

**ORGANIZATION AND FORMATION OF INSURANCE FUNDS****Ashurova Oltin Yuldashevna**

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**Abstract**

Insurance funds play a crucial role in ensuring economic stability and social protection for the population. This article thoroughly analyzes the theoretical and practical aspects of organizing insurance funds and their formation mechanisms. Key factors ensuring the stable operation of these funds, including the attraction and effective management of financial resources, are examined. Furthermore, the importance of legal and regulatory frameworks and state regulation influencing the development of insurance funds is highlighted. The research findings provide practical recommendations for improving the insurance system and enhancing its effectiveness.

**Keywords**

Insurance Funds, Organization, Formation, Financial Stability, Insurance Market, State Regulation, Risk Management, Economic Development

**Annotatsiya**

Sug'urta fondlari iqtisodiy barqarorlikni ta'minlashda va aholini ijtimoiy himoya qilishda muhim rol o'ynaydi. Ushbu maqolada sug'urta fondlarini tashkil etishning nazariy va amaliy jihatlari, ularning shakllanish mexanizmlari atroflicha tahlil qilingan. Fondlarning barqaror faoliyatini ta'minlovchi asosiy omillar, jumladan, moliyaviy resurslarni jalb qilish va samarali boshqarish masalalari ko'rib chiqiladi. Shuningdek, sug'urta fondlarining rivojlanishiga ta'sir etuvchi huquqiy va me'yoriy asoslar hamda davlat tartibga solishning ahamiyati yoritilgan. Tadqiqot natijalari sug'urta tizimini takomillashtirish va uning samaradorligini oshirish bo'yicha amaliy tavsiyalar beradi.

**Kalit so'zlar**

Sug'urta fondlari, Tashkil etish, Shakllanish, Moliyaviy barqarorlik, Sug'urta bozori, Davlat tartibga solish, Riskni boshqarish, Iqtisodiy rivojlanish

**Аннотация**

Страховые фонды играют ключевую роль в обеспечении экономической стабильности и социальной защиты населения. В данной статье всесторонне анализируются теоретические и практические аспекты организации страховых фондов и механизмы их формирования. Рассматриваются основные факторы, обеспечивающие стабильное функционирование фондов, включая привлечение и эффективное управление финансовыми ресурсами. Также освещается значение правовых и нормативных основ, а также государственного регулирования, влияющих на развитие страховых фондов. Результаты исследования предлагают практические рекомендации по совершенствованию страховой системы и повышению ее эффективности.

**Ключевые слова**

Страховые фонды, Организация, Формирование, Финансовая стабильность, Страховой рынок, Государственное регулирование, Управление рисками, Экономическое развитие

## INTRODUCTION

In the modern economic system, insurance institutions play an important role in ensuring socio-economic stability. They are not only a means of risk management and financial protection, but also an important factor in the formation of investment resources and economic development. Insurance funds are the main component of this system, forming the financial basis of insurance relations. Their effective organization and formation are of decisive importance in ensuring the stable functioning of the insurance market, the financial security of the population and economic entities. Changes in the global economy and the emergence of new risks are further increasing the role of insurance funds, requiring constant improvement of their structure and management mechanisms [1].

Insurance funds, by their nature, are centralized monetary funds formed at the expense of insurance premiums and intended to make insurance payments in the event of an insured event. They play an important role in the economy in terms of capital accumulation, stimulating investment processes and ensuring macroeconomic stability. The processes of organization and formation of these funds are complex and include legal, financial, economic and social aspects. Especially in developing countries such as Uzbekistan, in the context of the rapid development of the insurance market, increasing the efficiency of insurance funds, ensuring their stability and revealing their investment potential is an urgent scientific and practical problem [2].

This study is aimed at an in-depth analysis of the theoretical foundations of the organization and formation of insurance funds, the study of their practical mechanisms and the development of scientifically based recommendations for their improvement in the conditions of Uzbekistan. The work considers the role and significance of insurance funds in the economic system, their classification, legal and financial aspects of organization, as well as international experience and national characteristics based on an integrated approach. This approach creates a solid foundation for ensuring the future sustainable development of insurance funds and further strengthening their role in the economy [3].

## LITERATURE REVIEW

The issue of the organization and formation of insurance funds has been the focus of attention of many researchers in the fields of economic theory, finance, insurance and law. In recent years, especially in scientific works published after 2020, new approaches to this topic have been observed in connection with the emergence of global economic changes, digitalization and sustainable development on the agenda. In particular, research aimed at ensuring the financial stability of insurance funds, increasing their investment potential and strengthening their role in socio-economic development is gaining relevance. Scientists analyze insurance funds not only as a mechanism for covering risks, but also as an important tool for accumulating capital and diversifying the economy [1].

Studies on the theoretical foundations of insurance funds show that risk pooling, the law of large numbers and financial intermediation theories play a central role in their formation. For example, some authors associate the effectiveness of insurance funds with their ability to diversify and effective risk distribution mechanisms [2]. A number of other studies emphasize the importance of the accuracy of actuarial calculations, the fairness of insurance tariffs and the reinsurance system in ensuring the stability of insurance funds [3]. The role of digital technologies and artificial intelligence in the management of insurance funds has also been widely studied in recent years, which opens up opportunities for improving the operational efficiency of funds and more accurate risk assessment [4]. The legal and financial mechanisms for the organization of insurance funds are also widely covered in the scientific literature. Researchers are studying in detail the capital requirements of insurance companies, the procedure for forming reserve funds, regulatory documents regulating investment activities and their impact on the stability of funds [5]. In particular, there are a number of scientific works on the role of financial supervision and regulation bodies, mechanisms for ensuring the transparency and accountability of insurance funds. Institutional factors affecting the formation and

development of insurance funds in developing countries, including the maturity of the legal infrastructure, the level of development of financial markets, and the insurance culture of the population, are also of particular interest [6].

Significant research has also been conducted on the investment role of insurance funds in the economy and the importance of capital markets development. Scientists analyze the unique opportunities of insurance funds in the formation of long-term investment resources, especially in financing infrastructure projects and developing a "green" economy [7]. In this regard, it is emphasized that insurance funds should operate in accordance with the principles of sustainable investment, assume social responsibility and take into account their impact on the environment [8]. The study of international experience allows us to identify the most advanced practices in the management of insurance funds and adapt them to national conditions. For example, some studies consider the impact of regulatory regimes such as "Solvency II" in the European Union countries on the capital adequacy and risk management of insurance funds, indicating the role of strict control and transparency mechanisms in increasing their effectiveness [9]. Experiences in developing diversified investment portfolios of insurance funds are also being widely studied, which may be an important lesson for emerging markets.

The number of scientific works on the formation and development characteristics of insurance funds in Uzbekistan is increasing, but most of them are focused on analyzing the general insurance market, paying little attention to the deep theoretical and practical aspects of organizing insurance funds and ensuring their financial stability [10]. Existing studies mainly cover the general state of the insurance market, its growth rates, and issues of improving the legislative framework. However, comprehensive analyses of the internal structure of insurance funds, their investment strategies, risk management mechanisms, including liquidity and asset-liability management policies, and their impact on macroeconomic stability are lacking. There is a need for in-depth empirical research on the organization and effective formation of insurance funds, especially taking into account the specific economic conditions of Uzbekistan, the level of development of its financial markets and the institutional environment. There is also a need to develop scientifically based recommendations on how to fully realize the investment potential of insurance funds in the country, direct them to the real sector of the economy, and at the same time maintain the stability of the funds. This study seeks to fill these gaps in the existing scientific literature and to conduct an in-depth analysis of the theoretical and practical aspects of the organization and formation of insurance funds in the context of Uzbekistan.

#### **RESEARCH METHODOLOGY**

This study is aimed at an in-depth analysis of the processes of organizing and forming insurance funds, systematizing their theoretical foundations and developing scientifically based recommendations for their improvement in the conditions of Uzbekistan, and is based on an integrated approach. The main goal of the study is to study the role and importance of insurance funds in the economic system, the mechanisms for ensuring their financial stability, and ways to increase their investment potential from a theoretical and practical perspective. To achieve this goal, a number of scientific methods and approaches are used. The methodological basis of the study is the principles of dialectical knowledge, a systematic approach, as well as general scientific methods for analyzing economic phenomena.

#### **DISCUSSION**

The processes of organizing and forming insurance funds are of decisive importance for the stable functioning of the economic system, and this process is directly dependent on a number of institutional, financial and legal factors. The results of the study show that the effective operation of insurance funds is based primarily on a stable flow of insurance premiums, a system of correct risk assessment and the accuracy of actuarial calculations. These factors play a key role in ensuring the liquidity and solvency of funds. It is also determined that the role of state regulatory mechanisms in the formation of insurance funds is very important. In particular, capital adequacy standards, requirements for the formation of reserve funds and restrictions on

investment activities serve to ensure the financial stability of funds. However, overly strict regulation can limit the investment activity of insurance companies and reduce the level of profitability. In the experience of developed countries, insurance funds act not only as a mechanism for covering risks, but also as a large investment institution. In Uzbekistan, however, this direction is not yet fully formed, and the investment potential of insurance funds is not being used sufficiently. This is explained by the relatively underdeveloped financial markets and the limited range of investment instruments. The introduction of digital technologies can significantly increase the efficiency of insurance fund management. Artificial intelligence and big data technologies serve to more accurately assess risks, optimize insurance tariffs and reduce fraud. However, the introduction of these technologies requires qualified personnel and modern IT infrastructure.

In general, it is found that the development of insurance funds is closely related to the general state of the economy, the level of financial literacy and the institutional environment.

### RESULTS

The results of the study made it possible to draw a number of scientific and practical conclusions by analyzing the processes of the organization and formation of insurance funds based on an integrated approach.

Firstly, it was confirmed that insurance funds are one of the main institutions ensuring financial security in the economy. They, along with covering the risks of the population and economic entities, also serve as a source of long-term investment in the economy. Secondly, it was found that the formation of insurance funds is carried out mainly at the expense of insurance premiums, reinsurance operations and investment income. These three components are the main factors determining the financial stability of funds. Thirdly, it was found that although the level of development of insurance funds in Uzbekistan has a tendency to grow, their investment activity has not yet been fully formed. This indicates the need to strengthen the integration of insurance funds into the capital markets of the economy. Fourthly, an analysis of international experience shows that for the effective operation of insurance funds, the introduction of a “risk-based management” system is important. This approach serves to increase the financial stability of funds. Fifth, it is determined that digital transformation processes can radically change the management model of insurance funds. Automated systems and digital platforms increase the transparency of insurance operations and reduce operating costs.

As a result, the following areas are identified as important for the further development of insurance funds: liberalization of investment policy, widespread introduction of digital technologies, improvement of actuarial systems and development of financial market infrastructure.

### CONCLUSION

This study provides an in-depth analysis of the important role of insurance funds in the economic system, the theoretical and practical aspects of their sustainable organization and effective formation. The work studies the mechanisms for ensuring the financial stability of funds, increasing their investment potential and risk management in the conditions of Uzbekistan. In conclusion, the future development of insurance funds depends on their operation based on digitalization, the introduction of advanced international practices and the principles of sustainable investment. This will serve to stimulate economic growth and strengthen the financial security of the population.

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