

WAYS TO INCREASE THE FINANCIAL SECURITY OF AN INSURANCE COMPANY

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Abstract: This article analyzes the importance of financial security in the activities of insurance companies, methods of ensuring financial stability and ways to increase them, the research identified problems and developed scientifically based recommendations for their solution.

Keywords: Insurance company, financial security, liquidity, investment policy, stability, capitalization.

Introduction: In the current era of globalization, in a context of increasing economic risks, the role and importance of insurance companies in the economy is increasing day by day. They play an important role not only in the financial protection of economic entities and the population, but also in ensuring the stability of the national economy. Through the insurance system, financial losses are minimized, the investment environment is stabilized, and the socio-economic protection of the population is strengthened. Therefore, as one of the main factors in the activities of insurance companies, their financial security and stability require special attention. The insurance market in Uzbekistan has been formed and has been developing consistently over the years of independence. In recent years, the legal framework in this area has been improved, and reforms have been implemented aimed at strengthening the competitive environment, ensuring transparency, and improving financial indicators. In particular, the adoption of the new edition of the Law "On Insurance Activities", Presidential Decrees and Resolutions serve as an important basis for the modern development of this sector. However, despite this, some problems remain in the financial stability of insurance companies. In particular, some companies have insufficient authorized capital, low liquidity, weak investment returns, imperfections in the formation of insurance reserves, and high operating costs. Such factors negatively affect the financial support of companies' activities and limit their ability to enter the market, provide competitive services, and gain trust. At the same time, global experience shows that in order to achieve financial strength, insurance companies are focusing on increasing the level of capitalization, diversifying the investment portfolio, introducing digital technologies, strengthening the risk management system, and adapting to international

financial standards. Developing effective models and mechanisms based on best practices in this regard is also an urgent task for national companies.

METHODOLOGY

The study was conducted using the following methods:

- Analytical method - the level of financial stability of existing insurance companies was assessed based on their financial statements.
- Comparative method - the state of Uzbek insurance companies was compared with financial indicators from international experience.
- SWOT analysis - strengths and weaknesses, opportunities and threats in the activities of insurance companies were identified.
- Expert assessments - problems were studied in more depth through interviews with industry experts.

The financial indicators of 5 leading insurance companies operating in Uzbekistan for 2020-2024 were selected as the object of the study.

RESULTS

Based on the results of the study, the financial performance of insurance companies in Uzbekistan for 2020–2024 was analyzed. The analysis showed the following important results: Although the income of insurance companies is increasing year by year, their investment income remains relatively low. This means that the main source of income of these companies is insurance premiums, which means that investment activities are not sufficiently established to ensure their long-term financial stability. Insurance reserves formed by companies are in many cases not fully diversified, which creates problems in risk management. At the same time, due to the low level of capitalization, some companies do not have sufficient resources in cases of financial stress.

The following average changes were observed in the following indicators:

- Income (billion soums): Income, which was 250 billion soums in 2020, reached 435 billion soums in 2024.
- Insurance reserves: Reserves, which were 120 billion soums in 2020, reached 200 billion soums in 2024.
- Return on assets (ROA): fluctuated on average between 3.2% and 3.8%.
- Financial independence ratio: increased from 1.3 to 1.7, which is a positive situation.



These results indicate that companies are striving for growth, but their level of financial stability is still insufficient.

Strengths:

- Increased demand for insurance services;
- Availability of government support policies.

Weaknesses:

- Lack of capital;
- Narrow investment portfolio;
- Lack of modern approaches to risk assessment.

Opportunities:

- Development of insurance culture;
- Cost reduction through digital technologies.

Threats:

- Macroeconomic instability;
- Activities of unlicensed entities.

DISCUSSION

Analysis shows that in order to increase the financial stability of insurance companies in Uzbekistan, the main attention should be paid to the following areas: Many insurance companies have a low level of financial risk tolerance due to the fact that their authorized capital is formed at the minimum required level. To strengthen financial security, it is necessary to issue additional shares, attract foreign investors, and strengthen the reinvestment policy. Insurance companies place existing investment resources mainly in bank deposits, which limits their ability to generate income. Therefore, it is necessary to improve the balance between risk and income by diversifying investment portfolios, that is, investing in securities, real estate, international funds, and other profitable assets. Insurance reserves are an important indicator of the company's ability to fulfill its obligations. The current reserve policy is poorly aligned with real risks. It is necessary to form reserves based on modern approaches based on actuarial calculations, risk models, and scenario analysis. The high level of operating costs negatively affects the profitability of companies. To solve this problem, it is urgent to widely introduce digitalization, use online platforms in working with customers, and launch automated systems. Cooperation with international financial institutions, in particular, the Asian Development Bank and the International Finance Corporation (IFC), can be a source of long-term and favorable financial resources for insurance companies. This will ensure their financial stability.

Conclusion: The insurance market of Uzbekistan is entering a new stage in the context of modern economic reforms. However, the issues of financial support of insurance companies, their sustainable operation, and increasing their competitiveness remain relevant. The results of the study showed that the composition of existing financial resources and their effectiveness are not at the level of full financial support of the company's activities. High operating costs, weak investment activity, and insufficient development of financial management are the main problems in ensuring financial stability. In particular, most companies choose a cautious policy in making profits from their assets, which leads to limited income. Also, an analysis of international experience shows that developed insurance markets pay special attention to the following factors in achieving financial stability: optimal capital management, expansion of the investment portfolio, increasing operational efficiency through digital transformation, and introducing a reliable financial control system.

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