

Improvement of insurance activities in Uzbekistan

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Abstract: This article discusses the international experience of insurance activities and how it is implemented. Analysis of insurance market development trends in Uzbekistan. There are also suggestions and recommendations to promote the development of the insurance market.

Keywords: insurance activity, socio-economic development, national insurance market, voluntary insurance, compulsory insurance

Introduction

Insurance activity plays an important role in effective social and economic development of the country. Its mission is to protect property interests of individuals and legal entities in case of certain events. Insurance companies are a powerful financial instrument that plays an important role in ensuring the country's social, economic and environmental security. In developed countries, insurance represents a complex system that supports all areas of the socio-economic life of the society, supporting business success, economic stability and material welfare. A study of world experience shows that public and private organizations, commercial and non-profit organizations have the highest level of protection of the population in the system of social risks insurance. A distinctive feature of the insurance market in Uzbekistan is its dynamic development.

In accordance with the "Strategy of Actions" on the five priority directions of development of the Republic of Uzbekistan in 2017-2021, wide reforms are being implemented in the national economy in order to improve living standards and create favorable conditions for the population. It is aimed at "expanding and improving the quality of new types of insurance, leasing and other financial services".

Literature Review

Nowadays the terms "insurance" and "national insurance market" are increasingly used in the literature. Prof. In the view of insurance, H. Sobirov noted that the development of insurance goes back to the distant past, namely: "The concept of insurance started before money and credit. In the early community, when every family began to realize the need for food, needed resources, or if there was a need for additional supplies, neighbors borrowed, damaged buildings were repaired through hashar. " It is true that insurance may have emerged before money and credit as a means of protection. Insurance reserves are formed in kind. This has caused many problems. This is because in-kind reserves do not allow them to be stored for long. The emergence and development of commodity-money relations in the society has contributed to the formation of insurance reserves in the form of money.

Economist N. Bendina emphasizes that, in order to clarify the economic nature of insurance, it is: "Legal and physical damage is a way to compensate for the loss suffered by the majority of people." The insurance fund is formed from the insurance premiums paid by the majority of individuals and legal entities, and in the event of damage to property interests of individuals involved in the formation of this fund, insurance coverage is provided from the fund.

Wagner describes insurance as such an economic organization, which says that it can compensate the damage to some extent, preventing any unforeseen damage to human health and property.

Recognizing the scientific works and works of the aforementioned scholars and experts, we emphasize that, despite the fact that insurance plays an important role in the economy of our country, there has not been much research done in this direction, based on independent systematic analysis, combining theoretical and practical knowledge.

Research methodology

In this article, the author discusses the nature and methods of research in the insurance market, primarily in terms of examining the competitive environment of insurance companies. There are two approaches to the definition of insurance market research: how to analyze and how to gather information.

Insurance market research is the market size, competitive environment (indicators of insurers' competitors), demand for insurance services, process of data collection and its quantitative and / or qualitative analysis of insurance services and their development forecasts.

Discussion of study results

The insurance market as an integral part of the financial market should contribute to the sustainable development of the economy, the establishment of partnership relations, the confidence of the professional participants of the insurance market as a reliable partner in protecting the rights and lawful interests of the population and businesses. It has a number of peculiarities related to the development of Uzbekistan's economy and sets it apart from foreign insurance markets.

In economically developed countries, the insurance system is an integral part of the international insurance market. It is an important sector of the national economy, and the funds raised by insurance companies are a major source of investment.

There are two types of insurance companies in the United States: stock companies and mutual insurance companies. Insurance companies offer three types of insurance: trade (wide range); property of citizens (buildings, cars, etc.); personal (life and health insurance, medicine, retirement, savings, etc.). The largest share in the United States is personal insurance. It includes: life insurance (death insurance, life insurance for a certain age); rent or pension insurance; health and accident insurance. Contracts can be concluded for a fixed term or for a lifetime. In the US, this type of insurance is about 3/4 of all life insurance contracts. The cost of the annual life insurance premium is \$ 9 billion. The second most important type of insurance in the United States is credit and financial insurance, and it is based on the principles of trade and service loans.

The activities of all US insurance companies are regularly analyzed by three major consulting firms: AM Best, Moody S, Standard & Poors, and quarterly publish catalogs for their activities. They publish official insurers' ratings with information on customer reliability and their solvency. The main factors to be analyzed are: financial status (damage rate, income and return on investment, and receivables); payment of claims and level of service; security and injury prevention; flexibility in the company; Cost of services. Insurance activity in the United States is the only activity not threatened by the country's antitrust committee.

An analysis of the financial performance of insurers in Uzbekistan has concluded that the insurance market has entered a stage of sustainable development, so further growth in the insurance market is related to changes in the legislation and has shown the dynamics of growth in the insurance market.

At present, insurance companies of Uzbekistan provide a wide range of insurance services in the field of general insurance and life insurance. The companies provide voluntary and compulsory insurance under their licenses.

At the end of 2018, the insurance services market in Uzbekistan has experienced high growth rates. To analyze the insurance market in more detail, an analysis was performed and some data were compared.

According to the Ministry of Finance of the Republic of Uzbekistan, in 2018 there are three new insurance companies operating in the country. As a result, there are 30 insurance companies in the Uzbek market. Two of the three companies that entered the market during the analyzed period were specialized in life insurance (Euroasia Life LLC and Kafolat Hayot LLC), and one company (Apex Insurance) is operating in the field of general insurance. Thus, by the end of 2018, there are 24 companies in the general insurance industry and 6 companies in the life insurance sector.

Thus, the total amount of insurance premiums collected by insurance companies of the country during the analyzed period increased rapidly and amounted to 1.6 trillion soums, which is 76.3% more than in the previous year. Given the inflation rate for 2018, the real growth rate of insurance premiums is estimated at 62%. This figure significantly exceeded the country's GDP growth rate in 2018, which was 5.1%, according to preliminary data.

In the analyzed period voluntary insurance services accounted for the bulk of the total insurance market. The highest growth rates were observed in the types of life insurance. By the end of 2018, insurance premiums for voluntary types of insurance totaled \$ 1.4 trillion. The sum increased by 98% compared to the previous year. At the same time, premiums on compulsory insurance also showed a positive trend, but the growth rate was only 13%. The volume of insurance premiums collected for mandatory types of insurance amounted to 263.5 billion soums.

There is also a tendency to increase the share of voluntary insurance in the range of insurance payments. In the reporting period, the amount of voluntary insurance payments increased by 92% and amounted to 389.3 billion soums. Compulsory insurance payments increased by 6% and amounted to 71.5 billion soums.

As a result, the share of voluntary insurance in total payments increased by 9.5% to 84.5%. The share of compulsory insurance payments made 15.5%. As a result, by the end of 2018, market insolvency of insurance premiums (ratio of insurance premiums to insurance premiums) stabilized at 28.2%. In 2017, the figure rose from 18.8% to 29.1%.

In particular, the rate of loss for voluntary insurance decreased by 0.78 points and amounted to 28.4%, while for compulsory insurance this figure decreased by 1.8 points and amounted to 27.1%. Experts have not revealed any more specific cases of market losses, given the market's loss rate. In this regard, it is appropriate to consider the indicators in the insurance industry.

In recent years, the life insurance sector has accelerated the growth rate of insurance premiums. As a result, in 2018, life insurance companies' share in total insurance premiums was 25.5%. The share of life insurance in insurance payments is 57.3% of total payments. Of course, this index includes specifics of life insurance. The analysis shows that the insurance market of Uzbekistan is developing, but in developed countries insurance services make 10-15% of GDP, in Uzbekistan this indicator is 5,1%. This figure indicates that there are problems in the country that need to be addressed.

Conclusion and suggestions

For more effective development of the domestic insurance market, it is necessary to accelerate the development and adoption of legislation governing the activities of mutual insurance companies. Insurance companies are always in need of mutual insurance, no matter how high-quality insurance services are. The necessary way to increase the level of confidence in the insurance services market is to provide information transparency. Like other financial institutions, insurance companies are required to publish financial reports.

Increasing the awareness of potential insurers is important in encouraging the insurance industry. In addition to the use of foreign experience, it is necessary to create favorable conditions for further development of innovation in the country. Certain areas of insurance activity require adequate theoretical and methodological research.

National insurance companies and foreign investors should develop strategies to promote insurance products based on the needs of insurers and the requirements of each particular region. In conclusion, our society needs to protect its property and financial interests in daily life, as well as carry out various activities and implement socio-economic programs. All of this can be insured while receiving state support. The need to improve the regulation of the insurance services market will lead to many public discussions regarding the insurance market, its promising areas and development concepts. Providing an important component of the economy, an integral part of the economy in the domestic market of insurance services, is a socio-economic task of the state.

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