



## ARTICLE INFO

Received: 03<sup>rd</sup> December 2024

Accepted: 08<sup>th</sup> December 2024

Online: 09<sup>th</sup> December 2024

## KEYWORDS

*Insurance, insurance market, trend, GDP, financial system, risk, macroeconomic indicator, economy, management.*

## WAYS OF IMPROVING THE INSURANCE SYSTEM IN THE MODERNIZATION OF THE ECONOMY

**Muminova Maxbuba Abduvafoyevna**

Assistant Professor of Econometrics Department of Tashkent State University of Economics

**Negmatova Nilufar Ergash kizi**

1st Master Degree of the Tashkent State University of Economics, majoring in macroeconomics

<https://doi.org/10.5281/zenodo.14326302>

## ABSTRACT

*This article discusses the effect of the reforms being carried out on the further development of the insurance system of our country and the ways to improve insurance activities using foreign experience, as well as strengthening the economic and financial foundations of insurance, as well as specific trends in the development of the insurance market. will go. Also, the structure of the insurance market of Uzbekistan and the observed changes in the international insurance market are mentioned in the article.*

## I. Introduction

Active development of the digital economy in our country, widespread introduction of modern information and communication technologies in all industries and sectors, first of all, in public administration, education, healthcare and agriculture comprehensive measures are being implemented. In the conditions of economic reforms, competition is becoming more and more intense, which requires the development and implementation of a completely new approach and principles for the development of our country at a more stable and rapid pace. taking this into account, the insurance and insurance market, expansion of the volume of insurance services by introducing new types and improving their quality, as well as attracting foreign insurance companies and providing full insurance of the population special attention is being paid to the issues of radically increasing the indicators of coverage with services. In particular, in the "Development Strategy of New Uzbekistan for 2022-2026" expansion of the scope of state support in agriculture and implementation of new mechanisms of insurance attention is focused on increasing and expanding the practice of financial and social support of labor migrants, their life and health insurance.

In the conditions of modernization of the economy, the state uses all possibilities to develop the insurance system, creates legal bases that help the development of the insurance system, seeks financial resources for the establishment of insurance companies, help companies to carry out work related to licensing. The economic system of the surrounding environment, the socio-economic situation, the level of development of the society, the cultural and educational upbringing of the members of the society, as well as their material level affect the activity of a person.



## **I. Strengthening the economic and financial foundations of insurance in today's conditions of economic reforms**

Further development of the financial market in the republic, expansion of coverage of the population with high-quality financial services, support for the activities of insurance organizations, as well as consumer rights and legal protection in this area Measures to create favorable conditions for the protection of interests are being implemented consistently. At the same time, at the current stage of reforms, the active development of financial services aimed at ensuring stable growth of the economy, increasing the quality and level of the population's life will increase the role of the insurance market in the republic and requires wide use of tools. In our country, insurance activity is currently not developed to the required level, various reforms are being implemented to develop the insurance industry and the insurance market. In particular, on April 5, 2002, the Law "On Insurance Activities" was adopted. In this law, the full satisfaction of the demand for insurance services of legal entities and individuals and the protection of the interests and obligations of all subjects of insurance relations were clearly defined. In addition, the decision of the President of the Republic of Uzbekistan on August 2, 2019 "On measures to reform the insurance market of the Republic of Uzbekistan and ensure its development" PQ-4412 and on December 31, 2019 Ministers Decision No. 1060 of the Ministry of Finance of the Republic of Uzbekistan "On measures to organize the activities of the insurance market development agency under the Ministry of Finance of the Republic of Uzbekistan" serves as a legal basis for the development of the insurance market.<sup>1</sup> Thanks to the above created legal bases and guarantees, the place and role of the subjects of insurance activity in our economy is growing more and more. In recent years, health insurance has also been slowly taking shape. Its main purpose is to cover expenses related to maintaining people's health, providing medical care, and ensuring the health of insured persons. The strategy of Actions on the five priority directions of the development of the Republic of Uzbekistan in 2017-2021, approved by the Decree of the President of the Republic of Uzbekistan number PF-5953 dated March 2, 2020, is called "Science, enlightenment and to the state program on implementation in the year of the development of the digital economy" and the President of the Republic of Uzbekistan on August 2, 2019 "Measures to reform the insurance market of the Republic of Uzbekistan and ensure its rapid development on" was decided by the Cabinet of Ministers in accordance with the decision number PQ-4412.<sup>2</sup> Based on the decision, the strategy for the development of the insurance market of the Republic of Uzbekistan approved by the Decree of the President of the Republic of Uzbekistan No. PF-5953 dated March 2, 2020 Five priority areas of development of the Republic of Uzbekistan in 2017-2021 in accordance with the state program on the implementation of the Strategy of Actions in the "Year of Science, Enlightenment and Digital Economy Development", as well as the standards and recommendations of the International Association of Insurance Supervisors, developed taking into account modern trends in international insurance markets. The insurance system consists of commercial organizations that are professional participants of the insurance market. The insurance market includes life insurance and general insurance. In the insurance market, there are 43 insurance organizations (36 of them - general insurance, 7 - in the life insurance

<sup>1</sup>Source <https://www.lex.uz> taken from the site

<sup>2</sup>Source <https://www.lex.uz> taken from the site



network), 5 insurance and reinsurance brokers, 22 assistants, adjusters and surveyor, 5 actuaries, More than 9,000 insurance agents operate.

**Table 1.1**

**Investment activity of insurers<sup>3</sup>**

Indicator name		31.03.2022 in million soms	31.03.2023 in million soms	Change %
1.	<b>Total investments, including:</b>	<b>3 927 680</b>	<b>4,798,215</b>	<b>+22.2%</b>
2.	Deposits	2 315 352	2,892,759	+24.9%
3.	Securities	1 161 025	1 308 397	+12.7%
4.	Loans	51 002	56 156	+10.1%
5.	Real estate	275 360	394 459	+43.3%
6.	Participation in the charter fund of organizations	120 903	119 813	-0.9%
7.	Other investments	4 038	26 631	+559.5%

Based on the table, it can be seen that as of December 31, 2022, the total assets of insurers in the Republic amounted to 1.546 trillion soums, which increased by 7.4% compared to 2020. Total investments of insurance companies increased from 3.927 trillion soums to 4.798 trillion soums. Also, in the table, during 2023, deposits are 60.3%, securities are 27.3%, loans are 1.3%, real estate is 8.2%, participation in the authorized fund of organizations is 2.5%, and other investments are 0 by .6% we can observe that it has increased. During 2022-2023, deposits +22.2%, securities +24.9%, loans +12.7%, real estate +43.3%, participation in the authorized fund of organizations +0.9%, and other investments +559.5% we can observe that changes have occurred.

## **II. Specific trends in the development of the insurance market**

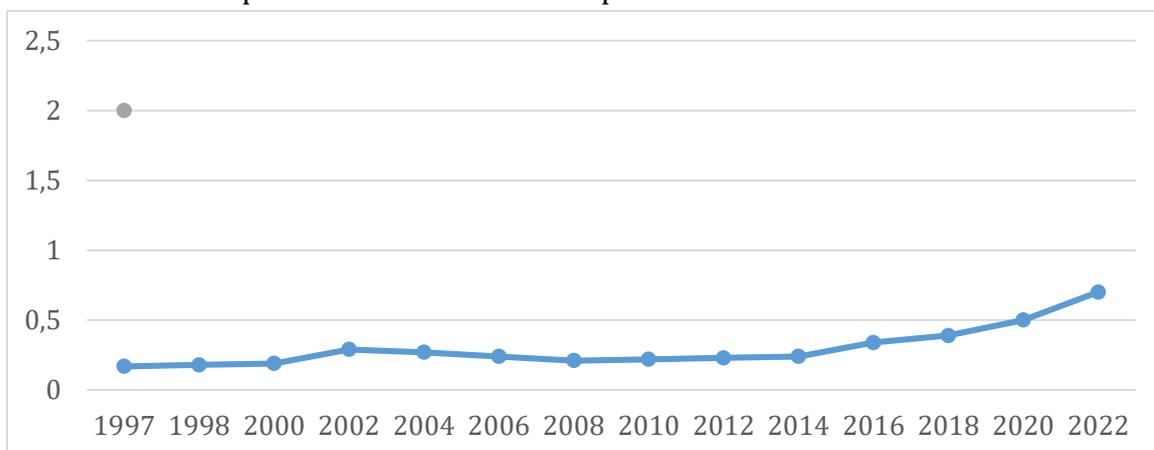
The reforms carried out in the years of independence regarding the formation of the insurance market and the development of insurance activities of our country are giving their positive results. Conducting scientific and practical research on the development of the insurance market provides an opportunity for step-by-step development of the sector at a priority level. In the conditions of fierce competition environment, the responsibility of the insurance market of our country to society and citizens is increasing year by year. One of the factors determining the development of the insurance market is determined by the share of insurance premiums in the volume of the gross domestic product. According to the information of the "New Frontier" organization, the "Insurance penetration rate" indicator, which is determined by the ratio of total insurance premiums to GDP, is 6.35 globally. percent, and in Uzbekistan it is 0.35 percent.<sup>4</sup> The development strategy of the new Uzbekistan envisages rapid digitization of the republic's economy, which will lead to changes in the main categories, principles and systems of economic and financial relations, the role of individual subjects of these relations leads to redistribution. In accordance with this strategy, great attention is being

<sup>3</sup>Insurance market development agency-Uzbekistan insurance market development indicators/2022-2023

<sup>4</sup>"Insurance Penetration Rate" is based on the data of the "New Frontier" organization of Great Britain.<https://economictimes.indiatimes.com>.

paid to the digitalization of construction, energy, agriculture and water management, transport, geology, cadastre, healthcare, education, and archival sectors.

In international practice, the development of the insurance market is determined by the volume of insurance premiums and its share in the gross domestic product (GDP). The average share of insurance premiums in GDP is 7.1 percent. This indicates the need to increase the nominal value of insurance premiums in Uzbekistan, as well as increase its share in GDP. The insurance market contributes to the distribution of risks in the national economy, strengthening the social protection system of the population, increasing the volume of investments in the economy and improving the country's economy. It is important to integrate into the market. The role of the insurance market in Uzbekistan today is high. In particular, by the end of 2022, insurance premiums in our republic will amount to 6231.7 billion. reaching soums, the share of insurance premiums in GDP was 0.7 percent.<sup>5</sup>



**Figure 1.2. Share of gross insurance premium in GDP (%)<sup>6</sup>**

The most important macroeconomic indicator of the insurance market is the ratio of total insurance premiums to the gross domestic product. The ratio of insurance premium to GDP in the countries of the European Union is on average 8%, Latin America, East European and African countries - 2-5%, in Uzbekistan, the value of this indicator has been from 0.32 to 0.5% in recent years, the share of insurance premiums in GDP by the end of 2022 It was 0.7%. Meanwhile, average per capita insurance spending in emerging markets is about \$150, with 54% of life insurance premiums and 46% of general insurance. On average, 3,000 US dollars are spent on insurance in the European Union countries. In the countries of Latin America and Eastern Europe - 200-600 dollars. More than \$4,000 a year in countries like the US and Canada. In Uzbekistan, according to the end of 2022, the amount of insurance premium per resident was only 173,000 soums (that is, a little more than 15 dollars), in 2019, the value of the indicator was 51,000 soums. 29 thousand soums, In 2015, it was 17.57 thousand soums.

### **III. Ways of applying foreign experience in the use of insurance services in the socio-economic development of regions**

Insurance plays a key role in the economic systems of developed countries, and it is necessary to develop an effective insurance protection system for the development of the

<sup>5</sup> The role of insurance in the sustainable development of the economy: trends, problems and solutions" international conference, Tashkent, November 16, 2023

<sup>6</sup> <https://www.mf.uz> prepared by the author based on the information of the site



national economy. This includes the introduction of new types of insurance, the use of modern insurance technologies and the improvement of the quality of provided insurance services. It is also necessary to improve the methods and forms of control in the insurance sector. Contribute to the socio-economic development of the country by not using the resources of insurance companies to strengthen the insurance sector's financial system and investment sector ordinary. Developed countries may have different approaches to social insurance and social protection, tailored to each country's specific needs. It should be taken into account that in most cases, the amount of insurance fund payments depends on the salary and how much the employee and the employer have collected through insurance contributions. However, there are exceptions such as medical expenses and family benefits. The main purpose of this system is to maintain a person's standard of living by redistributing his income during his lifetime in case of illness, disability or loss of work. In countries of the first group, such as Germany, France, and Belgium, the state undertakes to ensure that the income of any citizen does not fall below the guaranteed level. minimum regardless of previous income and depreciation in the insurance fund. These payments are made from the budget of the republic. Health care is mainly financed by insurance contributions, but minimum medical care is guaranteed from the budget. Health care is largely provided by the private sector with subsequent reimbursement.

In the context of further liberalization of the economy and further development of market mechanisms in Uzbekistan, it is urgent to further reform insurance activities and develop them based on international standards. In recent years, various changes in the world economy force countries to make decisions about the use of various instruments in managing their financial policy. It should be noted that until recent days, relations were expressed about the global financial and economic crisis that began in 2008, which seriously affected the world economy. By 2019, the spread of the Covid-19 pandemic, which started in China and later reached the level of a pandemic, had a serious impact on the economy of many developed countries as well as developing countries. Of course, as a result of such globalization and integration processes, effective development of the risk management mechanism, taking into account the external and internal factors that may occur in all segments of the financial market of countries it will be necessary. In such a case, it is natural that serious problems related to financial resources arise, especially in front of insurance companies dealing with life insurance..

### **Conclusion and suggestions.**

In short, insurance activity is one of the strategic areas, and its development is becoming an integral part of our country's economy. Insurance market of Uzbekistan and provision of demand for insurance services at the expense of insurance companies is developing as a priority issue. It is known that ensuring free and healthy competition in the insurance market is one of the important factors of its further development. It also depends on the state's insurance policy. To develop and improve the insurance system and market of our country by using the most optimal methods, even by applying the method of exempting insurance companies from paying taxes for a certain period, to develop activities in the insurance system it is appropriate to carry out activities such as training and improving the qualifications of the personnel. Reform of the insurance system in the context of economic modernization in the



process of writing this article dedicated to the study of the topic, the following main conclusions and recommendations were formed:

1. A financially strong and stable economy is one of the main pillars of the economy of any country operating entities include insurance companies. That's why for the level of socio-economic development of the independent state and the future The development is established in this country first and regularly to the activity of the system of business entities that is being improved depends.
2. Insurance in our republic in areas far from the outskirts of the city material necessary for electronic submission of reports of companies sometimes lacking. It is worth noting that electronically Internet and telephone connection are essential for submitting reports is one of the means, but in some areas, mainly in the outskirts of the city this issue is very urgent. As a result, electronic reports the possibilities of presentation are limited.
3. Improvement of the system of training and retraining of insurance market specialists, taking into account internal and external factors influencing the activity of the insurance market, education in the insurance sector application of modern methods of issuing, stimulation of scientific and research activities, formation and maintenance of a positive image of the national insurance market at a high level and investment attractiveness, including international and foreign insurance of the national insurance market can be increased by integrating with markets.
4. The main essence of financial statements in insurance companies reliable, complete and operational information about the financial situation delivery to internal and external users. In insurance companies financial statements to investors and creditors about the bank's activities, i.e how much money the company has, the amount of expected income, must be able to provide accurate information on accounts payable.

## References:

1. O'zbekiston Respublikasi Prezidentining "O'zbekiston Respublikasining sug'urta bozorini isloh qilish va uning jadal rivojlanishini ta'minlash chora-tadbirlari to'g'risida" 2019-yil 2-avgustdagi PQ-4412-son qarori
2. O'zbekiston Respublikasi Moliya vazirligi huzuridagi Agentlik"ning 2-avgustdagi 2019 yil PQ-4412-sonli qarori
3. 2017-2021 yillarda O'zbekiston Respublikasini rivojlantirishning beshta ustuvor yo'nalishi bo'yicha Harakatlar strategiyasini "Xalq bilan muloqot va inson mafaatlari yili" da amalga oshirishga oid Davlat dasturini o'rganish bo'yicha ilmiy - uslubiy qo'llanma. Toshkent-2017
4. Shennayev X. "O'zbekiston sug'urta bozori". Oliy o'quv yurtlarining "Sug'urta ishi" mutaxassisligi bo'yicha magistratura talabalari uchun o'quv qo'llanma. TMI. -T.: «Iqtisod-Moliya», 2022.
5. Ochilov I.K. Sug'urta tashkilotlarida buxgalteriya hisobi va moliyaviy tahlil metodologiyasini takomillashtirish: Monografiya. T.: Iqtisod-Moliya, 2021



6. Iqtisodiyotni barqaror rivojlantirishda sug'urtaning roli: tendensiyalar, muammolar va yechimlar: *Xalqaro ilmiy-amaliy konferensiya materiallari to'plami*. / Mualliflar jamoasi. –Toshkent. TDIU, 2023.- 349 b
7. F Qodirov. Aholiga tibbiy xizmatlar ko'rsatishning rivojlanishini iqtisodiy-matematik modellashtirish. Scienceweb academic papers collection. 2023/1/1.
8. F Qodirov. Zamonaviy to'lov tizimlari tahlili va elektron pul birliklari. Scienceweb academic papers collection. 2023/1/1.
9. Фаррух Қодиров. Аҳолига хизмат кўрсатиш соҳасининг моделлаштиришни тизимли имитация қилиш. *Визнес-Эксперт*. Том 173. Номер №5. Страницы 102-106. Дата публикации 2022.
10. Farrux, Qodirov. "Foreign experience in the development of medical services to the population." *Хоразм Маъмун академияси* (2022).
11. <https://www.stat.uz> – O'zbekiston Respublikasi Prezident huzuridagi statistika agentligi
12. <https://lex.uz> – O'zbekiston Respublikasi Qonunchilik ma'lumotlari milliy bazasi
13. <https://www.statista.com> – Dunyodagi sohalar va mamlakatlar statistikasini o'rganuvchi portal
14. <https://president.uz> – O'zbekiston Respublikasi Prezidenti rasmiy veb-sayti