



Insurance is a Strong Financial Instrument in the Socio-Economic Development of the Country

Khalikulova Gulzada Tadjimuratovna
Tashkent Financial Institute

ABSTRACT

In this article, the foreign experience of insurance activities, issues of implementation procedure are considered. The directions of development of the insurance market of Uzbekistan are analyzed. Proposals and recommendations were also demonstrated to help the development of the insurance market.

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1. Enter

The role of insurance in the effective socio-economic development of the country is invaluable, its task is to protect the property interests of individuals and legal entities during certain events. Insurance organizations are a powerful financial tool that plays an important role in ensuring social, economic and environmental security of the country. In developed countries, insurance represents a complex system that supports all areas of society's socio-economic life, the success of enterprise activity, economic stability and material well-being. The study of the world experience showed that the greatest level of protection of the population exists in the social risk insurance system of public and private

organizations, commercial and non-commercial organizations. A distinctive feature of the insurance market in Uzbekistan is its rapid development.

In almost all areas of society, the important conditions of insurance activity are determined by its economic content, its feature is that it is one of the main financial instruments involved in the redistribution of income and resources to compensate for damage caused by emergency situations, and ensures the continuity of production processes.

2. Review of literature

Nowadays, the terms "insurance" and "national insurance market" are found in more and more literature. In Prof. H. Sobirov's views on the emergence of insurance, it is noted that the development of insurance goes back to the distant past, that is: "The concept of insurance began to form before the concepts of money and credit. During the period of the initial community system, when each family began to understand the need to store the most necessary food reserves for life, if the reserves were insufficient or due to an event, additional material goods were needed, borrowed from the neighbors, damaged buildings were restored by means of khashar".¹ It is true that insurance as a means of protection may have predated the concepts of money and credit. Insurance reserves are formed in kind. This caused a lot of difficulties. Because the accumulation of reserves in kind did not allow them to be stored for a long time. The emergence and development of commodity-money relations in society created the basis for the formation of insurance reserves in the form of money.

Insurance as an independent economic category occupies an important place in the system of monetary relations. It is closely related to economic categories such as finance and credit. Insurance is a set of monetary relations for the formation and use of targeted monetary funds related to the compensation of losses caused by unforeseen natural, spontaneous events.

There are different approaches to explaining the nature of insurance and the insurance market. In particular, prof. H. Sobirov defines the concept of insurance as follows: "In most literature, the word insurance is used in the sense of danger, horror, panic, because as a result of these natural disasters and accidents, material damage is caused to the life of society. But the term insurance does not mean these mental states, but among them, emergency damages that have occurred and may appear, and measures aimed at reducing their force, compensating for the deficit that has arisen as a result of damage, relations between insurance organizations and insured persons that arise in this direction are envisaged."²

In the Law of the Republic of Uzbekistan "On Insurance Activities" adopted on April 5, 2002, insurance is defined as follows: "Insurance means protection of the interests of people by paying the payment of insurance compensation to them in accordance with the insurance contract in a certain event (insurance event) at the expense of funds formed from the insurance premiums paid by legal entities or individuals."³

According to Russian economist prof. B.Serbinovsky, "Insurance is a system of relations to protect the property interests of the people in a certain event (insurance event) at the expense of funds formed from insurance fees (premiums) paid by legal entities and individuals."⁴

1Sobirov H.R. From the history of insurance of Uzbekistan. - "Economic Bulletin of Uzbekistan" magazine, 2000 No. 10, p. 57.

2Sobirov H.R. Insurance: 100 questions and answers. -T.: "Labor", 1998, pp. 8-9.

3Law of the Republic of Uzbekistan "On Insurance Activities". - "Khalk Sozi" newspaper, May 28, 2002.

4Serbinovsky B.Yu. Strakhovoe delo. - M. "Phoenix", 2004. 7 str.

Economist N.Bendina, in order to reveal the economic nature of insurance, states the following: "It is a method of compensating the damage by dividing it among the majority of individuals when legal entities and individuals suffer from damage."⁵. The insurance fund is formed at the expense of the insurance premiums paid by most individuals and legal entities, and when the property interests of the persons participating in the formation of this fund are damaged as a result of natural events, insurance coverage is provided from this fund.

Another Russian economist, A. Arkhipov, defines insurance as follows: "Insurance is a means of protection against dangerous, unpleasant events, but not against all such events, but protection against the probabilities of an emergency that may occur and the level of damage is pre-estimated, and it is unknown where and how such events will occur"⁶.

A. Wagner defines insurance as such an economic organization that can compensate to a certain extent the damage done, prevent from the harmful event that is expected to be caused to human health and property.⁷

Acknowledging the scientific works and works of the above-mentioned scientists and specialists, we would like to emphasize that despite the fact that insurance occupies an important place in the economy of our country, no scientific-research works have been carried out in this direction based on an independent systematic analysis, combining theoretical and practical knowledge.

3. Research methodology

In this article, the nature and methods of the author's research in the insurance market are considered, first of all, from the point of view of researching the competitive environment of insurance companies. There are two approaches to define the term insurance market research: how to do the analysis and how to collect the information.

Insurance market research is the process of collecting data on the size of the market, the competitive environment (indicators of insurers' competitors), the demand for insurance services, the provision of insurance services and its quantitative and/or qualitative analyzes and their development forecast.

4. Discussion of research results

As an integral part of the financial market, the insurance market should be a reliable partner in the sustainable development of the economy, in the creation of cooperative relations, in the protection of the rights and legal interests of the population and business entities, and in winning the trust of the professional participants of the insurance market. It has a number of characteristics related to the development conditions of the economy of Uzbekistan and distinguishes it from foreign insurance markets.

In economically developed countries, the insurance system is an integral part of the international insurance market. This is an important sector of the national economy, funds collected by insurance organizations are a source of large investments.

There are two types of insurance companies in the United States: joint stock companies and mutual insurance companies. Insurance companies provide three types of insurance: commercial (broad coverage); property of citizens (buildings, cars, etc.); personal (life and health insurance, medical,

⁵Bendina N.V. Strakhovany. - M.: "Prior", 2005. str. 3.

⁶Arkhipov A.P., Gomellya V.B., Tulenty D.S. Strakhovany. - M.: Finance and statistics, - 2007. - 10 p.

⁷Belykh V.S. Strakhovoe pravo. - M: Infra-M, - 2001. - 20 p.

pension, savings, etc.). Private insurance has the largest share in the United States. It includes: life insurance (death insurance, life insurance up to a certain age); rent or pension insurance; health and accident insurance. Contracts can be concluded for a certain period or for life. In the US, this type of insurance accounts for 3/4 of all life insurance contracts. The cost of annual life insurance premiums is \$9 billion. The second most important type of insurance in the United States is credit and financial insurance, which is primarily based on the principles of trade and service credit regulation.

The activities of all US insurance companies are regularly analyzed by three large consulting companies: AMBest, Moody's, Standard&Poors, which publish quarterly catalogs of their activities. They publish official ratings of insurers with information about customer reliability and their solvency status.⁸ The main factors analyzed are: financial condition (loss level, income and return on investments and debt level); payment of claims and service level; security and harm prevention; flexibility in the company; cost of services. The insurance business in the United States is the only business that is not threatened by the country's antitrust commission.

More than half (51%) of the German national insurance market is property insurance. Health insurance in Germany is less than in other Western European countries. The German insurance market is divided between the public social security system and the private sector of insurance services⁹. Social insurance is mandatory for all workers, unless they are covered by the private insurance sector. This means long-term insurance, rather than temporary disability insurance during unemployment. In Germany, the private sector of insurance services includes shareholders insurance companies, mutual insurance companies and public insurance companies.

National and foreign insurance companies operating in Germany are supervised by the Federal Office for the Supervision of Insurance Companies. The main goal of the Federal Agency for State Insurance Supervision is to protect the interests of the insured.

Although the UK insurance market is not the largest insurance market in the world, it is the oldest insurance market. For thousands of years, the English insurance market has set the terms of insurance. English insurance rules formed the basis of national insurance conditions in many countries of the world. Almost 1/10 of all insurance premiums in the world go to British insurance companies. Lloyd's Syndicate, the world's most famous insurance organization, unites more than 23,500 individual insurance companies, 2181 of which are foreign participants (including 1370 people from the USA). Analysis of insurance activities in foreign countries allows us to bring their positive aspects to the country's insurance market¹⁰.

The analysis of the financial indicators of the insurers of Uzbekistan concluded that the insurance market has entered the stage of stable development, therefore, the further increase in the growth rate is associated with changes in the legislation, which showed the dynamics of growth in the insurance market.

Today, the insurance companies of Uzbekistan provide a wide range of insurance services in the field of general insurance and life insurance. Companies, according to their licenses, provide insurance services for voluntary and compulsory insurance.

⁸<https://www.thebalancesmb.com/insurance-company-ratings>, AMBest, Moody S, Standard&Poors, Insurance Company Ratings.

⁹Müller H. Der Versicherungsverein auf Gegenseitigkeit: Chancen und Risiken aus der Sicht eines Versicherungsaufsehers / H. Müller. Karlsruhe: Werl. Versicherungswirtschaft, 2000.

¹⁰Cockrell HAL, Green Edwin, The British Insurance Business. - London: Heinemann Educational Books, 2016

5. Conclusions and suggestions

For more effective development of the internal market of insurance services, it is necessary to accelerate the development and adoption of legal documents regulating the activities of mutual insurance companies. Regardless of the quality of insurance services in insurance companies, there is always a need for mutual insurance. A necessary way to increase the level of trust in the market of insurance services is to ensure transparency of information. Like other financial institutions, insurance organizations are required to publish financial statements.

In promoting the insurance industry, increasing the literacy of potential policyholders is essential. In addition to the application of foreign experience, it is necessary to create favorable conditions for the further development of innovations in the country. Some areas of insurance activity require sufficient theoretical and methodological research.

National insurance companies and foreign investors should create a strategy to promote insurance products according to the needs of policyholders and the requirements of each specific region.

In conclusion, it should be said that our society needs to protect its property and financial interests in everyday life, as well as to implement various activities and socio-economic programs. All this can be insured while being supported by the state. The need to improve laws in the field of regulation of the insurance services market leads to a lot of public discussion related to the insurance market, the prospective directions of its development and the concepts of its further operation. Providing an important component of the economy and an integral part of the economy in the domestic market of insurance services are the social and economic tasks of the state.

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