

THE HISTORY AND STAGES OF INSURANCE DEVELOPMENT IN UZBEKISTAN

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Abstract: The article examines the stages of development and the history of the origin of the insurance market in Uzbekistan. Its current market conditions and prospects are being studied, as well as problems of market development.

Keywords: insurance, insurance market, personal insurance, life insurance, investments.

The reform of the state insurance system in Uzbekistan represents a significant and interesting case of the transformation of the public sector into a market economy.

According to the legislation of the Republic of Uzbekistan "On insurance activities", insurance is the protection of the interests of individuals or legal entities through the payment of funds in accordance with the terms of the insurance contract and compensation (insurance amount), which are formed from insurance premiums paid by policyholders, upon the occurrence of a certain event (insured event).

In Uzbekistan, insurance is divided into two main categories: life insurance and general insurance. Within each category, different types of insurance are grouped into classes according to the classifier of insurance activity. Insurance classification includes a set of types that are combined according to certain criteria.

The General Directorate of State Insurance (Gosstrakh) under the Ministry of Finance of Uzbekistan, which previously existed as a monopolist, underwent a large-scale restructuring, the purpose of which was to create a competitive insurance market with the participation of both public and private players.

The first law on insurance in Uzbekistan was adopted in 1993, and in 1994 the Uzbekinvest national insurance company for export-import insurance was founded. The main objectives of this company are:

-- providing insurance protection to national exporters of capital, technology, goods and services from political, commercial and entrepreneurial risks in international trade;

-- providing insurance guarantees to cover export credits provided by commercial banks registered in the Republic of Uzbekistan to finance the export of technologies, goods and services;

-- implementation of a comprehensive marketing analysis to develop an effective strategy for promoting domestic products to international markets of technologies, goods and services;

-- and others.

The volume and dynamics of the insurance market in Uzbekistan

	2020	2021	2022	2023
Total (trillion soums)	2.2	3.7	6.2	8.1
YoY (%)		68.6	67.0	29.3
General insurance (trillion soums)	1.9	3.0	4.7	7.7
YoY (%)		60.4	56.1	64.4
Compulsory insurance (trillion soums)	0.3	0.5	0.5	0.6
YoY (%)		40.9	3.1	28.7
Voluntary insurance (trillion soums)	1.5	2.5	4.2	7.1
YoY (%)		64.7	66.1	68.5
Life insurance (trillion soums)	0.3	0.7	1.5	0.3
YoY (%)		114.4	112.6	-78.8
Compulsory insurance (trillion soums)	0.0	0.0	0.0	0.0
YoY (%)		12.2	4.2	33.2
Voluntary insurance (trillion soums)	0.3	0.7	1.5	0.3
YoY (%)		122.0	116.7	-80.9

The key strategy was the creation of large, financially stable insurance companies based on the State Insurance Fund, while attracting foreign investment and introducing advanced risk management technologies. This process, initiated by the decisions of the President and the Government of Uzbekistan, was not quick and simple. It required an in-depth analysis of the existing system, identification of bottlenecks and the development of a comprehensive reform plan.

First of all, it was necessary to assess the assets and liabilities of the State Insurance Company, conduct an audit of its activities, and develop new regulatory legal acts regulating insurance activities in accordance with international standards. At the same time, work was carried out on personnel training, training specialists in new methods of management and risk assessment, and the introduction of modern systems for process automation. Among the key results of the reforms were creation of large state-owned joint-stock insurance companies, such as GASK Uzagrosugurta, specializing in agricultural insurance.

The creation of Uzagrosugurt was caused by the need to ensure stability in agriculture, minimize risks for farmers and develop the insurance market in this sector. This required the development of specific insurance products that take into account climatic conditions and peculiarities of agricultural production in different regions of Uzbekistan.

Today, the insurance market of Uzbekistan is at the stage of active development and reform, which, of course, is a positive sign for the country's economy.

Government policy aimed at supporting this sector includes the modernization of existing mechanisms and the introduction of new technologies, which is already bearing fruit.

However, among all the existing insurers, only three companies specialized in life Insurance, while the rest were engaged in general insurance (Non-Life Insurance). This ratio shows that the market has not yet fully mastered all possible

segments, and there is significant potential for growth in the field of life insurance, which has become increasingly relevant in recent years.

Structure of the insurance market in Uzbekistan

	2020	2021	2022	2023
Number of insurance companies, including	40	42	41	38
General insurance	32	34	33	31
Life insurance	8	8	8	7
Total authorized capital (trillion soums)	1,4	1,6	1,9	2,3
YoY (%)		10,5	18,5	22,0

In the process of liberalization of the insurance market in Uzbekistan, only four types of compulsory insurance remained: insurance of risks associated with construction and installation; insurance of civil liability of vehicle owners; insurance of passengers of all types of public transport; as well as personal insurance of employees in high-risk areas (military personnel, law enforcement officers and some categories of civil servants). The latter type of insurance is considered mandatory and is financed from the state budget.

The personal insurance market can be roughly divided into four main segments:

Accident insurance;

- Voluntary medical and disease insurance; insurance for persons traveling abroad;

- Life insurance or cumulative insurance.

One of the features of the insurance market in Uzbekistan remains the absence of regional insurance companies. This creates certain difficulties for the population, as many residents of remote regions do not have access to high-quality insurance services. The presence of a large number of branches and divisions of insurance companies in different regions could significantly improve the situation, providing

wider access to insurance and increasing the level of confidence in insurance products.

The personal insurance market in Uzbekistan is characterized by a significant concentration of operating companies.

Several factors hinder the development of this insurance segment. The most important of them are:

— the independence of the healthcare system, which is a key element of the insurance market infrastructure. Although many private medical institutions have been opened in the country in recent years, the cost of their services remains quite high, which significantly affects the price of a voluntary health insurance policy;

— lack of motivation among citizens to invest in personal insurance. Although 2% of the income of legal entities is deducted from the tax base when investing in insurance, individuals do not receive similar benefits when applying for insurance policies.

The introduction of an insurance cost compensation mechanism could contribute to an increase in insurance premiums and enhance the development of the insurance business in Uzbekistan.

Unfortunately, the country's insurance market is facing capital intensity problems. This is primarily due to the small size of insurers' own funds, including their authorized capitals. Low capital levels limit the ability of companies to expand their services and reduce their competitiveness in the international arena.

To solve this problem, it is necessary not only to increase the authorized capital, but also to attract foreign investment, which will increase the level of trust in local insurers and improve the financial stability of the market.

In conclusion, can be said that the insurance market of Uzbekistan is on the way to modernization and development, but in order to achieve better results, it is necessary to overcome current shortcomings such as lack of capital and accessibility of services in the regions. The reforms carried out by the state can become the basis

for creating a more competitive and efficient insurance sector that will meet the needs of the population and contribute to the economic growth of the country.

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