

## Insurance Market of the Republic of Uzbekistan During the Pandemic

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### ***Annotation***

*The coronavirus pandemic and the quarantine restrictions imposed in connection with it, starting from March 2020, became a harbinger of a decline in business activity in the country, which in turn had a negative impact on the growth of the insurance market not only in the world, but also in the Republic of Uzbekistan. Insurance companies are forced to deal with the increased flow of claims from individuals and businesses.*

**Keywords:** *Coronavirus pandemic, insurance market, life insurance, insurance organizations, insurance premiums, sum insured.*

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**Relevance of the topic:** Due to quarantine measures introduced around the world and the suspension of work in many organizations, insurance companies in the life insurance industry have not been able to conclude contracts for existing insurance products for a long time and, as in the case of insurance premium collections, the amount of insurance claims also showed a sharp decline. The percentage ratio with the same period last year is actually equivalent to the ratio of insurance premiums - a decrease of 40%.

The dynamics of the insurance market is largely a derivative of the state of the economy as a whole. If the problems continue to grow, this will lead to a further reduction in insurers' premiums. The share of insurance services in GDP as of 2020 amounted to 0.4%, which is 0.2% lower than the forecast indicator specified in the Decree of the President of the Republic of Uzbekistan dated August 2, 2019 No. 4412 "On measures to reform and ensure the accelerated development of the insurance market of the Republic Uzbekistan".

The volume of investments in the economy of insurance companies as of 2020 showed an increase of 25% compared to the same period last year and amounted to 3.38 trillion soums. More than 53% of this money was placed on bank deposits. The percentage of securities in these indicators amounted to 28.3%, which is not much different from last year. Comparing the indicators with the data specified in the Regulations, we can say that under this item, insurance organizations were able to achieve the expected results.

**The purpose of the study** was to determine the role of the insurance market in Uzbekistan during the pandemic.

In accordance with the goal of the study, the following **tasks** are solved that determine the structure of the work:

- formulate a holistic view of the quantitative parameters of the Uzbek insurance market and its structure;
- identify development trends and features of the structure of the insurance market of the Republic of Uzbekistan and determine the factors influencing its development;
- reveal the features of state regulation of the insurance market of the Republic of Uzbekistan;
- to identify the opportunities and main directions of integration of the insurance market of Uzbekistan into the world market of insurance services;
- Substantiate the advantages of mutual insurance in the Uzbek market, promising areas and the necessary conditions for its development.

**The object of research** is the insurance market of the Republic of Uzbekistan.

**The subject of the study** is the formation of the insurance market of the Republic of Uzbekistan and the processes associated with ensuring insurance protection of the property interests of legal entities and individuals during the pandemic.

**The theoretical basis of the study** was the works of leading Uzbek, Russian and foreign scientists and specialists, revealing the essence and patterns of development of the insurance services market, the basis for the formation of insurance products during the pandemic.

**The methodological basis of the study** is such general scientific methods and techniques of research as: a comprehensive statistical and economic analysis, synthesis, comparison, classification and forecasting.

**The practical significance of the study.** Proposals developed:

- a) the state body of insurance supervision of the Republic of Uzbekistan and other legislative and executive authorities of Uzbekistan in a number of areas to enhance the development of the insurance market,
- b) according to the draft law on mutual insurance,
- c) To assess the goals of Uzbekistan's accession to integration agreements within the CIS.

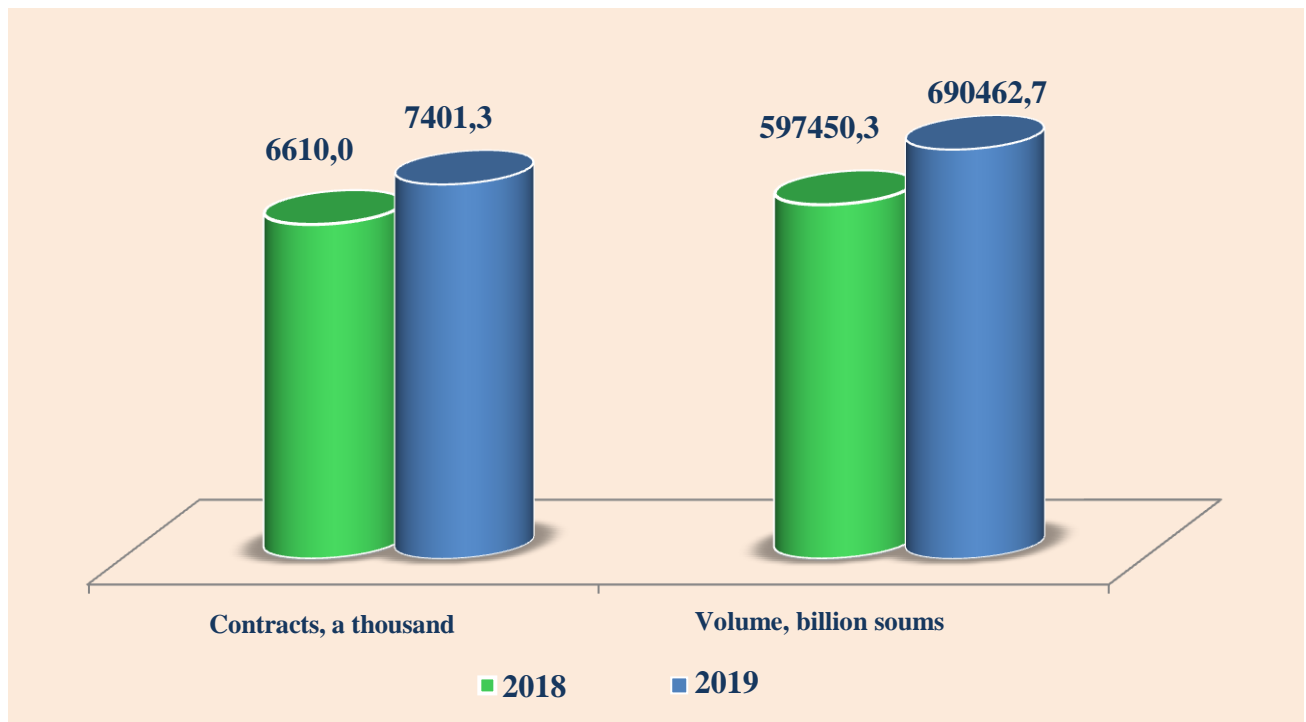
**Information basis of the study:**

- Decree of the President of the Republic of Uzbekistan dated August 2, 2019 No. 4412 "On measures to reform and ensure the accelerated development of the insurance market of the Republic of Uzbekistan";
- normative legal acts concerning the formation and development of the insurance services market of Uzbekistan;
- data of the State Inspectorate for Insurance Supervision of the Republic of Uzbekistan, the State Committee on Statistics of the Republic of Uzbekistan;
- sources of state regulation of the insurance activities of the member countries of the CIS, OECD;
- foreign educational and scientific publications;
- data from Uzbek, Russian and international information and rating agencies, reinsurance companies;
- Internet resources.

**The scientific novelty of the research** lies in identifying the characteristic features of the formation and development directions of the insurance market of the Republic of Uzbekistan in order to further integrate the country into the global insurance services market during the pandemic.

In 2019, the number of insurance organizations amounted to 40 units. The number of contracts concluded reached 7401287 units, which, compared to 2018, amounted to 112.0%. The sum insured in the whole country in 2019 was equal to 690462.7 billion soums, which is 15.6% or 93012.4 billion soums more compared to 2018. Voluntary insurance accounts for 68.0% (469250.7 billion soums), compulsory insurance - 32.0% (221212.0 billion soums). The receipt of insurance premiums in 2019 amounted to 2138.8 billion soums, of which for voluntary insurance - 1832.1 billion soums (85.7% of the total), for compulsory insurance - 306.7 billion soums (14.3 %). The amount of insurance payments amounted to 808.6 billion soums.

**The number of contracts concluded and the volume of insurance for 2018-2019**



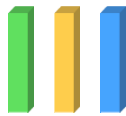
In 2020, the number of insurance organizations amounted to 45 units. The number of contracts concluded reached 5,941,108 units, which, compared to 2019, amounted to 80.3%.

The sum insured for the whole country in 2020 was equal to 900866.7 billion soums, which is 30.5% or 210404 billion soums more when compared with 2019.

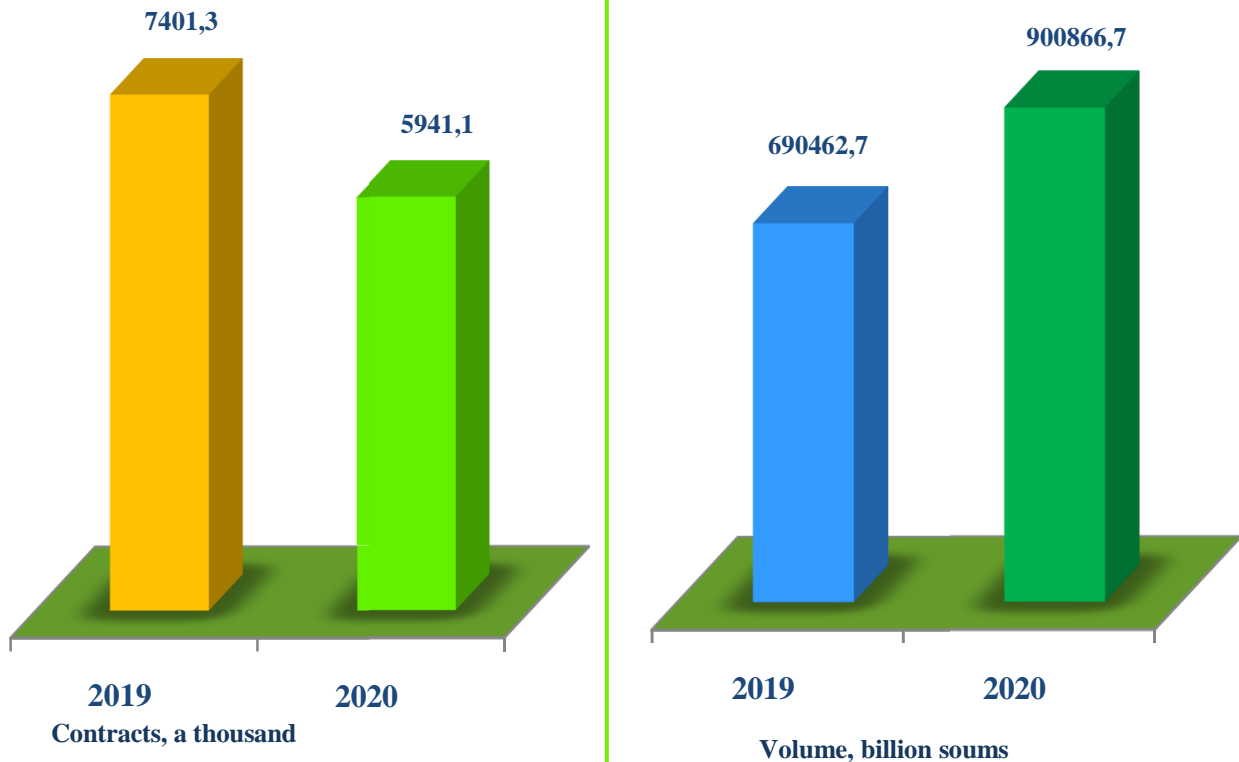
Voluntary insurance accounts for 67.7% (609550.9 billion soums), compulsory insurance - 32.3% (291315.8 billion soums).

The receipt of insurance premiums in 2020 amounted to 2344.0 billion soums, of which for voluntary insurance - 1984.5 billion soums (84.7% of the total), for compulsory insurance - 359.5 billion soums (15.3 %).

The amount of insurance payments amounted to 725.8 billion soums.

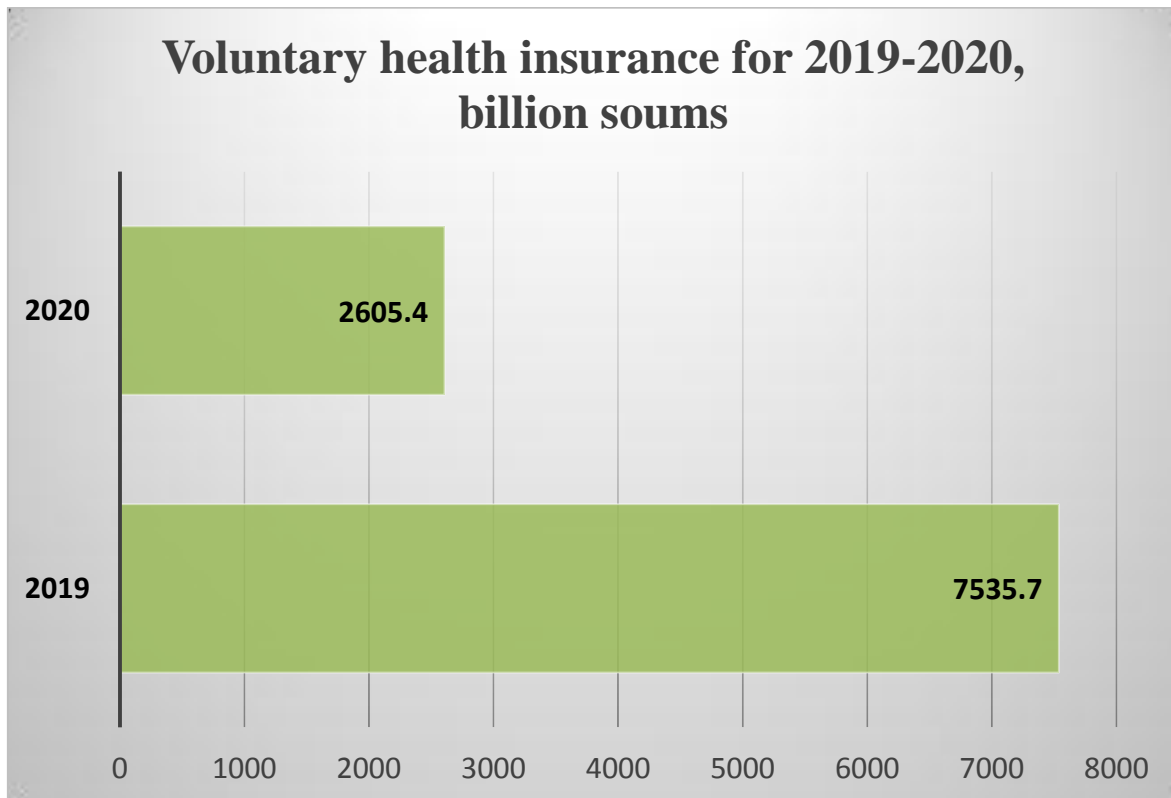
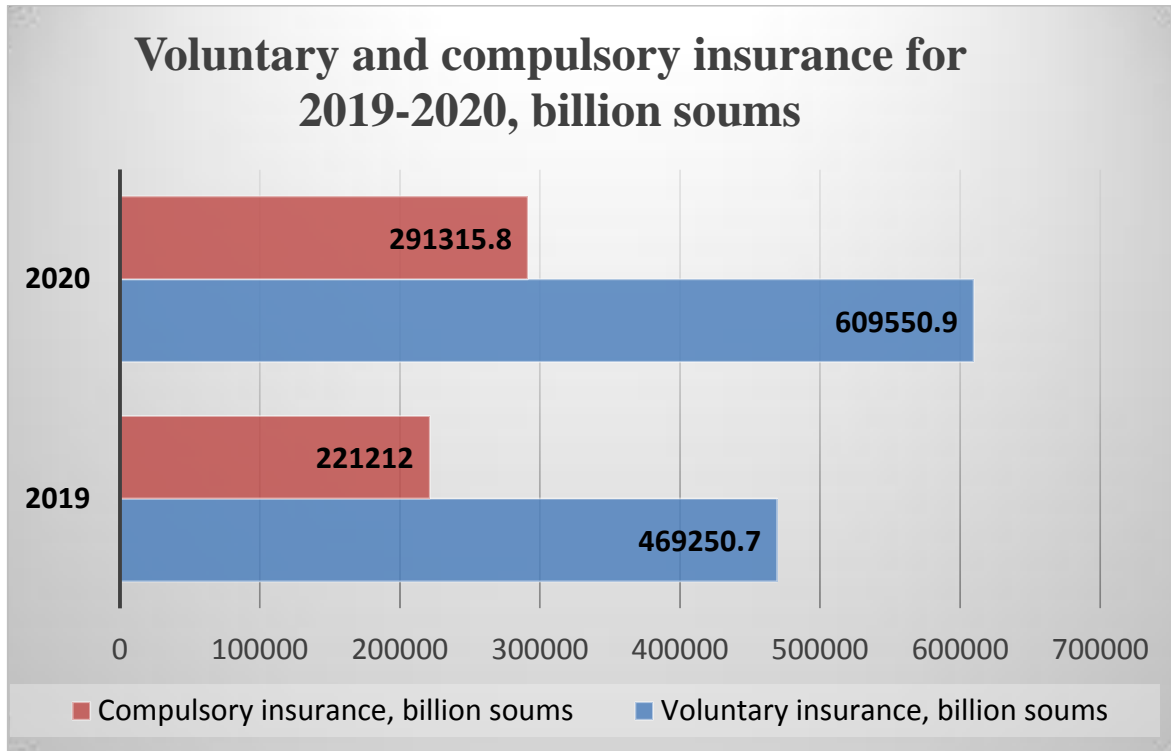


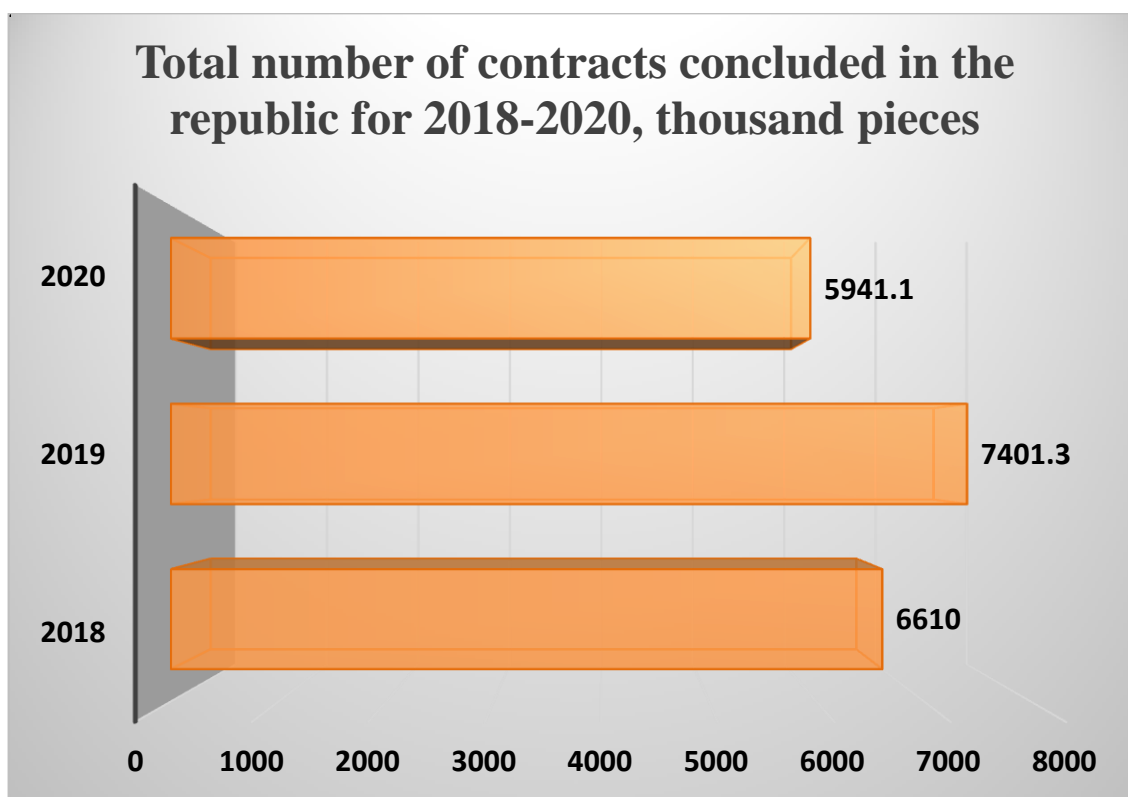
**The number of concluded contracts and the volume of insurance for 2019-2020**



Insurance is carried out on the basis of property or personal insurance contracts concluded by a citizen or legal entity (insured) with an insurance organization (insurer).

In cases where the law imposes on the persons specified in it the obligation to insure the life, health or property of other persons as insurers or their civil liability to other persons at their own expense or at the expense of interested persons (compulsory insurance), insurance is carried out by concluding contracts.





The coronavirus pandemic and the quarantine restrictions imposed in connection with it, starting from March 2020, became a harbinger of a decline in business activity in the country, which in turn had a negative impact on the growth of the insurance market not only in the world, but also in the Republic of Uzbekistan. Insurance companies are forced to deal with the increased flow of claims from individuals and businesses. Instead of the expected increase of 10%, insurance premiums in 2020 decreased by 5% compared to the same period last year. This is due to a sharp decline in the volume of collected insurance premiums in the life insurance industry, which decreased by 57% and amounted to 332,352 million soums. At the same time, 2020 was quite successful for insurance organizations operating in the general insurance industry, their increase in insurance premiums at the end of 2020 amounted to 9% and is equal to 1,875,677.7 million soums.

In fact, a similar situation is with the insurance claims made for 2020. If in 2019 insurance organizations paid 813,510.4 million soums, then in 2020 this figure decreased by only 10% and amounted to 735,110.4 million soums. As with insurance premiums, a large share of this indicator is made up of payments made in the general insurance industry, which increased by 47% this year.

Due to quarantine measures introduced around the world and the suspension of work in many organizations, insurance companies in the life insurance industry have not been able to conclude contracts for existing insurance products for a long time and, as in the case of insurance premium collections, the amount of insurance claims also showed a sharp decline. The percentage ratio with the same period last year is actually equivalent to the ratio of insurance premiums - a decrease of 40%.

**Conclusion.**

Today in the culture of the country there are generally accepted concepts that sometimes interfere with the development of insurance activities. The reason for this is the massive use of standard insurance products that do not take into account the characteristics of our people. Sometimes, in order to increase profitability, insurance organizations resort to dumping, but a large number of concluded contracts may not always be a guarantee of the quality of customer service. In addition, the secrecy of data on the income of insurance organizations led to a decrease in the population's propensity to insure.

In order to eradicate such problems and based on the tasks set in the Regulation, it is necessary to ensure the transparency of the insurance market by posting statistical data on the website of the Ministry of Finance. To increase trust, it is necessary to develop insurance literacy, improve the quality of service with the help of qualified personnel and promote insurance in the media and social advertising.

The introduction of such ways will eliminate the existing shortcomings and achieve the desired results. In the future, the modernization of the insurance system will be able to meet generally accepted standards and create a “healthy” development environment in the market.

**List of used literature.**

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