



PROSPECTS FOR IMPROVING INVESTMENT ACTIVITY IN INSURANCE COMPANIES

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Abstract: This scientific article studies the issues of improving the investment activities of insurance organizations. The role of investment activities in ensuring the financial stability of insurance companies and expanding their income base is emphasized. The work analyzes the current situation in the insurance market of Uzbekistan and compares it with foreign experience. Also, problems in the structure of investments, performance indicators and investment policy of insurance organizations are identified, and proposals and recommendations are developed to eliminate them. The results of the study suggest approaches aimed at diversifying the investment portfolio of insurance companies, managing risks and optimizing the investment strategy.

Keywords: Insurance organizations, investment activities, financial stability, investment portfolio, risk management, profitability, diversification, investment policy, insurance market, economic efficiency.

Introduction. In a market economy, insurance organizations are recognized as one of the most important institutions that contribute not only to reducing the financial risks of the population and business entities, but also to economic stability through investment activities. The correct allocation of collected insurance premiums by insurance organizations and their transformation into effective investments is of great importance in increasing the level of financial stability and competitiveness.

Investment activities serve as a means of expanding the income base of insurance companies, maintaining and increasing insurance reserves, as well as



making capital investments in various sectors of the economy. However, the insufficient effectiveness of existing investment strategies, the underdevelopment of financial markets, and the imperfection of the regulatory and legal framework are among the pressing problems in this area.

The main goal of this article is to conduct an in-depth analysis of the investment activities of insurance organizations, identify existing problems and develop proposals and recommendations to eliminate them. This will allow the investment potential of the insurance sector to be fully realized and their role in the national economy to be strengthened. In world practice, the financial stability of insurance companies, which are an important segment of the financial market, is determined primarily by their investment activity, solvency and the amount of insurance reserves. According to data provided by major international rating companies, there is a high correlation between the level of well-being of the population (GDP per capita) and the share of insurance premiums in GDP, which indicates the financial stability of the insurance market of leading developed countries. In recent years, as a result of the implementation of reforms in the development of the insurance market in our country, the share of insurance services in GDP has been increasing. Increasing the financial stability of insurance companies is not only important for ensuring timely fulfillment of obligations to creditors, but also for increasing additional investment opportunities.

As of 2024, a total of 33 insurance companies were operating in Uzbekistan, of which 28 were in the general insurance sector and the remaining 5 were in the life insurance sector. If we compare the authorized capital of insurance companies, it amounted to 2.964 trillion soums as of 2024, which is an increase of 28.9% compared to the same period last year (Table 1).

**Table 1 – Structure of the Insurance Market in Uzbekistan¹**

No.	Structure of the Insurance Market	2023	2024	Change (+,-)
1	Number of insurance organizations, including life insurance	38 / 7	33 / 5	-13.2% / -28.6%
2	Total charter capital of insurance organizations (mln. UZS)	2,299	2,964	+28.9%
3	Number of insurance brokers	8	11	+37.5%
4	Number of actuaries	5	5	0%
5	Number of insurance agents, including legal entities	4,736 / 1,711	4,804 / 1,704	+1.4% / -0.4%
6	Number of insurance organizations that are members of the Guarantee Fund	26	25	-3.8%

Also, when we compare the indicators of the insurance market in 2023 and 2024, several important trends are observed. First of all, the number of insurance companies decreased from 38 to 33, which is a decrease of 13.2%. In particular, the number of companies engaged in life insurance decreased even more sharply - by 28.6%. However, despite this decrease, the total authorized capital of companies increased by 28.9%, which means that they are becoming financially stronger. The number of insurance brokers increased from 8 to 11, which is an increase of 37.5%. This indicates an increase in demand for intermediary services in the market. The number of insurance agents also increased slightly, showing an increase of 1.4%,

¹ Prepared by the author based on information from the official website of the National Agency for Promising Projects of the Republic of Uzbekistan



but the number of agents operating as legal entities decreased slightly - by 0.4%. The number of actuaries has not changed - their number is five every two years. The number of companies that are members of the Payment Guarantee Fund has decreased from 26 to 25.

Table 2 – Investment Activity of Insurers²

No.	Indicator Name	2023 (mln. UZS / % of total)	2024 (mln. UZS / % of total)	Change (+,-)
1	Total investments	6,149,938 / 100%	6,542,569 / 100%	+6.4%
2	Deposits (savings)	4,037,369 / 65.6%	4,583,762 / 70.1%	+13.5%
3	Securities	1,357,492 / 22.1%	1,303,756 / 19.9%	-4.0%
4	Loans	46,864 / 0.8%	95,400 / 1.5%	+103.6%
5	Real estate	539,498 / 8.8%	452,745 / 6.9%	-16.1%
6	Participation in charter funds	134,728 / 2.2%	98,480 / 1.5%	-26.9%
7	Other investments	33,988 / 0.6%	8,425 / 0.1%	-75.2%

The table shows that, when analyzing investments, total investments of insurance companies increased by 6.4%. Their main direction remains bank deposits - investments of this type increased by 13.5% and accounted for 70.1% of total investments. Funds allocated to securities decreased by 4%, their share fell to 19.9%. The greatest growth was observed in loans - investments in this direction increased by 103.6%. In contrast, investments in real estate decreased by 16.1%,

² Prepared by the author based on information from the official website of the National Agency for Promising Projects of the Republic of Uzbekistan



participations in authorized capital by 26.9%, and other types of investments by 75.2%. In general, although the number of insurance companies is decreasing, their financial potential is increasing, and investments are being directed to safer areas - especially bank deposits. This indicates that companies are pursuing a stable and prudent investment policy (Table 2).

The highest investment direction made by insurance companies is investments in the form of deposits in commercial banks. Since today, among the business interest rates in the economy, the interest rates offered by commercial banks on deposits are high. It is also possible to see a relatively accelerated investment activity of insurance companies in the real estate market, it should be noted that this indicator increased by almost 50 percent during the analyzed period. The indicator of the participation of insurance companies in the authorized capital of organizations has a tendency to decrease, this situation can be explained by the fact that the amount of dividends received on securities of investments made by insurance companies remains unstable.

Diversification of investment activities primarily involves the stability of the investment portfolio of an insurance company. As is known, the set of investment projects to which insurance companies can contribute their funds depends on the level of development of the capital market. Currently, temporarily idle funds of investors can be placed in deposits of commercial banks, in securities, invested in enterprises and real estate. Regulation of the structure and system of the investment portfolio is usually carried out by setting minimum and maximum limits for the types of funds invested.

Conclusion. The results of the study showed that the investment activities of insurance organizations in Uzbekistan are mainly formed in a conservative direction, with a large part of the portfolio being directed to short-term deposits and government bonds. This situation, while emphasizing the need to ensure liquidity for insurance companies, reduces long-term profitability. The increase in the share



of corporate bonds and shares in the portfolio can be evaluated as a positive change, as it shows that insurance companies are striving to increase profitability and diversify the portfolio. However, it is necessary to further strengthen the risk management system in relation to high-risk segments of investments.

As international experience shows, to ensure the stable financial condition of insurance companies, it is important to develop an investment policy based on a comprehensive approach, as well as to create a favorable legal and financial environment by the state.

Therefore, in order to improve the investment activities of insurance organizations, it is necessary to:

- continue to diversify the investment portfolio;
- modernize the risk management system;
- take a cautious approach to high-yielding but risky assets;
- strengthen institutional support by the state.

When these recommendations are implemented, the efficiency of investment activities of the insurance market of Uzbekistan will increase, which will have a positive impact on overall economic development.

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