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## **Theoretical and Practical Aspects of Implementing International Standards in Accounting for Insurance Liabilities**

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### **INTRODUCTION.**

In the modern global financial environment, the insurance sector plays a crucial role in ensuring economic stability and risk mitigation. Insurance companies act as intermediaries, pooling resources to manage and transfer risks, which necessitates precise and transparent financial reporting. One of the central components of financial reporting in insurance organizations is the accounting for insurance liabilities, which reflects the obligations of insurers to policyholders. Accurate measurement and reporting of these liabilities are vital for ensuring the solvency of insurance companies, protecting policyholders’ interests, and maintaining public confidence in the financial system.

The implementation of international accounting standards has become a global priority for enhancing the transparency, comparability, and reliability of financial statements. Specifically, the introduction of IFRS 17 “Insurance Contracts” represents a significant advancement in the accounting and reporting of insurance liabilities. IFRS 17 provides a comprehensive framework for measuring insurance contract obligations, recognizing revenue, and disclosing relevant information in a manner that enables stakeholders to make informed economic decisions. The standard emphasizes the principles of current measurement, risk adjustment, and the use of unbiased estimates, thereby improving the accuracy of liability reporting and facilitating international comparability.

Despite these global developments, many insurance companies in emerging markets, including Uzbekistan, continue to face challenges in aligning their accounting practices with international standards. These challenges include insufficient methodological guidance, limited professional expertise, and discrepancies between national accounting regulations and IFRS requirements. Consequently, the adoption of IFRS 17 not only necessitates technical adjustments in accounting systems but also requires organizational, methodological, and educational reforms. Understanding both the theoretical foundations and practical implications of implementing these standards is essential for successful integration into the national insurance reporting framework.

Moreover, the analysis of insurance liabilities involves not only accounting recognition but also financial and actuarial assessment. The proper evaluation of obligations, including claims

reserves, unearned premiums, and long-term policy commitments, enables insurers to manage risk effectively and make strategic decisions regarding underwriting, pricing, and capital allocation. Therefore, this study aims to explore both the theoretical and practical aspects of implementing international standards in accounting for insurance liabilities, highlighting the opportunities for improving transparency, reliability, and efficiency in the reporting process.

By examining international best practices, regulatory requirements, and the current state of insurance accounting in Uzbekistan, this research seeks to provide practical recommendations for insurance companies to enhance their liability reporting. The study contributes to the broader discourse on harmonizing national accounting practices with international standards and strengthening the overall financial stability of the insurance sector. Ultimately, the successful implementation of IFRS 17 and related standards can facilitate more informed decision-making by stakeholders, improve investor confidence, and support the sustainable development of the insurance industry.

## **RESULTS AND DISCUSSION.**

The analysis of insurance liabilities accounting at “Xalq Sug‘urta” JSC revealed that, prior to the implementation of international standards, insurance obligations were primarily recorded according to local accounting regulations. This approach often led to inconsistencies in the recognition and measurement of insurance reserves, as well as limited disclosure in financial reports. Companies frequently applied different methodologies for estimating policyholder obligations, resulting in significant variations in reported liabilities. Additionally, financial statements often lacked detailed information regarding assumptions, risk adjustments, and future cash flow projections, making it difficult for investors and other stakeholders to compare financial results across different insurance companies.

The adoption of IFRS 17 has significantly transformed the accounting and reporting of insurance liabilities. This standard requires insurance contracts to be measured based on current estimates of future cash flows, adjusted for the time value of money, risk adjustments, and the contractual service margin. Implementation of these principles at “Xalq Sug‘urta” led to more accurate measurement of insurance obligations, as the reported liabilities now better reflect the present value of future payments to policyholders. Furthermore, the standard has improved comparability between different insurance products and organizations, enabling stakeholders to make better-informed decisions. The detailed disclosure requirements under IFRS 17 have also enhanced transparency, providing insights into the assumptions, measurement models, and sensitivity analyses used in liability estimation.

Despite these improvements, several practical challenges were observed in the implementation process. Accurate estimation of future cash flows requires high-quality historical data and advanced actuarial models, which remain underdeveloped in many Uzbek insurance companies. Existing accounting systems often lacked the capability to perform complex calculations for risk adjustments, discounting, and contractual service margin allocation, necessitating substantial investments in software upgrades and process redesign. Moreover, staff training and capacity building were critical to ensure correct application of the standard, as most accountants and actuaries were initially unfamiliar with IFRS 17 requirements.

The analysis also highlighted that adopting international standards not only affects accounting practices but also has a direct impact on risk management and strategic planning. By providing a clearer picture of liabilities, insurance companies can better assess their solvency, allocate capital efficiently, and design pricing strategies that reflect the true cost of risk. In addition, the transparency introduced by IFRS 17 enhances investor confidence, which is essential for the development of a competitive insurance market in Uzbekistan.

In summary, the implementation of IFRS 17 at “Xalq Sug‘urta” has led to significant improvements in the accuracy, comparability, and transparency of insurance liability accounting. While practical challenges such as data quality, system limitations, and staff training exist, the

benefits of adopting international standards outweigh the difficulties. These findings underscore the importance of aligning national accounting practices with globally recognized frameworks, ensuring sustainable growth and stability in the insurance sector.

## **CONCLUSION.**

The accounting and analysis of insurance liabilities play a critical role in ensuring the financial stability and transparency of insurance organizations. The adoption of international financial reporting standards, particularly IFRS 17, represents a significant step toward harmonizing national accounting practices with globally recognized methodologies. This study has highlighted both the theoretical foundations and practical implications of implementing these standards in the context of Uzbek insurance companies.

From a theoretical perspective, IFRS 17 introduces a more precise and consistent framework for recognizing, measuring, and presenting insurance contracts. By emphasizing the current measurement of insurance liabilities, the standard ensures that financial statements reflect the actual economic obligations of insurers. It also enhances comparability across organizations and countries, which is essential for attracting foreign investment and maintaining confidence among policyholders and stakeholders.

Practically, the implementation of international standards in Uzbekistan faces several challenges, including the need for staff training, adaptation of accounting systems, and alignment of actuarial methodologies with IFRS requirements. Despite these obstacles, case studies from leading insurance companies indicate that adopting IFRS-compliant practices improves the accuracy of liability measurement, strengthens risk management, and enhances the reliability of financial reporting. In particular, companies that integrated international standards into their accounting and reporting processes observed improved transparency in insurance contract valuation and a more robust framework for assessing solvency and liquidity.

Moreover, aligning with international standards provides additional strategic advantages. It facilitates cross-border comparisons, supports regulatory compliance, and enables insurers to respond more effectively to market fluctuations and emerging risks. This alignment is especially relevant in the context of the rapidly developing Uzbek insurance sector, which aims to increase competitiveness and integrate more closely with global financial markets.

In conclusion, the theoretical and practical analysis presented in this study demonstrates that implementing international standards in accounting for insurance liabilities is not merely a regulatory requirement but a strategic imperative. It strengthens financial reporting quality, enhances stakeholder confidence, and contributes to the overall stability and development of the insurance market. To maximize the benefits of IFRS adoption, it is recommended that Uzbek insurance organizations continue to invest in professional development, modern accounting software, and actuarial expertise, while regulators provide clear guidelines and support for the transition process. By doing so, insurance companies in Uzbekistan can ensure accurate liability accounting, robust financial analysis, and sustainable growth in alignment with global best practices.

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