

Assessment of the Insurance Market of the Republic of Uzbekistan

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ABSTRACT

The article considers the main indicators of the insurance market of the Republic of Uzbekistan for two years, identifies the main leaders of the insurance market, ways of integrating domestic insurance companies into the global insurance community.

Insurance is one of the oldest categories of social relations. The essence of insurance consists in the formation of a certain monetary (insurance) fund and its distribution in time and space to compensate for possible damage (losses) to its participants in accidents, natural disasters and other circumstances stipulated by the insurance contract.

Two parties usually participate in insurance: the insurer forming the insurance fund from the contributions of the policyholders, and the policyholder paying these contributions.

Insurance plays an important role in ensuring the continuous functioning of economic entities and the normal work of citizen entrepreneurs. It also helps to equalize losses in the personal income of citizens and the family budget associated with the occurrence of emergency events and other insured events.

Taking into account the fact that during insurance, part of the temporarily available funds of legal entities and citizens is withdrawn from cash circulation, insurance has a certain importance for regulating money turnover. Insurance activity (insurance business) is the sphere of activity of insurers for insurance, reinsurance, mutual insurance, as well as insurance brokers, insurance actuaries for the provision of services related to insurance, reinsurance.

According to the Ministry of Finance, 30 insurance companies operated in the insurance market of Uzbekistan during 2021. Of these, 24 companies operated in the general insurance industry and 6 in the life insurance industry.

According to the results of 2021, the first three leaders of the general insurance industry included the national export-import insurance company Uzbekinvest, Uzagrosugurta JSC and Gross Insurance LLC. The market leader is the national export-import insurance company Uzbekinvest, despite a 1.8% reduction in premiums for this company. As a result, the volume of premiums from amounted to 86.2 billion. Sumy, and its share in the general insurance industry was 21.9%. The second position is occupied by JSC "Uzagrosugurta" with the volume of premiums of 44.7 billion. soums. Premiums for Uzagrosugurta JSC increased by 5.6%, and the company's share in the general insurance industry amounted to 11.3%. The third position with a slight lag is occupied by the company "Gross Insurance" LLC with a market share of 11.2%. The volume of premiums for this company increased by 88.1% and amounted to 44.2 billion. soums.

The top five industry leaders also included such companies as JV OOO IC " Eurasia Insurance" and JSC "Kafolat Insurance Company". Eurasia Insurance collected premiums in the amount of 38.9 billion rubles during the period under review. Sumy, and its share in the industry was 9.9%. It is noted that the premiums of this company increased 4.3 times compared to the same indicators of the previous year. The volume of premiums for Kafolat Insurance Company JSC increased by 51.4%, amounting to 37.3 billion rubles. sums. This company occupies the 5th position in the industry with a share of 9.5%. The TOP 10 companies in the general insurance industry are closed by the company Asia Insurance LLC with a volume of premiums in the amount of 10.8 billion. Sumy and with a share in the industry - 2.7%.

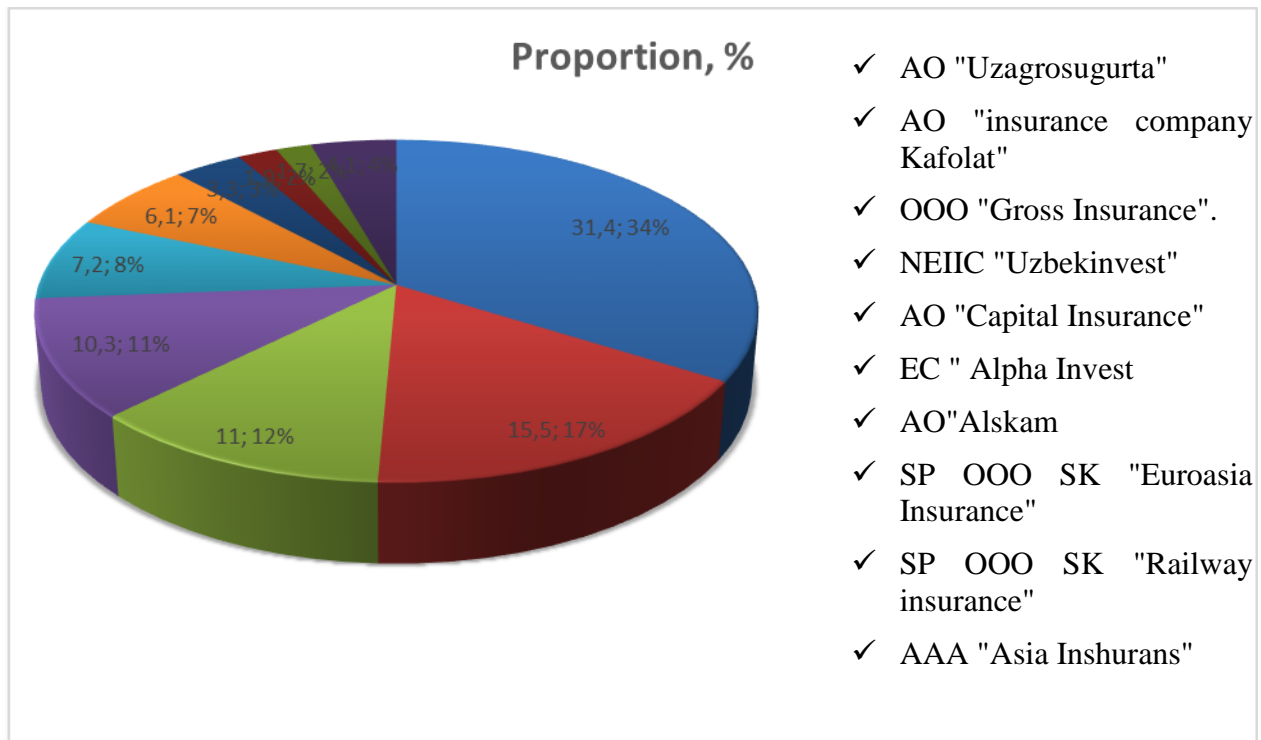
Table.1. Top 5 leading companies in payments, billion sums

Insurance companies	Amount	Change, %	Specific gravity, %
Total by market	147,3	114,6	100,0
Including:			
JSC "Uzagrosugurta"	34,3	101,5	23,3
JSC IC "Kafolat"	24,2	104,3	16,4
LLC "Gross Insurance"	16,0	187,3	10,9
NKEIS "Uzbekinvest"	14,3	57,6	9,7
Alfa Invest LLC	11,5	181,1	7,8

For the first nine months of 2021, Uzagrosugurta JSC is the leader in the volume of payments made in the general insurance industry with an indicator of 34.3 billion soums, or 23.3% of the total amount of payments. This is followed by Kafolat Insurance Company JSC (16.4%), Gross Insurance LLC (10.9%), Uzbekinvest national export-import insurance company (9.7%) and Alfa Invest LLC (7.8%). In the total volume of insurance payments, the share of insurance companies with state participation is also significant, accounting for 49.4% of the total volume of payments made.

In the TOP 10 companies for insurance payments in the general insurance industry, the order of companies is significantly different. Thus, the leader in the volume of insurance payments is JSC Uzagrosugurta with a volume of payments in the amount of 15.3 billion rubles. Sumy and this company leads in insurance payments by a significant margin, and its share in total payments for the industry amounted to 31.4%.

Fig. 1. Chart of the market share of insurance payments of leading companies



The top 5 leading companies in insurance indemnity payments account for 68.1% of the total. Analysis of the level of payments for the first nine months of 2021 (the ratio of payments made to premiums collected) shows that with a general market indicator of 11.2%, the highest level of payments to collected premiums is observed in JSC "Capital Insurance" (23.2%), JSC "Kafolat Insurance Company" (20.4%), JSC "Uzagrosugurta" (19%), Alfa Invest LLC (16.8%), Asko-Vostok LLC (16.1%). It can be noted that the loss rate of insurance operations for the first nine months of 2021 at the leader in collecting insurance premiums "Uzbekinvest" (5.9%) is significantly lower than the general market indicator.

In the life insurance industry, a significant increase in the volume of payments can be noted — 2.6 times in the nine months of 2021 relative to the corresponding period of 2018, with the above-mentioned increase in the volume of collected insurance premiums by 1.7 times. As a result, the total level of payments on the market increased from almost 60% to more than 90% over the specified period.

Maintaining the volume and growth rates, of course, will require insurers to increase the efficiency of the investment component of their activities, which looks very problematic without fundamental changes in the capital market.

Based on this, it should be noted that the insurance business model, especially in the life insurance industry, requires the possibility of forming a diversified and profitable investment portfolio. In fact, the insurer temporarily owns the clients' funds and is obliged to invest these funds in order to ensure profitability. Given that insurers already carry risks in their insurance portfolio, they try to minimize the risks of the investment portfolio and therefore are traditionally conservative investors. The main objects of investment, as a rule, are instruments with a certain maturity, namely government and corporate bonds.

Therefore, insurance companies are among the institutional investors most interested in the reforms carried out in the domestic capital market, especially in terms of the formation of a market for fixed-income instruments.

In general, there is a positive trend of growth in the indicators of the insurance market, and 2021

has become an important period in its development. The Presidential decree adopted in early August 2019 "On measures to reform and ensure the accelerated development of the insurance market of Uzbekistan", which approved the roadmap for the development of the sphere for 2019-2026, will give an additional impetus to its further qualitative and quantitative development, as well as its full integration into the global insurance community.

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