



WAYS TO ENSURE FINANCIAL STABILITY OF INSURANCE COMPANIES IN UZBEKISTAN

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A B S T R A C T	KEY WORDS
The relevance of this study lies in the fact that, based on the analysis of modern trends in the insurance system, reasons for the underdevelopment of the insurance market in Uzbekistan to date have been determined. The article shows the need of relationship between state regulation and self-regulation and the role of creation of formal institutions and the institutional environment for development of the insurance market in Uzbekistan. According to the conclusions drawn, proposals to solve problems and develop the insurance market have been made. Formation and development of the market economy fundamentally changes the role and place of insurance in the system of economic relations. Insurance companies become one of the most important institutions of the modern national economy and play an important role in ensuring its continuous and efficient operation and sustainable growth., based on the imperfection of formal and informal institutions in our republic.	Insurance, insurance functions, insurance institution, official institutions, insurance premium, insurance market, insurance coverage, risk, risk distribution

Introduction

In world practice, as a result of the globalization of economic risks and the emergence of various crises, the influence of the national economy on macroeconomic and financial stability requires improvement of the mechanism of the existing financial system of states, in particular, the insurance system and the activities of insurance companies. In this regard, in countries around the world and in international relations, not a single activity is carried out without insurance services. In developed countries, accumulated funds from insurance services account for 8-12 percent of the country's gross domestic product. In international relations, one of the indicators characterizing the level of financial stability of insurance companies is "accumulated insurance premiums, which are assessed by the possibility of accumulating investment funds in large quantities." This, in turn, expands the investment opportunities of insurance companies and strengthens the financial stability of insurers. In international practice, a comprehensive study is carried out to determine areas for ensuring the financial stability of insurance companies. The basis of these studies is the characteristics of factors directly related to the financial stability of insurance companies, and it is divided into microeconomic and macroeconomic factors. Microeconomic factors are associated with insurance, investment and other activities of insurance companies, and macroeconomic factors include industry, internal and

external economic factors. Despite the above, today in international practice one of the main issues is conducting research aimed at ensuring the financial stability of insurance organizations.

The implementation of large-scale reforms to ensure the financial stability of insurance companies in Uzbekistan remains one of the most pressing problems. In particular, one of the priority tasks is "...expanding the volume of insurance, leasing and other types of financial services through the introduction of new types and improving quality". In order to ensure the implementation of these tasks, the task was determined to develop a medium- and long-term strategy for the development of the insurance industry, increasing the volume of insurance premiums per capita three times by 2022, and doubling the industry's share in the gross domestic product. This, in turn, is important in ensuring the financial sustainability of insurance companies.

ANALYSIS OF LITERATURE ON THE TOPIC

In the implementation of strategic development, it is necessary to balance the goals and interests of all participants of the insurance business. Each of them has its own target profile - a set of desired performance parameters. The individual participants were distinguished by not only significantly different, but often conflicting goals from the start. For example, owners have radically different views on financial management and profit sharing, underwriting and sales services have diametrically opposed positions on rate policy, and so on. At the same time, all participants of the insurance business usually have the same interests in only two positions: the existence of strategic management as a basis for the company's financial stability and competitiveness [3].

Financial stability and solvency of insurance companies play an important role in protecting the interests of policyholders, because they serve as indicators of the reliability of the insurance company and the trust of potential customers. The financial well-being of millions of people depends on the timely fulfillment of the financial obligations assumed by the insurance company [4].

In addition to factors that directly affect the stability and activity of insurance companies, indirect factors also significantly affect it, for example, the general strategy and level of corporate management, the quality of financial management, the priority areas of management decisions, including the priority areas of innovative development: customer base, reinsurance politics, state of regional networks, qualifications of employees, duration of activity in the market, image, etc. [5].

According to Kummykov[6], the need for timely and adequate evaluation of the results of the company's activities in order to make appropriate decisions requires an assessment of the company's financial stability. Many scientists emphasize in their work that the stability of the company depends on its ability to respond to changes in internal and external factors [7].

Considering this, it is proposed to consider these problems within the framework of stakeholder theory. Of the many stakeholders, the most important influences are investors, creditors, competitors, shareholders, employees, and society. Each of these stakeholder groups has a unique level of interest in the company and faces a number of challenges in assessing sustainability.

RESEARCH METHODOLOGY

In the course of research, the solvency of insurance companies, theoretical and practical bases of their development and scientific literature were studied, logical thinking, scientific observation, systematic approach methods were widely used based on empirical research on the topic.

ANALYSIS AND RESULTS

Management of financial resources in insurance companies primarily has its own characteristics of activity. This is related to the unique role of the insurance industry in the country's economy. Organization of financial management in insurance companies depends on:

- it is necessary to understand the motives and incentives of various economic market subjects (interested parties of the considered business) in the field of management decision-making;
- to create financial models of companies that allow analysis of financial problems taking into account the external environment and its processes.

The basis of modern theory is the understanding that the goals of the company reflect the interests of its main stakeholders (groups), including the motives and incentives of top managers.

The issue of financial stability of insurance companies became important during these times. Insurance organizations established on a commercial basis have a wide range of opportunities, and they take on a large amount of insurance responsibilities by insuring all risks related to the life and activity of any legal entity or individual.

Insurance liabilities taken by insurance companies are growing year by year. We can see this situation from the tabular data described below (Table 1).

Table 1 Dynamics of growth of insurance liabilities received by insurance companies (trillion soums)

The name of the indicator	Йиллар						Increase (+) or decrease (-) in 2023 compared to 2018, in%
	2018	2019	2020	2021	2022	2023	
Liabilities received by insurers	161,5	240,5	262,8	298,1	539,1	599,9	+ 371,5

In table 1 provides information on the liabilities received by insurance companies, if in 2013 the insurance liabilities received by insurance companies amounted to 161.3 trillion. soums, then by 2018 this figure reached 599.9 trillion. soums, and in 2018 compared to 2013, insurance liabilities received by insurance companies increased by 438.4 trillion. soums or 371.5 percent. From these data, it can be concluded that the financial sustainability required for an insurance company to meet its obligations is critical, and ensuring sustainability is a complex issue requiring extensive knowledge, skills, experience and evidence-based methods. Therefore, it is important that insurance companies have reinsurance services while maintaining their financial stability, taking on greater liabilities and effective use of this service, which is a key factor in ensuring the financial stability of the insurance company.

The insurance mechanism has the peculiarity of probability. The development and implementation of an effective insurance mechanism will depend on the insurance policy developed by the qualified personnel of the insurance company. Therefore, a well-designed insurance policy will ensure the longevity and sustainability of the insurance company, from a financial point of view.

The insurance policy developed by the insurance company can be analyzed by financial indicators for the year, the state of receivables and payables, the dynamics of cash flows and private capital. We can see these analyzes using the table data (Table 2).

**Table 2 Dynamics of financial results (income) of JSC “Kafolat-sugurta”
(million soums)**

Indicators	Годы					Increase (+) or decrease (-) in 2023 compared to 2015, in%
	2015	2020	2021	2022	2023	
Income from the provision of insurance services	28 544,8	36 244,3	47 949,4	58 628,7	79913,2	280,0
Income from reinsurance to cover losses	1 413,1	3 169,7	4 857,7	8 440,9	6741,1	477,0
Income from commission premiums, bonuses and fees from reinsurance	2 703,9	5 174,9	7 468,1	2 963,6	1303,4	-51,8
Net revenue from the provision of insurance services	32 661,8	44 589,0	60 275,1	70 033,2	87957,7	269,3
Gross profit from the provision of insurance services	15 899,3	21 056,5	28 278,4	29 465,9	34905,0	219,5
Other income from financial activities	146	408,2	1 206,6	1 389,3	1897,1	1299,4
Income from financial activities	4 557,8	5 963,7	4 794,9	8 391,2	16773,7	368,0
Profit before income tax	3 075,4	3 063,2	3 567,4	4 306,1	4310,9	140,2
Net profit of the reporting period	2 531,7	2 605,1	3 080,4	3 525,0	4060,4	160,

When analyzing the data in table. 2, it became known that there was a significant increase in income from reinsurance to cover losses, a decrease in income from commission premiums, bonuses and fees, as well as a sharp increase in other income from core activities. The increase in net profit for the reporting period is relatively low, since all indicators except one exceed it at a high level, this indicates that the increase in costs for the provision of insurance services has reduced the efficiency of the organization of work in the insurance company.

CONCLUSION

In order for the insurance company to operate in the same manner, it is necessary to ensure that the condition of equivalence is fulfilled for each type of insurance. It is necessary to constantly analyze the authorized capital, private capital, free assets, insurance reserves and insurance portfolios of the insurance company.

It is necessary to improve the instruments for rating the financial stability of insurance companies based on world practice, and to publish the rating indicators given to insurance companies in an understandable form to the general public.

It is necessary to consistently study the economic and financial activities of insurance organizations and evaluate their activities, and to develop actuarial activities.

In determining the financial stability of insurance companies, it is necessary to use the experiences of foreign countries, in particular, to study the constructive experiences of the Central and Eastern

countries of Europe, which are members of the European Union, to introduce Solvency II standards into the insurance market of our country.

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