



INSURANCE MARKET IN UZBEKISTAN: ACHIEVEMENTS AND PROBLEMS

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Abstract

This article describes the insurance market of Uzbekistan, its achievements and problems. Thus, the formation and development of the insurance market in Uzbekistan is directly related to the government's policy aimed at the gradual reform of the economy. It is the phased transition to market relations that clearly reflects the current state of the insurance market of the republic, as well as its inherent negative and positive aspects.

Keywords: formation, insurance, achievements, development, social networks, insurance market of Uzbekistan, Ministry of Finance.

Introduction

World practice shows that the higher the level of competition, the higher the quality of the services provided and the lower the insurance rates. After all, the market is a process associated with the purchase and sale of insurance services, and their prices are subject to sharp fluctuations. When the range of mutually competitive insurance companies is limited, naturally, insurance conditions do not fully satisfy the needs of potential policyholders. That is why in Uzbekistan, taking into account the interests of clients, it is necessary to accelerate the development of the non-state insurance sector.

The current status of the main insurer of the republic - the Main Department of State Insurance under the Ministry of Finance - is inadequate to the conditions of a market economy. The experience of highly developed countries (as well as Russia) shows that in the system of market relations, insurance organizations act mainly as business entities, and not as part of the financial system. Why is Gosstrakh in the system of the Ministry of Finance in Uzbekistan. It is known that under socialism, insurance - both in theoretical and practical aspects - was considered as an integral part of finance, and the results were obvious: either insurance funds served as a source of covering the revenue side of the budget, or replenished the country's loan fund.

We believe that it is extremely important to change the organizational and legal forms of Uzgosstrakh, transforming it at least into a joint-stock company. At the same time, of course, it should be removed from the structure of the Ministry of Finance. At the





same time, 51% of the shares would belong to the state, and the rest could be sold to both domestic and foreign investors. The implementation of such a proposal will give Uzgosstrakh an opportunity to join the global insurance market, as well as (by the way) strengthen its financial position.

The absence of the necessary legislative framework, regulatory and methodological materials, the lack of qualified personnel with market knowledge have a negative impact on the functioning of the insurance market. Until now, a body regulating insurance relations in Uzbekistan has not been formed. According to the Decree of the Supreme Council (now Oliy Mejlis) of the Republic of May 6, 1993 “On the Enactment of the Law of the Republic of Uzbekistan “On Insurance”, the Cabinet of Ministers was instructed to create a management body authorized to carry out state regulation of the activities of insurance organizations within three months.

It should be indicated here that at present the registration of insurance companies is carried out by the Ministry of Justice of Uzbekistan. In accordance with the Law “On Insurance”, registration and issuance of licenses should be carried out by the State Insurance Supervision, which still does not exist. As a result, insurance companies that have received a registration certificate, but not a license for the right to carry out insurance operations, carry out partly insurance activities, partly commercial. Is such a situation tolerable on the way to the formation of the insurance market of Uzbekistan?

As noted above, Gosstrakh organizations are leaders in the insurance market in collecting insurance premiums. This is connected, figuratively speaking, with the granting of legislative privileges to Gosstrakh, as well as with its historically established position. The privileges consist in the fact that the Law of the Republic of Uzbekistan “On Insurance” emphasizes: “The state insurance organization has the right to conduct compulsory insurance.” In our opinion, under market conditions, policyholders have the right to choose an insurer, and not only Uzgosstrakh. Compulsory insurance can be carried out by any insurer that has sufficient insurance reserve. Let's pay attention to the fact that in the relevant legislation of a number of CIS countries there are no privileges in relation to insurers. For example, in the Law of the Russian Federation “On Insurance” or in the Decree of the Cabinet of Ministers of Ukraine “On Insurance”, insurers, regardless of their form of ownership, can carry out both voluntary and compulsory insurance.

By the way, our analysis of the activities of Uzgosstrakh for 1990-1994. shows that more than 80% of the total amount of insurance premiums are received from compulsory insurance. Moreover, in 1994 the volume of receipts from voluntary insurance (in comparison with 1990) decreased sharply. This is understandable, since





Uzgosstrakh is not able to adapt to market conditions and therefore does not pay enough attention to the conclusion of contracts for voluntary types of insurance among individuals and legal entities. Compare: in the Russian Federation for 1994, according to Rosgosstrakh, the ratio between compulsory and voluntary insurance is as follows: 5.3% and 94.7%, respectively.

Today, there are 30 insurance companies in the country, 24 of which specialize in general insurance and 6 in life insurance. As of January 1 this year, the total assets of insurance companies amounted to 2.5 trillion. The total authorized capital amounted to 534 billion soums. soums. The analysis shows that a number of problems have arisen in the field of radical reform of the industry by improving the quality, scope and diversification of insurance services.

The results of the study of the implementation of the Law "On Insurance Activity" in the Ministry of Finance by the Committee on Budget and Economic Reforms of the Senate of the Oliy Majlis clearly prove this.

In particular, the work carried out by the ministry in accordance with the requirements of the law, despite the measures taken, there are still many issues that need to be addressed in this area. In particular, the current state of the insurance market does not meet the requirements of the ongoing reforms, and the needs of the population and entrepreneurs in this service remain unmet.

One of the main reasons for this is the limited number of employees of the Insurance Supervision Inspectorate under the Ministry, who mainly keep statistics. As a result of insufficient information on insurance activities in the regions, the population's confidence and understanding of insurance is not fully formed. This has a negative impact on the growth of the industry's share in GDP and the financial stability of companies.

In addition, the rights of clients in the insurance process are not fully and correctly explained by experts. As a result, disputes arise after the occurrence of insurance cases, which have to be considered in court. The fact that the system of office work in the insurance process is often not conducted in the state language also creates problems in concluding and enforcing insurance contracts. In turn, cases of incomplete payment in the event of an insured event, while hindering the possibility of reinsurance, lead to a decrease in confidence in the insurance system.

Also, the gap between insurance premiums and insurance premiums remains high. As a result, per capita insurance premiums in the country average 48.8 thousand soums (\$ 6.0) or its share in GDP is 0.4%. According to the analysis, the share of insurance premiums in GDP is 8.4% in Western Europe, 6.1% in Asia, 1.3% in Russia and 0.85% in Kazakhstan.





At the same time, through the development of the insurance market, increasing consumer confidence in insurance, the introduction of foreign experience and achievements of information and communication technologies, the creation of the most optimal and attractive insurance services, the issuance of securities in the insurance industry insufficient attention is paid to topical issues such as attracting investment, combating corruption and insurance fraud in accordance with international standards and principles.

The law "On Insurance Activity", adopted 15 years ago, does not fully meet today's requirements. In particular, certain types of compulsory insurance have been introduced on the basis of government decisions and are not regulated by law. In addition, the lack of involvement of large international insurance and reinsurance companies in the country's insurance market, as well as the incomplete implementation of international norms, standards and principles of the International Association of Insurance Supervisors and financial reporting and accounting, is an obstacle for medium-sized companies to obtain international ratings.

A number of suggestions have been made to address other similar issues in the system. Institutional strengthening of the insurance market regulation system, ensuring the stability and reliability of the insurance market, training, retraining and advanced training of personnel for the industry, strengthening the status, responsibilities and capabilities of the competent authority, modern information technology in the insurance process. These include the introduction of electronic registration of insurance policies, the development of online insurance based on digital technologies. In order to increase the investment attractiveness of this market, to ensure the gradual transition of insurance companies to international standards of financial reporting and accounting, including the audit opinions of KPMG, PwC, Deloitte and other leading audit companies, rating of reputable international rating agencies, continuous improvement of corporate governance, insurance risk assessment and risk management system, providing customers, ie consumers with complete, free, quality and comparative information on the prices of insurance products and services is one of the current tasks.

It is known that in the world practice of insuring large risks, the practice of creating reinsurance organizations by grouping several insurance companies in the country into groups, societies or associations was established in the XIX century. In our country, this important mechanism is still not used.

Various barriers and restrictions in the legislation do not allow the effective use of these funds, including their attraction to the charter capital of insurance companies.





In short, outdated norms, discrepancies, confusion and other shortcomings in the legislation have closed the doors of prospects for these companies.

Another painful point in the field of insurance is related to human resources potential. Today, only 32 percent of employees in the sector have higher and 30 percent have secondary special education. Moreover, most of them are professionals who have nothing to do with insurance. Many such problems also have a negative impact on the share of the insurance market in the country's GDP.

At the current stage of reforms, the active development of financial services aimed at ensuring sustainable economic growth, improving the quality and standard of living of the population requires strengthening the role of the insurance market in the country and the widespread use of insurance tools. At a meeting on the development of the insurance services market, they said: need".

Therefore, the State Inspectorate for Insurance Supervision under the Ministry of Finance was abolished and the Insurance Market Development Agency was established. It is also set to develop a strategy for medium and long-term development of the insurance industry, to increase the amount of insurance premiums per capita by 3 times and the share of the industry in GDP by 2022.

As a result of studying the issues of development of the insurance market in our country, the following conclusions were formed:

First, although today the national insurance market of our country is developing relatively rapidly, today it does not fully meet world requirements.

Second, the majority of the population who use and can use insurance services do not have complete information about insurance. However, the increase in demand for this type of insurance makes a significant contribution to improving the financial condition of the insured and the insured.

In order for legal entities to be insured, they must first be trusted. The right information for individuals. The accuracy and completeness of the information will enable them to use insurance correctly and purposefully. To carry out this process, the insurance market requires qualified specialists. Most employees working in insurance companies are not experts in insurance business. An employee of one department has information about the activities of the employee of the second department, the work they do. There is a similar problem in the activities of agents. As a result, as a result of inaccurate and incomplete delivery of insurance services to the insured person, there is a decrease in demand for insurance and lack of confidence in the activities of the population without full information.

In order to solve the above-mentioned problems, the following suggestions can be made:





First of all, one of the most important and key factors in bringing the insurance market of our country to the level of developed countries is the introduction of mutual insurance in Uzbekistan based on foreign experience, and the use of state initiative is a topical issue in today's insurance. We believe that in order to introduce mutual insurance in the country, first of all, it is necessary to establish its legal support, to provide benefits and preferences in this area in order to develop mutual insurance. In this case, mutual insurance as a separate form of insurance develops in parallel with commercial insurance and is associated with the increase in the material well-being of citizens, their entrepreneurial activity, while attracting a large number of potential insured. serves as an important factor in ensuring the risks, sustainable operation of enterprises and organizations.

Second, the widespread promotion of insurance services for the development of insurance activities gives effective results. The most popular social networks: telegram, instagram and other social networks to provide information about insurance services and its benefits. For example, by opening a channel in the telegram on insurance services, by sending information about it to other channels, it is possible to keep the population subscribed to the insurance channel and regularly informed about the news of insurance activities. In other words, in order to increase the population's confidence in insurance, it is necessary to increase the legal literacy of the population in relation to insurance, i.e. the law on insurance, decisions and it is possible to regularly inform customers about the protection of secondary activities by law.

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