

"ACCOUNTING IN INSURANCE COMPANIES AND ITS ROLE IN THE ECONOMY OF UZBEKISTAN"

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Annotation: Insurance plays a significant role in the development of the economy by accumulating substantial investment capital and contributing to crucial sectors.

Аннотация: Страхование играет значительную роль в развитии экономики, аккумулируя значительный инвестиционный капитал и внося вклад в важнейшие отрасли.

Keywords: insurance, insurance agency, insurance companies, premium insurance, insurance policy, electronic insurance policy, auto insurance.

Ключевые слова: страхование, страховое агентство, страховые компании, премиальное страхование, страховой полис, электронный страховой полис, автострахование.

Introduction. The insurance fund is considered an important and unique part of the national economic reserve, financially protecting the national economy from various contingencies. In developed countries, the insurance industry is highly advanced, with insurance premiums accounting for an average of 8—12% of the Gross Domestic Product (GDP).

Literature Review on the Topic. In the Republic of Uzbekistan, the regulations governing the insurance sector have been aligned with international standards. Legal relations related to insurance in the Republic are regulated by the new "Law on Insurance Activities" of the Republic of Uzbekistan (dated February 25, 2022). According to this law, we will consider the following definitions:

- Insurance: It is understood as the protection of the property interests of individuals and legal entities from a specific insurance event, funded by the insurance premiums they have paid.
- Insurance is divided into two sectors. The first is the general insurance sector. The second is the life insurance sector.
- Insurance Premium — is a part of the insurance premium paid by the insured to the insurer in accordance with the terms, amounts, and conditions stipulated in the insurance contract, either in national or foreign currency.
- Insurance Amount — a certain sum which the insurer undertakes to pay as insurance compensation (insurance payment) within the limits of this sum as specified in the insurance contract.
- Insurance Risk — the anticipated event that, if it occurs, will trigger the execution of the insurance payment.

Presidential Decree of the Republic of Uzbekistan (October 23, 2021) titled "Additional Measures on Digitalizing the Insurance Market and Developing the Life Insurance Sector" granted several privileges to insurance companies. Let's look at some of these:

- From January 1, 2022, to January 1, 2025, the profit tax rate for activities in the life insurance sector will be reduced by 50 percent.
- From January 1, 2022, to January 1, 2028, funds directed by employers to legal entities licensed to carry out insurance activities in the Republic of Uzbekistan, based on insurance contracts for accident insurance and health insurance for their employees, will not be considered as part of the total income of individuals.
- Additionally, several researchers in Uzbekistan have studied various types of insurance, processes, and calculation stages. PhD Associate Professor Shirinov from the Samarkand Economics and Services Institute has conducted scientific research on the topic "Features of Auditing in Insurance Companies." I.Ochilov and D.Sultonov have published books on "Insurance Accounting and Reporting," demonstrating how all reports in insurance companies (accounting balance, financial report, cash flow report, fixed assets report, etc.) are managed, proving and illustrating how various operations are conducted through specific accounts.

Research Methodology: We believe that a comprehensive analysis of the financial condition of insurance companies through interconnected accounting balance indicators remains significant for scientific research and practical analysis because the management, investment, and innovation development decisions related to any economic entity, including insurance companies, cannot be made without a precise and effective solution to the analysis issue.

Analysis and Results: Currently, as measures to fully digitize the country's economy are being considered, insurance companies are striving to make the registration of their services fast and convenient for customers. For example, the electronic insurance policy developed on October 11, 2016 (which is similar to a paper insurance policy, except it is issued to customer individuals with a digital signature) is creating many conveniences for customers. It was developed by the "ALSKOM" insurance company and is legally equivalent to the paper version of the insurance policy, in accordance with the Law of the Republic of Uzbekistan dated April 29, 2004, No. 611-II "On Electronic Document Turnover" and the Law dated December 11, 2003, No. 562-II "On Digital Signatures." The issuance of the insurance policy is carried out

Insurance contracts can be formed either by the insurance organization itself or through insurance agents and brokers. Like other organizations, insurance companies reflect transactions related to policyholders, insurance agents, and

brokers in their accounting balance through specific accounts. For example, account 6040 for "Accounts Payable to Insurance Agents and Brokers" and account 4040 for "Accounts Receivable from Insurance Agents and Brokers."

The insurance reserves formed from the received insurance premiums for the obligations undertaken by the insurance organization are reflected in the following accounts:

- 8010 "Reserve for Unearned Premiums";
- 8020 "Reserve for Incurred but Not Reported Losses (IBNR)";
- 8030 "Reserve for Reported but Not Settled Losses";
- 8040 "Reserve for Preventive Measures";
- 8050 "Mismatch of Assets Reserve";
- 8060 "Catastrophe Reserve";
- 8070 "Volatility Reserve";
- 8090 "Life Insurance Reserve";

The compilation of information about insurance compensations calculated under direct insurance and reinsurance contracts is performed in the following accounts:

- 2210 "Insurance Compensations for Insurance Events Occurred During the Reporting Period Under Direct Insurance";
- 2220 "Insurance Compensations for Contracts Terminated Prematurely";
- 2230 "Insurance Compensations for Risks Accepted in Reinsurance";
- 9431 "Insurance Compensations for Insurance Events Occurred in Past Periods, Reported in Past Period Under Direct Insurance";
- 9432 "Insurance Compensations for Insurance Events Occurred in Past Periods, Reported in the Reporting Period Under Direct Insurance".

If the insurance organization has the right to recover damages from the person responsible for the occurrence of the insured event after paying out the insurance coverage, the related calculations are carried out in account 4860 "Accounts Receivable for Claims".

To ensure the financial stability of their situation, insurance companies may transfer their liabilities to other insurance organizations, i.e., reinsure. In this case, the insurance organization makes a certain amount of payment to the reinsuring insurance organization. The amounts of insurance premiums for risks transferred to reinsurance are accounted for in account 9040 "Paid Insurance Premiums for Risks Given to Reinsurance and Retrocession". The account for shares of losses obtained

through reinsurance of insurance coverage is maintained in account 9070 "Income from Coverage of Loss Shares for Risks Given to Reinsurance and Retrocession".

Each insurance contract's unearned premium is calculated using the following formula as the product of the proportion of the remaining duration of the insurance contract (in days) to the total duration of the contract (in days), based on the basic insurance premium accepted for calculation as of the report date:

$$Imi = i \cdot Bmi \times \frac{Ti - Mi}{Ti}$$

where:

- Imi — Unearned premium for the i -th contract;
- Bmi — Basic insurance premium for the i -th contract;
- Ti — Total duration of the i -th contract in days;
- Mi — Number of days from the start of the i -th contract to the report date.

By providing accurate accounting entries in the accounts mentioned below, we can obtain concise and accurate information about the financial condition of the insurance organization.

As of the end of the first half of 2023:

- Total charter capital of insurance companies — 2.1 trillion UZS (an increase of 119.1%);
- Total collected insurance premiums — 3.8 trillion UZS (an increase of 136.3%), of which 3.4 trillion UZS was voluntary insurance and 355.5 billion UZS was compulsory insurance;
- Total insurance payments made — 883.0 billion UZS (a decrease of 23.4% compared to the same period last year, due to life insurance), of which 121.2 billion UZS was voluntary insurance and 761.8 billion UZS was compulsory insurance;
- Total volume of investments — 5.2 trillion UZS (an increase of 128.3%); 4.3 million new insurance contracts were signed (an increase of 18.8%), and the total number of existing insurance contracts was 8.4 million (an increase of 120.1%);
- The share of insurance premiums in the Gross Domestic Product was 0.81% (an increase of 15.7%).

Conclusions and Recommendations: As we can conclude, the activities of insurance companies based on governmental regulatory documents and the legality of their revenues are of significant importance.

- Increase the number of reliable and large insurance organizations and strengthen consumer confidence in them;
- By digitizing insurance processes (and avoiding unnecessary paperwork), create more convenience for consumers and increase their numbers;
- Enhance the role of insurance in the country's GDP by increasing insurance services;
- Simplify the insurance reports prepared by insurance companies;
- When audits in insurance organizations are conducted based on international standards, higher results can be achieved in decision-making and efficient operation management.

List of Used Literature:

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