

Life Insurance in the Uzbekistan Insurance Market: Current Status and Prospects for Development

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ABSTARCT

The first reforms in the field of insurance began with the strengthening of its legal framework, and work in this area is being improved in accordance with modern traditions of social and economic development. After gaining independence, our country has undergone significant changes in the insurance system. In the context of market relations, the insurance system as one of the economic pillars of the country's life has played an important role in the sustainable development of the economy as a necessary means of protecting the interests of individuals and legal entities. After all, there can be a variety of unexpected events in the socio-economic life of a society. By insuring them, a balance in development can be maintained.

As noted in the priorities of the approved strategy of action in the Republic of Uzbekistan "Development and liberalization of the economy, further strengthening of macroeconomic stability and maintaining high economic growth rates:

Expansion of the volume of insurance, leasing and other financial services through the introduction of new types and improvement of their quality, as well as the development of the stock market as an alternative source of capital and free resources of enterprises, financial institutions and the population. Life insurance is the basis of the personal insurance network, through which a person's life is formed on a voluntary basis between the parties as a result of death, old age, illness, accidents, births, marriages and other events that are important events in human life. Insurance activity consisting of indemnification by the insurer within the sum insured agreed in the insurance contract.

The fact that as a result of qualitative modernization of the insurance market in our country, national insurers offer more than 200 insurance services to the population testifies to the development of the insurance market of Uzbekistan. This, in turn, paved the way for the development of the insurance market on the basis of healthy competition.

It is important to study and improve the activities of life insurance organizations and the ways of effective use of life insurance, both theoretically and practically. Life insurance has entered the lives of every able-bodied citizen, occupying a leading and solid position in the insurance market of Western countries in the collection of insurance premiums. Life insurance in our country is going through a difficult period of development, as in the Commonwealth countries. In life insurance, the expiration of the insurance contract concluded as an insured event, ie the life of the insured for this period, and in the case of mixed life insurance, the death, injury or injury of the insured during the term of the insurance contract. This is in line with the traditions of our people such as mutual assistance, support and social protection. In a market economy, we all face job loss, college tuition, medical treatment, and other similar problems. As a result, there is a need for a wide range of insurance services in cases of illness, death, injury, disability. However, experience shows that in the context of significant inflation in the economy, the interest in accumulative types of insurance decreases, because the funds accumulated in these types of long-term insurance quickly lose their value.

When we analyze the state of the national insurance market, we can see that there are stable growth figures on key indicators in the market. But it should also be noted that our national

insurance market has a large number of potential insured, and this includes, in particular, personal insurance (including life insurance) and liability insurance.

Life insurance, like other types of insurance, is formalized by a contract, according to which the insurer undertakes to pay the sum insured agreed in the contract in the event of circumstances (death or reaching a certain age, etc) during the term of the contract. At the same time, this agreement regulates the rights and obligations of the insured. Life insurance as a link to personal insurance is related to the workforce, which is a variable part of the economy. The object of insurance protection in this type of insurance is the life, health and ability to work of citizens.

In international practice, life insurance is usually made for a long period of time. This period is at least 10 years or 15-20 years and more. The type of insurance-fund, as a rule, includes insurance against death and disability, and the fact that the insured person reaches the age specified in the contract, the insurer is obliged to pay the insured the amount specified in the contract. In Western countries, there is another form of this type of insurance, in which the sum insured is paid even if the insured person dies before the expiration of the insurance contract. While one in seven life insurance contracts in the United States is an insurance-fund type, the bulk of life insurance contracts in the UK are insurance-fund types. According to the technology of operations in life insurance, they can be divided into three groups: ordinary, collective and industrial insurance.

The risk insured in life insurance - the length of a person's life - includes three situations:

- ✚ probability of death of the insured person at a young age or before the average life expectancy;
- ✚ probability of death or survival over a period of time;
- ✚ probability of longevity in old age and the need for a steady income without labor during this period.

It is known that the most valuable thing for a person is that the peace of human life is directly related to the well-being of society. In 2020, life insurance companies in the country include "Uzbekinvest Hayot", "Alfa Life" and "New Life Insurance" LLC, "Agros Hayot" LLC, "Euroasia Life" LLC, "Apex life" LLC, "Kafolat Hayot" and "Alskom Vita" insurance companies.

We can see that the activities of insurance companies in the field of life insurance have revived over the past four years. The increase in the volume of operations of insurance companies in this area is mainly due to the types of insurance. The main stimulus for this growth is the favorable tax environment and preferences created by the government of the country for legal entities and individuals using long-term life insurance.

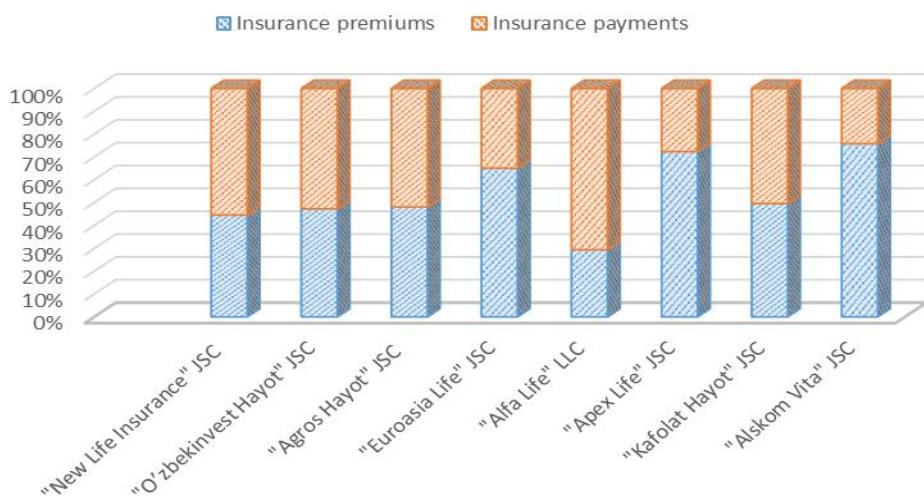
Today, this type of insurance is gaining popularity, because the availability of tax benefits for the Chinese population makes it attractive. This, in turn, increases the penetration of life insurance services into the population. At the end of 2017, the volume of insurance premiums of insurance companies operating in the field of life insurance increased by 2,3 times and amounted to 138,6 billion soums. As a result, the share of life insurance companies in the insurance market increased by 6,4% to 14,9%. Accordingly, the share of the total insurance network decreased to 85,1%.

INFORMATION ABOUT THE INSURANCE SERVICES MARKET
by insurance companies in the first quarter of 2020
(in the life insurance industry, in billion soums)

Nº	Insurance organization name	Insurance premiums	Change in%	Insurance payments	Change in%
1	"New Life Insurance" JSC	27,6	51,7	34,2	65,5
2	"O'zbekinvest Hayot" JSC	24,6	93,4	27,4	91,8
3	"Agros Hayot" JSC	10,1	33,7	10,9	28,0
4	"Euroasia Life" JSC	8,3	77,1	4,4	119,8
5	"Alfa Life" LLC	5,3	73,1	12,8	196,8
6	"Apex Life" JSC	3,0	-	1,2	-
7	"Kafolat Hayot" JSC	2,6	208,5	2,7	870,7
8	"Alskom Vita" JSC	1,0	-	0,3	-
TOTAL:		82,5	64,0	93,9	71,3

From the data of the table we can see that in the first quarter of 2020 in the life insurance network "New life insurance" JSC received insurance premiums of 27,6 billion soums and insurance of 34,7 billion soums and took the lead with his statistics. Followed by "Uzbekinvest Hayot" and "Agros Hayot", which together accounted for 42% of life insurance premiums and 40% of insurance premiums. In comparison, the share of the global life insurance industry in the total insurance market is 55.3%, in particular, in North America this figure is 41,5%, in Latin America and the Caribbean 46,6%, in the EU market 58,4%, 67,0% in Asia and 68% in Africa. This indicates that the life insurance sector in the country has a huge growth potential that is not widely used to achieve the world average.

DYNAMICS OF INSURANCE PREMIUMS AND INSURANCE PREMIUMS RECEIVED THROUGH THE LIFE INSURANCE NETWORK (IN BILLION SOUMS)



From the first quarter of 2020, it can be seen that 75% of life insurance companies paid more insurance premiums than insurance premiums. Based on the data, we can say that the demand and interest of the population in life insurance has been growing in recent years. In 2017, there were 4 insurance companies in the life insurance network of the insurance market of the country, and today their number has reached 8. This contributes to the development of the network and the formation of a competitive environment.

Another peculiarity of life insurance is that during the term of a life insurance contract, the insured (insured person) may conclude a second or third life insurance contract with a single insurer or with different insurers, depending on their financial situation. In this case, in the event of an insured event, the insurer shall fulfill its obligations under each concluded insurance contract in full in the manner prescribed by the contract. This is also one of the aspects of life insurance that is different from other types of insurance. In general, the social nature of life insurance, its impact on investment processes, shows that it plays an important role in the insurance system.

In order to develop long-term life insurance in Uzbekistan, we offer the following:

- creation of standardized portfolios for the sale of insurance products and contracts by insurance companies on the type of long-term life insurance;
- establishment of a standardized underwriting system for concluding contracts for long-term life insurance;
- training of targeted insurance agents in long-term life insurance;
- training of professionals who understand the economic nature of life insurance and perform actuarial calculations in life insurance;
- Ensuring a well-established Internet-marketing channel that provides promising sales of insurance products in life insurance. The launch of this channel, in turn, will lead to the development of the life insurance market segment.

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