediary between investors and developers, attracting funds from individuals and entities, directs them to the financing of construction, controls the process of housing construction and targeted use of monetary funds and credits of all participants on the security of housing, which is only built [4, c. 22]. This service requires a structural vision as the lack of well-formed structure complicates the choice of investors toward financial asset that is sold. In addition, an important part of the process of providing financial services is reliability of service, which includes a complete understanding of the actions of all stakeholders and their own.

In general, the financial service through FFC can be presented in view of interactions. That is, the trustee transfers the money to the FFC account in the FFC bank after signing a contract about participation. Steward during 3 days gives the trustee a certificate of participation in FFC, where personal data of trustee, investment object, the number of units fixed object in square meters, the amount of funds are listed.

All features of the interaction of participants of the mechanism of financial services are regulated by the Rules of the FFC [1]. According to the rules of FFC manager reserves the right to detach from the investor reserved the facility in case of

default of the contract of participation. The main reason for such action is a violation from the investor the schedule of cash payments with FFC. Detachment procedure is not momentary, it is accompanied by a written notification, applications of the sample, in some cases, lawsuits against the principal or the developer. Manager must protect investor actions, as the manager is a guarantor of the service on housing finance, but actually, the investor controls the provision of services.

Steward provides full management process, which is one of the stages in the technology of providing financial services at the real estate market. Its first responsibility is to elect the insurer for the builder that obliged to sign agreement of compulsory insurance of construction works (contract of property interests) on all the time the construction of object of building and the warranty period against risks of damage or destruction due to anthropogenic accidents and natural events in favor of the manager as trustee.

The purpose of insurance of construction works is to ensure the protection of participants against the construction risks of accidental loss or damage of construction, equipment, materials and other property and liability for damage to third parties. Contracts of insurance the technical risk is the biggest in size of insurance coverage at present time. Cost of construction contract includes cost of insurance. Insurance compensation is paid only for unexpected damages related mainly to damage or destruction and violation of construction schedule. Feature of insurance contracts of construction works is the responsibility of the insurer begins at the agreed time, e.g. after unloading at the construction site materials and equipment, and ending date of commissioning, unless the contract is due to a different time. All these moments investor should pay attention, as it may suffer financially if the insured event.

The subject of the system of financial and credit mechanisms (insurance company), who is obliged to insure the property interests of the principals in the investment residential construction rules defined by the FFC [1] and the contract must obtain the written consent of the manager on choosing a particular insurer. If according to the rules of FFC developer obliged to insure the property interests of investors in the financing of housing, the developer must provide a copy of agreement of obligatory insurance of property interests of the trustees in the investment and financing of housing within three business days after its conclusion. The contract of compulsory insurance of property interests of the trustees in the financing of housing is concluded during ten working days from the date of the contract between the developer and manager of FFC. Date of end of the contract of compulsory insurance in the investment object for housing construction is determined by agreement, but it cannot occur earlier 12 months from the date of acceptance of the construction project specified in the contract between the developer and manager of the FFC [6, 7].

Thus, the process of insurance of residential property, which is a financial service investment housing, is the stage that requires the control by investors (trustees), although FFC rules are defined otherwise, such as fund manager involved as a guarantor trustee's interaction with the developer. Insurance is an integral part of this interaction that allows the investor to carry out construction work safety, but

confusion in terms of the obligations of the insurance company and the insured subject to the insurance contract may lead to material losses of investors, which they may miss due to the uncertainty of risks and lengthy of time [5]. Control of the trustees of this process can reduce these risks and, if necessary, to recover their costs from the responsible persons.

References

1. Правила Фонду фінансування будівництва виду А (зразок) : розпорядження Держфінпослуг № 6473 від 30.11.06 р. [Електронний ресурс]. – Режим доступу : <http://consultant.parus.ua/?doc=03OUR5314E>.
2. Про фінансові послуги та державне регулювання ринків фінансових послуг : Закон України від 15.01.2015 № 123-VIII // Відомості Верховної Ради. – 2015. – № 10. – С. 64.
3. Про фінансово-кредитні механізми і управління майном при будівництві житла та операціях з нерухомістю : Закон України від 04.07.2013 № 402-VII // Відомості Верховної Ради. – 2013. – № 48. – С. 682.
4. Ковалюк О. М. Фінансовий механізм організації економіки України (проблеми теорії і практики): монографія / О. М. Ковалюк. – Львів: Видавничий центр ЛНУ імені Івана Франка, 2014. – 396 с.
5. Воскобійник О. П. Сучасний стан проблеми керування технічними ризиками (ризик-менеджмент) у будівництві / О. П. Воскобійник, О. В. Семко // Збірник наукових праць Полтавського національного технічного університету імені Юрія Кондратюка. – 2015. – №1(43). – С. 35-44.
6. Габідулін І. Роль посередників в інженерному страхуванні / І. Габідулін // Українська будівельна асоціація. – 2008. – № 2/3. – С. 78–85.
7. Ткаченко Н. В. Страхування як механізм забезпечення від ризиків у системі іпотечного кредитування / Н. В. Ткаченко. – 2011. – №2. – С. 228-239.