

**TRENDS AND PROBLEMS OF LIFE INSURANCE DEVELOPMENT IN
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Abstract: The article is devoted to the main aspects of life insurance as a type of voluntary personal insurance. The features of this type of insurance, insurance risks, the development of life insurance in the world insurance practice are considered. The development prospects, challenges and problems of life insurance in the Russian market of insurance services are studied.

Key words: insurance, life insurance, voluntary insurance, insured risk, insurance market, investment life insurance.

INTRODUCTION

Life insurance plays a key role in the global economy, accounting for more than half of the global insurance market. It is important to note that the development of life insurance in different countries is uneven. Western Europe occupies 37.5% of the market, North America — 22.0%, Japan and newly industrialized Asian countries — 24.0%, while Latin America — only 2.0%, Central and Eastern Europe — 0.8%, and the Far East and Central Asia account for only 0.3%.[1] As can be seen from these data life insurance in Central Asian countries is at an early stage of development. In this regard, the development of the life insurance market in Uzbekistan, the largest country in the region by population, is of interest. Further reform of the national insurance market and ensuring its dynamic development, the introduction of new insurance products in demand, as well as increasing consumer confidence in insurance are urgent tasks of our time. For the development of life insurance, it is necessary to develop and implement an innovative mechanism, taking into account the peculiarities of the Uzbek economy and advanced foreign experience. This will ensure the long-term progressive development of the life insurance market and increase the attractiveness of this type of insurance for potential customers.

A review of the literature on the topic

Theoretical approaches and features of the practical organization of life insurance are disclosed in a fairly extensive list of scientific papers. The authors explore the economic essence and specifics of life insurance (D. Bland, A. Manes, H. Gerber, P. Musgrove, T. Marmor, J. Banyar, K. Bein, S. Bogyó, M. Havas, R. Mehr, S. Gustavson, B. Kenneth Jr., D. Harold, J. Skipper, A. P. Malshinsky, N. G. Adamchuk, F. Ya. Meshcheryakov, M. R. Asadullin, A. L. Lelchuk, S. A. Bakhmatov, E. V. Semenova, S. Yu. Yanova, S. B. Bogoyavlensky, N. F. Chelukhina, V. H. Echenike, E. A. Andreeva, E. V. Zhegalova), features of state life insurance, including pension insurance (F. Weinstock, P. Zweifel, G.

Marotta, A. L. Lelchuk, A. K. Solovyov, Yu. Yu. Finogenova, D. A. Pitiyak, L. P. Dranenko, T. V. Basil, M. A. Chernyaeva, A.M. Khvostuntsev, V. D. Roik, L. M. Nizova, S. Yu. Yanova, I. L. Logvinova, et al.), the relationship between state pension insurance and private life insurance and the problem of determining the ratio of insurance and social factors of redistribution in the mechanism of state life insurance, including pension insurance (A. P. Panteleeva, S. A. Bakhmatov, L. S. Borodavko, E. V. Semenova, M. Z. Muzaev, D. S. Tulenty, N. G. Adamchuk and E. O. Konina, etc.), the process of convergence of the pension and insurance sectors (J. V. Pisarenko, S. B. Bogoyavlensky, E. V. Kechutkina), the development and digitalization of life insurance (A. A. Tsyganov, D. V. Bryzgalov), the place and role of life insurance in financial planning (V. H. Echenike, A. G. Mikrtchyan, etc.), in the country's economy (H. S. Yoon, C. E. van Dullemen, I. Nagel, J. de Bruijn, R. R. Uraev, I. B. Kotlobovsky, N. V. Tsymbalenko, N. M. Hovhannisyanyan, V. D. Roik, etc.)

Methods

The methodology of life insurance research is based on an integrated approach that includes aspects of dialectical-materialistic, systemic, resource-institutional and strategic analysis. Basic scientific methods (analysis, synthesis, deduction, induction, comparison, historical, generalization), as well as quantitative and qualitative methods were used. This allows us to get a comprehensive picture of the state of life insurance in Uzbekistan and offer sound recommendations for its development.

Results

According to current legislation, life insurance refers to the insurance industry, where the object is property interests related to the survival of citizens to a certain age or term, or the occurrence of other events in the lives of citizens, as well as their death.[2] Life insurance is the provision, for a fee, by an insurer of guarantees for the payment of a certain amount of money (sum insured) to the policyholder or to third parties designated by him in the event of the death of the insured person or his survival to a certain date.[3]

At the same time, there are several types of life insurance: risk insurance, cumulative and pension insurance.

Life insurance in many countries plays a huge role in maintaining the socio-economic stability of society, as it has the following advantages::

- life insurance allows you to cover unforeseen additional expenses in case of illness or disability of the insured person, which gives him confidence in the future;
- life insurance in case of death allows you to save the family from the hassle of organizing the funeral of the insured person, as well as cover all financial costs associated with this process.;
- the pension insurance contract allows each citizen to independently take care of the level and quality of life when, due to age or health condition, he will not be able to fully work and provide for himself and his family.;
- life insurance allows you not only to save, but also to increase the accumulated amount of money by using them in the investment activities of the insurance company.

The need for life insurance is considered in several aspects:

Financial protection of the family: Life insurance provides financial security for loved ones in case of unexpected loss of the breadwinner. This is especially important in families where one parent plays a key role in providing.

Capital accumulation: Many insurance policies include accumulation elements. This allows you not only to protect yourself and your loved ones, but also to accumulate funds for the future — for the education of children, the purchase of real estate and other important purposes.

Business Support: For business owners, life insurance can serve as a means to protect assets and ensure the financial stability of a company. Policies can be used to insure key employees, which minimizes business risks.

Government support: In Uzbekistan, there is a growing interest on the part of the state in the development of the insurance sector. This includes the introduction of incentive programs and tax breaks for those who apply for insurance.

According to the Decree of the President of the Republic of Uzbekistan PP No.-5265 dated October 23, 2021 "On additional measures for digitalization of the insurance market and development of the life insurance sector":

- in the period from January 1, 2022 to January 1, 2025, the established income tax rate is calculated on part of the activities in the field of life insurance of organizations operating in this area, reduced by 50%;[5]

- the practice of exchanging experience in insurance activities is being established with The Foundation For The Advancement Of Life & Insurance Around The World (FALIA), Oriental Life Insurance Cultural Development Center (OLICD) of Japan and other international life insurance funds (associations) of developed countries for the training and retraining of national personnel in the field of life insurance, as well as the introduction of international experience in the Republic of Uzbekistan.

By the end of 2023, there were 38 insurance organizations in Uzbekistan, of which 31 work in the field of general insurance, and seven specialize in life insurance. Table 1.

Structure of the insurance market in Uzbekistan [4]

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

In 2023, the insurance market in Uzbekistan slowed down the growth rate compared to 2021. The total volume of insurance premiums increased by 29.3% (in 2022 - by 67%), reaching 8 trillion soums.

The main factor in the fall was life insurance. The cancellation of tax benefits in April 2023 led to a 78.7% reduction in premiums in this sector, which affected all participants. The segment of voluntary life insurance decreased by 80.9%, to 286.8 billion soums.

The volume and dynamics of the insurance market in Uzbekistan[4]

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

The prospects for the restoration of voluntary life insurance in Uzbekistan require the solution of priority tasks for the development of the legal framework for insurance activities, which is a prerequisite for improving the system of state control of insurance activities.

Discussion

The development of the domestic life insurance market is mainly hindered by the lack of public confidence in financial institutions, in particular, in insurance companies. To create conditions for the development of long-term life insurance, Uzbekistan should reform the social, pension and medical sectors.

There are a number of problems affecting the development of life insurance in our country, which, in my opinion, can be divided into two groups: macro- and micro-level problems. The following indicators related to the stability of the macroeconomic situation in the country can be attributed to the problems of the macro level:

High inflation:

Inflation reduces the real purchasing power of the population, which makes insurance premiums less affordable for many citizens. This leads to a decrease in demand for insurance products and a decrease in the investment attractiveness of the sector.

Instability of the national currency:

Currency fluctuations create risks for insurance companies, especially if they have obligations in foreign currency. This can lead to an increase in the cost of payments and a decrease in customer confidence in financial instruments such as insurance.

Lack of investment:

Low levels of investment in the economy limit the development of financial institutions and the insurance sector, making it difficult to create new products and services.

Commodity price instability:

Changes in the prices of resources such as oil and gas can have an impact on the economy as a whole, creating additional risks for the insurance market.

Concern of the population about the unstable economic and political situation:

Insurance, first of all, is an area that works effectively only in stable conditions. During a crisis, insurance companies may face increased losses, which, in turn, may lead to higher prices for policies or a reduction in their supply. It is important that both insurers and clients understand the risks and opportunities that arise in an unstable environment and look for ways to adapt to new realities.

The following can be attributed to the category of micro-level problems affecting the development of life insurance, the solution of which lies entirely or partially with insurers::

The following can be attributed to the category of micro-level problems affecting the development of life insurance and the solution of which lies with insurers::

Risk assessment: Proper risk assessment for life insurance is key. Incorrect assessment can lead to losses.

Individual approach to clients: The need to adapt insurance products to the unique needs of each client.

Customer awareness and education: The level of customer awareness about life insurance products is often insufficient, which may limit demand.

Loss management: Effective strategies for minimizing losses and managing reserves.

Technological innovation: The introduction of new technologies to improve customer service and simplify processes.

Competition in the market: Insurers must adapt to the growing competition and offer unique offers.

Regulatory changes: The need to comply with changing legal requirements and standards.

Customer service: Maintaining a high level of customer service and satisfaction.

These problems require active intervention and a strategic approach on the part of insurers for the successful development of the life insurance market.

Conclusions

As a result of the conducted research, the following can be identified as priority areas for the development of life insurance in Uzbekistan:

Increasing financial literacy of the population: Educating citizens on the basics of insurance, the benefits of life insurance policies and savings programs.

Development of new insurance products: Creating products that meet the needs of different segments of the population, including youth, families, and retirees.

Digital technology integration: The introduction of online platforms for selling policies, simplifying the processes of registration and customer service.

Government support and regulation: Establishing clearer legislative frameworks and creating incentives for insurance companies, which will help increase confidence in this type of insurance.

International cooperation: Attracting foreign companies to share experiences and implement best practices in the industry.

Adapting to demographic changes: Developing products that take into account changes in the population structure, such as an aging population and an increase in the number of young people.

Service enhancement: Improving the quality of customer service through employee training and the introduction of new standards.

To implement these directions, it is necessary:

Creation of educational programs: Development of courses and seminars on financial literacy for various groups of the population, including schools, universities and local communities.

Market Needs Research: Conducting surveys and research to identify current customer needs and create products that will be of interest to them.

Technology implementation: Investing in IT solutions to automate processes, create user-friendly mobile applications and online platforms for insurance policy registration.

Improving the regulatory framework: Working with government agencies to develop and implement clear rules and standards that will promote the development of the sector and protect the rights of customers.

Creating partnerships: Establishing cooperation with international insurance companies and financial institutions to share experiences and attract investments.

Professional development programs: Organization of trainings and courses for employees of insurance companies to improve their professional skills and the quality of customer service.

Marketing campaigns: Conducting promotions and information campaigns to raise awareness about the benefits of life insurance and its availability.

Performance monitoring and evaluation: Regular analysis of the market and the results of the introduction of new programs and products to adjust the strategy and improve its effectiveness.

All these measures will help create favorable conditions for the development of life insurance and increase its attractiveness to the public. Life insurance in Uzbekistan is not only a necessity, but also a potential tool to increase the financial stability of citizens. Despite the current challenges, the right steps in the development of the sector can lead to its revival and expansion. It is important that both public and private initiatives work to improve the understanding and accessibility of life insurance for the public.

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