

STAGES OF DEVELOPMENT OF THE INSURANCE INDUSTRY IN UZBEKISTAN

Kenjayev Ilhom Giyozovich
Dotsent Tashkent State University of Economics
E-mail: kenjayev_i1982@mail.ru

Abstract

This article provides proposals and recommendations related to the insurance services implemented in the national insurance market of Uzbekistan in recent years and their improvement.

Keywords: Insurer, insured, reinsurer, insurance services, insurance premium, insurance money, insurer's investment activity, insurance liability.

Introduction

In the recent years, the market of insurance services in the Republic has been combed, introduced in the network in a wide range of markets work was carried out worth acknowledging. Including, PP-4412 of the president of the Republic of Uzbekistan dated 02.08.2019 was adopted and enough solutions were given to the existing problems in the insurance sector. In the 21st century, it is important to pay special attention to each sector of the economy, and insurance is also an important branch of the same economy¹. The implementation of the experience of developed Giants by countries such as Uzbekistan, which have set themselves the goal of entering the world market and selling their products, including reforms that meet the modern demand of the digital economy, such as electronic police, is important. Despite the pandemic of the year 2020, the insurance network has become one of the sectors that has managed to recover itself in the global market. The insurance market is a sphere of a certain monetary relationship, in which as an object of trade, insurance protection takes part in its special socio-economic network in which demand and supply are formed is considered. Insurance market in a broad sense, the sum of economic relations arising from the buying and selling of insurance services reflection. The basis of the insurance market objective unexpectedly unhappy developed by eliminating damage caused by events ensure continuity of production processes is organized. In addition, the insurance market is in the additional financing of the economy also plays an important role. The key to the functioning of the insurance market the existence of the need of society for insurance services as a prerequisite and availability of insurers who can meet this need it is understood that the operating insurance market is a complex, integrated system in which various network sections are attached to the insurance market. Today, the real changes taking place in all spheres of economic and political life of the Republic are creating conditions for increasing the role of insurance as one of the components of the financial system of the economy. The insurance market is one of the most

¹“On measures to reform the insurance market of the Republic of Uzbekistan and ensure its rapid development” 02.08.2019 resolution of the president 4412



important segments of the market economy and its role in the socio-economic development of the state can not be overestimated. Currently, there are 42 insurers in the insurance market of Uzbekistan, 34 of them in the general insurance network and 8 of them in the tobacco of life insurance, as well as 5 Insurance Brokers, 5 actuarial organizations and 22 assistants, ajaster, syurveyer companies. About 7 thousand employees and 9536 insurance agents (2774 of them were persons) operate in the state of insurers

According to insurance companies, by the end of 2021, the amount of 3 732 845 million was raised. sum insurance premium was collected. Analyzing the total collected premiums by types of insurance, we can see that the priority is provided to the account of types of voluntary insurance. Bunda this figure is 3,2 trillion. sum (86.5 percent of total insurance premiums), which grew by 68.4 percent compared to the end of 2020. The highest figure of this voluntary insurance is 14-klassi of the general insurance network – to credit insurance, which is worth 600 billion rubles. made up the sum. The highest figure of voluntary insurance on the life insurance network is 3-class (long-term life insurance), which is estimated to reach 385 billion dollars. sum and grew by 183 percent compared to 2020.

1.2 table Volume of insurance premiums by the end of 2021²

Indicators	31.12.2020		31.12.2021	
	mln. soum	in relation to the total	mln. soum	in relation to the total
Jami:	2 213 713	100 percent	3 732 845	100 percent
Insurance organizations in the general insurance network, including:	1 879 346	85 percent	3 015 813	81 percent
- compulsory insurance	338 036	15 percent	476 657	13 percent
- voluntary insurance	1 541 310	70 percent	2 539 156	68 percent
Insurance organizations in the life insurance network, including:	334 367	15 percent	717 032	19 percent
- compulsory insurance	22 903	1 percent	25 696	1 percent
- voluntary insurance	311 464	14 percent	691 335	18 percent

There are 42 insurance companies in Uzbekistan, 45 percent of the total services in the insurance market accounted for the first 5 units, 73 percent for the share of 10 companies. This suggests that the potential of the insurance market is not fully operational. In addition, if the contribution of life insurance in other states is 50 per cent, in Uzbekistan it is 19 per cent. In the year 2021, the following insurance companies achieved the highest figures for the collection of insurance premiums in the general insurance sector:

²INSURANCE MARKET DEVELOPMENT AGENCY under the Ministry of Finance imda.uz

1.3 table The volume of the highest insurance premiums collected in 2021 (million soums)³

№	Name of insurance companies	Insurance premiums		
		31.12.2020	31.12.2021	Change percent
1	"O‘zbekinvest" EISK AJ	262 869	385 385	+46,6 percent
2	"Gross Insurance" MChJ	251 773	343 817	+36,6 percent
3	"O‘zagrosug‘urta" AJ	178 203	260 975	+46,4 percent
4	"Apex Insurance" MChJ	120 337	229 112	+90,4 percent
5	"Kafolat sug‘urta kompaniyasi" AJ	149 363	223 750	+49,8 percent
6	"My Insurance" MChJ	101 310	185 284	+82,9 percent
7	"Alfa Invest" MChJ	97 295	156 314	+60,7 percent
8	"Euroasia Insurance" QK MChJ	144 932	154 390	+6,5 percent
9	"Temiryo‘l-sug‘urta" MChJ	52 788	135 316	+156,3 percent
10	"Kapital sug‘urta" AJ	49 432	116 805	+136,3 percent

As can be seen from the above table, the highest share of the premiums collected in the general insurance network of the national insurance market in 2021 is falling to EISK JSC "Uzbekinvest". Its share in total insurance premiums is 12,9 percent. In addition, the Gross insurance company accounts for 11,5 percent of JSC, Uzagrosugurta JSC 8,7 percent, Apex Insurance LLC 7,6 percent, Garanti insurance company 7,5 percent, JSC My Insurance LLC 6,2 percent, Inv Invest LLC 5,2 percent, JSC Euroasia Insurance LLC 5,2 percent, JSC Temiryo'l-Sigorta LLC 4,5 percent and JSC Kapital Sigorta 3.9 percent. The volume of investments in the economy reached 3,7 trillion soums (an increase of 1188 percent). Bunda has placed 2.2 trillion soums of investments in bank Bonds, 1 trillion soums in shares, 247 billion soums in real estate, 142 billion soums in the charter fund of organizations, 47 billion soums and the remaining 5 billion soums in other investments.

At the same time, at the end of 2021, the Republic's insurance companies made insurance payments in the amount of 1.232 trillion soums, of which 1,041 trillion soums were paid on types of voluntary insurance and 191 billion soums on types of compulsory insurance. Their share in total insurance payments was 85 and 15 percent, respectively. If we compare insurance payments in the Umumi insurance sector in the regions, the highest figure is 298 billion. having made up the sum, he came to the city of Tashkent. This figure amounted to 49 per cent of total insurance payments in the general insurance sector and grew by 49.7 per cent compared to the previous 2020. In addition, the highest part of the insurance payments in the life insurance sector amounted to the city of Tashkent and amounted to 178 billion USD. made up 56 percent of the sum and total payments.

Despite the rapid development in recent years, the role of insurance in the economy of Uzbekistan remains low, and this is only 0.4 per cent of the gross domestic product (GDP). To be specifically it was about 230 mln dollar in 2020. In addition In Uzbekistan, life insurance, and in particular accumulative life insurance, is developing only within the created benefits,

³INSURANCE MARKET DEVELOPMENT AGENCY under the Ministry of Finance imda.uz



and this insurance does not have a mass character among the population. As a result, compared to developed countries, the life insurance network has not been able to play a consequential role in the social sphere and the economy as in these countries. There are many reasons for this, and it is of great significance to analyze, study these reasons on a scientific basis and find solutions on this basis.

At the end of December 2019, the first coronavirus infection (COVID-19) was reported in Wuhan, the capital of China's Hubei Province, and the disease became widespread in many provinces of the country, other countries and continents. As of March 16, 2020, more than 170,000 people in 148 countries were reported to be infected with the virus. The government of our country has taken drastic measures to mitigate the negative impact of this pandemic on the economy. Particularly, in accordance with the Decree of the President of the Republic of Uzbekistan dated March 19, 2020 PD-5969, "On priority measures to mitigate the negative impact of the coronavirus pandemic and global crisis on macroeconomic stability in times of coronavirus infection and other global threats", to ensure the uninterrupted operation of industries and sectors of the economy, stimulate foreign economic activity, effective social support, prevent a sharp decline in incomes, the Anti-Crisis Fund was founded under the Ministry of Finance of the Republic of Uzbekistan in the amount of 10 trillion soums. Alternatively, the Republican Special Commission for the preparation of the Program of measures was established according to the Decree of the President. Several restrictions were penetrated. In particular, from March 23, 2020, the state borders were closed, all enterprises and institutions in Tashkent (regardless of the form of ownership) were allowed to go on vacation without affecting their main activities, the remaining workers could work as much as possible remotely (online or remotely). Furthermore, from March 16, 2020, air, rail and road services of Uzbekistan with foreign countries were suspended. To state, the large-scale prevention of the COVID-19 pandemic in the country has led to a decline in international economic relations, tourism, hotel business, remittances, small businesses in production and services, and, consequently, a decrease in income. This situation has undoubtedly had a negative effect on the elaboration of the insurance market, one of the most important links in the economy, due to the decline in production at enterprises and organizations, the reduction of export-import operations and the decline in business activity, the forecast of insurance services was not met. As a result, the business plans of insurance companies operating in the insurance market of Uzbekistan for 2020 were revised. Scientists and specialists have also conducted research on the impact of the COVID-19 coronavirus pandemic on the insurance market of Uzbekistan.

As a result of strict quarantine restriction influx, according to preliminary data, in the first half of 2020, the gross domestic product of Uzbekistan in current prices amounted to 255 252.6 billion soums. And it was increased by 0.2 percent compared to January-June 2019. However, in January-June 2019, GDP growth was 6 percent compared to the corresponding period of 2018. Thus, in the first six months of 2020, GDP growth decreased by 5.8 percent compared to the corresponding growth rate of 2019. Furthermore, according to statistics, in the first quarter of 2020, the amount of insurance premiums on voluntary insurance amounted to 413.4 billion soums. However, this figure was 449.8 billion soums in the first quarter of 2019, or 36.4

billion soums more than in the first quarter of 2020. In other words, the volume of insurance premiums collected by insurers of the country in the I quarter of 2020 decreased by 8 percent compared to the volume of insurance premiums collected in the I quarter of 2019 (Figure 1). For comparison: in the first quarter of 2019, the proliferation of insurance premiums on voluntary types of insurance was 142 percent compared to the corresponding figure in the first quarter of 2018 .

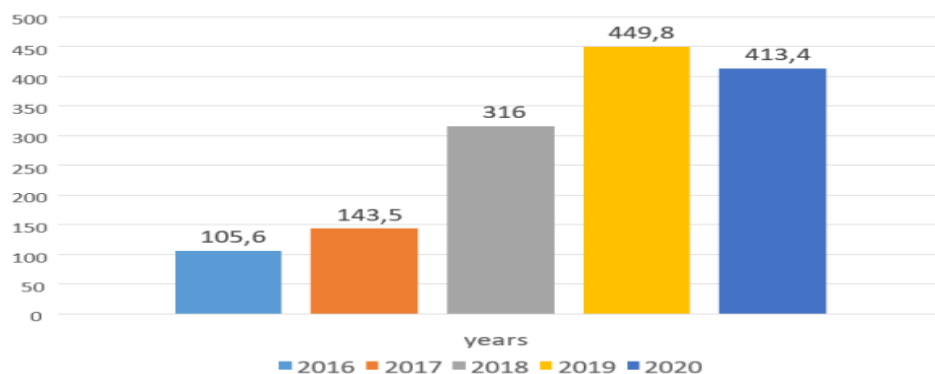


Fig. 1. Dynamics of insurance premiums accumulated on the insurance market of Uzbekistan in the I quarter of 2016-2020 (billion soums)⁴

Due to the coronavirus pandemic, quarantine restrictions in Uzbekistan were officially introduced in the second half of March 2020. So, in January-February of this year, the national insurance market, as usual, continued to develop. However, the disruption of economic activity caused by the coronavirus pandemic in the country since the second half of March 2020 has had a negative impact on key indicators of the insurance market. Therefore, there is an aspect that needs to be debated here. Logically, given the introduction of quarantine restrictions in the country in the second half of March 2020 to ease the effects of the coronavirus pandemic, its negative impact in the first quarter of 2020 should not have had a significant impact on the insurance market of Uzbekistan. However, the data analysis presented in Figure 1 shows that the volume of insurance premiums on voluntary types of insurance decreased by 8 percent . As it is evident from Figure 1, the volume of insurance premiums on voluntary insurance collected in the insurance market of Uzbekistan in the I quarter of 2019 exceeded the volume of insurance premiums on voluntary insurance collected in the I quarter of 2018 by 133.8 billion soums or an increase of 142 percent. In the first quarter of 2018, in contrast to the first quarter of 2017, the receipt of insurance premiums on voluntary types of insurance increased by 220 percent. Based on this, the expert believes that if quarantine measures had not been presented owing to the coronavirus pandemic, perhaps by the end of the first quarter of 2020, the amount of insurance premiums received on voluntary types of insurance would have increased by an average of 140 percent .

Pursuant to the results of the first quarter of 2016-2020, insurance companies running in the insurance market of the country made insurance payments in the amount of 550.5 billion soums

⁴ “The impact of the coronavirus pandemic on the insurance market of Uzbekistan” Dinora Baratova, Khayrullo Khasanov, Ikromjon Musakhonzoda, Shokhrub Abdumuratov, and Khusniddin Uktamov Tashkent State University of Economics, Tashkent, Uzbekistan

to cover losses incurred by legal entities and individuals. Of this, 446.3 billion soums or 81.1 percent fell to voluntary insurance, the remaining 18.9 percent to compulsory insurance. It is crystal clear from the data in Figure 2 that the largest insurance payments in the analyzed period were made in the first quarter of 2019, amounting to 159.9 billion soums. In the first quarter of 2020, the coronavirus infection had not spread, and even during this period, we could observe a significant increase in the volume of insurance payments. However, due to the COVID-19 pandemic, the amount of insurance payments in the first quarter of 2020 amounted to 141.2 billion soums, which is 18.7 billion soums or 12 percent less than in the first quarter of last year. However, insurers' volume of insurance payments in the first quarter of 2019 amounted to 95.8 billion soums more than in the first quarter of 2018, boosting 249 percent. In the first half of 2020, the insurance community of Uzbekistan in the media reported that even in the event of a coronavirus pandemic, insurance payments are made to cover the damage caused by insurance events. For example, the total liability of the insurance company "Kafolat" for the objects damaged by strong winds and rains in Bukhara region on April 27, 2020, amounted to 21.9 billion soums, for a total of 195.1 mln. soums on 13 appeals. UZS was paid for insurance coverage. From April 6 to April 17, 2020, Uzbekinvest Insurance Company paid 132.9 million soums in insurance coverage. The volume of insurance premiums decreased by 4 percent in the 1st quarter of 2020 compared to the 1st quarter of 2019. However, this change had a different effect on all insurance products. While the insurance premium rate for one type of insurance fell, the amount of insurance premiums for another type remained unchanged. Regarding the impact of the coronavirus pandemic, industry experts believe that the impact of the pandemic has reduced the demand for life insurance and the number of new insurance contracts that need to be concluded. As a result, the amount of insurance premiums under current insurance contracts has sharply decreased. Briefly, it can be pinpointed that the restrictive quarantine measures introduced in the wake of the COVID-19 coronavirus pandemic have had a negative impact on the development of the insurance market, along with a sharp slowdown in economic activity. As a result, in the first quarter of 2020, there was a decrease in some indicators of the insurance market development in Uzbekistan. However, due to the forestallment of the spread of coronavirus infection, the elimination of cases of the virus, the production of vaccines capable of eradicating the virus and the implementation of mass vaccination, the economy will recover in the near future.

The organizational and financial peculiarities of accumulative life insurance have necessitated a comprehensive review of methods that complement its content and assess the content of risks associated with this type of insurance. In this regard, we use the indicator "risk mass" used by scientists Yu.V. Rozhkov and L.P. Drozdovskaya, mentioned in the second part of the first chapter, to assess risk in cumulative life insurance. In accumulative life insurance, the quantitative magnitude of risks is determined by the indicator "risk mass". This indicator, expressed in monetary terms, allows a systematic analysis of the impact of internal and external economic factors on life insurance and the feasibility and effectiveness of savings processes. Overall, the proposed indicator calculation permits to analyze the correlation between the components and elements of the internal structure of the accumulation process and to make various verdicts in the accumulation process by the subjects of the insurance contract.



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