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IMPROVING THE METHODOLOGY OF ENSURING FINANCIAL SECURITY OF INSURANCE COMPANIES

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Abstract:
The article covers the essence of the activities of ensuring the financial security of an insurance organization, analysis of the indicators of the financial performance of the country's insurance organizations, formation of an investment portfolio, determination of the strategy for forming the financial portfolio of an insurance organization. Also, an algorithm for creating optimal financial security of an insurance organization is developed.

Keywords: *insurance organization, investments, investment portfolio, insurance premiums, insurance reserves, strategy, algorithm.*

INTRODUCTION

In order to achieve the goal of including the national economy in the upper group of middle-income countries by 2030, the main task is to complete the main processes of building the foundation of a market economy in 2024 and develop insurance activities in 2025 in order to create a decent lifestyle for the population by bringing the economy to a completely new level.In world practice, the financial stability of insurance companies is mainly determined by their solvency and the amount of insurance reserves. According to the International Rating Agency (ACRA), the correlation coefficient (Pearson correlation) between the level of well-being of the population and insurance premiums as a percentage of GDP in 2007-2021 was 0.89. "In the context of the pandemic, insurance companies in developing countries will suffer more losses, and the share of insurance premiums is expected to decrease by 3.6 percentage points in 2021." This is a priority for insurance companies to ensure the financial stability of insurance companies in timely fulfillment of obligations to creditors and policyholders, and indicates the need to make decisions to increase investment opportunities through rational use of limited financial resources before insurance companies.

Extensive research is being conducted in foreign countries to develop the infrastructure of the insurance market, ensure the financial stability of insurance companies using scientific approaches and econometric tools, and increase the efficiency of companies based on the characteristics of the sector and industry. Today, it is urgent to conduct research aimed at assessing the efficiency of insurance companies through multiplicative coefficients, determining the quantitative level of financial stability, and improving the mechanism for ensuring financial stability based on international standards and mechanisms. Further development of the national economy requires a large amount of investment resources. In such conditions, the state should focus its main attention on the development of domestic investment potential. Foreign experience shows the dominance of institutional investors in developed stock markets, which form the economic mechanism for the inflow of funds into the financial system and create full-fledged competition with the banking sector in the redistribution of financial resources. Such investors in the economy include investment funds, pension funds, and insurance companies. In 2022, in the developed economies of the USA and Canada, the ratio of insurance company assets to GDP will be 30-50 percent. Insurance companies, along with their main insurance activities, also carry out investment activities that are directly related to them and are determined by the specific characteristics of their main activities. The ability of an insurance company to participate in the investment process is determined by the availability of a fund of funds that are temporarily freed from insurance obligations and can be used as investments to generate income. Although the development of investment activities of insurance companies in Uzbekistan does not occupy such a large place in the national economy as in foreign countries, it is inevitable that it will ensure the effective functioning of the company and bring profit.

LITERATURE REVIEW

Foreign and domestic scientists have conducted scientific research on this topic, and scientific works are devoted to studying various aspects of this activity of the insurer. Their works reveal the investment activity of the insurer as a separate business process and allow us to get an idea of this business process. For example, H. Grundl, M. Dong, J. Gal, studying the volume of investment portfolios of insurers, note the important role of insurers as institutional investors in ensuring

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global economic growth. G. V. Chernova, O. N. Kozlova, E. A. Kalacheva, A. Khurramov insurance activities investment activities of the insurer to increase efficiency noted the importance and need for regulatory restrictions on assets The statistics of the investment activity of insurers reached the country provides indicators. Our local scientists H. Shennaev, I.Kenjaev and Q.Koldoshevlar investment of insurance organizations who covered their activity from the point of view of an institutional object.

RESEARCH METHODOLOGY

The insurance industry is a critical component of any robust economy, offering risk mitigation, capital accumulation, and financial stability. In Uzbekistan, the insurance sector is not just a financial safety net for individuals and businesses but also a significant contributor to the national economy. As the country continues to experience economic growth and integration into the global financial system, the role of insurance companies, particularly in their investment activities, becomes increasingly pivotal. These activities, encompassing the allocation of premiums collected to various asset classes, are essential for the insurers' ability to meet future claims and contribute to the overall economic development through capital market investments. However, they also bring inherent risks that need to be effectively managed through a robust regulatory framework. The current landscape of Uzbekistan's insurance industry is one marked by rapid growth and transformation. The sector is experiencing an influx of new products, increasing consumer demand, and heightened interest from international investors. Alongside these positive trends, there are challenges typical of an emerging market, including limited diversification in investment portfolios, evolving risk profiles, and a regulatory system that is striving to keep pace with market developments. Moreover, as global financial markets become more interconnected, the potential for systemic risks and the transmission of shocks across borders necessitates a more sophisticated approach to regulation.In the current context, insurance companies, under the influence of various environmental factors, often face many threats to the sustainable functioning of their financial system, which determines the need to improve methodological approaches to ensuring financial security. This will create a system of protection of economic interests and develop a complex of preventive management solutions that will ensure the competitiveness of the insurance company in the domestic and foreign markets.

Table 1 Functional objectives of financial security of insurance companies

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No.	Functional objectives of financial security	A general description of the objectives and result of their achievement
1	Improving financial performance	The development and implementation of measures to minimize or neutralize possible or existing threats to financial security and protect the company's financial interests
2	Ensuring and maintaining financial sustainability and independence of the enterprise	The ability to control the state and movement of resources, the ability to take advantage of competitive advantages; providing safeguards for the effective operation and deterrence of destabilizing factors
3	Activation of capital formation, optimization of its structure	Increased financial independence and flexibility of capital flows to prevent crises in the functioning and development of a changing environment
4	Increasing competitiveness in the insurance market	Increase efficiency of a company's competitive advantage utilization, preservation and/or expansion of the market segment, the rational realization of identified reserves of competitive potential in conditions of limited resources
5	Achieving high liquidity of current assets	Identification of needs for current assets required for the continuity of insurance services, optimization of volume and structure of current assets; providing current assets to sources of finance; finding out the optimal relationship between different sources of financing of current assets and using low-cost ways to replenish current assets in the course of the company's activities
6	Support and increase business activity	Development and adoption of effective management decisions on the planning of the main indicators of the company's activity, ensuring the specified rate of their growth, showing activity to attract investment resources
7	Protection of trade secrets and information	Achieve the right level of information support for all units and divisions of the insurance company

Vanitha & Rajakrishnan explore the determinants of insurance investment in the context of the Indian market, particularly focusing on the Life Insurance Corporation of India. The paper analyzes how underwriting activities impact investment decisions and highlights the challenges posed by liberalization and the global financial crisis for insurance regulatory authorities. The study provides insights into the complex relationship between underwriting and investment activities and underscores the need for robust regulatory frameworks to monitor these activities effectively (Vanitha & Rajakrishnan, 2022).

CONCLUSION

Dragoș provides a comprehensive review of the regulatory framework in the insurance industry, with a particular focus on the Solvency II project. The study discusses the development of insurance risk management concepts and analyzes the goals, design, and impact of the Solvency II regulation on the insurance industry. It highlights the importance of an adequate regulatory framework in fostering innovation while protecting consumers and contributing to economic growth (Dragoș, 2021). Bansah, Sidza, & Akita examine the impact of emerging regulatory regimes on the private health insurance industry in Ghana. The study uses primary data from employees in management positions in private health insurance companies and personnel from the National Health Insurance Authority. It discusses the reasons for the current insurance regulatory framework, its impact on insurance companies' activities, and the regulatory challenges faced by insurers. The findings highlight both the positive and negative impacts of regulatory frameworks on the insurance industry and provide recommendations for policymakers, regulators, and researchers (Bansah, Sidza, & Akita, 2020).

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