



PRIORITY AREAS FOR THE DEVELOPMENT OF LIFE INSURANCE IN UZBEKISTAN

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ABSTRACT: The article provides information on the definition of life insurance and its main features, as well as its role in social protection. As a result of the abolition of tax benefits related to life insurance, an analysis of insurance premiums received in the life insurance industry under the influence of a decrease in insurance demand has been conducted, and proposals and recommendations for its development have been developed.

KEYWORDS: Insurance, insurance market, life insurance, insurance premium, insurance payments, insurance liability, funded life insurance, life insurance companies, insurance classes

Introduction: There are 38 insurance organizations operating in the country's insurance market, 7 of which specialize in life insurance. They are distinguished by their specialization in various sectors of the economy. Significantly, insurance services are regulated by the state in order to protect the legitimate interests of the parties involved in insurance relations. In accordance with the Decree of the President of the Republic of Uzbekistan dated October 23, 2021 "On Additional Measures for the Digitalization of the Insurance Market and the Development of the Life Insurance Sector," starting from July 1, 2022, the possibility of purchasing all types of insurance policies online through the Internet should be created. According to the 2022 indicators of this system, the total volume of insurance premiums amounted to 6.2 trillion soums. 76 percent of it falls on general insurance, and 24 percent on life insurance. 10% of the total insurance premiums are formed from mandatory insurance contributions, the remaining 90% is the share of voluntary insurance premiums. In 2021, these figures were 16 percent and 84 percent, respectively. These figures indicate the growing popularity of voluntary



insurance classes in our country. Nevertheless, the volume of life insurance premiums in Uzbekistan is 0.17% of GDP. This means an average of \$3.91 per capita. For comparison, this figure reaches \$31.24 in Kazakhstan and \$21.85 in Turkey. The total volume of insurance premiums is 0.52% of GDP and averages \$12.1 per capita. This figure is \$58.5 in Kazakhstan and \$119.7 in Turkey. Accident and health insurance premiums account for 0.01% of GDP and average \$0.28 per capita. This figure is \$10.1 in Kazakhstan and \$24.5 in Turkey. The total volume of insurance premiums is 0.52% of GDP and averages \$12.1 per capita. This figure is \$58.5 in Kazakhstan and \$119.7 in Turkey. Accident and health insurance premiums account for 0.01% of GDP and average \$0.28 per capita. This figure is \$10.1 in Kazakhstan and \$24.5 in Turkey. This indicates the need to pay special attention to the development of these insurance classes. At the present stage of the reforms being carried out in our country, the active development of insurance services aimed at ensuring sustainable economic growth and improving the quality and standard of living of the population requires strengthening the role of life insurance in the national insurance market. In modern conditions, increasing the insurance literacy of the population and trust in insurance, popularizing life insurance, expanding the range of life insurance services, and ensuring the level of consumer satisfaction with the quality of life insurance services are of particular importance. Therefore, promising measures are being implemented in the national insurance market. Studies have shown that the lack of information about life insurance among many potential policyholders and their low trust in insurance companies, as well as consumer dissatisfaction with the quality of insurance services, leads to their refusal to make life insurance decisions. Therefore, monitoring the life insurance market through social surveys, identifying and assessing the social, demographic, and economic factors influencing the demand for life insurance services, as well as the degree of their impact, is a very important



process. This will allow for the development of recommendations for improving the quality and competitiveness of life insurance products.

Analysis of literature on the topic. In the article "Foreign Experience in the Development of Life Insurance and the Necessity of its Development in Uzbekistan," prepared by A. Temirkulov, it is emphasized that a progressive type of life insurance is an unchanging type of insurance in preventing various life risks. In the opinion of M. Bekberganov and A. Ikromov

In his article "Current State of Life Insurance in Uzbekistan and Ways of its Development," he acknowledged that life insurance is one of the types of insurance that plays an important role in human life, and its share in GDP is very small, and to increase this amount, the country needs to develop using the experience of foreign countries. In the article by O. Yuldashev "Ways to Improve Tariff Policy in Life Insurance," life insurance is one of the main sources of financing long-term investments and one of the most important instruments of economic development of countries at the present stage. [3] In D. Abduvaliyev's article titled "Current Issues of Life Insurance," life insurance is considered one of the important directions in organizing the country's social protection. Therefore, to develop this activity, it is necessary to develop the activities of the life insurance agency [4]. In M. Sultanova's article "The Essence and Necessity of Life Insurance," it is stated that "Life insurance is a system for implementing the economic and social needs of society.

"is one of the important means of increasing".

Methods. In the implementation of the research objectives, methods of logical and structural analysis, grouping, economic and statistical analysis, mutual and comparative comparison were effectively used.

Results; As a result of the conducted research, important proposals were developed for achieving the level of life insurance in the insurance market of Uzbekistan at the level of developing countries. At the same time, the



circumstances hindering the development of life insurance in the market and ways to eliminate them are substantiated.

Analysis; Life insurance assumes obligations to insure against risks associated with human health and death. Insurance of the population against these risks, financing of losses, would lead to the fulfillment of the task of social protection in our country. In the Ministry of Economy and Finance's publication "Budget for Citizens - 2023," from April 1, 2023, the benefit on personal income tax for the part of taxpayers' wages and other income directed to long-term life insurance has been canceled. This shift in the insurance market has led to a decline in life insurance premiums. According to 2023 indicators, the total volume of insurance premiums amounted to 8 trillion soums. Of these, 96% is general insurance, and 4% is life insurance. Requirements for the life insurance industry decreased, and insurance revenues fell sharply. (Table 1)

1 jadval

Hayot sug'urtasi bo'yicha umumiy ko'rsatkichlar[6]

| | 2021 | | | 2022 | | | 2023 | | |
|-----------------------------|---------|--------|-----|---------|---------|-----|---------|--------|-----|
| <u>Sug'urta mukofotlari</u> | 3732024 | 717041 | 19% | 6231726 | 1524679 | 24% | 8059726 | 322491 | 4% |
| <u>Sug'urta to'lovlari</u> | 1235061 | 616300 | 50% | 2596926 | 1498144 | 58% | 2022054 | 453594 | 22% |

If we analyze the general indicators of life insurance according to the table data, we will have the opportunity to obtain the following results. According to 3-year statistical data, insurance premiums received by life insurance in relation to the total insurance premiums in the insurance market amounted to 19%, and in relation to payments - 50%. By 2022, these indicators for bonuses increased by 24%, and for payments - by 58%. But according to the results of 2023, these indicators, namely insurance premiums - 4%, insurance payments - 22%. This led to a 5-fold decrease in the insurance premium indicator for 2023 compared to 2022 and a 2-fold decrease in insurance payments. If we compare the amounts of



insurance premiums by year, it can be seen that the amount of insurance premiums received in 2023 decreased sharply compared to 2021 - by 44%, and compared to 2022 - by 78.8%.

If we compare the amounts of insurance payments by year, then in 2023 the amount of insurance premiums received decreased by -73.6% compared to 2021 and by -45% compared to 2022. If we take the main indicators of life insurance by classes, we can see that the indicators of 2023 have significantly decreased compared to 2021. As you know, new insurance classes were created for the development and reform of life insurance. For some classes, no results have been achieved at all (Table 2).

In this table, according to 3-year statistics of classes of voluntary life insurance, it amounted to 69,1344 trillion soums, and by 2023 this figure reached 24,8820 trillion soums. That is, we can see that it decreased by -442524 trillion soums. In percentage terms, this indicator is -36%.

2-jadval

Hayot sug'urtasining klasslar bo'yicha ma'lumatlari[7]

| | Umumiy sug'urta mukofotlari | | | Sug'urta to'lovlari | | | Sug'urta majburiyatlari | | |
|--|-----------------------------|-------------|------------|---------------------|-------------|------------|-------------------------|-------------|------------|
| | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 |
| Klasslar bo'yicha ixtiyoriy sug'urta, (hayotni sug'urta qilish sohasi), shu jumladan: | 6913 44 | 1497 912 | 2488 20 | 6077 35 | 1488 812 | 4278 81 | 1424817 | 1193 355 | 3548 35 |
| I klass – Hayot va annuitetlar | 3053 49 | 3505 20 | 1461 20 | 2301 98 | 5126 03 | 3031 82 | 5145 53 | 800351 | 1827 14 |
| II klass – Nikoh va tug'ilish | 21 | 1 | 1 | 1 | 29 | 3 | 54 | 21 | - |
| III klass – Hayotni uzoq muddatli sug'urta qilish | 3852 34 | 9766 48 | 1007 71 | 3775 36 | 9761 79 | 1246 96 | 2057 75 | 290288 | 1042 79 |
| IV klass – Sog'liqni sug'urta qilish | 700 | 25 | - | - | - | - | 6900 50 | 27000 | - |
| V klass – Majburiyatlarni ta'minlash uchun hayotni sug'urtalash | - | - | - | - | - | - | - | - | - |
| VI klass – Uzoq muddatli ixtiyoriy pensiya sug'urtasi | - | - | - | - | - | - | - | - | - |
| VII klass – Kapitalni qaytarish bilan hayotni sug'urtalash | - | - | - | - | - | - | - | - | - |

If we look at the total insurance premiums for life insurance of the 1st class as a percentage, then in 2022 it was +26.8% compared to 2021. However, this indicator decreased by 13.6% in 2022 compared to 2023.



A sharp change in the indicators of life insurance companies led to the disappearance of benefits for life insurance, and the main goal of the population's use of insurance company services was to avoid paying income tax.

3-jadval

Umumiy Hayot sug'urtasining mukofotlari[8]

| | 2021 | 2022 | 2023 |
|--|---------|----------|--------|
| <u>Hayotni sug'urta qilish tarmog'idagi sug'urta tashkilotlari, shu jumladan:</u> | 717041 | 1 524679 | 322491 |
| <u>- majburiy sug'urta</u> | 25 696 | 26 766 | 35 645 |
| <u>- ixtiyoriy sug'urta</u> | 691 344 | 1 497912 | 286846 |

According to the data in Table 3, compulsory insurance increased by +72% compared to 2021. And voluntary insurance decreased by -41.5%.

4-jadval

Hayot sug'urtasining YAIM ulushi[9]

| | | 2021 | 2022 | 2023 |
|----------|-------------|-------------|--------------|--------------|
| 1 | YAIM | 0.1% | 0.17% | 0.03% |

As can be seen from the table data, as the share of life insurance in GDP decreases, there is a possibility of its complete disappearance. These indicators also lead to a decrease in the solvency of insurance companies. We know that life insurance is a leading type of activity in the formation of domestic investments of the state. According to foreign experience, life insurance differs significantly from the insurance market of Uzbekistan.

We can see that the role of life insurance in developed countries is higher than in the insurance market of Uzbekistan, which indicates the well-organized activity of companies in these countries and the high demand for life insurance. In Uzbekistan

According to the results of 2022, life insurance accounted for 0.17% of GDP. This indicates that the situation is unfortunate for several Asian and developed countries. For example, in Singapore it was 8.07%, in Germany 3.1%, and the



United Kingdom with the highest indicator was 10.51%. This indicates a high demand for insurance in these countries.

This indicates that the state of life insurance in Uzbekistan is significantly lower. [10] The reason for the high level of life insurance in these countries is the preservation of benefits, and as a result of the preservation of the attractiveness of these benefits, we can see that potential policyholders have the opportunity to use these insurance products, and the demand for them is high.

Conclusions. Taking into account the above, assessing the trends and prospects for the development of the life insurance services market of our country based on national and foreign experience, identifying the factors influencing the development of the life insurance industry and the degree of their influence, identifying fundamental problems related to the development of life insurance, and developing proposals and recommendations aimed at solving them is undoubtedly the most pressing issue on the agenda today. In the above tables of the demand for life insurance in the insurance market of Uzbekistan, we can see that as of 2023, companies did not operate, both for contracts and for insurance premium receipts and for obligations. We see that almost all indicators that did not show results are in a negative state compared to previous years, that is, companies have zero results in this activity. This situation leads to the complete disappearance of life insurance in the insurance market and the loss of its attractiveness. The general nature of life insurance leads to its disappearance from the market. At the same time, the company's employees also held a certain leadership position in the employment of employees working there. The loss of this benefit also leads to unemployment among employees in the insurance market. And the state is creating full conditions for the implementation of expenses for the population in need of social assistance without the assistance of insurance companies, and the formation of material assistance to these people in case of death remains solely the responsibility of the state and state-owned agencies and organizations. That is, the state is implementing



further strengthening of social assistance protection without using the help of companies. And at the same time, reserves formed by life insurance companies from formed insurance reserves, i.e., from insurance premiums received under life insurance, contributed to the formation of domestic investments of the Republic of Uzbekistan. This situation is also practically disappearing. The result of this shows that companies are content with operating under the first and second classes of general insurance. At the same time, according to Resolution No. 108, the employer's liability insurance is at the disposal of life insurance the transition, that is, the granting of permission to implement the insurance product, still belongs to the general insurance mechanism, and life insurance companies are becoming companies that operate not in the life insurance network, but entirely on the basis of the general insurance company network. This will lead to the complete disappearance of life insurance. As a solution to such problems

1. Restoration of life insurance benefits.
 2. control of life insurance contracts based on an electronic platform.
 3. In order not to suffer losses as a result of non-receipt of state income tax, to impose restrictions on the part of the monthly salary received by individuals that is directed to life insurance.
 4. Expansion of investment objects of life insurance companies, that is, widespread allocation of funds to high-yield objects.
 5. In order to further improve the standard of living of the population, introduce long-term pension insurance that protects against inflationary factors.
 - development; 6. Life insurance companies in cooperation with commercial banks
 - wide promotion of insurance products among the population
 - Implementation of mechanisms
- The implementation of the above proposals can have an effective impact on the development of life insurance.



The development of life insurance will lead to an improvement in the social situation of all segments of the population and a reduction in the costs associated with state social protection. An increase in the volume of insurance premiums received for life insurance will lead to an increase in the volume of domestic state investments.

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