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Specifics of Insurance Activities and the Procedure for Maintaining Separate Accounting for Insurance Organizations

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A B S T R A C T
This article presents ideas about the organization of insurance activities in our republic, income of insurance organizations, types of expenses and a special account plan of the insurance organization, as well as the specifics of accounting in the insurance sector and the financial report of the insurance organization

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One of the main factors reflecting the effective functioning of the economy and its state of development is the formation of its infrastructure. The insurance sector is one of the components of the economy. We can see from the experience of developed countries that the insurance sector is one of the sectors that ensure the smooth development of the economy. In addition, insurance appears as one of the links of strategic importance for the development of the economy, which accumulates significant investment capital and brings it into the economy.

In our country today, great importance is attached to the development of the insurance sector. The need to develop the insurance sector can be justified by its following characteristics:

- presence of dangers, risks and uncertainties in any relationship in the conditions of the market economy;
- insurance companies ensure that the enterprise's activity does not stop as a result of an emergency and continues its activity;
- large amount of investments in the country's economy;
- providing social protection of the population through life insurance based on the principles of the

market economy;

- Being considered one of the important factors in the stable development of the country's general economy, etc.

Insurance activities are carried out by insurance organizations and are one of the types of financial services in the market economy. There are several unique aspects of the process of providing insurance services, which are very different from the processes of providing goods and other types of services. For example, if we consider the process of concluding an insurance contract and purchasing an insurance policy, the insurer collects the insurance premium from the insured before assuming a certain amount of liability in the provision of insurance services, that is, it makes a profit. In the event of an insurance event under the insurance contract, the insurance covers, that is, costs.

On the other hand, in manufacturing enterprises, costs are first incurred, goods are produced, and income is earned after it is sold. Insurance organizations create a reserve for compensation of insurance losses from the insurance premiums received from the insured. This reserve is the obligation of the insurer until the end of the insurance period. These funds can be considered as income of the insurance organization only after the end of the insurance period. In some cases, funds in the insurance reserve are taken into account proportionally on a daily basis in relation to the elapsed term of the contract. In addition, insurance organizations can transfer their obligations to other insurance organizations for a certain fee or receive them from them. Even if insurance organizations transfer their obligations to other insurance organizations, they remain responsible to the insured.

It is known that part of the insurance premiums received by the insurance organization may remain empty during the insurance period. The insurance organization can place these funds in investment objects for the remaining period and receive additional income. Currently, in global practice, insurance companies have become large institutional investors that make investments in the economy.

All the above-mentioned characteristics require the development of an accounting procedure for insurance organizations that takes into account the specific characteristics of insurance, and this procedure has been implemented in our country since June 1, 2008, and on May 5, 2008 with Law No. 1813 It came into force based on the "Accounting plan of financial and economic activities of insurers" registered by the Ministry of Justice of the Republic of Uzbekistan.

Accounting in insurance organizations is also based on general procedures, state authorities and management bodies, legal entities registered in the Republic of Uzbekistan, their subsidiaries, branches, representative offices and other entities located in the territory of the Republic of Uzbekistan and outside it. are accounting entities, like structural units.

The main and current assets, liabilities, private capital, reserves, income and expenses, profits, losses and economic operations related to their movement are the objects of accounting. As in all organizations, the main goal of accounting in an insurance organization is to provide users with complete and accurate financial and other accounting information in a timely manner.

Accounting rules are determined by accounting standards, including simplified accounting standards for small and private business entities. All business entities in Uzbekistan, regardless of the form of ownership, must operate on the basis of national accounting standard No. 21 of the Republic of Uzbekistan. Budget institutions, insurance organizations and banks are excluded. It is known that separate accounting procedures have been developed for banks and budget institutions. This procedure for insurance organizations was established on May 5, 2008 on the basis of the "Accounting plan of financial and economic activity of insurers" registered by the Ministry of Justice of the Republic of Uzbekistan with No. 1813. This plan of accounts takes into account the specific features of insurance activity. Below is a comparison chart to show the differences between the defined chart of accounts for insurance organizations and the general chart of accounts.

Comparison Chart of Differences Between General Chart of Accounts and Chart of Accounts Defined for Insurance Organizations

№	Chart of accounts of business entities	Account number	Chart of accounts of insurers
1.	Working and productive animals	0170	Working animals
2.	Purchased semi-finished products and components	1020	Building materials
3.	Farm animals	1110	
4.	Animals in the womb	1120	
5.	Main production	2010	Insurance costs
6.	Self-produced semi-finished products	2110	
7.		2210	Insurance indemnities for insurance events that occurred under direct insurance during the reporting period
8.		2220	Insurance compensation for prematurely terminated contracts
9.		2230	Insurance indemnities for risks accepted for reinsurance
10.		2410	Expenses for payment of reinsurance commissions and brokerage incentives, royalties and fees
11.	Unusable products in production	2610	
12.	Finished products in the warehouse	2810	
13.	Finished products at the exhibition	2820	
14.	Finished products given to the commission	2830	
15.		4030	Accounts receivable from policyholders
16.		4040	Accounts Receivable from Insurance Agents and Brokers
17.		4050	Accounts receivable for reinsurance risks assumed
18.		4051	Accounts Receivable for Reinsurance Commission Incentives, Bonuses and Fees
19.		4060	Accounts receivable for risks ceded to reinsurance
20.		4070	Accounts receivable for life insurance loans
21.		4080	Insurer's deposit loss with other insurers
22.		4090	Insurer's depot premiums with other insurers
23.	Other given boons	4330	The measures given for the implementation of preventive measures
24.		4340	Other given points
25.		6011	Accounts payable to contractors for the implementation of preventive measures
26.		6030	Bills issued
27.		6040	Bills payable to the insured
28.		6050	Accounts Payable to Insurance Agents and Brokers
29.		6060	Accounts payable for risks assumed under reinsurance
30.		6070	Accounts payable for risks ceded to reinsurance
31.		6080	Depot premiums for risks ceded to reinsurance

32.		6090	Accounts Payable for Reinsurance Commission Incentives, Premiums and Fees
33.		6270	Insurance premiums under reinsurance contracts
34.		6280	Insurance premiums under direct insurance contracts
35.	Other received boons	6330	From the insured received insurance premiums
36.		6390	Other received lumps
37.		7011	Long-term accounts payable to contractors for the implementation of preventive measures
38.		7030	Bills issued
39.		7040	Long-term accounts payable to the insured
40.		7050	Long-term accounts payable to insurance agents and brokers
41.		7060	Long-term accounts payable for reinsurance risks
42.		7070	Long-term accounts payable for risks ceded to reinsurance
43.		7080	Depot premiums for risks ceded to reinsurance
44.		7090	Long-term accounts payable for reinsurance commission incentives, royalties and fees
45.		8010	Unearned Rewards Reserve
46.		8020	Reserve for incurred but not reported losses
47.		8030	Reserve for reported but unrecovered losses
48.		8040	Stock of preventive measures
49.		8050	Asset mismatch reserve
50.		8060	Disaster reserve
51.		8070	Damage fluctuation reserve
52.		8090	Reserve for life insurance
53.		8110	Reinsurers' share of unearned premium reserves
54.		8120	Reinsurers' share of reported but unsettled 30 loss reserves
55.		8130	Reinsurers' share of incurred but not reported loss reserves
56.		8140	Share of reinsurers in life insurance reserves
57.	Revenues from the sale of finished products	9010	
58.	Revenues from the sale of goods	9020	
59.	Revenues from the performance of works and the provision of services	9030	Income from insurance services
60.	Return of sold goods	9040	Premiums paid for reinsurance and retrocession risks
61.		9060	Income from providing insurance intermediary services
62.		9070	Revenues from reinsurance and retrocession share of losses
63.		9080	Income from reinsurance commission incentives, royalties and fees
64.		9090	Income from providing surveyor and adjuster

			services
65.	Cost of sold finished products	9110	
66.	Cost of sold goods	9120	
67.	Cost of performed work and provided services	9130	Cost of rendered services
68.		9230	Result of change in unearned premium reserve
69.		9240	The result of changes in loss reserves that have occurred but not been reported
70.		9250	The result of a change in the loss reserve that has been reported but not resolved
71.		9260	Result of change in disaster stock
72.		9270	Harmful swing is the result of stock changes
73.		9280	Result of change in life insurance reserve
74.		9290	The result of a change in the asset mismatch reserve
75.		9431	Insurance indemnities for direct insurance events that occurred in previous periods and were reported in the previous period
76.		9432	Insurance indemnities for direct insurance events that occurred in previous periods but were reported in the reporting period

Analyzing the above table, it can be seen that the accounting accounts intended for insurance organizations have similar and different aspects to the general accounts. Taking into account that operations are carried out normally in all similar accounts, it is necessary to focus on the accounts intended for insurance organizations.

As can be seen from the table, in the plan of accounts intended for insurance organizations, accounts directly related to the production of products and goods are issued, and instead of them, accounts related to insurance activities are conditionally included.

If we consider accounts related to insurance activity, one of them is account 6280 "Insurance premiums under direct insurance contracts". Insurance premiums received under insurance contracts are taken into account in this account. Payment of insurance premiums is formalized by debiting cash accounts with credit of account 6280 "Insurance premiums under direct insurance contracts". In addition, this account can be linked to the following accounts:

- accounts payable to insured persons (6030);
- accounts accounting for dividends to be paid (6610);
- Accounts for calculating wages with employees (6710).

Insurance contracts can be concluded by the insurance organization itself or by insurance agents and insurance brokers. Settlements related to policyholders, insurance agents and insurance brokers are carried out in account 6040 "Accounts payable to insurance agents and brokers" and account 4040 "Accounts receivable from insurance agents and brokers". .

In order to fulfill the obligations assumed by the insurance organization, the insurance reserves formed from the received insurance premiums are reflected in the following accounts:

8010 account "Reserve of unearned awards";

Account 8020 "Reserve for losses incurred but not reported";

Account 8030 "Reserve for losses reported but not eliminated";

8040 account "Reserve for preventive measures";

8050 account "Assets mismatch reserve";

8060 account "Disaster reserve";

8070 account "Loss fluctuation reserve";

Account 8090 "Reserve for life insurance".

Summarization of information on insurance indemnities calculated under direct insurance and reinsurance contracts is carried out in the following accounts:

2210 "Insurance indemnities for insurance events that occurred under direct insurance during the reporting period";

2220 "Insurance compensation for prematurely terminated contracts";

2230 "Insurance indemnities for risks accepted for reinsurance";

Account 9431 "Insurance indemnities for direct insurance events that occurred in previous periods and were reported in the previous period";

Account 9432 "Insurance claims on insurance events that occurred in previous periods under direct insurance, but were reported in the reporting period."

If the insurance organization, after paying the insurance coverage, has the right to collect damages from the person who is responsible for the occurrence of the insured event, then related calculations are made in account 4860 "Da is carried out in "accounts receivable". In order to ensure the stability of their financial situation, insurance organizations can transfer their responsibility to other insurance organizations, i.e. re-insure. In this case, the insurance organization makes a certain amount of payment to the re-insuring insurance organization.

The sums of insurance premiums for risks transferred to reinsurance are recorded in account 9040 "Insurance premiums paid for risks transferred to reinsurance and retrocession".

The account of the reinsurance share of the loss for the payment of insurance coverage is kept in the account 9070 "Income from the compensation of the share of the loss for the risks given to reinsurance and retrocession".

General mutual settlements between the reinsured and the reinsurer for the risks assigned to reinsurance are carried out in the following accounts:

Account 6050 "Accounts Payable on Reinsurance Risks";

Account 6060 "Accounts payable on risks assigned to reinsurance"; 6070 account "Depot premiums for reinsurance risks";

6080 account "Accounts payable on reinsurance commission incentives, royalties and fees";

Account 4050 "Accounts receivable for reinsurance risks";

4051 account "Accounts receivable for reinsurance commission incentives, allowances and fees";

Account 4060 "Accounts receivable for reinsurance risks"; 4080 account "Insurer's depot losses in other insurers";

Account 4090 "Insurer's depot premiums with other insurers"

The tasks of accounting in the insurance sector are as follows:

- formation of complete and accurate information on the state and movement of assets, property rights and obligations in accounting accounts;
- generalization of accounting information for effective management;
- preparation of financial, tax and other reports.
- The above tasks of accounting are performed based on the following basic rules:
- bookkeeping in double-entry bookkeeping;
- continuity;

- valuation of economic operations, assets and liabilities in money;
- accuracy;
- calculation;
- foresight (prudence);
- priority of content over form;
- comparability of indicators;
- neutrality of financial reporting;
- compliance of income and expenses of the reporting period;
- Real valuation of assets and liabilities.

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