



## THE ROLE OF INSURANCE ORGANIZATIONS IN THE SECURITIES MARKET

F.I.Gulbaeva

Teacher

B.Tangriberdiev

Sh.Arabboev

Students

University of Economics and Pedagogy

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**Abstract:** We can see that the market of securities in our country is developing in the above pictures, but insurance organizations are lagging behind in this regard. If it is abroad, we can witness that insurance organizations are occupying high positions in the stock market. In the development trend of the modern economy, insurance organizations are one of the rapidly developing sectors and occupy a significant part of the financial market. Today, insurance companies are one of the active participants of the stock market.

**Keywords:** stocks, stock market, money-credit, insurance, insurance market.

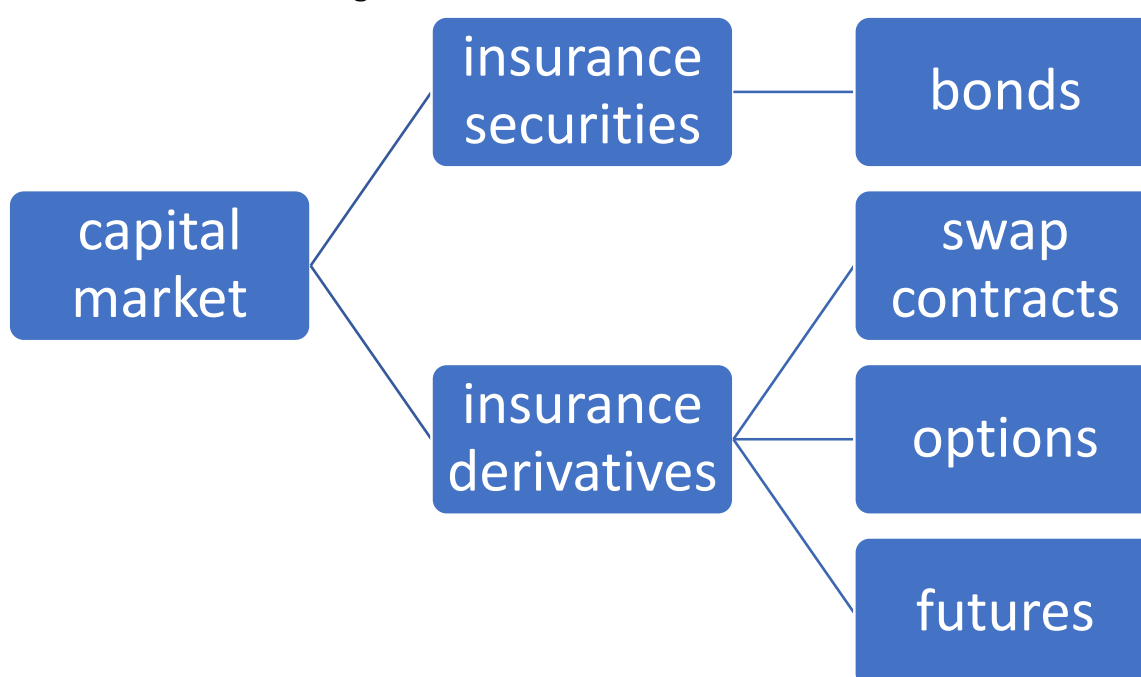
The insurance market and the securities market are one of the main components of the securities market, therefore, modeling their further development is of particular importance in creating favorable conditions for the sustainable development of the insurance market.

In the Republic of Uzbekistan, insurance organizations give up several opportunities in the stock market to place their insurance reserves, as a result of which this causes a decrease in the investment efficiency of insurance organizations. Sometimes, due to the high risk in the securities market, there is a need for insurance. Another aspect of the uniqueness of insurance companies is the full fulfillment of their obligations to customers, on the other hand, there is a need to increase their assets by carrying out operations on the securities market. From the legal point of view, these activities of the companies are regulated by internal normative legal documents.

Investing funds of insurance organizations in securities is associated with various investment risks, including market, consumer and interest rates. Therefore, when modeling the assets of insurance organizations, it is necessary to take into account the adequacy of assets to cover the risks and liabilities arising from investment activities. Insurance companies, acting as intermediaries, are able to collect and invest unformed capital for individual investors. Therefore, the growth trends of insurance organizations affect the general development indicators of the financial system and investment activity in general. The amount of investments of insurance companies in developed countries exceeds the amount of investment of institutional investors, that is, banks and investment funds, because in many developed countries the main profit for insurance organizations is not the collection of insurance contributions, but insurance payments. The main roles in the global insurance market are played by the companies of developed countries USA, Japan, Germany and England.

Companies dealing with long-term insurance contracts are for long-term investments compared to banking organizations, it has more opportunities. Also, in addition to the competition between insurance organizations and other financial and credit institutions, they often cooperate in the capital system of financial and industrial groups, because the interests of these organizations are not only personal relationships, but also work together to support

industrial enterprises from the financial side. As a result of this cooperation, insurance organizations use various methods of buying stocks and bonds in the stock market. In particular, in the second half of the 20th century, we can observe the transactions of insurance companies in the purchase of securities from commercial and industrial corporations on the stock market. As the insurance companies buy securities through investment banks, the cooperation between banks and insurance organizations develops further, that is, when insurance companies buy securities of corporations, investment banks try to get a commission for arranging and placing them. As a result, the rapidly growing cooperation between insurance organizations and banks leads to the emergence of a bank and insurance union designed for the pre-sale of securities. For this reason, the insurance organizations that financially cover this type of losses are reducing all risks by investing in bonds or buying derivatives. Securities belonging to insurance organizations are widely distributed today and are shown in the following table. Table 4



The main activity of the insurance company is related to high risk and can be paid from the funds of investment activities. Also, the capital of insurance companies in the stock market can be several times higher than the amount of insurance premiums. The generality of this view is typical for all types of planned cost-sharing mechanisms for financial markets. In Western practice, insurance companies are considered as large economic entities, therefore their stock market value is high. By the end of the 20th century, the investment activities of insurance companies in this securities market accumulated investment resources to the extent that they significantly influenced the growth trend in economic production of many countries. These growth indicators activated the creation and acquisition of several cooperative organizations in the financial intermediation market in the USA and European countries, which created the basis for the penetration of insurance companies into other areas of financial business and the formation of financial conglomerates, investment and pension funds based on insurance organizations. The largest among these organizations are: in the USA - "AIG"; In Germany - "Allianz", "DZ Bank Gruppe", "Inter Group", "Deutsche Bank"; in Switzerland - "Zurich Financial Services"; In England - "Julian Hodge Bank Group", "Standard Life"; In Ukraine - "RZB-UNIQA".

In the global economy, insurance companies are among the largest collective investors. The total volume of investments managed by insurance companies in Europe, Japan and the USA is several trillion dollars. In the USA and Western European countries, up to 30% of the total volume of investments is accounted for by financial resources attracted through life insurance. At the same time, the scientific study of the issues of investment activities of insurance organizations in the securities market in Uzbekistan is not sufficiently developed. Some directions of this activity are expressed in the works of Russian scientists M.I. Basakov, A.N. Bautov. Insurance companies assume very large insurance risks. But in practice, insurance forms cannot cover the risks of the primary insurance portfolio. The increase in non-natural risks in these primary insurers causes the demand for financial instruments to increase significantly.

Today, large investment, insurance and financial companies offer their clients high-level services. At the same time, we offer clients not only insurance or investment activities, but also services to ensure the safety of their financial resources. Investments in securities are drawn from insurance reserves and the funds of insurance companies. Insurance companies participate in the role of managers in the stock market, the peculiarity of this participation is that, depending on their financial reserves, they are considered to have the opportunity to carry out any type of investment operations, from high-risk operations to safe operations, from short-term to long-term operations. for which assets are accepted and they, in turn, are implemented according to the principles of diversification, profitability, solvency and liquidity. Ensuring the practical implementation of these practices is considered one of the necessary and mandatory conditions of insurance companies. At the same time, insurance companies operate as investors by attracting long-term funds placed on the securities market.

Diversification function of insurance companies in the placement of insurance reserves and financing of corporate securities creates the basic conditions for payment, profitability and liquidity, provided that the investment portfolio is followed.

The table below shows the types of assets with a diversification function to cover insurance reserves. Table 5

The precious papers of the Republic of Uzbekistan	bank bills	shares
bonds	municipal securities	investment in mutual funds
bank deposits		

Today, insurance companies are not limited to raising capital through the bond market, but now they can hedge future risks through bond issuance. Securities of this type are classified as mixed financial reinsurance catastrophe bonds. Issuers offer investors a higher rate of return than ordinary bond rates, and if a certain type of catastrophe occurs, the investor will lose a portion of the dividend interest and sometimes the invested capital. In this process, the issuing insurer makes a financial offer to the bond investor in the form of a house, to which the investor will have a high profit if the disaster does not occur, investors usually agree to this offer because earthquakes are a very rare natural phenomenon. Unlike ordinary portfolio investment risks, the degree of risk does not depend on the dynamics of the macroeconomic cycle, therefore, portfolios have the opportunity to diversify security investments and hedge their risks. Insurance companies, on the other hand, bet on this type of risk. In case of a disaster, it guarantees that losses will be covered from the invested funds. Among the methods of neutralizing risks, attracting credit resources, and reinsurance, kura is considered to be the cheapest and most expensive type. In principle, for insurance companies, such activity is not considered issuance, because it is a reallocation of risk to the account of funds that are close to reinsurance, and not just bonds.

In our country, the capitalization indicators of the financial market are at a low level due to insufficient information on reinsurance or the issue of securities of insurance organizations in our country. Relatively strict requirements have been imposed on insurance organizations by the state, which does not allow them to join the ranks of financial speculators. However, the long-term nature of operations in insurance organizations does not encourage this. Controls applied to insurance organizations limited the investment process for all types of assets and directed investment policy in the regulated financial market. For example, in Germany, it is recommended to invest in high-risk securities, and in the United States, it is not allowed to invest more than 1% of assets. In Great Britain, investments in private securities are limited to 1-5%, and shares and bonds purchased on the basis of a bilateral agreement can be placed in an amount not exceeding 0.1%. It should be noted that the rules of this type in our country are much simpler than in Western countries, besides, there is general information about the types of securities in stock exchanges, which are typical of foreign rules in our country.

In conclusion, it should be noted that insurance activity is closely related to the securities market. The positive changes in the insurance market and the necessary conditions for increasing the investment activity of insurers include the expansion of the base of means of placing insurance reserves, the increase in the share of non-issued securities, and the change in the limits on corporate securities and shares will further increase their importance in the stock market.

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