

Current Trends in the Insurance Market

Uzakova Kamola Bekhzodovna

Assistant, Samarkand Institute of Economics and service

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ABSTRACT

This article identifies current trends in insurance services and the main factors that lead to the growth of the insurance market. Comparing the insurance market of Uzbekistan with the market of other countries, shortcomings were identified and within the framework of the results obtained, the development of the insurance market was shown, as well as the improvement of the services provided.

The insurance market is a complex system consisting of various links that provide a link between the insurer and the insured. The primary economic law of the functioning of the insurance market is the law of supply and demand. On the other hand, the insurance market can be considered as a special sphere of monetary relations, an insurance service (insurance coverage), in which the sale and purchase of a certain product is carried out, as well as the supply and demand for it is formed.

Insurance is a system of economic relations associated with compensation for damage caused by natural disasters, various accidents, and the payment of other monetary compensation.

The main trends in the development of the international insurance market are:

- the constant consolidation of insurance companies due to their addition and acquisition, which will appear in the future, leads to the expansion of their insurance capabilities;
- strengthening the interaction of the insurance and banking business, leading to their mutual penetration to the creation of a joint banking and insurance system of products, the formation of a service infrastructure for these associations;
- expansion of the reinsurance market as a consequence, the complication of the types and forms of reinsurance;
- introduction into insurance practice of alternative risk transfer mechanisms (swaps, special bonds, transfer of assets to a third party in exchange for receiving periodic insurance premiums, etc.);

- increasing the role of using self-insurance and other risk management tools in the activities of large international TNCs;
- the formation of global information environment for the implementation of insurance operations: the Internet, accelerating the process of active implementation of information technology and information exchangesimplifies the procedure for concluding an insurance contract, brings the insurer closer to a potential consumer, etc.;
- increase in total insurance services share of life insurance and other types of personal insurance insurance;
- reduction in the share of developed insurance markets in the US and Europe in the total amount of insurance premiums received;
- Unification of insurance conditions and proposed insurance products based on international insurance standards.

Prospects for the development of insurance are inextricably linked with economic reform. The influence of the state in insurance companies is much greater. The state itself organizes and controls insurance relations. However, the role of these services in the financial market of our country is still small.

In developed countries, this system is quite developed, insurance premiums in the GDP of these countries average 8-12%. The share of this industry in the GDP of Uzbekistan is in the first quarter of 2020, insurance premiums in the amount of 503.1 billion soums (\$50 million) were collected in Uzbekistan, which is about 0.5% of GDP .

Foreign scientists have deep research experience in this area. Features of state regulation of the insurance market and insurance investments are considered in the works of foreign scientists J. Keynes , J. Stigler , J. Gelbraith , K. Meyer , Francois Quilbalt , William F. , Sharpe, Michel Badok and others. Most of the works of the above authors are focused on macroeconomic problems and are not sufficiently informed about the regional aspects of the development of the insurance market .

The main directions of reforming and accelerated development of the insurance market of the Republic of Uzbekistan are determined:

- ✓ improvement of the regulatory framework in the field of insurance, including the consistent implementation of standards and recommendations of international organizations, as well as the best world experience in this area;
- ✓ institutional development of the system of regulation of insurance activities, aimed at ensuring the reliability and stability of the insurance market through the introduction of effective mechanisms for regulation and prudential control;
- ✓ increasing the level of capitalization, solvency and financial stability of professional participants in the insurance market, improving the quality of their assets, as well as developing the investment activities of insurers;
- ✓ development and expansion of the infrastructure of the insurance market by activating the activities of insurance brokers, improving the system of work of insurance agents, introducing bank insurance mechanisms, as well as increasing the role of professional participants in the insurance market as a whole;

- ✓ strengthening the protection of the rights of consumers of insurance services and other subjects of insurance activities, increasing insurance literacy and public confidence in insurance, ensuring openness and transparency of the insurance market;
- ✓ expanding the volume, types and improving the quality of insurance services provided through the introduction of new innovative insurance products and the development of traditional products that are in high demand;
- ✓ wide use of modern information technologies in the field of organization and regulation of insurance activities, active introduction and development of electronic types of insurance services;
- ✓ improvement of the system of training, retraining and advanced training of specialists in the insurance market, the use of modern teaching methods in the insurance industry, stimulation of research activities;
- ✓ form and maintain a positive image of the national insurance market and increase its investment attractiveness, including by integrating the national insurance market with international and foreign insurance markets .

President Sh.Mirziyoyev held a meeting on the development of the insurance services market and made a proposal to establish an Agency for the Development of the Insurance Market. One of the main reasons for this is that insurance services are not attractive enough. We need insurance in the most difficult situations, but the majority of the population does not trust this system and does not even have elementary knowledge about it .First of all, it is necessary to increase the confidence of the population and entrepreneurs in insurance. The Ministry of Finance and the Antimonopoly Committee were instructed to reduce the time for consideration of insurance claims and documents, ensure a fair assessment of the insured event and introduce a system of quick payment of payments. Instructions were given to expand mechanisms to support the investment activities of insurance companies. In particular, tasks were defined to encourage insurance companies to participate in leasing activities and improve the system of taxation of leasing services. The importance of covering sectors of the economy with insurance services is noted. The Ministry of Finance, the Ministry of Investments and Foreign Trade were instructed to introduce mechanisms for state subsidies for part of the costs of insuring the export of agricultural products. Specific tasks have also been defined to ensure the entry of national insurance companies into international financial markets, obtaining international ratings through the introduction of a progressive corporate governance system. Also, attention was paid to the issues of training modern personnel in the insurance industry, training specialists in prestigious foreign educational institutions and advanced training in leading companies. Speaking about the introduction of a system of compulsory medical insurance in Uzbekistan, the head of state noted that it is necessary to carefully prepare for this, to form a minimum social package of medical services.

The main factors negatively affecting the insurance market are the economic climate in the country, as well as the purchasing power of the population and the volume of lending. However, insurance company executives expect an increase in mandatory auto liability rate adjustment payments, which will be one of the few growth factors in the insurance industry ¹.

¹Krivko S.R., Telenkova O.V., Marchenkova E.R., On the issue of state regulation of the formation of the service sector in problem regions // Prospects of science. Publisher: Foundation for the Development of Science and Culture (Tambov), No. 1, 2014. 141-144 p.

Another trend in the global market is the introduction of a risk-based approach. Insurance companies not only evaluate the risks associated with premiums and liabilities, but can also evaluate assets, loans and market risks. This allows you to more actively manage insurance capital. To attract foreign investors, this trend is extending to emerging markets as well. From a money management perspective, the risk-based approach is more understandable and allows for more comparisons. An important issue for developing countries, including Uzbekistan, is the increase in insurance premiums.

By raising the insurance culture and explaining to the population that insurance is protection, we reduce the burden on the state and increase the responsibility for the obligations of companies. In developed countries, 70% of the population are financially literate, in developing countries, less than 30%. This will allow developing the insurance industry in Uzbekistan in the future. People need to understand why they should buy an insurance policy. A lot of people think it's a waste of money. In addition, Uzbekistan has a very low level of consumer protection. Consumers will also be willing to buy more insurance policies if they feel secure. The overall trend towards reduced staff costs and agency fees is fully consistent with insurers' push for online sales.

In conclusion, in order to increase operational efficiency, the organizational structure of organizations should be reviewed and improved, that is, digitalization should be widely introduced into insurance activities. Another important point is the creation of a mechanism for constant contact with customers in order to develop and ensure the effectiveness of modern insurance products in order to take a worthy place in the insurance market, strengthen financial stability and competitiveness. Along with improving the quality of insurance services, one of the most important tasks is to increase the share of the industry in the country's GDP and protect the economy from various financial risks.

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