



Spectrum Journal of Innovation, Reforms and Development

Volume 07, Sep., 2022

ISSN (E): 2751-1731

Website: www.sjird.journalspark.org

**ANALYSIS OF THE INSURANCE MARKET OF THE REPUBLIC OF UZBEKISTAN
AND PROBLEMS IN THE FIELD**

Islamov Shukhratjon Tuychibayevich

Independent Researcher Department “Corporate Finance and Securities”,

Tashkent Institute of Finance, Tashkent City, Uzbekistan.

E-mail: shuhtrat.islamov@inbox.ru

Abstract.

In the article, the indicators of targeted development of the insurance market of Uzbekistan in the future are analyzed and their classification is presented. Scientific conclusions and recommendations on the further improvement of the country's insurance market have been formulated.

Keywords: insurance payment, insurance premium, insurance market structure, insurance infrastructure, risk, insurance companies, insurance policy.

Introduction

On February 7, 2017, the Action Strategy for five priority areas of development of the Republic of Uzbekistan in 2017-2021 was approved by the Presidential Decree. According to it, the third priority direction is called further development and liberalization of the economy, and it specifies the task of actively attracting consumers to the insurance market by introducing new mechanisms related to the country's insurance market and increasing the types of insurance products [1].

In addition, the adoption of Decision PQ-4412 of the President of the Republic of Uzbekistan dated August 2, 2019 “On measures to reform the insurance market of the Republic of Uzbekistan and ensure its rapid development”, It created the ground for the implementation of fundamental reforms in the innovative development of the activities of private companies [2]. Although the quantitative and qualitative indicators of the development of the insurance market are given in the scientific works of the economists of our country, it was observed that insurance relations were not sufficiently studied in their entirety through a systematic study. In particular, insurance activity is considered a means of financing losses (losses) that a person may suffer from insurance events such as work potential, health, life, property, liability.

2. Literature Review

“The insurance market is a whole system of dialectical integrity of the internal system and the external environment. They work together and interact with each other. The internal system is fully managed by the insurer. The external system or external environment consists of elements that can be controlled by the insurer and elements that cannot be controlled. In this case, the external environment surrounds and limits the internal system” [3].



“In the legal system of control, the state gives a legal form to certain requirements. Insurance companies must comply with these requirements, and the role of the supervisory body is to monitor compliance with these rules” [4].

Insurance is also a separate licensed activity, provided by a specially authorized body and maintained. “The license is issued to the insurer for voluntary and compulsory personal insurance, property insurance, liability insurance and reinsurance, indicating the specific types of insurance” [5].

In countries with a developed insurance market, a special tax is imposed on insurance premiums as an important means of state control over insurance activities. Insurance premiums received as payment for the provision of insurance services developed on the territory of the country are subject to taxation, resident or non-resident insurance companies, regardless of the form of ownership, are considered tax payers [6].

3. Research Methodology

It is known to everyone that the demand for the services of the financial sector is increasing in the world markets, and insurance services, which are a component of the financial sector, protect the risks in financial transactions. In this article, the insurance market of the Republic of Uzbekistan is analyzed in a broad framework, some problematic situations in the insurance market are studied and relevant proposals are presented.

4. Analysis and Discussion of Results

In the analysis of financial stability indicators of insurance companies, it is important to classify the external and internal factors affecting it and reveal their main characteristics (Table 1).

Table 1. Classification of factors affecting the financial stability of insurance companies [7]

External factors		Internal factors	
Direct influencer	Indirect influencer	Direct Influencer	Indirect influencer
Government regulation of the activities of insurance companies	External, internal economic and political situation	Quantity, development and stability of the number of customers	Overall strategy of the compass
Tax, foreign exchange, credit and customs policy	Level of macroeconomic indicators	The size and specialization of the company	Diversification of the insurance portfolio and the amount of insurance services
The financial relationship between corporate structures	The state of development of financial market conjuncture	The level of development of modern risk management	Amount of private capital and insurance reserves

Insurance market participants include sellers, buyers and intermediaries and their associations. The seller category consists of insurance and reinsurance companies. Insured persons - individuals and legal entities - who sign an insurance contract with one or another seller, participate as buyers [8].



We know that the structure of the insurance market of developed countries is structured differently, the structural convenience of the insurance market is formed based on the demand for the insurance market. For example, we can consider the structure of the insurance market of the Republic of Uzbekistan as an example (Table 2)

Table 2. The structure of the insurance market of the Republic of Uzbekistan [9]

Insurance market structure	31.12.2020	31.12.2021	Change (+/-)
Number of insurance organizations	40	42	+2
Total authorized capital of insurance organizations (in millions of soums)	1 439 193	1 545 784	+106591
Number of insurance brokers	5	5	0
Number of actuaries	5	5	0
Number of insurance agents	8 900	9 536	+636
Insurance organizations that are members of the Payment Guarantee Fund the number	19	23	+4

In the data of the above table, we can see that insurance companies representing the structure of the insurance market of the Republic of Uzbekistan increased by 4 in 2021 compared to 2020, and the amount of the authorized capital of insurance organizations in 2021 is 1,545,784 billion. The difference compared to 2020, which amounted to 106,591 billion soums. amounts to soums, and the number of insurance brokers is up to 5, while the number of insurance agents is known to have increased by 636 in 2021 compared to 2020, members of the Payment Guarantee Fund the number of insurance organizations increased from 23 in 2021 to 4 in 2020. Most indicators show that progressive movements are observed in the insurance market of our country.

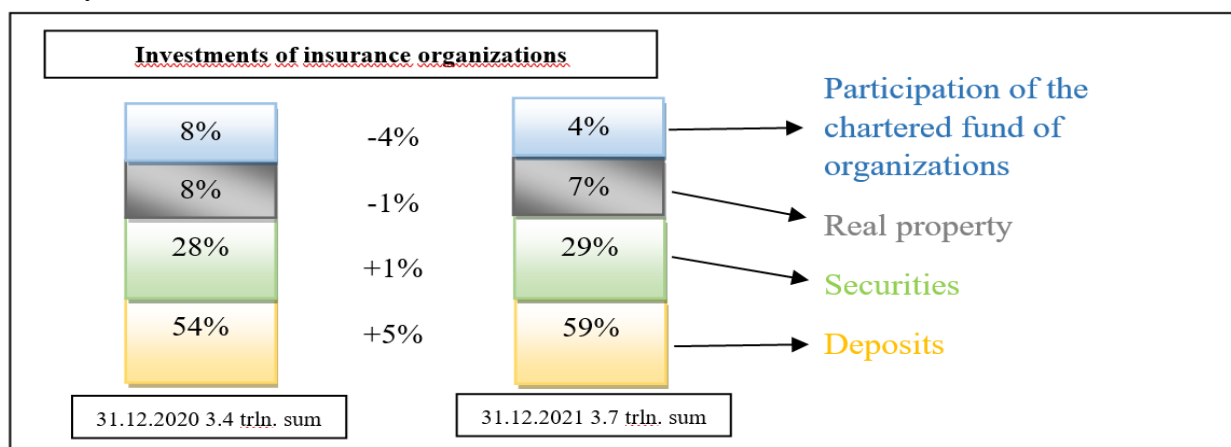


Figure 1. Investment indicators of the insurance market of the Republic of Uzbekistan [10]

The figure above shows the investment activity of insurance companies, in which the participation in the chartered fund of Organizations accounts for 4%, investments in real estate account for 8%, investments in the stock market account for 29%, and funds deposited It is 59%.

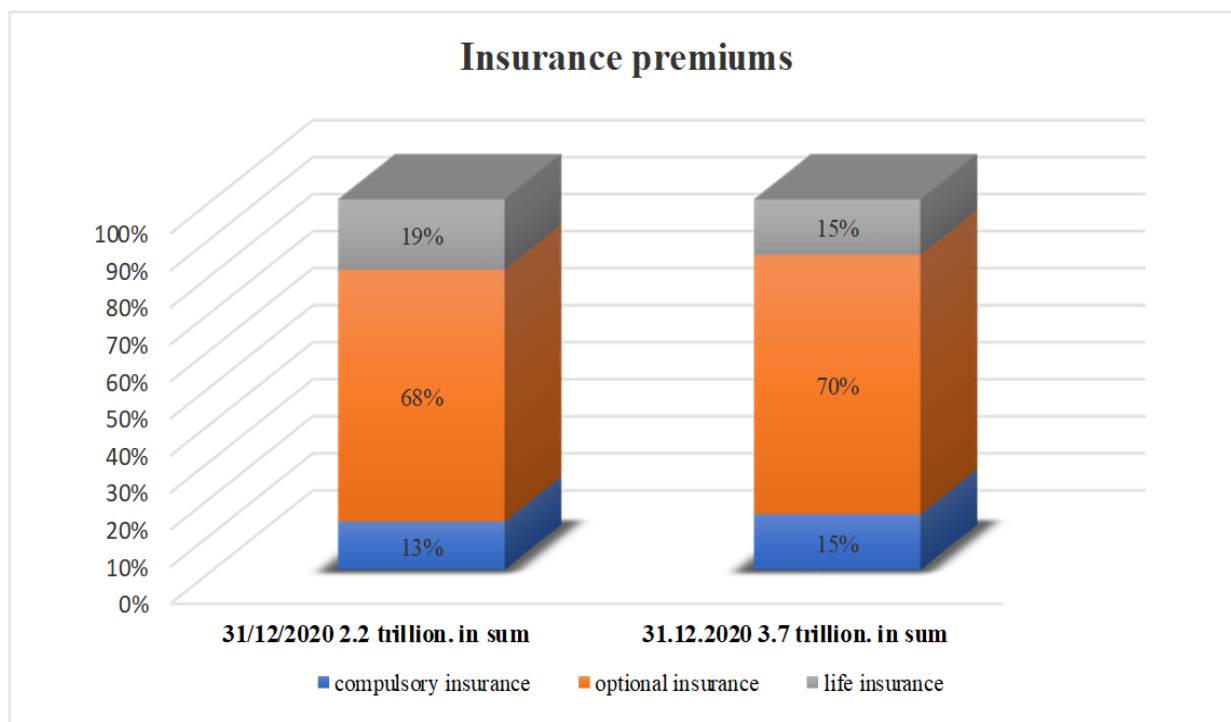


Figure 2. Indicators of the insurance premium of the insurance market of the Republic of Uzbekistan [11]

According to the New Frontier organization of Great Britain, the “Insurance Penetration Rate” indicator, which is determined by the ratio of total insurance premiums to GDP, is 6.35% globally, and 6.35% in Uzbekistan. and this indicator is only 0.5%. These circumstances mean that the coverage of this service remains at a low level compared to foreign countries. Among the countries of the world, the leadership belongs to Western Europe, whose share in the gross domestic product corresponds to 9.40%.

Table 3. Regional indicators of the general insurance market of Uzbekistan (mln. sum) [12]

№	Territories	Insurance Premium		
		31.12.2020	31.12.2021	Change,%
Total		1 879 346	2 996 541	+59,4%
1.	Republic of Karakalpakstan	48 678	135 843	+179,1%
2.	Andijan region	73 641	108 373	+47,2%
3.	Bukhara region	80 555	100 871	+25,2%
4.	Djizak region	44 677	47 748	+6,9%
5.	Kashkadarya region	65 318	114 547	+75,4%
6.	Navoi region	48 337	67 963	+40,6%
7.	Djizak region	68 800	81 805	+18,9%
8.	Samarkand region	79 814	98 412	+23,3%
9.	Surkhandarya region	49 813	63 896	+28,3%
10.	Syrdarya region	43 557	49 671	+14,0%
11.	Tashkent region	161 952	124 694	-23,0%
12.	Fergana region	87 981	120 788	+37,3%
13.	Khorezm region	53 968	72 096	+33,6%



The data of the above table shows that in the territory of insurance premiums in our country according to the calculation of 2020, the lowest figure is 43,557 mln. Syrdarya region organizes soum. The highest insurance premiums are 972,254 mln. Soum funds go to the city of Tashkent. If we interpret these indicators as of 2021, the lowest indicator is 47,748 million. Jizzakh region with soums, and the region with the highest insurance premium corresponds to Tashkent city, in terms of changes over the years, Tashkent region made -23%.

The main trends in the development of international the insurance market are as follows:

- Constant enlargement of insurance organizations through their mergers and acquisitions, which in the future leads to the expansion of their opportunities in the country hovaniya;
- Strengthening of interaction between the insurance and banks-business, their interpenetration, which leads to the creation of joint banking and insurance products, formation of service infrastructure union data structures;
- Expansion of the reinsurance market and, as a result, action, complication of types and forms of reinsurance protection. Introduction into the practice of insurance alternative risk transfer mechanisms (swap, special bonds, asset transfer third to a person in exchange for receiving periodical insurance contributions, etc.);
- Increasing the role of self-insurance and using use of other risk management tools in the the assets of the largest international tncs;
- Formation of a global information environment for insurance operations: active introduction of information technologies and internet, which speeds up the process of data exchange, simplifies the procedure for concluding an insurance contract vanishing, brings the insurer closer to the potential consumer, etc.;
- Increase in the total volume of insurance services shares of life insurance and other types of personal insurance;
- Reduction in the share of developed insurance markets the united states and europe in the total revenue of the country new premiums;
- Unification of insurance conditions and offers my insurance products based on international ny insurance standards.

According to experts, in the future, China will make a major contribution to the growth of insurance premiums for international insurance market as for insurance life, and risky types of insurance. It is predicted that in 2029 its share in the international home insurance market will be about 20%, and to mid-2030s this country can become a leader rum market.

5. Conclusions and Suggestions

In accordance with the Country programmed for the implementation of the Action Strategy for the five pillars of Development of the Republic of Uzbekistan, we have agreed to formulate the following proposals for reforming and smoothly developing the insurance market.

- 1.Improving the regulatory framework in the field of insurance, including the consistent implementation of international standards and recommendations and world experience in this area;
- 2.Institutional development of activities aimed at ensuring the stability of this market by using effective mechanisms of regulation and prudential control;



3. Increase the level of capitalization, payment capacity and financial stability of professional participants of the insurance market, optimize the composition of their assets, as well as the investment activities of insurers development;

4. Activate the activities of insurance brokers, improve the working system of insurance agents, establish banksia insurance mechanisms, and increase the role of professional participants in the insurance market in general development of infrastructure of the insurance market on the basis.

6. Literatura/Reference:

1. Decree of the President of the Republic of Uzbekistan dated February 7, 2017 No. PF-4947 "On the Strategy of Actions for the Further Development of the Republic of Uzbekistan".
2. Decision No. PQ-4412 of the President of the Republic of Uzbekistan dated August 2, 2019 "On measures to reform the insurance market of the Republic of Uzbekistan and ensure its rapid development".
3. V.V. Shaxov «Introduction to insurance» – Moscow, «Finance and statistics», 1999. 69-page.
4. M.A.Zaitseva, L.N. Litvinova "Insurance business" – Minsk, BSEU, 2015 – Art. 105-pages.
5. A.A.Gvozdenko "Fundamentals of insurance" – Moscow, "Finance and statistics", 2019 - article 237-page.
6. S.A. Chudinov – "Taxation of insurance activities in the leading EU countries" – "Insurance business", - 2010, No. 5, p. 52-64.
7. Pisarenko Zh. V. Financial convergence as a special mechanism for modifying the pension and insurance sectors of the global financial services market. Specialties 08.00.14 – "World Economy" and 08.00.10 – "Finance, money circulation and credit". Diss. for the scientific//degree of doctor of economic sciences.
8. Kh.M. Shennayev "Uzbekistan Insurance Market" - Tashkent – "Economy-Finance". 2013, 7 pages.
9. It was prepared by the author based on the official information of the Insurance Market Development Agency under the Ministry of Finance of the Republic of Uzbekistan. <https://imda.uz/oz/>
10. Bakhtiyarovich O. B. Investment Activities and Performance of Gigamon Companies Around the World //The Peerian Journal. – 2022. – T. 7. – C. 106-111.
11. It was prepared by the author based on the official information of the Insurance Market Development Agency under the Ministry of Finance of the Republic of Uzbekistan. <https://imda.uz/oz/>
12. It was prepared by the author based on the official information of the Insurance Market Development Agency under the Ministry of Finance of the Republic of Uzbekistan. <https://imda.uz/oz/>.