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ORGANIZATION AND FORMATION OF INSURANCE FUNDS

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Abstract: This article examines the economic essence of insurance funds, the theoretical and legal foundations of their organization, and the sources of their formation. It analyzes issues related to improving the efficiency of managing insurance reserves in the context of the digital economy and develops proposals for the sustainable development of the insurance market.

Keywords: Insurance fund, insurance reserves, financial stability, investment activity, risk, digitalization, insurance premiums.

INTRODUCTION

In the system of modern economic relations, insurance is not only a means of protection against risks but also an important macroeconomic instrument that ensures the stability of a country's financial system. In the context of global economic instability, climate change, and increasing technological risks, optimizing the mechanisms for organizing and forming insurance funds is becoming strategically important.

An insurance fund is a special-purpose reserve of monetary resources formed to prevent disruptions in the reproduction process of society, compensate for unexpected losses, and ensure social guarantees. In the digital economy, the role of these funds is not limited to "compensation for damages" but also serves as a major source of investment resources directed into the national economy.

At the current stage of insurance market development in the Republic of Uzbekistan, increasing the financial stability of insurance companies and diversifying the sources of fund formation have been identified as priority tasks. In particular, presidential decrees and resolutions emphasize the need to expand the coverage of insurance services and align the capitalization level of insurers with international standards.

However, in practice, several systemic problems are observed in the formation of insurance funds. These include insufficient scientific justification of insurance tariffs, limitations in investing fund resources, and low insurance awareness among the population. To address these issues, it is necessary to reconsider the theoretical foundations of organizing insurance funds and introduce innovative methods for their formation.

The purpose of this research is to analyze the current state of insurance fund formation, develop scientific proposals for their effective management, introduce digital mechanisms for accumulating financial resources, and ensure the solvency of insurance organizations. The object of the research is the economic relations arising in the process of forming insurance funds, while the subject is the improvement of methodological and organizational bases for their formation.

In a market economy, the insurance system plays a strategic role in protecting the socio-economic interests of business entities and the population. Insurance funds serve as the main source for compensating damages caused by unforeseen emergencies, natural disasters, and technological risks. In recent years, special attention has been paid in Uzbekistan to reforming the insurance market, particularly increasing capitalization and introducing transparent mechanisms for fund formation.

The organization of insurance funds ensures not only social protection but also the formation of significant investment resources for the national economy. Therefore, improving the methodological foundations of their formation remains an акtyal scientific and practical issue.

LITERATURE REVIEW

The formation of insurance funds and their economic nature have been studied by many foreign and domestic economists. For instance, A. Smith and D. Ricardo evaluated insurance as a tool for risk distribution, while modern economist V.V. Shakhov defines an insurance fund as a targeted reserve of monetary resources allocated to meet societal needs.

Among Uzbek scholars, Sh.R. Qobilov studied the role of reserve funds in ensuring the financial stability of insurance companies. X.S. Shennayev focused on reducing operational costs and optimizing fund volumes through the introduction of digital technologies in the insurance market. However, the transformational processes of insurance fund formation in the digital ecosystem have not yet been comprehensively studied.

Western economists such as K. Borch and H. Gessner describe the insurance fund as a "financial reserve for collective risk distribution," emphasizing its role in eliminating temporal and spatial imbalances in compensation.

Among CIS scholars, L.A. Orlanyuk-Malitskaya highlights the "principle of equivalence" in fund formation, stating that the balance between premiums and payments determines fund stability.

Uzbek economist N.X. Jumayev emphasized the diversification of insurance funds through increasing the investment attractiveness of the insurance market. However, in today's era of digital transformation, the scientific-theoretical foundations of forming insurance funds based on InsurTech and Big Data analytics remain insufficiently explored.

METHODOLOGY

The study employs methods such as system analysis, logical generalization, comparative analysis, and statistical analysis. The research is based on data from Uzbekistan's insurance market and official reports of national and international insurance organizations.

- Econometric modeling: Analysis of the correlation between insurance reserve growth and GDP.
- Statistical grouping: Segmentation of insurance funds (life and non-life insurance).
- Comparative analysis: Comparison of Uzbekistan's insurance market with developed countries (Germany, USA, South Korea).
- Scenario analysis: Forecasting risks affecting fund liquidity due to tariff changes.

DISCUSSION AND RESULTS

Insurance funds are mainly formed in three ways:

- Centralized state insurance funds
- Self-insurance funds of enterprises
- Funds of insurance organizations

Research shows that the structure of insurance tariffs plays a decisive role. The "net rate" forms the payment fund, while the "loading" covers administrative costs and profit.

$$F = \sum_{i=1}^{n} P_i \cdot k - (Z + X)$$

Where:

F – Final volume of the insurance fund;
Pi – Collected insurance premiums;
k – Investment return coefficient;
Z – Paid insurance claims;
X – Operating expenses.

Currently, in Uzbekistan, the share of premiums collected through digital platforms (InsurTech) is increasing. This enhances fund liquidity and enables risk diversification through reinsurance.

CONCLUSION AND RECOMMENDATIONS

Based on the conducted analysis, the following conclusions were drawn:

- In order to ensure the financial stability of insurance funds, it is necessary to expand the directions for investing reserve funds.
- Full digitalization of the process of collecting insurance premiums helps reduce shadow insurance activities.
- It is advisable to introduce public-private partnership principles in the formation of funds for compulsory types of insurance.

As a recommendation, gradually increasing the minimum capital requirements for insurance companies and transitioning to international “Solvency II” standards will ensure the reliability of insurance funds. At the end of the study, the following proposals were developed to improve the system of organizing and forming insurance funds:

- Liberalization of investment policy: Providing broader permission for insurance companies to allocate fund resources to high-yield stock market assets and government infrastructure projects.
- Introduction of smart contracts: The use of blockchain technology in collecting insurance premiums and making payments ensures full transparency and reliability of the fund.
- Establishment of a catastrophe insurance fund: Creating a special reserve fund with the participation of the state and private sector to maintain stability during natural disasters and global crises.
- Development of actuarial services: Eliminating subjective approaches in setting insurance tariffs and ensuring strict control over fund formation based on mathematical models.

The implementation of these proposals in practice will not only expand the coverage of insurance protection in the country but also elevate the financial independence of insurance companies to a new level.

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