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INVESTMENT PORTFOLIO MANAGEMENT AS A FACTOR OF FINANCIAL STABILITY OF INSURANCE COMPANIES

Annotation: The article examines investment portfolio management as a crucial factor for the financial stability of insurance companies. It highlights the role of effective strategies and technology in maintaining solvency and profitability, with examples from international practices and Uzbek reforms.

Keywords: Investment portfolio management, financial stability, insurance companies, economic reforms, technology.

The financial stability of insurance companies plays a key role in ensuring the stability of the financial system and protecting the interests of customers. Companies that are resilient are able to fulfill their obligations even in the face of economic turmoil, which strengthens customer trust and contributes to economic development. Managing the investment portfolio of insurance companies is an integral part of their activities aimed at ensuring stability and fulfilling obligations to customers. In modern conditions of economic instability, effective investment management has become a key factor in maintaining financial stability. According to the Swiss Re Institute (2023), companies with diversified portfolios had 30% fewer losses during crises compared to those who concentrated assets in one sector.

This topic is of particular importance in Uzbekistan, as the country is actively reforming its financial system and attracting the attention of international investors. An important step was the adoption of the Law of the Republic of Uzbekistan "On Insurance activities" and other regulations aimed at creating a transparent and competitive environment for the insurance market. These legislative initiatives, as well as the Presidential Decree on the digital Transformation of the financial sector, support the implementation of investment management strategies and increase the sustainability of companies. Government reforms in 2022-2023 included measures to increase transparency of financial markets and create conditions for attracting foreign investors.

The insurance company's investment portfolio provides income that is used to cover liabilities and pay insurance amounts. Proper portfolio management allows not only to maintain solvency, but also to make a profit. On average, the return on investments amounts to 30-40% of the total profit of an insurance company in developed countries. Companies with a balanced investment portfolio are less affected by macroeconomic changes and maintain high credit ratings.

The effectiveness of investment portfolio management depends on many factors, including the global economic situation, inflation, interest rates and internal strategies of the company. During periods of low interest rates, insurance companies are forced to look for riskier assets to generate income, which increases the financial burden. Regulatory aspects, such as Solvency II requirements in the EU, force companies to maintain a certain level of capital, depending on the level of asset risk. The use of analytical platforms and big data helps insurance companies optimize investment decisions and reduce risks.

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There are many investment portfolio management strategies aimed at minimizing risks and optimizing profitability. In the United States, companies such as MetLife and Prudential Financial are actively diversifying their portfolios, including high-quality corporate bonds and government securities. In Germany and France, insurance companies are focusing on mixed investments with an emphasis on real estate and green energy. Uzbekistan is actively implementing investment strategies with a focus on government bonds and the development of infrastructure projects. The government reforms of 2022-2023 contributed to increasing the availability of information on financial markets and attracting foreign investors. The use of analytical systems and AI for data analysis and risk forecasting has become an important tool in portfolio management.

Investment management involves risks such as market volatility, inflationary fluctuations, credit risks and geopolitical instability. The 2008 crisis and the COVID-19 pandemic have shown that insufficiently diversified portfolios are subject to significant losses. The introduction of stress tests and scenario analysis helps to assess the impact of various risks on the portfolio and adapt the strategy in a timely manner.

Examples of successful investment management demonstrate the importance of well-thought-out strategies. Swiss Re uses an integrated approach to asset management, combining low-risk investments with sustainable financial instruments, which provided the company with stable income in the face of the pandemic. In Uzbekistan, the successful use of public financing to invest in infrastructure projects has supported the stability of leading local insurance companies.

Digitalization is changing approaches to investment management, allowing the use of more accurate analytical tools and improved adaptation of strategies. Using AI-based algorithms allows you to analyze large amounts of data faster and offer more informed investment decisions. The development of digital infrastructure and the transition to electronic management systems help insurance companies adapt to modern requirements.

Analyzing the current situation, it is possible to identify promising areas of development. Increasing investments in technology, increasing diversification and conducting regular stress tests will help strengthen financial stability. The development of international cooperation and improved access to global financial markets also contributes to the stabilization of insurance companies. Sound management of the investment portfolio remains the foundation of financial stability, which is especially important in the context of economic shocks.

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