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## PRIORITIES FOR IMPROVING INVESTMENT ACTIVITIES OF INSURANCE ORGANIZATIONS

**Abstract:** *The article analyzes the current state of the insurance market in our country. The ten-year situation of changes in the number of insurance companies, changes in the structure of the investment portfolio are analyzed. The share of insurance premiums in the GDP of developed and developing countries is analyzed. Substantiated conclusions and recommendations on the use of foreign experience to improve the investment activities of insurance companies have been developed and recommendations for application in our country.*

**Key words:** *Insurance, insurance company, insurance activity, insurance premium, investment, investment activity, rating, asset, bond, investment resources.*

**Language:** English

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### Introduction

Measures are being taken to further develop the financial market, expand the coverage of the population with quality financial services, support the activities of insurance companies, as well as create favorable conditions for the protection of the rights and legitimate interests of consumers in this area. Today, insurance companies are making a worthy contribution to accelerating the ongoing reforms in our country. In particular, in order to cover the possible losses in various sectors of the economy, they are investing their financial resources in the development of this sector and making a good profit, but we can not conclude that all companies operating in our country. We will try to explain the reason through our detailed analysis below. This is evidenced by the fact that the President is currently carrying out large-scale reforms aimed at supporting the activities of insurance companies in the insurance market, as well as the consistent implementation of measures to create favorable conditions for the protection of the rights and legitimate interests of consumers[1].

### Research methods

Economic research methods such as research, data collection, analysis, synthesis, and logical thinking have been widely used by world scientists and economists in the priority areas of improving the investment performance of insurance companies.

### Analysis and results

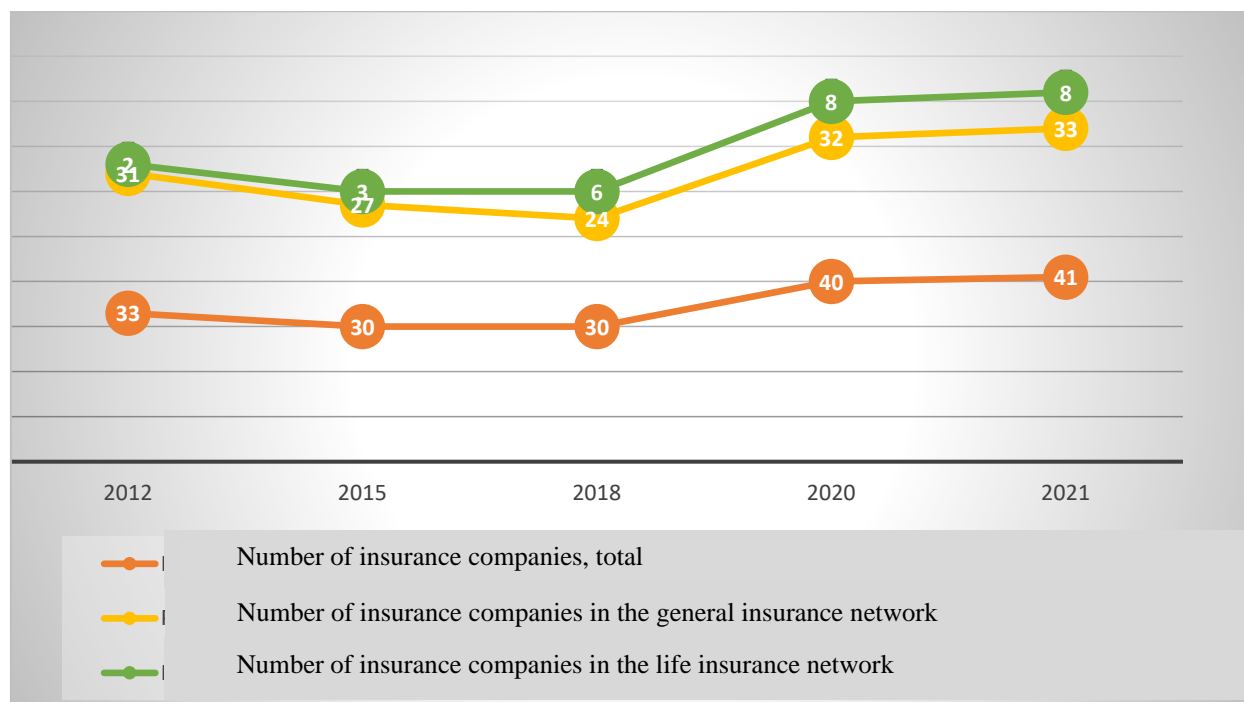
Further reform the national insurance market and ensure its rapid development, introduction of new types of insurance services in high demand, increase consumer confidence in the insurance market, improve the regulatory framework in the insurance sector, introduce new innovative insurance products, improve the system of insurance agents, The introduction of digital technologies in the activities of insurance companies, the formation of an insurance culture in our population, the development of easy and convenient insurance products are among the highest goals of our economists. In order to achieve these goals, we must first of all make maximum use of available resources, adapt the best practices of developed and developing countries to our national

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mentality and modern requirements. Insurance companies need to develop and update smart mobile applications that work in online and offline systems that are convenient and understandable to their

customers, easy to integrate with banks, healthcare facilities, payment systems, security agencies, and can be updated according to customer capabilities.



**Figure 1. Dynamics of changes in the number of insurance companies in the insurance industry[2].**

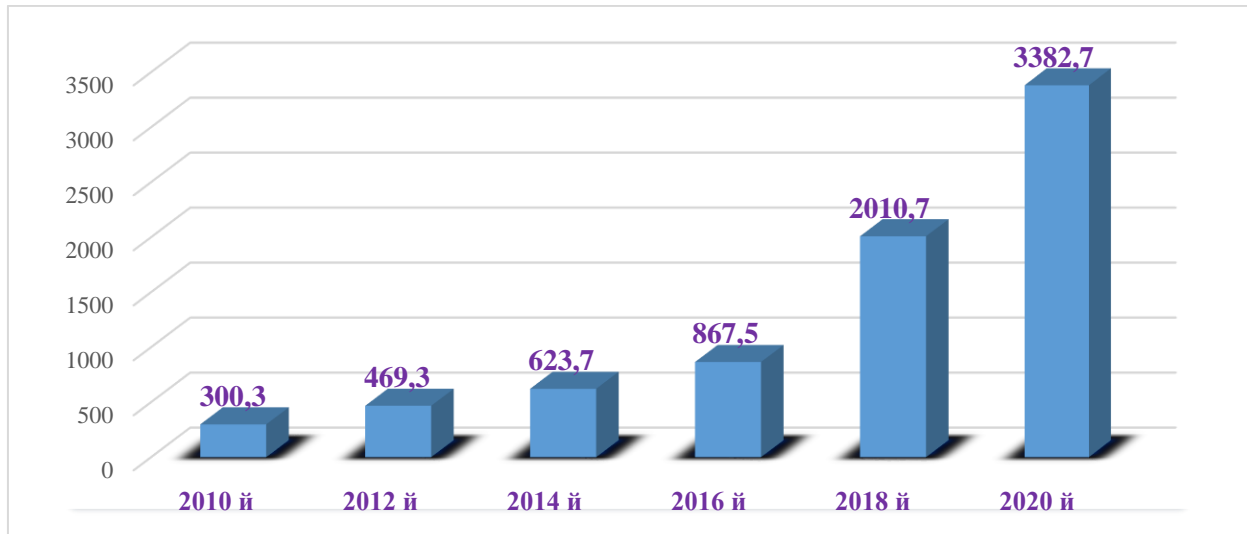
From the data in Figure 1, we can see that in 2012-2021, there were uneven changes in the dynamics of the number of insurance companies operating in the insurance market of Uzbekistan. For example, while in 2012 the number of insurance companies was 33, in 2015-2018 their number decreased to 3 and amounted to 30, mainly due to the decrease in the number of companies in the general insurance network. However, the number of life insurance companies has grown steadily during the period under review. While the number of these companies was 2 in 2012, by 2021 their number increased by 8 to 4 times. Today, the economy of our country is developing rapidly, and at the same time the

demand for irrigation is growing. An increase in the number of insurance companies will ultimately lead to an increase in the level of insurance coverage and, consequently, to an increase in insurance premium revenue.

In the same vein, it is necessary for insurance organizations to engage not only in insurance activities, but also in investment activities. In particular, as of May 5, 2021, there are 41 insurance companies operating in the country, most of which provide only insurance services. Nevertheless, there is a significant increase in the investment activity of insurance companies (Figure 2), and we will move this below.

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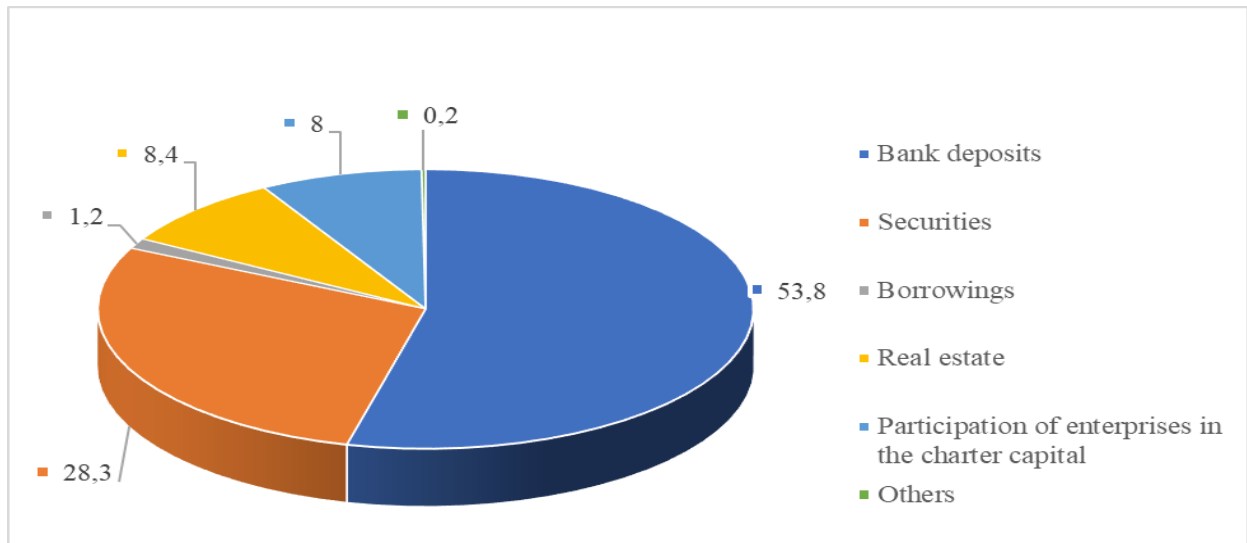
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**Figure 2. Growth dynamics of investments of insurance companies (billion soums)[2]**

From the data of the first picture we can conclude that in 2010 300.3 bln. 3382.7 billion soums by 2020. soums and increased by 1126%. This indicates that there is a revival in investment activities of insurance companies. With this indicator, we can not positively

assess the investment performance of insurance companies, because it is very small compared to the practice of developed and developing countries. Below we review and evaluate this (Figure 3).



**Figure 3. Structure of the investment portfolio of insurance companies in 2020 (in percent) [2]**

As can be seen from the data in Figure 3, the investment portfolio of insurance companies at the end of 2020 showed a high share of bank deposits in total investment. In 2020, the amount of bank deposits in the investment portfolio of insurance companies amounted to 53.8% of total investment funds, the share of real estate was 8.4%, the volume of investments directed to the participation of enterprises

in the charter capital was 8.0%. The fact that insurance companies place large sums of money in bank deposits is explained, firstly, by the fact that the relationship between insurance companies and commercial banks is effective, and on the other hand, the placement of funds in bank deposits is safe and profitable.

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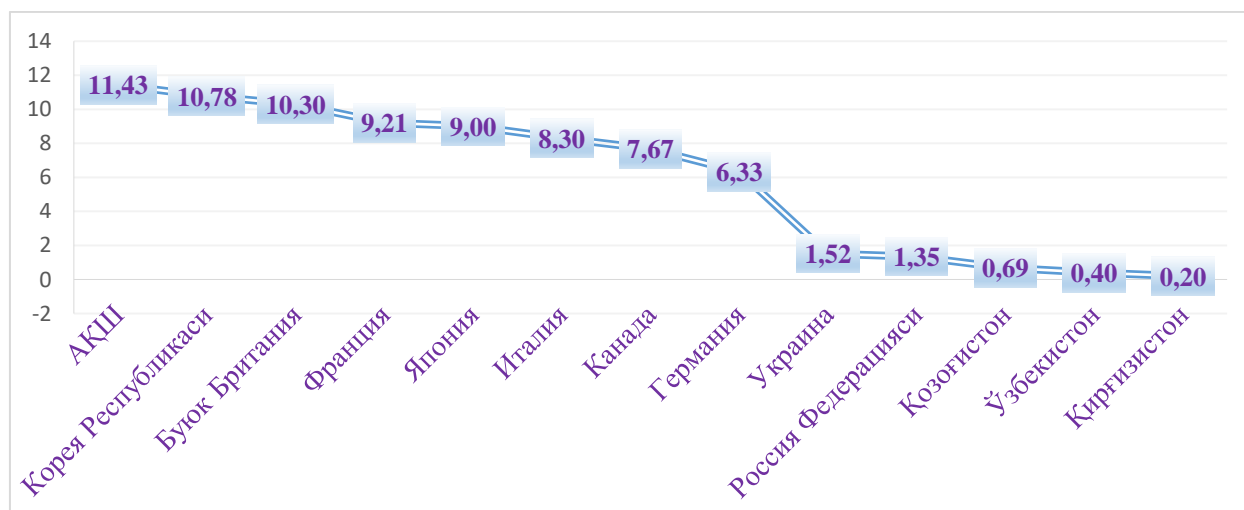


Figure 4. Share of insurance premiums in GDP (in percent) in developed and developing countries<sup>1</sup>[3]

As can be seen from the fourth figure, we have tried to assess the contribution of insurance companies in developed and developing countries to the development of the economy by the share of insurance premiums in GDP. According to our analysis, the highest rates are in the United States (11.43%), the Republic of Korea (10.78%), the United Kingdom (10.3%), France (9.21%), Japan (9%), Italy (8.3%).), Canada (7.67), Germany (6.33%), but in other countries this figure is very low, including Ukraine, the Russian Federation above 1%, and in Kazakhstan, Uzbekistan and Kyrgyzstan less than 1%. However, the insurance market plays an important role in the development of the economy in developed countries. The fact that the share of insurance premiums in the GDP of our country is very low can be explained by the fact that the demand for insurance services among legal entities and individuals is not well formed. Also, the level of coverage of competent clients with insurance coverage is unsatisfactory. It is impossible

to say that the insurers are working effectively, using the existing opportunities and competencies to the fullest.

### Conclusion

Competition is one of the most important factors influencing the rapid development of the insurance market. The high rate of development of insurance activity in developed countries is explained by the formation of a healthy and highly competitive environment.

Low demand for insurance services hinders the formation of a healthy competitive environment in the market. This is due to the fact that legal entities and individuals do not have sufficient information about their solvency, income levels and insurance products, as well as the fact that insurance programs, which provide affordable prices for insurers, are not sufficiently developed.

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<sup>1</sup> This table was developed by the researcher based on data from the World Bank and the Swiss Re Institute Research Center, as well as the official websites of the Ministries of Finance, Central (National) Banks and financial market regulators of the respective countries.

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