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# Specific Features And Development Trends Of The Activities Of The Infrastructure Of The Insurance Market Of Uzbekistan

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## **ABSTRACT**

*In a market economy, insurance has a special role to play in ensuring the continuity of production and protecting the population from accidents. Insurance is an important economic pillar of the transition to a market economy as one of the necessary elements of production. The insurance market provides financial assistance in protecting almost all forms of property from natural disasters, compensation for damage caused to people as a result of various disasters. The study of methods of its organization and development on a large scale in the same insurance market, including the organization of the activities of professional participants who effectively participate in it, demonstrates the relevance of the topic of the article. In addition, the article is aimed at studying the current state of the infrastructure of the insurance market in Uzbekistan at the current stage of development, the development of scientific and practical proposals for its development based on the analysis.*

## **KEY WORDS**

*Insurance, insurance companies, insurance market, compulsory insurance, life insurance, general insurance, voluntary insurance*

## **1. INTRODUCTION**

The importance of insurance in the life of mankind and ensuring the continuous development of the economy cannot be overemphasized. With this in mind, our country pays great attention to the development of this part of the market infrastructure. To study the emergence and development of the insurance market, it is possible to study its first appearance in the world and analyze the development trends and come to a definite conclusion. The first buds of the insurance market date back to the formation of insurance companies. The first insurance company was founded in 1791 in London. This community was involved in fire insurance.

As a result of the formation of market relations and reforms in the insurance sector, the content of insurance relations has completely changed. With the participation of established independent insurance companies, an insurance market that fully meets the requirements of market relations has begun to emerge. To date, the market's share of the country's economy has grown significantly. There are currently 38 insurance companies of various forms of ownership in the country. The increase in the number of companies will allow insurers to choose and create a competitive environment, as well as have a significant impact on economic growth.

Currently, there are two trends in insurance in the world practice: the specialization and universalization of insurers, that is, certain insurance companies provide services for almost all types of insurance. If other companies expand their activities, other companies specialize in certain types of insurance mastering the type of service. The first of these directions is directly related to the growing social division of labor: this process also creates an objective need in the insurance business.

Trends in the universalization of the activities of insurers occur in countries, regions where the insurance market is underdeveloped, the number of applicants for insurance services is not so great if it occurs in the country, territory or regions, the specialization processes are characteristic of the country, territory or regions in which the insurance market has developed, the number of applicants for Insurance Services has increased. Because the insurance market is developing rapidly, the number of applicants for insurance is not so high that insurance companies in countries with one or two types of insurance can not have enough customers with specialization. That is why they try to have as many clients as they can by providing as many types of insurance services as possible. And in developed countries of the insurance market, the number of applicants for insurance is quite high, but their requirements are also high, in order to reach such a demand, it is necessary to specialize in a particular type of insurance, to have excellent knowledge and to have a great experience. The main condition for the functioning of the insurance market is characterized by the availability of demand for insurance services and the fact that insurers will be able to meet this demand. This means that the functioning of the insurance market is carried out in connection with the law of value as well as the law of supply and demand. It is characterized by the fact that the subjects of the insurance market are independent, their competition with equal opportunities, the main relationship is with respect to the purchase and sale of insurance services, that is, the purchase of insurance products carries out horizontal and vertical development relations.

## **2. MAIN PART**

In the process of qualitative renewal of economic reforms in our country, the insurance business is also developing and prospering. The national insurance market has been developing rapidly in recent years, as evidenced by the ratings of insurance companies. Today, in order to bring the market of insurance services to the level of international standards, to encourage the active participation of individuals and legal entities in the insurance industry, all conditions are created for insurance companies. This leads to a healthy competitive environment in the market.

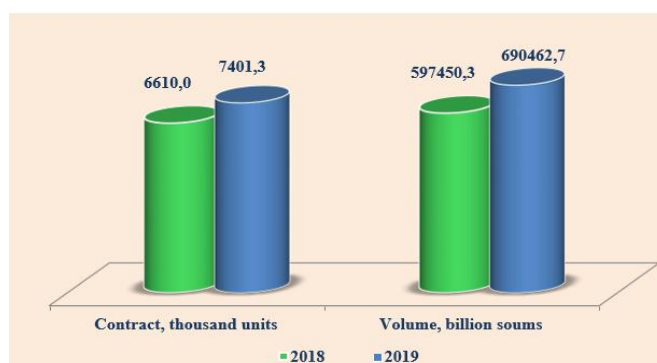
Features characterizing the development of the insurance market of Uzbekistan:

- ✚ A sharp increase in the number of types of insurance. In the early years, their number was very limited.
- ✚ Gradual introduction of compulsory insurance.
- ✚ Establishment of specialized insurance companies. These insurance companies are gradually becoming universal insurance companies.
- ✚ Transparency and readiness of the insurance market for integration.
- ✚ Development of regional insurance.
- ✚ Most importantly, the insurance market of the republic has the ability to fully meet the needs of the national economy. Today, all leading sectors of the economy are provided with the necessary insurance products. Such sectors are: industry, small business and entrepreneurship, ICT and financial and banking system.

### 3. RESEARCH FINDINGS AND ANALYSIS

Today, we can safely say that there is a healthy competition among insurance companies operating in our country, as evidenced by their number and the insurance services they provide. Currently, 38 companies provide a variety of insurance services to customers, increasing their share in the country's GDP. They are joint-stock companies and limited liability companies. If we divide these companies into types depending on their life insurance network and general insurance network, there are eight companies operating in the life insurance network, and the remaining 30 companies operate in the general insurance network. This means that 79 % of the insurance companies in the national market are in the general insurance network.

#### The number of contracts concluded and the volume of insurance in 2018-2019 (1)



In 2019, the number of insurance organizations amounted to 40 units. The number of agreements reached 7401287 units, which, compared to 2018, amounted to 112.0%. The insurance amount in the republic in 2019 was equal to 690462.7 billion soums, which is 15.6%, or 93012.4 billion soums more, if compared with 2018. Voluntary insurance accounts for 68.0% (469250.7 billion soums), compulsory insurance - 32.0% (221212.0 billion soums). The receipt of insurance premiums in 2019 amounted to 2138.8 billion soums, of which 1832.1 billion soums from voluntary insurance (85.7% of the total), compulsory insurance - 306.7 billion soums (14.3 %). The amount of insurance payments amounted to 808.6 billion soums. (Diagram 1)

### Key performance indicators of insurance organizations in the republic for 2019 (2) million soum

<u>The name of indicators</u>	<u>The number of contracts (units)</u>	<u>Insurance sum</u>	<u>Insurance premium income</u>	<u>Insurance payments</u>
<b>TOTAL</b>	<b>7401287</b>	<b>690462673,6</b>	<b>2138771,6</b>	<b>808566,4</b>
<b><u>including:</u></b>				
<b><u>Voluntary insurance</u></b>	<b>4138895</b>	<b>469250707,5</b>	<b>1832120,6</b>	<b>719539,1</b>
<b><u>Life insurance</u></b>	<b>20769</b>	<b>647624,9</b>	<b>476575,3</b>	<b>522537,2</b>
<b><u>General insurance</u></b>	<b>4118126</b>	<b>468603082,6</b>	<b>1355545,3</b>	<b>197001,9</b>

From the table we can see that in 2019, a total of 7401287 million contracts were concluded. The insurance amount amounted to 690462673.6 million soums. The companies paid 808566.6 million soums of insurance coverage. Another interesting fact is that voluntary insurance has a high share of total indicators.

Gradual reform of the insurance system contributes to the emergence of organizations of various forms of ownership in the insurance market. The adopted legal acts provide an opportunity to increase the role of the insurance system in society, to provide quality services in accordance with international standards and to improve the infrastructure of the insurance market.

Features characterizing the development of the insurance market of Uzbekistan:

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- Gradual introduction of compulsory insurance.
- Establishment of specialized insurance companies. These insurance companies are gradually becoming universal insurance companies.
- Transparency and readiness of the insurance market for integration.
- Development of regional insurance.
- Most importantly, the insurance market of the republic meets the needs of the national economy

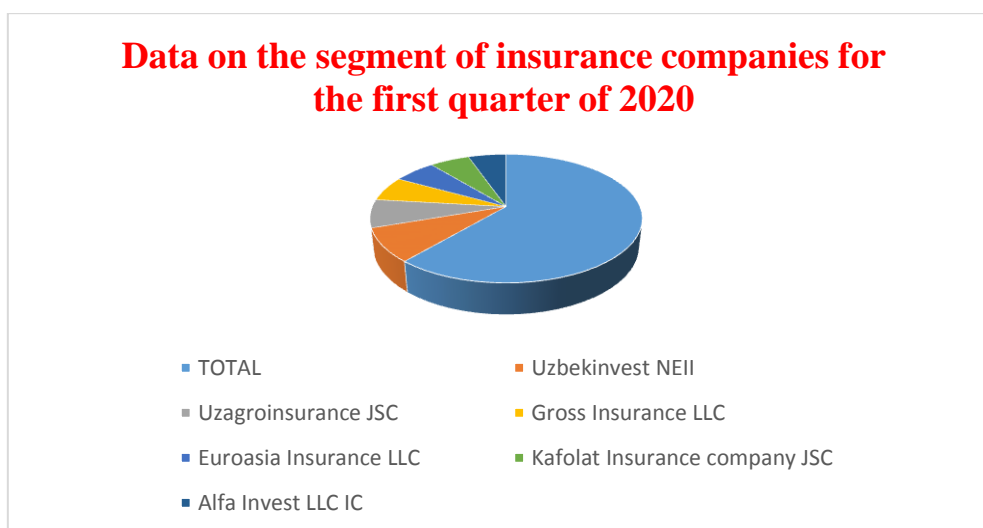
Data on the segment of insurance companies for the first quarter of 2020 (3)

*billion*

*soum*

Name of the insurance company	insurance premium	change in %	Insurance payment	change in %
<b>TOTAL</b>	<b>420,67</b>	<b>106,8</b>	<b>83,09</b>	<b>171,32</b>
Uzbekinvest NEII	58,07	67,39	6,12	136,37
Uzagroinsurance JSC	48,51	108,56	21,62	141,79
Gross Insurance LLC	42,82	96,91	11,57	217,3
Euroasia Insurance LLC	40,85	105,05	4,31	465,23
Kafolat Insurance company JSC	38,65	103,73	9,86	130,71
Alfa Invest LLC IC	36,82	123,79	3,61	122,11

The table shows that Uzbekinvest NEII has the highest share of insurance premiums in the national insurance market with 13.8%. The next places are occupied by Uzagro insurance JSC with 11.5%, Gross Insurance LLC with 10.1%, Euroasia Insurance with 9.7%, Kafolat Insurance company JSC with 9.2% and Alfa Invest LLC IC with 8.7%. ranks high in the mid-market.



In recent years, Uzbekinvest has been a leader in Uzbekistan in all respects, which is characterized by its universality, simplicity and speed of insurance relations. In general, state-owned insurance companies have always been in the top five, mainly due to the fact that potential customers are interested in state-owned companies, the level of satisfaction of insurance claims is higher than private insurance companies. may be related to having indicators. However, it should be noted that today, even newly established companies are able to attract their original customers in a short period of time, which allows them to expand the range of activities, improve customer service and cooperate with professional participants in the insurance market.

#### 4. CONCLUSION

In the development of the insurance services market, first of all, it is important to ensure the transparency of information related to this service, as well as the absence of problems in obtaining information on the financial condition of insurance companies, rates, insurance rules. In recent years, significant positive steps have been taken to ensure the transparency of

the insurance market and to make information about insurance companies and their operations available to the general public. It is necessary to ensure the active participation of insurance market infrastructure entities in insurance operations. In order to do this, they need to be sincere and well-informed in dealing with clients (agents and brokers), speed, accuracy in assessing the value of insurance objects and losses (surveyors and adjusters), the probability of occurrence of insurance events statistical analysis and taking into account individual aspects (actuaries) are required in the calculation. It is advisable to expand the range and forms of insurance services available in the insurance services market and to expand the use of the services of insurance agents and brokers in introducing them to the public. Another important requirement for insurance market participants is its transparency. Before choosing any insurance service, a potential client should have a large amount of information about the reliability and liquidity of the company, its history, level of payments, focus of activities and others.

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