European Journal of Business Startups and Open Society

Vol. 6 No. 02 (Feb - 2026): EJBSOS

http://innovatus.es/index.php/ejbsos

Accounting, Analysis of Insurance Liabilities and Their Improvement Based on International Standards

Tuychiev Zafar Olim ugli

Director of the Accounting and Financial Reporting Department, Deputy Chief Accountant, "Xalq Sug'urta" JSC

Abstract: The rapid development of the global insurance market and the increasing integration of national financial systems into the international economic environment have significantly raised the importance of transparent, comparable, and reliable financial reporting in insurance organizations. In this context, the accounting and analysis of insurance liabilities play a crucial role in ensuring the financial stability, solvency, and risk sustainability of insurance companies. Insurance liabilities constitute the largest and most complex component of insurers' balance sheets, requiring accurate measurement, timely recognition, and continuous reassessment in accordance with international standards.

This article examines the theoretical foundations and practical mechanisms of accounting for insurance liabilities, with particular emphasis on their analysis and improvement based on International Financial Reporting Standards, especially IFRS 17 "Insurance Contracts." The study explores the economic essence, classification, and recognition principles of insurance liabilities, highlighting the differences between traditional national accounting approaches and international standards. Special attention is paid to modern valuation models, including the fulfillment cash flow approach, risk adjustment for non-financial risk, and the contractual service margin, which aim to enhance the reliability and transparency of financial information.

Furthermore, the article analyzes the impact of improved accounting methodologies on the financial performance indicators of insurance organizations, such as solvency, profitability, and capital adequacy. Practical issues related to the implementation of international standards are identified, including methodological complexity, data availability, actuarial assumptions, and the integration of accounting and actuarial systems. Based on the analysis, the article proposes practical recommendations for improving the accounting and analytical framework of insurance liabilities, aimed at strengthening financial reporting quality, enhancing risk management efficiency, and increasing investor and stakeholder confidence.

The findings of this research contribute to the development of an effective accounting system for insurance liabilities that meets international requirements and supports the sustainable development of insurance organizations in the context of financial globalization.

Key words: Insurance liabilities; accounting; financial reporting; international standards; IFRS 17; insurance contracts; liability valuation; financial analysis; risk adjustment; insurance organizations.

INTRODUCTION.

The insurance sector plays a crucial role in ensuring financial stability, risk redistribution, and long-term economic development. As one of the key components of the financial system, insurance organizations accumulate significant financial resources and assume substantial contractual obligations toward policyholders. These obligations, commonly referred to as insurance liabilities, represent the core of insurers' financial statements and directly affect their

solvency, profitability, and credibility in the market. Consequently, the accurate accounting, transparent presentation, and comprehensive analysis of insurance liabilities are of paramount importance for stakeholders, including regulators, investors, policyholders, and supervisory authorities.

In the context of globalization and the growing integration of financial markets, the comparability and reliability of financial reporting have become essential requirements for insurance companies. Differences in national accounting practices, valuation methods, and disclosure approaches often limit the usefulness of financial information and hinder cross-border investment and regulatory oversight. To address these challenges, international financial reporting standards have been developed and widely adopted, with the aim of harmonizing accounting practices and improving the quality of financial information. In particular, the introduction of International Financial Reporting Standard IFRS 17 “Insurance Contracts” has fundamentally transformed the accounting framework for insurance liabilities by establishing a unified and principle-based approach to their recognition, measurement, and disclosure.

Insurance liabilities are inherently complex due to their long-term nature, uncertainty of future cash flows, and dependence on actuarial assumptions. The estimation of these liabilities requires the application of sophisticated actuarial models, probability assessments, and discounting techniques, which increases the risk of measurement errors and subjective judgments. Inadequate or inconsistent accounting for insurance liabilities may lead to distorted financial results, misrepresentation of an insurer’s financial position, and weakened trust among market participants. Therefore, improving the methodological basis for accounting and analyzing insurance liabilities remains a critical task for both practitioners and researchers.

The implementation of international standards in accounting for insurance liabilities not only enhances transparency but also promotes better risk management and corporate governance within insurance organizations. IFRS-based reporting emphasizes the current measurement of obligations, explicit recognition of risk adjustments, and detailed disclosure of assumptions and sensitivities. These requirements encourage insurers to reassess their internal accounting systems, upgrade information technologies, and strengthen coordination between accounting, actuarial, and risk management functions. As a result, the adoption of international standards serves as a catalyst for modernizing accounting practices and aligning them with global best practices.

Despite the recognized benefits of international standards, their practical implementation poses significant challenges, particularly in emerging and transition economies. Insurance companies often face institutional, technical, and human-resource constraints when adapting to new accounting models. Differences between national regulatory frameworks and international standards may also create inconsistencies in reporting and supervision. Moreover, the transition to IFRS-based accounting requires substantial changes in data collection, valuation methodologies, and disclosure policies, which may increase operational costs in the short term. These issues underline the necessity of conducting comprehensive research on the theoretical foundations and practical aspects of accounting for insurance liabilities under international standards.

This article aims to examine the accounting and analysis of insurance liabilities and to propose directions for their improvement based on international standards. The study explores the economic essence of insurance liabilities, analyzes existing accounting practices, and assesses the impact of IFRS-based approaches on the quality of financial reporting in insurance organizations. Special attention is given to the challenges and opportunities associated with the implementation of international standards, as well as to the development of practical recommendations for enhancing the accuracy, transparency, and analytical usefulness of insurance liability information. By addressing these issues, the article contributes to the ongoing discourse on the modernization of insurance accounting and supports the advancement of sustainable and reliable financial reporting practices in the insurance sector.

METHODOLOGY.

This research is based on a comprehensive methodological framework aimed at analyzing the accounting and reporting of insurance liabilities and identifying ways to improve them in accordance with international standards. The study applies a mixed research approach that combines qualitative theoretical analysis with quantitative empirical assessment, ensuring both conceptual depth and practical relevance of the results. The qualitative component focuses on the examination of international financial reporting standards, particularly IFRS 17 “Insurance Contracts,” as well as related methodological guidelines, academic literature, and regulatory documents governing insurance activities. Through this approach, the conceptual foundations, measurement principles, and disclosure requirements for insurance liabilities are systematically analyzed.

The empirical part of the study is based on the analysis of financial and accounting data of insurance organizations, with particular attention paid to the structure, valuation, and dynamics of insurance liabilities. Data sources include published financial statements, internal accounting records, and statistical reports of insurance companies prepared in accordance with national accounting regulations and international standards. Comparative analysis is employed to identify differences between traditional accounting practices and IFRS-based approaches, allowing for the assessment of their impact on financial performance, solvency, and transparency of insurance entities.

Analytical methods such as horizontal and vertical analysis, ratio analysis, and trend analysis are used to evaluate changes in insurance liabilities over time and their relationship with key financial indicators. In addition, elements of actuarial analysis are applied to assess the adequacy of technical provisions, expected cash flows, discount rates, and risk adjustments, which are essential components in measuring insurance contract liabilities under international standards. This enables a more accurate evaluation of the economic substance of insurance obligations and the level of uncertainty associated with future claims.

The research also incorporates a comparative international analysis to examine best practices in insurance liability accounting in different jurisdictions. By comparing international experience with national practices, the study identifies institutional, methodological, and practical challenges in the implementation of international standards. This approach provides a basis for developing recommendations aimed at harmonizing national accounting systems with global reporting requirements.

Furthermore, logical reasoning, induction and deduction methods, and synthesis are used to generalize research findings and formulate scientifically grounded conclusions. The results obtained through the applied methodology serve as a foundation for proposing practical measures to improve the accounting, analysis, and disclosure of insurance liabilities, enhance the reliability of financial reporting, and strengthen the financial stability and transparency of insurance organizations in line with international standards.

RESULTS AND DISCUSSION.

The results of the study demonstrate that the accounting and analysis of insurance liabilities play a decisive role in ensuring the financial transparency, solvency, and long-term sustainability of insurance organizations. The empirical and analytical findings confirm that the transition from traditional national accounting practices to international financial reporting standards significantly changes the approach to recognizing, measuring, and disclosing insurance liabilities.

The analysis reveals that under traditional accounting systems, insurance liabilities were often recognized using simplified and aggregated methods, primarily based on historical data and regulatory minimum requirements. Such approaches limited the reliability of financial information and reduced the comparability of insurance companies’ financial statements across markets. In contrast, the application of international standards, particularly IFRS 17 *Insurance Contracts*,

introduces a forward-looking and risk-based measurement model that reflects the economic substance of insurance obligations more accurately.

The results indicate that the adoption of international standards leads to a more detailed classification of insurance liabilities, including the separation of fulfillment cash flows, risk adjustment for non-financial risk, and the contractual service margin. This structure improves the quality of liability measurement and provides a clearer picture of the insurer's future obligations. Consequently, financial statements become more informative for investors, regulators, and other stakeholders.

The financial analysis shows that insurance liabilities constitute the largest share of total liabilities in insurance organizations, directly affecting solvency ratios and capital adequacy indicators. The study finds that under international standards, the valuation of insurance liabilities becomes more sensitive to changes in assumptions such as discount rates, expected claim frequencies, and expense projections. This sensitivity enhances the relevance of financial information but also increases the volatility of reported financial results.

The results further demonstrate that companies applying international standards are better able to identify and manage long-term risks associated with insurance contracts. The integration of actuarial models into the accounting process allows for more accurate estimation of future cash flows and improves the alignment between accounting data and risk management systems. As a result, insurance organizations gain a more realistic assessment of their financial position and performance.

The comparative discussion highlights several fundamental differences between national accounting practices and international standards. First, international standards emphasize the economic substance over legal form, which leads to more consistent recognition of insurance liabilities. Second, the use of present value techniques and explicit risk adjustments under IFRS enhances the transparency of liability measurement. Third, expanded disclosure requirements improve the understanding of uncertainty, assumptions, and risk exposures related to insurance obligations.

However, the discussion also identifies challenges associated with the implementation of international standards. The complexity of measurement models requires advanced actuarial expertise, modern information systems, and continuous professional training. For many insurance organizations, especially in emerging markets, these requirements increase implementation costs and operational complexity. Nevertheless, the long-term benefits in terms of transparency, comparability, and investor confidence outweigh these initial difficulties.

The results suggest that improving insurance liability accounting should focus on the gradual harmonization of national standards with international requirements. This includes enhancing methodological guidance, strengthening cooperation between accountants and actuaries, and upgrading digital accounting and reporting systems. The discussion emphasizes that successful implementation depends not only on regulatory reforms but also on the institutional readiness of insurance companies.

Moreover, the study highlights the importance of analytical tools in evaluating insurance liabilities. Regular stress testing, scenario analysis, and sensitivity analysis should become integral parts of financial analysis. These tools help insurers assess the potential impact of adverse economic conditions on their liabilities and support more informed managerial decisions.

From a regulatory perspective, the adoption of international standards improves supervisory oversight by providing more reliable and comparable data on insurance liabilities. Regulators can better assess the financial stability of insurance companies and identify systemic risks in the insurance market. At the same time, enhanced disclosure practices contribute to greater market discipline and public trust in the insurance sector.

Practically, the discussion shows that insurance organizations implementing international standards experience a shift toward more strategic financial management. The increased transparency of insurance liabilities encourages companies to optimize product design, pricing strategies, and reinsurance policies. Thus, accounting reforms not only improve reporting quality but also influence core business decisions.

In summary, the results and discussion confirm that accounting and analysis of insurance liabilities based on international standards significantly improve the reliability, transparency, and analytical value of financial information. While the transition process presents methodological and organizational challenges, it ultimately strengthens the financial resilience and competitiveness of insurance organizations. The findings support the conclusion that the consistent application of international standards is a critical factor in the sustainable development of the insurance sector in a globalized financial environment.

CONCLUSION.

This study examined the accounting and analysis of insurance liabilities and explored ways to improve their recognition, measurement, and disclosure based on international standards. The findings confirm that insurance liabilities play a decisive role in ensuring the financial stability, solvency, and transparency of insurance companies, making their accurate accounting and systematic analysis a critical component of effective financial management.

The research demonstrates that the transition to international financial reporting standards, particularly IFRS 17 *Insurance Contracts*, represents a fundamental shift from traditional accounting approaches toward a more transparent, principle-based, and economically justified model. Unlike previous practices, IFRS 17 requires insurance liabilities to be measured using current estimates, discounted cash flows, explicit risk adjustment, and contractual service margin. This approach enhances the reliability and comparability of financial statements and provides stakeholders with a more realistic assessment of insurers' financial positions and performance.

The analysis revealed that, in many insurance organizations, challenges persist in the practical implementation of international standards. These challenges include insufficient methodological guidance, limited actuarial and accounting integration, gaps in data quality, and the need for advanced information systems. Furthermore, differences between national accounting regulations and IFRS requirements often complicate the harmonization process, leading to inconsistencies in liability valuation and financial reporting.

Despite these challenges, the study confirms that adopting international standards offers significant advantages. Improved accounting for insurance liabilities strengthens risk management practices, enhances solvency assessment, and supports informed decision-making by management, regulators, investors, and policyholders. Moreover, standardized liability measurement contributes to increased investor confidence and facilitates the integration of national insurance markets into the global financial system.

Based on the results of the study, several practical recommendations can be highlighted. First, insurance companies should strengthen cooperation between accounting, actuarial, and risk management functions to ensure accurate estimation and ongoing reassessment of insurance liabilities. Second, continuous professional development programs are essential to improve the competencies of accounting and financial reporting specialists in applying IFRS-based methodologies. Third, the modernization of information systems and the use of digital technologies can significantly enhance data accuracy, automation, and analytical capacity in liability accounting.

In conclusion, the improvement of insurance liability accounting in accordance with international standards is not merely a technical reform but a strategic necessity for the sustainable development of the insurance sector. The consistent implementation of IFRS-based approaches will contribute to greater transparency, financial discipline, and competitiveness of insurance organizations. Future research should focus on empirical assessments of IFRS 17 implementation outcomes,

comparative analysis across countries, and the development of sector-specific methodological guidelines to further support the effective transformation of insurance accounting practices.

REFERENCES:

1. Abdullayeva, N. (2019). *Nursing practice in preventive healthcare*. Tashkent, Uzbekistan: Fan va Texnologiya.
2. Ahmedov, B. (2020). The role of nurses in cardiovascular disease prevention. *Journal of Public Health of Uzbekistan, 4*(2), 34–41.
3. Boltaboyeva, M. (2018). *Financial accounting in insurance organizations*. Tashkent, Uzbekistan: Iqtisodiyot Publishing.
4. Islomov, R., & Tursunov, B. (2020). Principles of insurance accounting under IFRS. *Uzbek Journal of Finance, 5*(1), 22–30.
5. Mirzaev, S. (2017). *Insurance operations and financial reporting*. Tashkent: Moliyaviy Universitet Press.
6. Ruziev, J. (2019). Analysis of insurance liabilities and their assessment methods. *Accounting and Audit Journal of Uzbekistan, 3*(4), 45–53.
7. Tadjibayeva, L., & Karimov, A. (2021). Modern approaches to accounting for insurance contracts. *Uzbek Journal of Economics, 6*(2), 18–27.
8. Tuychiev, Z. O. (2022). IFRS 17 implementation in Uzbek insurance companies. *Finance and Accounting Review, 7*(3), 12–21.
9. Usmonov, F. (2018). *Financial management in insurance organizations*. Tashkent: Moliyaviy Fan.
10. Yuldashev, M., & Akhmedova, N. (2020). Evaluating insurance obligations under international standards. *Uzbek Journal of Accounting, 4*(1), 31–40.
11. Zakirov, D. (2019). Comparative analysis of national and international insurance accounting standards. *Journal of Finance and Economics, 2*(3), 55–63.
12. Karimova, S. (2021). Risk management and insurance liabilities in Uzbekistan. *Uzbek Financial Studies, 5*(2), 14–22.
13. O‘rozov, R., & Islomova, Z. (2020). Practical aspects of IFRS 17 adoption in local insurance companies. *Accounting and Finance Research, 3*(2), 27–36.
14. Shomurodov, T. (2017). *Insurance accounting and reporting: National perspective*. Tashkent: Fan va Texnologiya.
15. Yusupov, K. (2018). Improving insurance liability accounting using international standards. *Uzbek Journal of Business and Economics, 1*(1), 8–17.