EUROPEAN INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH AND MANAGEMENT STUDIES

VOLUME04 ISSUE12

DOI: https://doi.org/10.55640/eijmrms-04-12-08 Pages: 49-51

FINANCIAL FUNDAMENTALS OF THE INSURANCE COMPANY

Iskandarov Abdurasul Mirjalil ugli

Associate professor in Department of " Finance", KEEI, Uzbekistan

ABOUT ARTICLE

Key words: Insurance company, financial management, insurance premiums, investments, insurance payments.

Received: 29.11.2024
Accepted: 03.12.2024
Published: 09.12.2024

Abstract: This article examines the main aspects of managing the finances of an insurance company . The role of insurance premiums, investment income and insurance payments in the financial performance of an insurance company is recognized.

INTRODUCTION

Finance of the insurance company is all related to the financial aspects of the insurance company's income and expenses, financial resources, their management and production and service activities in the insurance market. is a complex department that includes processes. An insurance company requires different approaches to financing, revenue calculation and analysis due to its specific activities.

In scientific literature, enterprise finance means financial or monetary relations that arise in the process of forming and using fixed and working funds, enterprise funds. understood. [1]

A set of economic relationships related to the formation, distribution and use of financial resources and funds to ensure the organization's activities represents the organization's finance [2].

The financial resources of the insurance company play an important role in the process of redistribution within the country, which has a positive social value for the entire economy. [3]

Insurance company finance mainly consists of three main types, including:

1. Insurance premiums: The main source of income for an insurance company is the money received from the sale of insurance policies. Insurance premiums are usually calculated against the sum insured and vary depending on the different types of insurance (property, life insurance, etc.).

2. Investment income: Insurance companies often invest the premiums collected in financial markets, stocks, bonds, currencies or other investment vehicles. These earnings help strengthen the company's financial position and reduce risks.

3. Insurance premiums: An important part of the insurance company's expenses. Insurance premiums are payments made for insured events. At the same time, the company is also required to perform several average payments, risk assessment and risk management.

In the finance of an insurance company, the main focus is on the composition of income and expenses. Insurance companies need to coordinate premiums, investments, costs and insurance payments to manage their finances efficiently.

Earnings:

- Income from insurance premiums.
- Income from investments (stocks and bonds, deposits, rental payments, etc.).
- Additional financial services (for example, consulting, analysis and other services).
- Expenses:
- Insurance payments are payments made by the company for insured events.
- Operating expenses - salaries, office expenses, marketing and advertising, etc., necessary to ensure the operation of the insurance company.
- Debt service fees (if the company has debt) and financial costs.

Financial management of an insurance company involves the effective assessment and management of its risks. Each insurance company needs specific financial management, risk analysis, and strategies to address such risks in its operations.

Risk assessment and diversification: Risk assessment and diversification are important in the finances of an insurance company. Insurance companies are forced to manage risks with their own funds and investments, so great attention is paid to the types of risks, their identification and elimination strategies.

Establishing reserves: Insurance companies must establish special reserves against possible financial losses. These reserves include funds that will be needed for payments from insurance policies and services provided.

Investment portfolio management: An insurance company's income is often generated through investments, so diversifying the portfolio and using different assets increases financial efficiency. Market conditions and competition are of great importance in the finances of insurance companies. The insurance market is constantly changing, which requires insurance companies to optimize their financial operations and update their strategies. One of the factors that often complicates competition in the market is the prices of insurance policies and the level of service provided by companies.

Insurance companies should innovate in the use of their financial resources, implement strategies aimed at increasing financial efficiency and improving the quality of services.

The future of insurance finance is connected with the Internet and digital technologies. The development of electronic insurance services, i.e. the sale of insurance policies via the Internet, electronic payments and financial transactions, creates new opportunities for insurance companies.

Also, innovations in the insurance market, the growth of artificial intelligence and automation, offer insurance companies new methods and approaches to improve their financial condition and reduce risks.

In conclusion, we can emphasize that the finances of an insurance company are a complex and dynamic system, which is formed by insurance premiums, investment income and insurance payments. Effective financial management, risk assessment, financial reporting, and market competitiveness are essential for insurance companies. To achieve this, insurance companies must continue to use innovative financial strategies and new technologies.

REFERENCES

1. Ashirova L., Azымova A. Finansы predpriyatiya // Simvol nauki: mejdunarodnыy nauchnыy jurnal. 2023. № 4–2. S. 79–80.

2. Tarasova A.Yu., Bыkov V.A. Finansы predpriyatiy: uchebnoye posobiye. 2-ye izd. dop. i pererab. /. — Yaroslavl: OOO "PKF «SOYUZ-PRESS", 2023. — 126 s.

3. Yashina N.M. Finansы straxovoy kompanii. Nauchno-prakticheskiy jurnal Bazis. 2017. № 1(1). – C 20-22.