THE CURRENT STATE OF INVESTMENT ACTIVITIES OF INSURANCE COMPANIES IN DEVELOPED COUNTRIES

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In today's global economic environment, financial institutions, in particular insurance companies, contribute to economic stability and growth not only by providing insurance services, but also by conducting investment activities. In particular, the experience of developed countries demonstrates advanced practices in the investment strategies of insurance companies, asset management methods and the introduction of digital innovations.

Insurance companies act as important investors in financial markets by accumulating financial resources and making long-term investments. In developed countries, these companies are expanding their activities by diversifying their investment portfolios, developing sustainable (ESG) investments and entering private market segments. At the same time, they are seeking to increase efficiency through digital technologies, artificial intelligence and data-driven decision-making systems.

The global insurance market is growing by an average of 3% per year, with premiums increasing from almost $3 trillion to $4 trillion between 2008 and 2018. Experts estimate that by 2023, the global insurance market will generate $5.5 billion in revenue.

The largest insurance market in the world is currently the United States (with $2.7 trillion in premiums paid in 2022). The top five countries in terms of this indicator are China ($696 billion), Japan ($404 billion), the United Kingdom ($399 billion) and France ($296.4 billion). Meanwhile, across regions, premiums in North America and Western Europe fell by 4% and 6%, respectively. The fastest growth in this indicator is observed in China, where it has grown almost threefold over the past 10 years (from 4% to 11%).

It should be noted that although the countries' insurance markets share common development trends, there are some differences. In particular, in the United States, insurance companies are not state-owned. They offer mainly 3 types of insurance: a) commercial; b) private property (auto, home); c) personal (life and health, medical, pension, etc.).

The German insurance market is unique in that 51% of the total market is made up of property insurance. The country's insurance services are divided into the public and private sectors.

Public insurance services mainly include social security (unemployment and old-age benefits, medical care, etc.) and private sector joint-stock insurance. It is important to note that in Germany, insurance organizations are prohibited from engaging in other activities.

In recent years, the process of "digitalization" has been activated in the insurance market of the Russian Federation. In particular:

a) a digital platform "Agrostrakhovka.rf" has been developed for farmers;
b) automated robot activity has been launched to coordinate various insurance claims;
c) 40% of insurance organizations are registered in 10 marketplaces. In addition, according to experts, by 2023 the cyber insurance market in the country will increase by 80%.

Experts say that climate change-related events in recent years, on the one hand, are increasing the demand for insurance services, and on the other hand, the increase in various natural disasters and force majeure events is significantly affecting the activities of insurance companies. In particular, there are increasing disputes related to determining the amount of material damage caused to the population as a result of natural disasters. Also, in some cases, insurance companies from regions where natural disasters are relatively frequent are suspending their activities, etc.

According to the data, despite the fact that some insurance services are mandatory, only 7.2% of employers, 8.6% of transporters, 1.8% of hazardous facilities, and 9.2% of construction and installation work are insured.

The total cash and invested assets of the U.S. insurance industry in 2024 increased by 5.3% from the previous year to $8.98 trillion. Bonds, common stocks, mortgages and other long-term investments remained the four largest asset classes. Foreign investments by U.S. insurers, particularly in China, Canada and Mexico, were relatively small, with China mainly affecting bonds.

Let's analyze the key indicators of the US insurance market in the second quarter of 2020-2024. Written premiums and deposits Direct written premiums and deposits grew by 15% between 2020 and 2024. This figure will exceed $ 700 billion in 2024, indicating a steady expansion of the market. Annuities The highest growth (23%) was observed precisely in annuity products. This indicates an increasing need for retirement plans and long-term financial plans. Deposits, although slightly increased in 2022, decreased in 2023, but a strong recovery was observed in 2024. Net income premiums Net income premiums, which reached $ 429 billion in 2024, are a reliable indicator of overall growth. Insurance companies have had a stable income from investment activities with an 11% increase. This shows the importance of interest rates and investment strategies.