
ISSUES OF INCREASING THE INVESTMENT ACTIVITY OF INSURANCE COMPANIES IN THE CAPITAL MARKET

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ABSTRACT

This article studies the indicators of investment activity of insurance companies, the participation of insurance companies in the authorized capital of national joint-stock companies and the authorized capital of insurance companies while studying the issues of increasing the investment activity of insurance companies in the capital market of our country. Based on the analysis, appropriate conclusions and proposals are formed.

KEYWORDS: *Capital Market, Institutional Investor, Insurance Companies, Stock, Authorized Capital, Investment, Joint Stock Companies.*

INTRODUCTION

Today, we can observe that the role of the capital market is large not only in developed countries, but also in developing countries. In most developed and developing countries, we see that insurance companies are the main players in the development of the capital market, and insurance companies are seen as a source of financing for the corporate sector.

In the effective formation of the capital market in our country, the activities of insurance companies as institutional investors, creating the necessary conditions for their free operation, increasing investment attractiveness, and ensuring the openness and reliability of information are given priority. In order to positively solve these aspects, first of all, it is necessary to pay attention to the characteristics of the activity of insurance companies and the investment activity of insurance companies in the capital market. These aspects show the relevance of studying investment activities of insurance companies.

Literature Review

In addition to the importance and characteristics of the capital market in the effective formation of the capital market, researches were conducted by various scientists in order to effectively establish the activities of insurance companies in the capital market, to create the necessary conditions for their free operation, to increase the investment attractiveness, and to ensure the openness and reliability of information. "Today, the capital market is a market that can be found in any modern economy. This market is a dynamic and innovative structure that constantly adapts to the economic environment. At the same time, the capital market creates opportunities for all categories of participants and is considered risky to a certain extent" [1]. These features of the capital market are considered important for insurance companies and serve to effectively shape the investment activities of insurance companies as institutional investors.

"The capital market plays an important role in the efficient use of financial resources, and at the same time it is effective in purchasing long-term financial assets". It also provides an investment opportunity for individuals and financial institutions" [2].

"The main goal of regulating the financial market, particularly the capital market as its component, is to ensure financial stability. In this context, one of the important conditions of stability is the functioning infrastructure of capital markets. Any analysis of capital markets should naturally take into account the infrastructure rules of the capital market under study" [3]. Market infrastructure also plays a special role in increasing the activity of institutional investors in the capital market, as it is one of the aspects that help attract institutional investors.

In the capital market, "financial markets, especially capital markets, cannot function perfectly because of information asymmetry. Information asymmetry indicates the need to regulate the capital market, and for this, the regulatory process can be provided through financial actors or require government intervention" [4]. Information asymmetry is one of the factors that have a negative impact on the investment activity of insurance companies in the capital market.

"Social and environmental actions of leaders and institutional investors are important for the long-term activity of strategic and organizations" [5]. It is clear from this that insurance companies, as institutional investors in the capital market, not only bring financial results, but also have a positive impact on the social and environmental conditions of the country as a result of effective investment activities in the capital market.

Uzbek scientists grouped that "institutional investors that carry out transactions with securities include insurance companies, pension funds, investment funds, banks" [6]. Taking into account the practice of advanced measures in organizing the activities of insurance companies as institutional investors will serve positive results.

"The experience of the developed countries of the world shows that among the components of the capital market, the securities market occupies a special place in the process of reproduction and regulation of financial relations. It is this market that acts as a barometer of development in the economies of major countries of the world" [7]. These aspects should be taken into account in the development of the national capital market.

Taking into account the above points, it can be noted that the high financial capabilities of insurance companies, the presence of opportunities to perform investment, emission and financial mediation activities in the capital market indicate the importance of the activities of investment insurance companies as institutional investors.

Research methodology

Research methods such as selective observation, comparative analysis, statistical analysis, systematic analysis, induction, deduction were used to study the issues of increasing the investment activity of insurance companies in the capital market.

Analysis and results

If we analyze the investment activity of insurance companies in the capital market, first of all, it is necessary to pay attention to their investment activity indicators. Table 1 presents the analysis of general investment activity indicators of insurance companies operating in our country.

Table 1 Analysis of the activity of insurance companies in Uzbekistan [9]

Indicators	31.12.2019		31.12.2020		31.12.2021	
	mln. soum	Share total, %	in mln. soum	Share total, %	in mln. soum	Share total, %

Total investments, including:	2 711 933	100%	3 382 685	100%	3 746 665	100%
Deposits	1 424 281	52,5%	1 818 925	53,8%	2 208 573	58,9%
Securities	848 574	31,3%	958 552	28,3%	1 095 976	29,3%
Loans	20 609	0,8%	42 054	1,2%	47 453	1,3%
Real estate	230 300	8,5%	285 320	8,4%	247 340	6,6%
Participation in the charter fund of organizations	183 306	6,8%	272 143	8,0%	142 203	3,8%
Other investments	4 864	0,2%	5 691	0,2%	5 120	0,1%

In particular, the total amount of investments made by insurance companies amounted to more than 2.71 trillion soums at the end of 2019, and this indicator reached almost 3.75 trillion soums at the end of 2021. Deposits and securities took the main place in total investments. If we pay attention to the composition of investments, the volume of investments in securities increased from 848.57 billion soums in 2019 to almost 1.10 trillion soums in 2021. However, the percentage share of investments in securities in relation to total investments was 31.3% in 2019, and in 2021 this indicator decreased to 29.3%. If we pay attention to the indicators of participation of insurance companies in the authorized fund of other organizations, this indicator was more than 183 billion soums in 2019 (6.8% of total investments), and by 2021 this indicator will decrease to 142 billion soums (3.8% of total investments) (Table 1).

Continuing the analysis of the investment activities of insurance companies, we will focus on the companies whose authorized capital is invested by insurance companies.

Table 2 shows the composition of shareholders of "Asakabank" JSC, in which Ozagrosugurta JSC and "Uzbekinvest" export-import insurance company JSC are shareholders of this bank. Uzagrosugurta JSC owns 0.08% share of the bank with more than 32 million shares, while "Uzbekinvest" export-import insurance company JSC owns more than 6.2 million shares and has more than 0.015% share in this bank. It should be noted that the main shareholders are the Fund for Reconstruction and Development of the Republic of Uzbekistan and the Ministry of Finance of the Republic of Uzbekistan.

Table 2 Analysis of the composition of shareholders of "Asakabank" JSC and the participation of insurance companies in the authorized capital [10]

No	Composition of shareholders of "Asakabank" JSB	Number of stocks	Share in authorized capital, %
1	"Bukhara Oil Refinery" LLC	303 742 014	0,749560
2	"Uzagrosugurta" JSC	32 063 675	0,079125
3	"Uzavtosanoat" JSC	41 409 186	0,102188
4	"Uzbekinvest" export-import insurance company JSC	6 215 365	0,015338
5	"Uzbekistan metallurgical combine" JSC	53 524 632	0,132085

6	"Uzbekneftgaz" JSC	53 524 632	0,132085
7	"Uzbektelecom" JSC	67 201 314	0,165836
8	"Almalik Mining and Metallurgical Combine" JSC	339 206 490	0,837077
9	Ministry of Finance of the Republic of Uzbekistan	4 060 149 232	10,019437
10	Republic of Uzbekistan Recovery and Development Fund	35 565 692 421	87,767269

If we pay attention to the composition of shareholders of insurance companies, we can see that commercial banks have participated as shareholders in insurance companies. In particular, we can observe this situation when studying the composition of shareholders of Ozagrosugurta JSC (Table 3). The shareholders of Uzagrosugurta JSC include commercial banks "Agrobank" JSB and "Qishloqkurilishbank" JSB, which own 1.55% and 0.23% of this insurance company, respectively.

Table 3 Analysis of the composition of shareholders of Uzagrosugurta JSC and the participation of commercial banks in the authorized capital [11]

№	Name of shareholders	Share in authorized capital, %
1	Ministry of Finance of the Republic of Uzbekistan	94,56 %
2	"Uzpakhtasanoat" JSC	3,24 %
3	"Agrobank" JSC	1,55 %
4	LLC "CIM Investment Management"	0,43 %
5	"Kishloqkurilishbank" JSC	0,23 %
6	Other shareholders	0.11 %

If we pay attention to the composition of shareholders of a number of state-owned insurance companies, the main shareholders are state organizations and other state-owned enterprises.

Table 4 Analysis of the composition of shareholders of insurance companies [12]

№	Name of the insurance company	Stockholders	Share
1.	"IShONCh" interbank insurance company LLC	Association of Banks of Uzbekistan	12 115,4 mln soum (80,8%)
		Uzsanoatkurilishbank" JSB	1 697,7 mln soum (11,3%)
		JSC "ALSCOM" IC	825,9 mln soum (5,5%)
		Fergana branch of the Association of Banks	273,3 mln soum (1,8%)
		Hamroh Project Invest LLC	88,2 mln soum (0,6%)
2.	"Uzbekinvest" national insurance company	Ministry of Finance of the Republic of Uzbekistan	50 mln \$
		National Bank of Foreign Economic Activity of the Republic of Uzbekistan	10 mln \$

№	Name of the insurance company	Stockholders	Share
3.	"ALSKOM" joint-stock insurance company	Organizations of the Ministry of Information Technologies and Communications Development of the Republic of Uzbekistan, including: "Uzbektelecom" JSC "Electromagnetic Adaptation Center" DUK Fund for the development of information and communication technologies AT "Alokabank" "Nano Leasing" LLC	N/A

Table 5 shows the composition of shareholders of a number of insurance companies. In particular, we should note that "ALSKOM" insurance company, Alokabank JSB, National Bank of Foreign Economic Activities of the Republic of Uzbekistan, Uzsanotkurilishbank JSB are listed as shareholders of these insurance companies.

Table 5 Composition of shareholders of Kafolat insurance JSC [13]

№	Stockholders	Share
1.	1. JSC "UzAssets" 49.28%	49,28%
2.	2. JSC "National Bank of Foreign Economic Activity of the Republic of Uzbekistan" 11.72%	11,72%
3.	3. JSC "Almalik Mining and Metallurgical Combine" 3.34%	3,34%
4.	4. "Uzbekinvest Investments" UK 0.76%	0,76%
5.	5. "Asakabank" JSB 0.51%	0,51%
6.	6. "Genesis Innovation" LLC 29.71%	29,71%
7.	7. "Aloqabank" JSB 0.26%	0,26%
8.	8. "Agros Hayot" insurance company 3.68%	3,68%
9.	9. "Mansur-M" 0.00%	0,00%
10.	10. Individuals 3.74%	3,74%

Table 4 examines the composition of shareholders of the Guarantee Insurance JSC. According to the 2020 report of this insurance company, among the shareholders of this insurance company are commercial banks JSC "National Bank of Foreign Economic Activity of the Republic of Uzbekistan", "Asakabank" JSB, "Aloqabank" JSB. We should note that "Agros Hayot" insurance company is also a shareholder of this insurance company.

CONCLUSIONS

Conclusions were formed based on the study of issues of increasing investment activity of insurance companies in the capital market:

- In our national capital market, there are quite a few cases where insurance companies become shareholders of each other. We should note that a number of insurance companies in our country are paying attention to the development of investment activities in the insurance sector as institutional investors. However, we do not find high investment activity in most commercial banks and insurance companies;

- Most of the insurance companies in the local capital market do not have a satisfactory rate of return on shares. In order to attract free funds of potential investors to the capital market, the profitability of securities in the capital market should be at a satisfactory level.

- In the development of the capital market in Uzbekistan, along with the investment activities of insurance companies, it is necessary to develop emission and financial mediation activities;

- It is necessary to attract foreign institutional investors to the national capital market as investors or financial intermediaries. In this process, conditions should be created for foreign institutional investors, especially insurance companies, to participate in the local capital market.

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