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The Insurance Institute is an important component of the market economy and serves to manage risks and protect property interests. In recent years, the Institute of Mutual Insurance has gained special scientific and practical importance as one of the alternative forms of insurance. However, scientific sources do not include a single and universally accepted definition of the concept of “mutual insurance”.

This situation makes the issue of determining the legal nature of Mutual Insurance, assessing it as an independent institution in the insurance system relevant. Therefore, the purpose of this article is to scientifically-theoretically analyze the content of the concept of Mutual Insurance.

In particular, in the absence of sufficient legal regulation of mutual insurance, well-known lawyers expressed directly opposite points of view on whether mutual insurance can be carried out on a mandatory basis or only voluntarily.

#### **Theoretical interpretation of the concept of Mutual Insurance**

In the scientific literature, Mutual Insurance is first interpreted as the unification of participants to protect their interests. From an economic point of view, it represents a mechanism for the collective distribution of risks. Legally, however, Mutual Insurance is a complex of committed relationships that arise between participants.

Some researchers recognize Mutual Insurance as a form of insurance activity that does not seek profit. According to this approach, the primary function of mutual insurance societies is to compensate for the loss of members, and income generation is secondary or not present at all.

The famous lawyer G.F. Shershenevich in the Textbook of Russian Civil Law understood mutual insurance as "a contract by virtue of which all counterparties are obligated to compensate for the damage that may be caused by the property of one of them from a known accident"

#### **The main signs of Mutual Insurance**

When determining the concept of Mutual Insurance, the following important signs of it are distinguished. Some researchers recognize Mutual Insurance as a form of insurance activity that does not seek profit. According to this approach, the primary function of mutual insurance societies is to compensate for the loss of members, and income generation is secondary or not present at all.

A mutual insurance company makes money primarily in two ways. First, it sells insurance policies and collects premiums from its policyowners. Second, it uses the premiums collected to purchase various investments, which generate additional revenue. After paying insurance claims, taxes and operating expenses, the money that is left over is profit for the company.

As mutual insurers are owned and controlled by their Members, they understand absolutely the service requirements of their Members. The Board of Directors ensures that the Managers provide the very best services to Members. This is particularly important in the area of claims handling, where mutual insurers invest heavily compared to commercial insurers.

S.L. Efimov believes that mutual insurance is an agreement between a group of individuals and legal entities to compensate each other for losses in certain proportions, according to accepted conditions.

### **The signs**

When determining the concept of Mutual Insurance, the following important signs of it are distinguished.

First, the dual status of the participants. In Mutual Insurance, the individual participates at the same time as both the insurer and the insured.

Secondly, the absence of a profit target. Mutual Insurance is of a non-profit nature, in contrast to commercial insurance.

Third, the collective formation of the insurance fund. The fund is formed at the expense of the contributions of the participants and is spent only on general needs.

Fourth, the principle of self-control. Secondly, the absence of a profit target. Mutual Insurance is of a non-profit nature, in contrast to commercial insurance.

### **The difference between commercial and Mutual Insurance**

In commercial insurance, an insurance organization is an independent business entity, the main purpose of which is to make a profit. In mutual insurance, however, the risks are shared between the participants and the insurance relationship becomes more solid.

These differences make it possible to evaluate mutual insurance as a socially oriented form of insurance system.

In Summary, Mutual Insurance is a form of insurance aimed at protecting the property interests of participants, not looking for profit and based on the collective distribution of risks. The scientifically accurate definition of this concept is important for the improvement of insurance legislation and the effective application of the institution of mutual insurance in practice.

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