PRIORITIES FOR DEVELOPMENT OF THE GENERAL INSURANCE INDUSTRY IN UZBEKISTAN

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Annotation. This article defines the priority areas for the development of the general insurance sector in Uzbekistan, and identifies and analyzes the main factors that impede the stable and effective functioning of the insurance system, in particular the general insurance sector. It also describes the results that are expected to be achieved in the field of general insurance through the implementation of these areas.

Keywords: insurance market, general insurance sector, insurance premiums, insurance payments, inflation, investments, GDP, material well-being.

Introduction

In the conditions of modern economic development, insurance protection of the population and business entities is an integral feature of any civilized state. At all stages of the development of society, various risks have threatened human life and activity. The possibilities of predicting and preventing accidents, unforeseen situations, natural disasters, various natural disasters, as well as a decrease in income and the destruction of property are limited. However, there are various methods and means of managing, controlling and reducing the negative impact of these risks on humanity and its financial situation, among which the insurance system is recognized as the most appropriate mechanism. Insurance is an important part of the financial system, and consistent reforms are being implemented to rapidly develop it, cover the population with guaranteed insurance services, protect the legitimate interests of clients, and create favorable conditions for the effective operation of insurance companies. As a result of the measures taken by the government, the insurance market has been experiencing steady growth in recent years.

Although the general insurance sector, which is a large sector of insurance, also experienced a slight decline due to restrictions in recent years, the sector quickly recovered and resumed growth. Although the growth trend in the general insurance sector has been achieved, the national insurance market has many problems, shortcomings, errors, and factors that hinder the development of the sector. The purpose of the study is to focus on these aspects and identify priority areas for the development of the general insurance sector.

Literature analysis (Obzor literatur / Literature review) . The directions of
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a number of foreign economists . Also, the theoretical and methodological foundations of effective management of the insurance sector have been studied in the research of scientists from the CIS countries: A. Alekseev, E. Alekseeva, V. Antsiferov, Yu. Akhvlediani, N. Vnukova, A. Gvozdenko, I. Denisova, A. Mustafina, G. Nasyrova, N. Tkachenko, A. Khutoryansky, G. Chernova, V. Shakhov.

Methodological bases of insurance activity, mechanisms of effective management of the sector and directions of development scientists of our country : Sh.Abdullaeva, N.Abdullaeva, I.Abdurakhmonov, G.Adilova, D.Baratova , N.Jumaev, I.Kenjaev, N.Mavrulova, K.Nomozova, G.Nosirova, S.Umarov, N.Khaydarov, G.Khalikulova, M.Khamroev, F.Khasanov, Kh.Shennaev, O.Yuldashev, It was reflected in the scientific works of Q. Koldoshev, B. Hakberdiev.

The analysis of research carried out on the research topic showed that the concept of general insurance development, which is considered an important direction of insurance, has not been systematically studied. This situation determines the urgency of developing proposals and recommendations aimed at eliminating the problems investigated within the framework of the dissertation work.

Research methods. The methods of systematic analysis and approach, logical and structural analysis, grouping and generalization, expert assessment and forecasting, econometric modeling, mutual and comparative comparison were used in the research process.

Analysis and results.

The article first identifies and analyzes the factors hindering the stable operation of the general insurance sector:

1. When analyzing the level of use of insurance services by the country's population by region, it was found that the level of use of sector services by the population of Tashkent city is high, that is, 61 percent of total insurance revenues fall precisely on the capital region, while only 7.8 percent of the total population falls on the capital[1]. The factors influencing this are: insufficiently formed insurance culture among the population; ignorance of the importance and nature of insurance services; distrust of the activities of sector organizations; perception of funds spent on insurance as a waste of money; perception of prices as high; lack of understanding of the beneficial aspects of insurance services; reluctance of insurance companies, especially branches in the regions, to engage in retail and low-cost types of insurance.

2. The system of insurance of property and financial risks of small businesses and private entrepreneurs (with the exception of commercial banks) almost does not work due to the lack of development of marketing strategies aimed at increasing the efficiency of insurance companies, slow performance, lack of full implementation, lack of approaches to researching the demands and needs of business entities (except for commercial banks), although this direction is promising and promotes economic

growth in the country. encourages.

3. The continued implementation of a dumping policy in the pricing system for insurance products is a serious obstacle to the financial condition of the organization, solvency standards, and the positive resolution of insurance claims, which creates an environment of unhealthy competition and distrust. The high level of application of this policy in certain types of insurance, in particular, home and car insurance, leads to the non-positive satisfaction of insurance claims. This factor itself creates a negative perception of the industry in society.

4. As we noted above, the primary goal of insurers is not to provide quality and guaranteed services, but to ensure high profits. In a system that operates quickly in selling insurance policies and making profits, the fulfillment of insurance obligations is taking a long time, the processes of determining the cause of insured events and assessing damage, and paying insurance compensation have become bureaucratic, and the claims management system is in need of improvement, which causes severe dissatisfaction of customers with the company's activities.

5. Despite the reforms underway to accelerate the capitalization of the sector, the capital potential of the country's insurance market remains low, which hinders integration into global insurance markets, limits the possibilities of inbound reinsurance, leads to an increase in outbound reinsurance, and ultimately affects the income and profitability of insurers. According to the table, the described problems and shortcomings did not affect the main indicators of the general insurance market.

Table 1

Analysis of key indicators of general insurance in Uzbekistan[2]

Indicators	2015	2016	2017	2018	2019	2020	2021	2022
General insurance premiums, billion soums	518.1	633.4	788.9	1217.9	1727.5	1879.3	3015.0	4707.0
General insurance payments, billion soms	89.2	95.9	191.7	196.9	284.2	419.6	618.7	1098.7
General insurance payout ratio, %	17.2	15.1	24.2	16.1	16.4	22.3	20.5	23.3
Number of general insurance companies	28	27	23	24	28	32	34	33
Share of general insurance premiums in GDP, %	0.239	0.228	0.248	0.283	0.324	0.310	0.408	0.529
Ratio of total insurance premiums to total insurance premiums, %	94	91.4	85	74.5	75	85	81	76
Ratio of general insurance premiums per capita, in soums	16785	18170	24160	36400	51100	54400	85500	130660

The table realistically reflects the state of the general insurance sector over the past eight years, based on data from official sources of the Insurance Market Development and Statistics Agency. According to the table, the general insurance sector, although not developing rapidly from year to year, has been showing a steady growth trend. The increase in the number of insurance companies does not indicate development, but the increase in the volume of general insurance premiums in the country's GDP can give us a real assessment of this indicator. According to the table, growth has been observed in this regard, albeit at a slow pace. The important task ahead of us is to accelerate this trend and achieve economic stability and ensure continuous growth.

The above situation requires solving the problems and deficiencies in the insurance market with the help of systematic measures. Today, these activities are required to be carried out based on the tasks defined in the relevant Roadmaps reflected in the presidential decrees, below are recommendations for the development of the sector:

1. Effective implementation of insurance operations begins with raising public awareness of the sector. Relevant proposals have been developed in this regard, and campaigns have been organized in the regions. Speeches in the media, debates, mobile classes in the regions have been organized, advertising and promotional work has been carried out using video clips, public appeals have been studied on the spot, and unresolved insurance claims have been resolved positively and quickly. It is necessary to further strengthen the implementation of such campaigns in places where the population is most concentrated, as well as remotely, as influencing people's consciousness through propaganda will be effective.

2. In order to create comprehensive convenience for potential policyholders and minimize the operating costs of insurers, it is urgent to address the issues of quickly introducing online service provision for all service processes, which will also prevent fraud and deception in the industry.

3. In their activities, especially in the fulfillment of obligations, insurance companies often fail to comply with the requirements of the Regulations and violate control rules. In order to prevent this, it is necessary to develop a clear, systematic mechanism for monitoring and taking measures, and introduce penalties and fines for legal entities that neglect to fulfill their obligations. It is also necessary to consider appeals for the satisfaction of claims of insured persons in a short time and protect consumer rights.

4. As has been repeatedly noted, there is a need to establish a national company specializing in reinsurance in the national insurance market, which has a large capital potential and can participate as a partner in fulfilling the contractual obligations of local insurers. In addition, organizations that carry out reinsurance in addition to their activities are unable to insure large objects of great value due to their limited financial

potential, which currently requires the release of obligations beyond their capabilities to the world insurance market, as a result of which billions of soums of capital are being released to the world insurance market. In order to reduce the negative consequences of such a situation, the Resolution of the President of the Republic of Uzbekistan No. PP-4412, adopted in 2019, established a restriction on the transfer of excess liabilities to the global insurance market: "From October 1, 2019, a procedure shall be introduced according to which, before transferring insurance liabilities to foreign insurance organizations for reinsurance, the reinsurer shall be obliged to send an offer for reinsurance (proposal to conclude reinsurance contracts) in the amount of at least 50 percent of the insurance liabilities to be transferred to insurance organizations that have the right to carry out reinsurance activities in the territory of the Republic of Uzbekistan"[3]. The establishment of this restriction will lead to the retention of capital in the national market, which will increase its capital potential.

The following results will be achieved in the field of general insurance through the introduction of the directions defined above:

1. The creation of a stably functioning insurance system serves its most important function, social protection of the population and business entities, and reduces the state's cost burden.

2. As a result of quick and effective implementation of insurance operations, the contribution of insurance income to GDP, the volume of insurance premiums per capita will increase, and the investment opportunities of insurance companies will expand, and the tasks defined in the state investment program will be fully fulfilled.

3. The coverage of existing types of compulsory insurance is ensured, ensuring the continuity of production, economic growth, increasing the welfare of the population, and ensuring the working capacity of the population. Compulsory insurance is an accumulation of voluntary insurance, and potential clients who have used insurance services once and felt its effectiveness have an increased need and confidence in using voluntary insurance, which is why more and more companies prefer to operate in the compulsory form of insurance and are engaged in compulsory insurance, fulfilling the relevant requirements of the insurance supervisory authority (formation of a minimum authorized capital, establishment of territorial branches).

4. The satisfaction of insurance service consumers with the industry is ensured, the most important condition for which is the short-term and positive settlement of insurance claims. Satisfying consumers and maintaining the continuity of cooperation with them are also closely related to this factor: the most effective advertising in the insurance industry is the positive settlement of claims.

5. There is an opportunity to accelerate the digitization of the general insurance industry, like other digitized areas of finance, which is the demand of potential customers who prefer to use insurance remotely, without leaving home, without

excessive costs.

In general, joint action of professional participants of the insurance market is required to ensure the competitiveness of the general insurance industry, increase its potential, introduce service ecosystems, expand the coverage audience, and effectively implement insurance relations.

Conclusion. This article develops forecast options for changes in key indicators characterizing the state of the general insurance market for the next five years, i.e. 2023-2027. The forecasting process uses the Winters method, one of the smoothing methods, in combination with the additive method. [4], because in this case it is possible to develop a forecast in the case of scenarios, where each indicator and the overall result factor are implemented in three scenarios: pessimistic, medium and optimistic. The article also developed forecast values of insurance premiums until 2027 based on determining the impact of financial results related to the general insurance industry on the country's economic growth.

Table 2

Forecast values of the dynamics of changes in general insurance premiums in the Republic of Uzbekistan in 2023-2027

Year	Pessimistic	Optimistic	Average
2023	0.96	1.45	1.30
2024	0.99	1.53	1.32
2025	1.02	1.58	1.43
2026	1.05	1.70	1.46
2027	1.09	1.74	1.49

By 2027, the index of the population's use of insurance services will increase, and insurance premiums will increase in all sectors and directions, according to forecast values, there will be an average increase of 49 percent compared to the previous year.

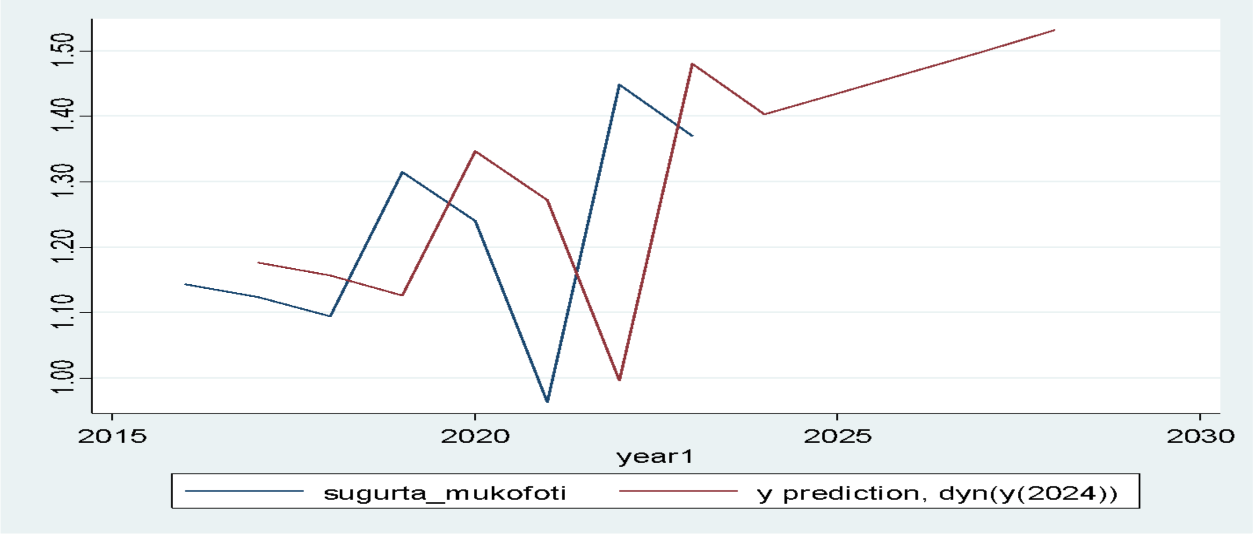

Figure 2. Comparative status of insurance premiums and forecast values

The prospects for the insurance sector have been determined by implementing the forecast for the growth of the general insurance sector for the next 2023-2027. In particular, the impact of changes in GDP and population income on insurance premiums was modeled. According to it, insurance premiums in 2022 amounted to 4707.0 billion soums, and in current prices this value was forecast to amount to 33278.43 billion soums in 2027, and in 2022 prices it was predicted to be 25126.77 billion soums.

The insurance industry is different from other types of business in many ways. A single wrong decision by an insurer, a deviation from strategic plans, can jeopardize the business, lead to a financial crisis, and ultimately lead to customer distrust. The development of the national insurance market and customer recognition of the industry depend on these factors.

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