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FOREIGN EXPERIENCES IN IMPROVING INVESTMENT ACTIVITY OF INSURANCE COMPANIES

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Abstract: The article examines foreign experience in improving the investment performance of insurance companies around the world. The total assets rating of the 50 largest insurance companies of developed and developing countries is analyzed. The structure and characteristics of the investment portfolio of foreign insurance companies are studied. Standards for the placement of reserves of insurance companies are provided. 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.

Keywords: Insurance, insurance company, insurance activity, insurance premium, investment, investment activity, rating, asset, bond, investment resources.

Introduction

In all developed countries, insurance is a strategically important sector of the economy, providing a large share of investment in its development and freeing the state budget from the costs of contingency. In addition, insurance plays a special role in solving the social problems of society. In our country, it is important to expand the mechanisms of support for investment activities of insurance companies, expand the position of insurance services in the financial market and encourage insurance companies to engage in leasing activities. One of the main reasons for this is that insurance services are not attractive enough. For example, in the last six months, the total insurance network collected 887 billion soums of insurance premiums, but during this period the amount of insurance coverage paid to customers accounted for only 11% of the premiums. In the world, this figure is on average 50-60%. [1]

International experience shows that 32 out of 33 developed countries have a system of general compulsory health insurance, which

uses one of the three types of compulsory health insurance. In particular, in 6 countries the compulsory insurance policy (insurance mandate) is purchased. The system provides for the purchase of compulsory health insurance from all citizens through the employer or the state (observed in Germany). At the same time, in nine countries, such as France, a two-tier system (state budget and private insurance companies) has been introduced, in which the state collects taxes from citizens for basic medical services and provides them free of charge. Citizens can pay for additional medical services on their own. [2]

Through the study of investment activities of insurance organizations of developed and developing countries, it serves to develop recommendations and proposals aimed at ensuring access of national insurance companies to international financial markets, introduction of advanced corporate governance system, obtaining international ratings, improvement of investment activities of insurance organizations in our country.

Analysis of literature on the topic.

As a result of the analysis of the literature on the topic, scientific research was carried out by scientists and specialists on improving the investment activities of insurance companies. For example, D.P.Udalishchev, A.V.Isaychevas in their article on the example of insurance companies of the Russian state consider the formation and investment of financial resources of insurance companies, the main problematic aspects of the investment activity of Russian insurers, for example, the issue of optimization of the placement of insurance reserves, insufficient capital of the insurance market, the fact that the majority of insurance companies do not have high professionalism in the field of investment activities reveals that the acceleration of the development of the client base of the domestic insurance market requires high-quality training and professional development of insurance agents, including the creation of special training centers for the training of specialists. The directions of development of investment activities of insurance companies in the Russian Federation are determined and based. Compared with insurance companies in the USA, Japan, Western Europe. [3, 8-сг].

A.Okorokova studied the state regulation and practical aspects of investment activities of insurance companies, identified the directions and main investment instruments for the development of their investment activities. Having studied the problems and priorities of the development of insurance investments, he emphasizes that investing in the financial resources of insurance companies through restrictions on the share of assets and these restrictions, which are considered as compensation for insurance reserves, will bring great benefits. [4, 10-сг].

E.E.Artemova is devoted to the issues of ensuring the investment activities of insurance companies in modern conditions by Kolesnikov.

The main comparable investment strategies of foreign and local insurance companies are listed.[5, 10-сг].

V.I.Inyaev considered the main directions of investment activities of insurance companies in developed countries and offered the opportunity to borrow their experience to improve the insurance industry in Russia. [6, 4-сг].

N.N.Nikulina, I.I.Ushakov, USA, UK, Japan analyzed the dynamics of changes in the share of insurance premiums in GDP, analyzed the experience of insurance companies in the USA, UK, Japan in the organization of investment activities and developed rules for the placement of temporarily vacant funds [7,9-ст] and focus on providing detailed coverage on how to improve the investment performance of insurance companies. However, the economic literature does not pay enough attention to the study of the investment activities of insurance companies as a key factor in accelerating the economic growth of the country.

Analysis and results

In addition to insurance activities, insurance companies have ample opportunities to carry out additional investment activities in the insurance market. In addition to income from insurance operations, insurance companies have the opportunity to earn income from investment activities. Insurance funds established by insurance companies are one of the most important parts of the financial system of any country and an important source of domestic investment. It can successfully compete with other financial sources in terms of the amount of funds accumulated in the developed countries of the world and their contribution to the balance of payments. The importance of the investment activities of insurance companies is assessed throughout society, but first and foremost to protect the normal operation of the company, its financial

stability and liquidity, as well as the interests of insurers in maintaining and increasing the invested capital. Insurance in our country, especially long-term insurance, is in the early stages of development, and the investment activity of insurers is not as large as in developed countries, but its future importance should be taken into account. The financial basis for an insurance company's investment activities is its investment potential, ie investment opportunities that depend on external environmental factors and domestic resources of the country.

Therefore, the investment efficiency of insurance companies depends mainly on the area in which the investment is placed and in what direction the investment will be used. The main function of the insurer's income from investment activities is not, but these incomes are a criterion for expanding insurance liability and reducing tariffs for certain types of insurance, increasing the insurer's solvency, strengthening the material and technical base and developing insurance in other areas. Insurance helps to balance and stabilize economic activity in a market economy.[8, 91-95-сг]

Also, the higher the financial resources of the insurer, the higher their use. Therefore, insurers need to increase and expand their financial resources. To do this, of course, it is advisable for insurance companies to use in their activities a wider range of insurance services, which should be provided in the general network of insurance, as well as in the field of life insurance. This, in turn, encourages the insurer to make additional investment activities and increases and strengthens its level

of financial stability. It is advisable to take into account the insurance company's own capital and premiums for long-term insurance as the main sources of investment. Insurers are considered to be the largest institutional investors in the world, whose assets significantly exceed the volume of investments of other financial institutions. Increasing the capital and income of insurance companies will allow them to build up insurance reserves and increase investment. Insurance companies invest their investment activities in accordance with the regulations on the placement of insurance reserves on the principles of profitability, return, diversification and liquidity.

As part of this study, we aim to meet the needs of the national economy for investment resources and to address the strategic challenges of developing the investment activities of insurance companies, and we will find solutions by studying international experience. Foreign experience shows that insurers are very important as institutional investors, providing access to investment resources in the real sector of the economy. The total investment potential of insurance companies in individual countries (for example, the United Kingdom, Germany, the United States) is comparable to the investment potential of the banking sector. [9, 65-67 сг].

As an example, we would like to present a ranking of the 50 largest insurance companies in the world in terms of total assets, which still retain their place in the ranking. Let's take a look at which of the 50 largest insurance companies in the world by assets.

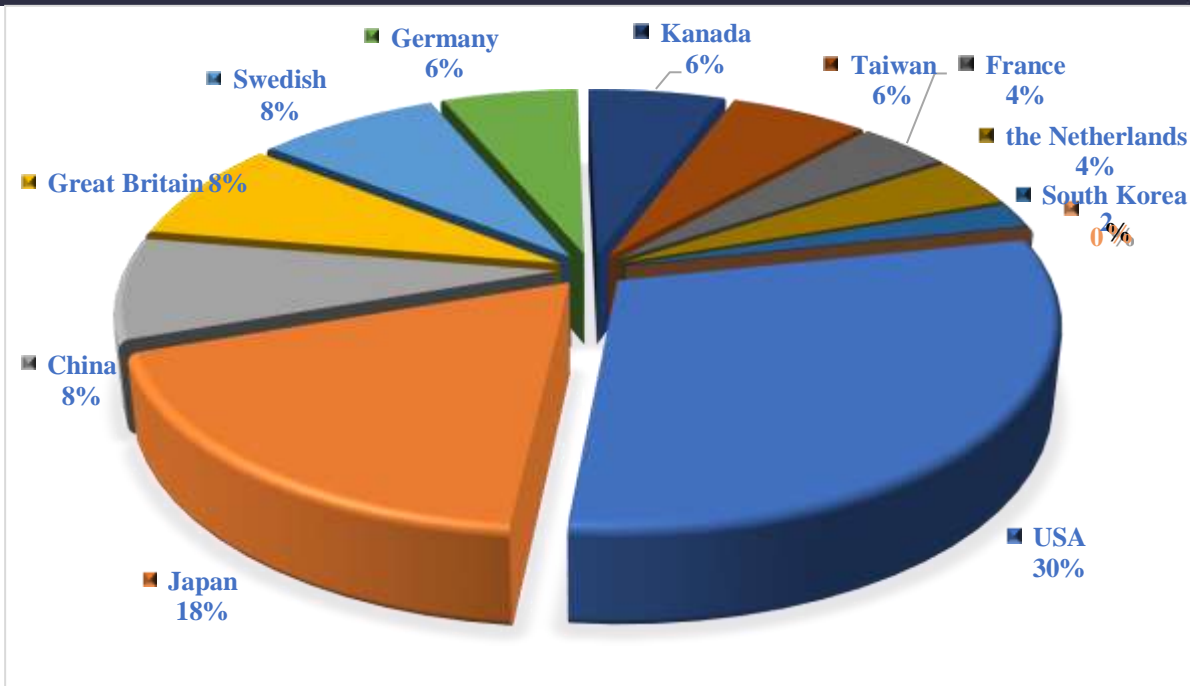
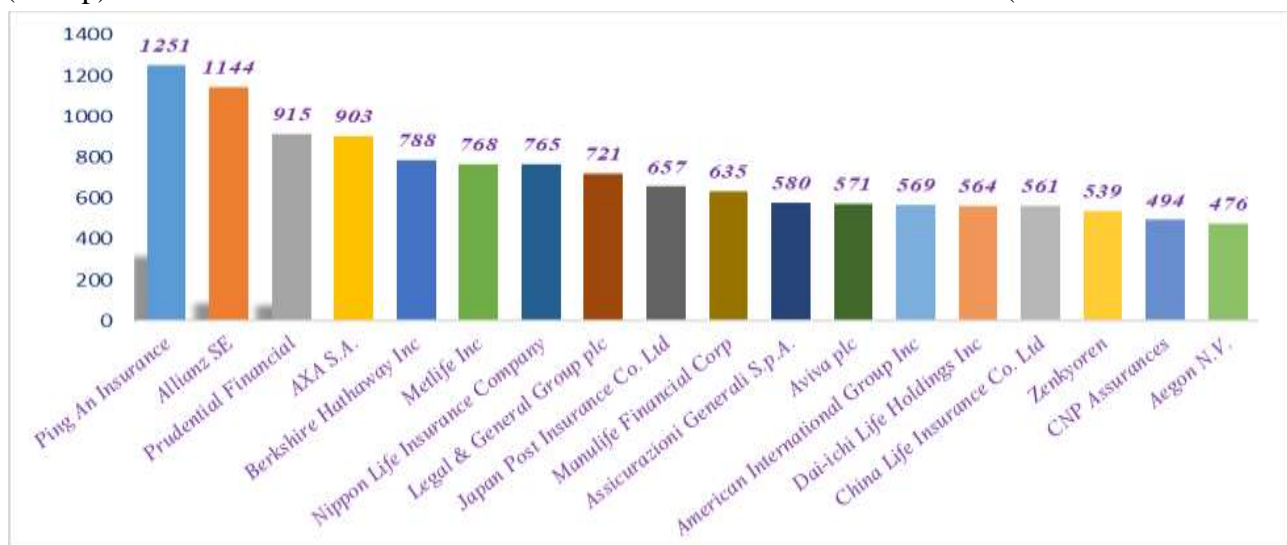


Figure 1. Country distribution of the 50 largest insurance companies in the world by assets 1.

In the ranking of the 50 largest insurance companies in the world in terms of assets, 15 insurance companies from the United States, 9 insurance companies from Japan, 4 insurance companies from China, 4 insurance companies from Great Britain, 4 insurance companies from Switzerland, 3 insurance companies from Germany, 3 from Canada Insurance companies, 3 insurance companies from Taiwan, 2 insurance companies from France, 2 insurance companies from the Netherlands, 1 insurance company from South Korea. It is followed by insurance companies from Italy, India and other countries. In the last three places in the ranking of the world's largest insurance companies by assets are Chubb Ltd with \$ 181 billion and USA(United Services



Automobile Assoc.) (Figure 2).

¹ Muallif tomonidan tayyorlandi.

Figure 2. The 20 largest insurance companies in the world in terms of assets (in US dollars).

From Figure 2, we can see that Ping An Insurance Company is in the first place in the ranking of the largest insurance companies in the world by assets of \$ 1.251 billion. In second place is Allianz SE Insurance Company with assets of \$ 1.144 billion, followed by Prudential Financial Insurance Company with assets of \$ 915 billion. AXA S.A. Insurance Company is fourth and Berkshire Hathaway Inc. is fifth.(Figure 2)

We analyzed the investment assets of insurance organizations in developed and

developing countries on an international scale by placing them in the table of which assets(Table 1)

Table 1
Structure of investment portfolio of insurance organizations of foreign countries 2 [10]

Types of assets Countries	Bonds	State bonds	Private sector bonds	Securities	Money and deposits	Land and buildings	Collective investment funds	Others
Malaysia	29.2			30.6	24.4	1.5	..	14.3
Finland	32.5			12.0	10.6	4.6	21.8	18.5
Sweden	38.7			29.4	3.8	4.5	16.3	7.4
Canada	49.0			9.5	3.6	0.4	33.9	3.5
Germany	50.0			13.0	1.4	1.9	29.8	3.9
Denmark	56.2			17.5	11.5	1.3	5.5	8.0
Australia	66.4			2.6	6.9	0.2	19.1	4.7
Italy		53.4	22.7	7.4	4.0	2.9	..	9.6
Latvia		62.2	12.2	1.5	15.7	2.6	3.9	2.0
Mexico		58.3	14.2	2.6	2.7	4.9	6.3	10.9
Great Britain		29.7	42.7	5.6	6.6	0.3	13.4	1.6
USA		52.0	9.1	21.6	7.4	1.0	..	9.0
Greece		46.3	14.2	1.5	12.7	9.5	13.1	2.7
Brazil		55.3	2.7	0.5	2.0	0.2	38.4	0.9
Argentina		32.6	18.6	1.9	1.5	1.0	27.5	16.8
Netherlands		27.6	22.9	5.5	6.9	0.9	18.7	17.4

² <https://stats.oecd.org/> prepared by the author based on information from the website.

Israel		29.0	21.3	2.7	11.2	1.7	25.1	9.0
Spain		29.3	17.7	11.3	13.5	9.6	13.6	5.0
Luxembourg		23.3	21.5	3.6	8.9	1.2	4.2	37.2
France		21.0	23.1	26.1	5.6	2.6	18.0	3.6
South Korea		24.9	8.6	2.3	2.6	2.2	..	59.3
Swedish		9.4	21.5	4.0	7.0	5.9	7.0	45.3
Turkey		23.0	5.1	4.7	64.9	0.6	1.8	0.0
Japan		17.8	9.2	23.8	7.0	3.1	..	39.0
Indonesia		13.0	10.4	13.8	39.9	1.3	21.0	0.6
Russia		9.0	12.3	9.1	28.2	3.5	0.1	37.7

From Table 1, we can see that the developed and developing countries of the world are made up of different assets, for example, in the structure of the investment portfolio of insurance organizations in Australia, Denmark, Germany, Canada, Finland, Sweden, Malaysia, the bonds constitute a high share, in the structure of the investment portfolio of insurance organizations in Latvia, Mexico, Brazil, Italy, the USA, Greece, In the structure of the investment portfolio of Italian insurance organizations constitute a high share of private sector bonds, constitute a high share of securities in the structure of the investment portfolio of insurance organizations in Austria, Malaysia, Sweden, France, Japan, Turkey, Indonesia, Russia, Malaysia, Latvia constitute a high share of money and deposits in the structure of the investment portfolio of insurance organizations, Brazil, , In the structure of the investment portfolio of Swedish insurance organizations, collective investment

funds constitute a high share, others in the structure of the investment portfolio of insurance organizations of South Korea, Swedensariya, Japan, Russia, Luxembourg, Finland, the Netherlands constitute a high share, the “Others” category include investments in loans, private equity funds, hedge funds, structured products and other sectors. Proceeding from the above-mentioned reasoning, it is worth noting that the financial resources of insurance companies are directly influenced by the insurance premiums and fees of the insurance company.

Investment activities of domestic and foreign insurance companies are an important element of socio-economic development of society The main sources of investment activity of insurance companies are the placement of their own capital and insurance reserves. The placement of insurance reserves ensures the financial stability and solvency of the insurance company.[11]

Table 2
Regulations for the placement of reserves of insurance companies (in%)

Aktiv turlari	Germany	France	Japan	USA	Great Britain	Russia	Uzbekistan
State securities	-	-	-	-	-	<15	Cheksiz
State entities	<30	<65	<30	<49	<2	<2	-

and municipal securities							
Bank diposites	-	-	-	-	-	<50	<40
Investment stakes	-	-	-	-	-	<10	-
Shares and bonds of axial societies	-	-	-	<4	-	<20	<30
Participation in the charter fund and other assets	-	-	-	-	<60	<10	<30
Housing certificates	-	-	-	<17	<2	<5	-
Real estate	<20	<40	<20	<17	<20	<40	<50
Currency prices	-	-	-	-	-	<10	-
Ssudas	<10	<50	<55	<4	<2	-	<10
Account number	-	-	-	-	-	Cheksiz	>3

At the same time, we must conclude from Table 2 that, according to the experiences of the leading companies of the world, insurance companies have established norms according to the liquidity of assets and other characteristics in the formation of the composition of their investment portfolio, for example, the majority of state securities developed countries did not impose restrictions, only in Russia it is, we can see that there are no restrictions on foreign exchange values and different levels of restrictions are imposed on other types of assets. As a result of the financial and economic analysis done, we can see that the insurance market has grown significantly over the past years. Insurance companies achieve much more positive results in reward collection. They also benefit from the practice of several foreign experience in investment activities. But at the same time there is a lot of unhealthy competition from companies. The reason for this is the artificial reduction in the amount of tariff rates in the collection of insurance premiums on the market. As a result, dumping appears. At present, I think that it is necessary to

develop a number of decisions to avoid this.

Currently, such an analysis is not carried out by any insurance companies on an ongoing basis. I believe that this type of analysis will lead to a positive result in the continuous implementation and improvement of the investment activities of insurance companies according to the results of the analysis.

Summary and suggestions

The circulation of funds of insurance companies leads to the formation of revenues throughout the year. These are mainly deposit interest, credit interest, equity dividend and other income. On the account of these revenues, expenses that go to conduct business, reinsurance, risk prevention measures, lowering the cost of insurance services are covered. The insurance industry is subject to the gradual transfer and rational use of market relations.

The development of the insurance market of the Republic is closely linked to the wide moving of insurance companies to the sphere of direct investment. At present, it has been established that there are the following factors

that hinder the improvement of investment activities of insurance companies:

1. Good development of the current securities market in the Republic;
2. High level of inflation in the sectors of the economy;
3. Narrow scope of investment activities of insurance companies;
4. Development and expansion of types of compulsory insurance, because without the introduction of compulsory insurance, the voluntary insurance market does not actively develop;
5. Lack of reliable instruments for the long-term placement of insurance reserves;
6. Lack of open electronic or other information about investment options;

Insurance of various risks in Uzbekistan, development of sufficient. This in turn is due to the lack of experience in providing insurance activities under the law and the presence of shortcomings in the tax system, the implementation of insurance [13, 13 bet].

It is necessary to ensure the investment portfolio system of insurance companies and its financial stability, which is usually determined by the norms of Insurance control. In it, the order of placement of temporary idle funds of insurance reserves is established. International experience shows that mortgage loans are of great importance for the development of investment activities of insurance organizations.

The main place in the investment portfolio of American insurers is occupied by commercial, industrial and institutional mortgages, which include the provision of loans for the construction of shopping malls, offices, industrial buildings and medical centers [6, 4-ct].

Scientific research on the problems of increasing the efficiency of investment activities of insurance companies, professional personnel in this area are missing.[6, 4-ct] In order to

eliminate the shortcomings listed above, it would be desirable to make the following suggestions:

1. Today, it is necessary to increase the number of institutions and universities that train personnel in the direction of insurance;

1. It is necessary to develop and expand the types of compulsory insurance;

2. It is necessary to ensure the openness and transparency of information in various sectors of the economy, and insurance norms should be considered based on international experience;

3. Insurance companies need to develop a digital marketing system to improve the quality of insurance products and insurance services

In conclusion, it should be noted that the financial resources that insurance companies can invest should be increased. In this regard, having studied the experience of insurance organizations of developed countries in investment activities, the application of insurance organizations in investment activities in our country gives its positive results.

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