

OPPORTUNITIES TO DEVELOP THE MARKET OF INSURANCE SERVICES THROUGH THE FORMATION OF MODERN INSURANCE SERVICES

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Abstract:

One of the most important manufacturers in the world today is insurance. This article examines and analyzes the benefits and financial benefits of Uzbekistan, which is one of the most important and profitable areas in the developed industry. In the article, the strategic assistance provided in Uzbekistan and the benefits of its use and why the expansion of the market of insurance services are widely studied. The goal is to provide benefits to the country's economy and help develop modern insurance.

Keywords: Insurance, economic development, insurance market, risk management insurance premium, insurance payment, voluntary and effective insurance, insurance broker, adjuster, surveyor, actuary, insurance agent.

Introduction

In developed countries, insurance has penetrated to such an extent that they cannot imagine their life without insurance. They insure their lives, businesses, property and other financial needs. This is very important for the development of the country. The growing competition in the conditions of economic reforms requires the development and implementation of a completely new approach and principles for the more stable and rapid development of our country, taking into account the volume of insurance and leasing and other financial services. special attention is paid to the issues of expansion due to the introduction of new types and improvement of quality, as well as the development of the stock market as an alternative source of attracting capital and placing free resources of financial institutions and the population. That is why it is necessary to pay attention to the development of the insurance market and the creation of modern types of insurance.

Materials and Methods:

In the world, we may not have people who have lost their homes because of insurance payments, but we can meet people who have lost their homes because of non-payments. Let's look at the definitions given to the concept of insurance. Insurance is the protection of the interests of individuals and legal entities related to the establishment and use of targeted funds for the compensation of damages, compensations and other payments in the event of a certain



event (incident). is a relationship about protection.[1] Therefore, insurance is financial protection against risks of property, health or life, business, and other areas of value.

It is observed that there are always risks in the process of the formation and development of market relations step by step, the high level of economic independence and freedom of economic subjects in our country. As in any business, risk takes the main place. Insurance risk is an estimated event, and in case of this event, the insurance is implemented. Insurance object and insurance

The rate of insurance premium, which is determined taking into account the nature of the risk, and is taken from the unit of the insurance sum in accordance with the insurance conditions, is reflected in the insurance tariff.

In the event of an insurance event provided for in the insurance contract, the amount of money paid to the policyholder, insured person (beneficiary) within the sum insured for each insured person is insurance compensation (insurance payment). Specific types of insurance developed and provided by the insurance organization within one or more insurance classes are valid.[1] At the meeting of the President of the Republic of Uzbekistan on July 10, 2019, dedicated to the "Discussion of Insurance Market Development Issues", he said, "It is not a controller that introduces advanced and modern standards to the industry, creates a truly competitive environment among all participants, and it is emphasized that a structure that develops the insurance market is needed" 3 times the volume, and 2 times the share of the sector in the gross domestic product" was defined as the priority task of the sector. In order to ensure the implementation of these priority tasks, it is important to ensure the entry of insurance companies into international and foreign markets and to implement a positive corporate governance system. Decree No. PF-4947 of the President of the Republic of Uzbekistan dated February 7, 2017 "On the Strategy of Actions for Further Development of the Republic of Uzbekistan", January 17, 2019 "Five Development Goals of the Republic of Uzbekistan in 2017-2021 PF-5635 dated August 2, 2019 "Reform of the insurance market of the Republic of Uzbekistan" No. and its rapid development

Resolutions No. PQ-4412 "on security measures" were adopted [3].

In addition, the Law "On Insurance Activities" was signed by the President of the Republic of Uzbekistan on November 25, 2021 and entered into force on February 25, 2022. President Sh.Mirziyoyev emphasized in each of his lectures on the economic sphere that the reasons that have a negative impact on the economic reforms implemented in our country and their timely elimination are necessary to further develop the country's economic sectors and increase international ratings. Represents that input to I is priority.



The structure of the insurance market of Uzbekistan[4]

Insurance market structure	31.12.2020	31.12.2022	Change +/-
Number of the insurance organization	40	42	+2
	8	8	0
including life insurance	1 439 193	1 545 784	+106591
Number of insurance brokers	5	5	0
Number of actuaries	5	5	0
Number of insurance agents including for legal entities	8900 2639	9536 2774	+636 +135
Members of the Payment Guarantee Fund insurance organizations	19	23	+4

Insurance companies operating in the national insurance market of our country universal at the same time with specialization in a certain branch of insurance activity are also conducting activities. Scope of activities of insurance organizations from year to year.

For further expansion and stable operation, their authorized capital is being increased by the state based on the relevant legal documents. The main goal of implementing such reforms is to increase the range of insurance products of the developing insurance market in our country, to increase the culture of the population in relation to insurance products in proportion to ensuring its stability. Currently, the assets of insurance companies operating in the country's insurance market are also different. The authorized capital and total assets of state insurance companies are significantly higher than those of other insurance companies, and since their founders are state agencies and organizations, the trust of policyholders in them is high. received insurance premiums made up 42.3% of the total insurance premiums. The insurance system consists of commercial organizations that are professional participants of the insurance market. The insurance market includes life insurance and general insurance. Insurance is either mandatory or optional.

One of the main services provided by insurance companies to citizens and entrepreneurs:

- Insurance of vehicles;
- Medical insurance;
- Cargo insurance;
- Mortgage insurance;
- Property insurance and others.

An adjuster is a person who examines a claim and organizes its settlement.

Bancassurance is a relatively new type of insurance (except for deposit insurance) carried out by commercial banks. In Western Europe and the US, bancassurance is an incursion of commercial banks into the insurance sector (mainly personal insurance); represented by the



acquisition of existing insurance companies and/or (if permitted by law) insurance policy sales network through a wide network of bank branches and divisions.

Block insurance - any insurance in foreign practice; covers the risks associated with several types of shipments from different vehicles and a smaller number of persons.

Cargo Insurance - Inland or ocean marine insurance that covers property in transit.

Types of compulsory insurance:

1. Compulsory civil liability insurance of motor vehicle owners

The following can be insured under the insurance contract:

The property interests of the owners of vehicles are related to the occurrence of their civil liability for the compensation of the damage caused to the life, health and (or) property of the victims as a result of the use of the vehicle in accordance with the legislation. Procedure for payment of insurance compensation: In case of damage to the victim's property, the amount of insurance compensation should not exceed 35% of the insurance amount. In case of damage to the victim's life or health, the amount of insurance compensation should not exceed 65% of the insurance amount. The company pays the insurance compensation within 5 (five) days from the date of signing the accident report.

2. Compulsory insurance of the employer's citizenship:

The following can be insured under the insurance contract:

In case of civil liability of the employee for compensation of damage caused to his life or health in connection with industrial injury, occupational disease or other health damage related to the performance of his labor duties, the employer property interests.

Insurance compensation under the compulsory insurance contract is paid in the following forms:

- a monthly payment as a percentage of the average monthly salary before the injury corresponding to the level of the victim's loss of professional work ability or occupational disease;
- monthly payment from the average monthly salary of the deceased person in the amount of deducting the share related to them and their dependents, but not entitled to compensation for the damage caused;
- to pay a one-time benefit to the victim or the beneficiary in the cases specified by law;
- in case of death of the employee, funeral expenses specified in the compulsory insurance contract in the amount of no more than 3 times of the minimum wage established by law on the day of death;
- reimbursement of additional costs of the employer in accordance with the legislation.

3. Compulsory civil liability insurance of the carrier:

Under the insurance agreement the followings can be insured:

Carrier's property interests in case of occurrence of its civil liability for compensation of harm caused to life, health and (or) property of passengers.

The procedure for insurance indemnity payment:



The amount of damage to the life or health of the passenger compensated by the carrier's civil liability obligatory insurance is determined in accordance with the schedule of payments.

The amount of damage caused to the passenger's property compensated by the carrier's civil liability obligatory insurance is determined in the following order:

- in case of loss or shortage of the passenger's property - in the amount of the value of lost or missing property;

- in case of damage (spoilage) of the passenger's property - in the amount which its value has decreased, and in case of inability to restore the damaged (spoiled) property - in the amount of its value;

- in case of loss of the passenger's property handed over for carriage with declaring its value - in the amount of declared value of the lost property;

- in case of inability to determine the value of the lost, missing or damaged (spoiled) passenger's property - in the amount equivalent to twenty five US dollars by the Central Bank of the Republic of Uzbekistan exchange rate set on the day of concluding of the carrier's civil liability obligatory insurance agreement for each kilogram of weight of the lost, missing or damaged (spoiled) property. The insurance indemnity is paid directly to the injured or beneficiary no later than five working days from the date of signing the Accident Report.

4. Civil Liability Obligatory Insurance for Causing Harm to the Life, Health and (or) Property of Other Parties and Environment in Case of Accident at Dangerous Production Facilities

Under the insurance agreement the followings can be insured:

The Insured's property interests in case of occurrence of its civil liability for compensation of harm to the life, health and (or) property of other parties and environment in case of accident at hazardous production facility operated by the insured

The procedure for insurance indemnity payment:

The amount of insurance indemnity (insurance amount) payment is determined by the Company on the basis of act of technical investigation of causes of accident, court decisions and other documents containing data on the causes and circumstances of occurrence of the insurance event, including the amount of damage caused to other parties.

Insurance indemnity (insurance amount) payment is carried out within the established insurance amount specified in the insurance agreement.

Insurance indemnity (insurance amount) payment is made directly to the injured. Reimbursement of expenses for minimization of losses is directly made to the Insured. Insurance indemnity (insurance amount) payment is carried out within 10 working days from the date of signing the Accident Report.

5. Construction and Erection Risks Obligatory Insurance

In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 532 dated by 20th December 1999 the insurance company protects:

The Insured's (Beneficiary's) property interests causing material damage directly from the following risks:

- a) fire, lightning, explosion, aircraft fall, spontaneous combustion;
- b) theft and malicious acts of the third parties;
- c) flood and inundation, pipes breakage; storm, hurricane;



- d) earthquake, mudflow, avalanches, soil subsidence, landslide, landslip;
 e) short circuit, overvoltage, electric arcs;
 e) machines and mechanisms, building materials and structures fall;
 g) damage from the inconscient use of defective materials and structures.

The Insured's property interests in case of occurrence of loss which the Insured bears civil liability for:

harm to the life, health of third parties;

- b) losses or damages caused to the third parties' property caused by the performance of construction or erection works insured under the agreement at the construction site itself or in immediate proximity to it during the insurance period. Other optional services.[5]

On the development of the life insurance sector of the Republic of Uzbekistan and types of personal insurance in 2021-2023

"ROAD MAP"

№	Name of measures	Implementation form	Execution time	Responsible for implementation
1.	Expand the insurance activity classification by adding: a) to the life insurance network - life insurance for securing obligations, long-term voluntary pension insurance, life insurance with return of capital; b) to the general insurance network - medical insurance.	Normative legal document	2022-year may	Insurance market development agency
2.	Acceptance of life insurance policies of borrowers as additional security by insurers in the life insurance network for loans to the population and widespread introduction of the system of loan allocation on this security.	Organizational measures	2022-year january	Ministry of Finance, Central Bank, Insurance Market Development Agency
3.	Organization of advertising and educational activities aimed at increasing the insurance culture in society and the population's confidence in the insurance market, as well as popularizing life and personal insurance and expanding its potential in the republic's territories, including: conducting meetings, briefings, conferences and practical seminars; preparation of special educational and informational television programs; advertising, including conducting a socially oriented advertising campaign.	Media plan	Development: July 2022 Make it happen: 2022-2023 years	Insurance market development agency, association of professional participants of the insurance market of Uzbekistan
4.	By conducting social surveys, monitoring the life and personal insurance market, developing proposals and recommendations to improve the quality and competitiveness of insurance products.	Analytical information	Development: May 2022 Make it happen: 2022-2023 years	For development and implementation — the Committee for the Development of Competition and Protection of Consumer Rights For timely review of proposals and recommendations — Insurance Market Development Agency
5.	Increasing the level of pension provision of citizens by introducing new types and mechanisms of long-term voluntary pension insurance, taking into account advanced foreign experience.	Organizational measures	2021 — 2023-years	For organization — Insurance Market Development Agency; For implementation - insurance organizations in the field of life insurance



6.	In mass media and social networks, the advantages of life and personal insurance, information about modern insurance services, the procedure for concluding insurance contracts and paying insurance coverage (insurance premiums), as well as insurance organizing a wide coverage of the mechanisms for protecting the rights of consumers of insurance services.	Organizational measures	2022-2023-years	Insurance Market Development Agency, Committee for the Development of Competition and Protection of Consumer Rights, Association of Professional Participants of the Insurance Market of Uzbekistan
7.	Based on the real needs of the national insurance market, development and implementation of special training programs for the training (retraining) of specialists in the life insurance industry together with local and foreign educational institutions.	Special training programs	2022-2023-years	Insurance market development agency, association of professional participants of the insurance market of Uzbekistan
8.	Development of professional standards in the field of life insurance and creation of an independent system for evaluating the qualifications of specialists.	Organizational measures	2022- year March	For development — Insurance Market Development Agency For methodical assistance - the Association of Professional Participants of the Insurance Market of Uzbekistan
9.	Implementation of comprehensive measures to obtain international ratings by life insurance organizations, including: development of methodical recommendations on rating assessment of life insurance organizations in order to determine their reliability and financial stability; carrying out explanatory work on obtaining ratings among life insurance organizations by national and international rating agencies.	Kompleks chora-tadbirlar	Development: July 2022 Make it happen: 2022-2023 years	Insurance market development agency
10.	Expanding the activities of the payment guarantee fund for compulsory civil liability insurance of vehicle owners and improving the management system.	Draft decision of the Cabinet of Ministers	2022- year January	Ministry of Finance, Insurance Market Development Agency, Payment Guarantee Fund
11.	Holding meetings, briefings, as well as practical seminars to increase citizens' awareness of pension provision.	Organizational actions	2021 — 2023-years	To organize — Insurance market development agency; For implementation - insurance organizations in the field of life insurance
12.	Expand sales channels for life and personal insurance products by introducing new and modern sales tools, including: Using the mobile application with the "Cashback" system and giving bonuses; creation of online platform for retail sale of insurance policies and network marketing system involving insurance agents.	Organizational measures	2022-2023-years	To organize — Insurance Market Development Agency For implementation - insurance organizations in the field of life insurance
13.	Development of a new version of the Regulation on Insurance Agents, taking into account the following: introduction of modern methods of organizing and regulating the activities of insurance agents; introduction of effective cooperation mechanisms between insurers and insurance agents; classification of mediation award fees for insurance contracts concluded through the mediation of an insurance agent; organization of institutes of certified insurance consultants and firm insurance agents.	Draft decision of the Cabinet of Ministers	2022-year July	Insurance market development agency



14.	Development and approval of the procedure for assessing and managing insurance risks in insurance organizations, as well as ensuring the transparency and truthfulness of information provided to consumers about the current financial and economic situation of insurers.	Departmental normative legal document	2022-year September	Insurance market development agency
15.	Preparation of proposals for new types of compulsory insurance, including the expansion of types of real estate and agricultural risk insurance, taking into account the interests of the state and society.	Organizational measures	2022-2023- years	Insurance market development agency
16.	Introduction of a single automated information system that registers all types of insurance and controls their circulation on the basis of a single information system for compulsory civil liability insurance of vehicle owners.	Organizational measures	2022-year	Insurance Payment Guarantee Fund, Insurance Market Development Agency, Ministry of Information Technologies and Communications Development
17.	Establishment of mutual electronic information exchange in the field of insurance with the information systems of the relevant ministries and agencies of the unified information system, and the central database of individuals and legal entities.	Organizational measures	2022-year 1- may	Insurance Market Development Agency, Insurance Payment Guarantee Fund, Ministry of Information Technologies and Communications Development
18.	In order to invest funds formed by insurance organizations from insurance premiums for voluntary pension insurance and long-term (five years and more) types of life insurance, they are invested in government securities linked to inflation. development of suggestions and recommendations for orientation.	Organizational measures	2022-year	Ministry of Finance, Insurance Market Development Agency
19.	Take steps to issue inflation-linked government securities.	Organizational measures	2022-year	Ministry of Finance
20.	Development of proposals on the procedure for the provision of electronic insurance services, including the rules for the sale and registration of all types (classes) of insurance in electronic form, as well as the mechanisms for checking their validity, and submitting them to the Cabinet of Ministers.	Draft decision of the Cabinet of Ministers	2022-year	Insurance market development agency

Ensuring the rapid development of the national insurance market, increasing the confidence of consumers in the insurance market, as well as the five priority directions of the development of the Republic of Uzbekistan in 2017-2021, the Strategy of Actions is called A number of plans have been developed in order to fulfill the tasks defined in the state program for implementation in the year of support and strengthening of public health.[6]

The insurance market in Uzbekistan is set to witness significant transformations over the forthcoming years. With the government's strong emphasis on digitalization and regulatory reforms, insurers are expected to tap into technological advancements to enhance their service offerings and improve operational efficiency. The life insurance segment, currently a comparatively modest contributor to the overall insurance market, is poised for substantial growth. This is primarily driven by the increasing financial literacy among the population, and a growing understanding of the importance of life and health insurance. Non-life insurance, particularly motor and property insurance, dominates the current market. Motor insurance,



being compulsory, contributes significantly to the market share. The recent changes in legislation, requiring mandatory property insurance against natural hazards, is predicted to spur growth in this segment. Microinsurance is another area with high potential, given the country's efforts to enhance financial inclusion.

The importance of insurance is also determined by the insurance coverage. In recent years, each inhabitant of the planet has an average insurance premium of 650-700 US dollars.

In developing countries, this figure is about \$150. An average of \$80 goes to life insurance premiums. In Uzbekistan, according to the end of 2022, the insurance premium for each resident was slightly more than 15 dollars.

The situation related to the level of insurance penetration and insurance density in Uzbekistan is mainly explained by the insufficient insurance literacy and insurance culture of the population, as well as the distrust of legal entities and individuals in insurance.

At the same time, the general income level of the population also plays an important role, which is much lower in Uzbekistan than in the above countries.

The main point of providing auxiliary services is to optimize the ratio of voluntary and compulsory insurance types. In economically developed countries, the share of insurance premiums by types of compulsory insurance is more than one third of the total insurance premium.

In 2020, the increase in fees for the types of compulsory insurance is explained by the introduction of compulsory civil liability insurance of vehicle owners, compulsory civil liability insurance of the employer and compulsory civil liability insurance of the transporter.

The state of insurance activity in the country allows the insurance market of Uzbekistan to be called a "soft" insurance market, characterized by a relatively high number of participants and low rates of insurance premiums. The structure of the insurance market in 2016-2022 is presented in Table 1. As of the end of 2022, 41 insurance companies operated in the insurance market of Uzbekistan, 8 of them operated in the field of life insurance. Not all domestic insurance companies are active players in the insurance market, 7 insurers have a market share of less than 1% in premiums.

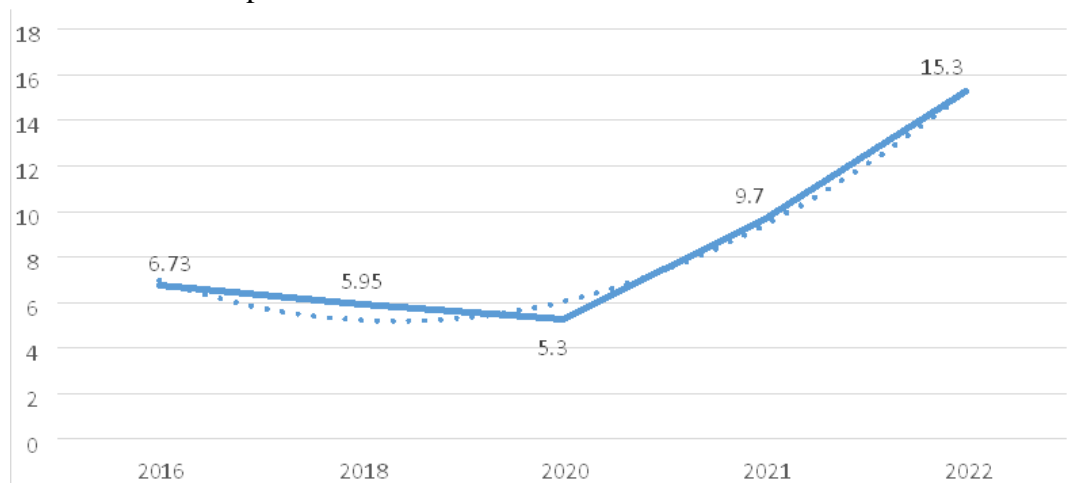


Figure 1. Insurance price in Uzbekistan (USD) Official exchange rate US)[7]

An important issue in the development of assistance is the form of cooperation (relationship) between the insurance company and the assistance. There are three job options. Each has its advantages and disadvantages: 1. The insurance company outsources the care of its customers. 2. It will create a department that will enter into direct cooperation agreements with companies serving customers (medical institutions, service stations, etc.) in his work. 3. It establishes a separate affiliate assistance company.

SUMMARY

Nowadays, insurance concepts and services are spreading widely. In some countries, this service brings high benefits to the country's economy. The analyzes made in the article show that legal entities using insurance services do not lose anything. However, in the event of a number of natural disasters and accidents, insurance companies will pay through this service. It is very difficult to explain this to individuals and legal entities, because only compulsory insurance is provided in our country. Very few people use voluntary insurance. Therefore, we would like to make several suggestions:

1. Increasing the number of insurance companies;
2. Introduction of advertisements on social networks by insurance companies;
3. Increasing the number of services and what insurance companies can provide to the people;
4. Gaining the trust of the population;
5. Creation of internet sites of insurance companies and ensuring their perfect operation;
6. Reducing queues by transferring insurance services to a modern electronic system;
7. Establishing insurance of human body parts in addition to property;
8. Implementation of non-standard insurance systems using world standards and ensuring transparency.

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