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Directions of Development of The Life Insurance Industry in Uzbekistan Through The Introduction of Modern Insurance Products

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Abstract: The article describes the theoretical bases of investment life insurance, including the advantages and disadvantages of Unit Linked insurance products. Given reviews on foreign experience of Unit Linked Life Insurance product as well as perspectives for its implementation and development in our country.

Keywords: Investment Life Insurance, Unit Linked Insurance Product, Insurance Policy, Cumulative Life Insurance, Investment Fund, Mutual Fund, Bancassurance

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1. Introduction

As one of the main directions of reforming and rapid development of the insurance market of the Republic of Uzbekistan, the definition of the issue of "expanding and improving the quality of the volumes, types of insurance services provided by the introduction of new innovation insurance products and the development of traditional products with high demand" [1] further increases the social importance of life insurance among In addition, life insurance serves as an important investiture resource in saving residents ' temporary free cash. In this regard, the introduction and development of types of life investision (Unit Linked) Insurance is an important direction for solving issues falling on the agenda.

A distinctive feature of the Unit Linked product in life investision insurance is that the insurer is a direct participant in the insurer's investision activities. The funds raised in the account of the insurer are combined in a special fund and transferred to the specialized management of the company. In the process, the insurer, of course, independently selects the fund that best suits him (from within the funds offered by the insurer), analyzing the level of profitability and risk in this direction. Hence, the Unit Linked life insurance product represents a combination of the classic Life Insurance and investment fund that can be saved in itself.

The Unit Linked insurance product is a form or content life insurance application. Interestingly, while life insurance and investments are different areas of financial relations, in legal terms, the implementation of investment activities in the life insurance shell creates a very favorable environment for long-term savings of individuals. The Unit Linked Insurance Program is similar to a brokerage service, that is, it allows you to invest in various assets (shares, bonds, funds, exchange-traded funds) in the world financial market. This product is an insurance product only in its name, and the main focus is on investments. In this respect, the Unit Linked Insurance product serves as an investision resource with a number of benefits for humans.

Literature Review

In foreign economic literature, there are many approaches to investision life insurance, as well as Unit Linked life insurance products, their introduction and development. In particular, professor T.A.Fedorova notes that the first investision life insurance policy originated in the United Kingdom in late 1950 and was named "Unit Linked". Even now, the UK is the leading provider of investision life insurance services, although, although many European countries are effectively using this type of Life Insurance [2].

S.V.Ermasov and N.B.According to ermasova's opinion, investision life insurance is an investision tool that is formalized in the form of a long – term life insurance policy. This type of Service, which appeared in the UK half a century ago, is considered the "English method of investing" [3].

Marco Gantenbein and Mario A. Based on the theoretical approaches of Matas, Unit Linked life insurance policies essentially represent mixed life insurance covering savings and investision components. Unlike traditional Mixed life insurance, under this contract, insurance companies invest the insurance premium in the financial market according to its decision on behalf of the insurer [4].

According to the study of Italian scientists Claudia Ceci, Katia Solaneri and Alessandra Sretarola, a Unit Linked life insurance contract is a life insurance policy, the benefit of which is obtained depending on the result of activities carried out in the financial market with certain shares or other assets. In recent years, these contracts are being used with high success at the expense of low risk of capital transmission, although new Solvency II rules have been established that regulate low interest rates and insurance capital compared to them [5].

Economist, invesvision consultant Michael Barry, in his video lectures on invesvision insurance accounts, notes that Portfolio Bond (portfolio of bonds) is the invesvision insurance scheme, which is the most convenient method of investing [6].

2. Methodology

This study employs a theoretical and comparative research methodology aimed at analyzing the development prospects of investment life insurance, specifically Unit Linked products, within the insurance market of Uzbekistan. The research is grounded in a systematic review of foreign economic literature, academic publications, and scholarly works by prominent researchers in the field of life insurance and investment instruments, including contributions from Fedorova, Ermasov, Ermasova, Gantenbein, Mata, Ceci, Colaneri, Cretarola, and Barry. These sources provided the theoretical foundation for understanding the origins, structure, and functioning of Unit Linked life insurance products in international practice.

To assess the current state and potential of Unit Linked insurance in Uzbekistan, a comparative analysis was conducted drawing on statistical data from the insurance markets of the United States, Western and Eastern Europe, and selected CIS-accessible countries. This comparison encompassed indicators such as the GDP share of life insurance, the proportion of Unit Linked contracts within total life insurance portfolios, and the asset values of leading international insurance companies offering such products. The comparative data were organized into structured tables to facilitate clear and systematic evaluation.

Additionally, a regulatory and policy analysis was applied to examine the legislative framework governing the insurance market in Uzbekistan, with reference to the Presidential Decree No. PQ-4412 of 2019 as a key reform document. The advantages and disadvantages of Unit Linked products were assessed through both qualitative synthesis of international experience and quantitative illustration using hypothetical contribution models. This combined methodological approach enabled evidence-based conclusions and practical recommendations for introducing and expanding Unit Linked life insurance in Uzbekistan.

3. Results and Discussion

In all developed countries of the world, Unit Linked products are one of the most popular and popular in the insurance and investment services market, since they are a successful symbiosis of these two industries. Foreign life insurance practices show that the GDP share of the life insurance network in Eastern and western European countries and the United States is 2-10 percent. In Uzbekistan, this figure is 0.04-0.1 percent compared to GDP. Sixty percent of life insurance contracts concluded in the United States fall under Unit Linked programs. In Europe, an average of 30-70% of all life insurance-oriented funds belong to this segment. For example, in Slovakia, the share of exactly Unit Linked life insurance is 1.5 percent relative to GDP, in the life insurance market it is 30 percent, in Hungary it is 1.6 percent relative to GDP, in the life insurance market it is 66 percent, in Estonia it is 2.7 percent relative to GDP, and in the life insurance market it is 60 percent [7].

The leading position in the assets of insurance companies involved in Unit Linked life insurance is UK owned.

Because, in France, Italy and Spain, investision Life Insurance began to actively develop from the second half of 1990.

The basis for the continuous growth in the interest of insurers in the development of this direction in the life investment insurance market was, first of all, the fact that unit Linked products allow a certain part of the investment risks to be transferred to the insured person himself. This allows insurance companies to reduce the dependence of their business on the ever-changing situation in the stock market [8].

Accumulative life insurance programs allow you to cope precisely with the consequences of accidents and maintain a stable financial situation in unforeseen unpleasant situations. At the same time, if the insurer lives without any problems until the end of the insurance period, it will withdraw all the amount accumulated and the interest paid to it.

In addition, at a certain period of the validity of the contract, if the insurer loses the ability to work, then instead the insurance company itself continues to pay contributions under this program, which guarantees the receipt of all the accumulated amount at the end of the insurance period.

In addition to such advantages of the accumulative life insurance program, there are certain disadvantages, that is, at the end of the term, the income from the savings program can be relatively low [9].

The profitability of the accumulative Life Insurance Program in foreign practice is 5-6% of the annual average for the insured, which is much lower than the inflation rate and the profitability of bank deposits. And in Uzbekistan, the profitability of these programs is 2-3%, and they live in exchange for the income that individuals direct only to take advantage of tax benefits. Naturally, with a low rate for 10-20 years, the desire to invest clearly disappears [10].

Here, important differences of the Unit Linked product are manifested. In it, part of the funds raised are directed to investision instruments, mainly investment funds, which can bring income to the policyholder and dramatically increase the iconicity of the insurance program. Based on the use of foreign experience, it is possible to conduct a comparative analysis of them according to the table below (table 1).

Table 1. Unit Linked investision comparative analysis of life insurance and accumulative life insurance

Example	Accumulative life insurance	Unit Linked invesvision life insurance
Cash distribution	100% to the insurance program	20% - Insurance part 80% - investment
Profitability by program	4%	4% – by insurance part

		15% - on investment
Annual deposit amount	$1000	$1000
Guaranteed insurance coverage from the first day	$20 000	$4000
Capital to be raised	$30 000	$96 000

Thus, Unit Linked products provide a quality life protection system in addition to effective capital savings. Several types of programs can be considered in Unit Linked life insurance:

- Insurance premium paid periodically-accumulative program. This program will focus on capillate savings for various purposes, such as pension planning, creating a fund for self-defense, saving for large purchases;
- Insurance premium payable in one way – invesvision program. Aimed at the coup and protection of existing capital.
- Insurance premium payable in one way-invesvision accounts. The skill of being able to invest in shares and bonds, hedge funds, gold, in general, in any assets in the world [11].

Currently, Unit Linked does not have this service in the national insurance market to use life insurance, so the insurer has to contract with a foreign insurance company. And when deciding on the choice of an insurance company, it is necessary to take a sound approach, taking into account the most important factors (transparency, transparency, asset value, reliability). Below is a general comparison of international insurance companies offering Unit Linked Insurance Programs (Table 2). It is noteworthy that not all these insurance companies are open to the CIS countries (did not grant access to the program).

Table 2. A general comparison of international insurance companies offering Unit Linked Insurance Programs

Insurance companies	Openness to CIS countries	Value of assets	Jurisdiction, jurisdictioningcredit ratings	Online access to the account
Investors Trust	Yes	$ 1,25 mlrd.	Cayman Islands / Moody's – Aa3	Yes
Hansard	Yes	$1 mlrd	Isle of Men / Moody's – Aa1	Yes
Generali International	No	€ 530 mlrd	Bahamas / Moody's – Baa1 Guernsey Islands / Standard & Poor's – AA-/A-1+	Yes
Custodian Life	Yes	-/-	Bermuda / Moody's – Aa2	Yes
Zurich International	No	$ 422 mlrd.	Switzerland / Moody's – Aaa	Yes
RL360	No	$10 mlrd.	Isle of Men / Moody's – Aa1	Yes
Friends Provident International	No	$ 6 mlrd	Isle of Men / Moody's – Aa1	Yes
Old Mutual International	No	$ 696 mlrd	Isle of Men / Moody's – Aa1	Yes

The main advantages of the Unit Linked program are its relative simplicity. For example, there is no need to open a brokerage account, bank accounts abroad. It is enough to conclude an agreement with an insurance company, transfer money and choose one of the proposed investment funds [12].

It is possible to install an automatic withdrawal service from a bank card in order to constantly enter money under the insurance contract. This situation is favorable for those who forget to pay and pour, and for those who have problems with financial discipline.

There is no need to submit a permanent report on their income before the tax authorities, that is, at the end of the term of the policy, they can submit a declaration only if they receive income.

The amount placed on Unit Linked life insurance belongs only to its owner, that is, it is not divisible when the marriage is broken, it cannot be withdrawn by court order, since it is an insurance policy that does not have a typical property feature [13].

Another addition is the simplicity of having an inheritance: the beneficiary will not have to wait months as usual, but, on the contrary, will receive the money in a few weeks.

Disadvantages of Unit Linked software. The commission fees of an insurance company can be 1.5-2% or more per year, which is a fairly large amount in 10-15 years. Commission fees will be significantly lower if, through exchange-based investment funds, an investment portfolio is created independently through brokers. At the same time, in foreign countries, investision is subject to a preferential tax on activities, for example, tax deductions for individual investision accounts [14].

Premature termination of the contract can lead to the loss of part of the capital. The suspension of money injection would result in an increase in commission fees or other sanctions being applied. To avoid problems, it is necessary to carefully study the terms of insurance before formalizing the policy.

The amount of the payment contribution is determined in foreign currency. If the insurer's income is in the national currency and the foreign exchange rate increases, it will be necessary to increase the amount of the contribution that the national currency pays, that is, the exchange rate difference can cause problems.

Another of the disadvantages is that the contract is concluded with a foreign insurance company. In some case, this difficulty is corrected if you have to go to court with a foreign insurance company [15].

The main thing is to keep in mind that this is an investision instrument. Because, this insurance policy usually does not provide for payments for injuries and diseases, does not provide for payments for treatment, etc.

4. Conclusions

The prospects for the development of Unit Linked life insurance in mamalakatı in our opinion depend on the resolution of the following factors:

1. Development of the securities market, ensuring its stability, increasing transparency and expanding capacity.
2. Create a preferential tax regime on income received under the unit Linked life insurance policy.
3. Improving the legal framework for functioning in the financial markets.
4. To increase the level of education of the population in the financial market in terms of opportunities to invest their savings, financial knowledge and investment culture.
5. Reform of the pension provision system. The Unit Linked life insurance policy guarantees high profitability compared to other life insurance products that can be saved.
6. The tendency of banks and insurance companies, which are observed in recent years, to jointly conduct their activities in the financial market and their aspirations to expand the range of joint (bank-insurance) products will ensure the further development of bank insurance, the sale of Unit Linked products through bank windows will further increase the volume of sales. These factors serve as a catalyst for the

socio-economic consequences of the introduction of Investiture life insurance products:

- Development of Investment Life Insurance, growth in size;
- Formation of major life insurance insurers in the national insurance market;
- Attracting private investors through life investment insurance mechanisms;
- Creation of additional jobs in the insurance industry;
- To create a decent pension provision for the middle class of the population.

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