

Strategic development of the insurance services market in Uzbekistan

N.A.Mavrulova¹

¹Senior lecturer, Tashkent financial institute, Uzbekistan

Correspondent author: mavrulova_n@umail.uz DOI 10.31150/ajebm.Vol3.Iss2.143

Abstract: The article describes successive reforms in the insurance market of Uzbekistan and outlines strategic directions for expanding and expanding the scope of insurance services. Also, the trends of insurance market development are analyzed and recommendations for its acceleration are given.

Keywords: competition, insurance market, insurance product, solvency, level of capitalization, infrastructure, reinsurance.

Introduction

The Strategy of Action on the five priority areas of development of the Republic of Uzbekistan envisages consistent reforms in the financial services market, including insurance, intending to develop the national economy. This requires all the participants of the insurance market of the republic to increase the efficiency of their activities, from the development of innovative insurance products that meet international standards in all areas of the industry, to high-quality services and public confidence in the insurance system. Creating a competitive environment in the insurance market in a market economy, ensuring its positive impact on the development of insurance companies, providing both insurers and potential insurers with competitive and affordable

insurance services. It is also important to develop affordable insurance products. Recently, concern about the social status, property interests of the population, and the increase in the level of profitability are the basis for the formation of legal entities willing to work in the insurance industry and the creation of competitive insurance services.

Literature review

Today, the insurance system is one of the most widely used sectors of the world. Creating a healthy competitive environment in the insurance market will ensure its further development. Formation and development of healthy competition in the global insurance market have been analyzed by foreign economists - B.Serbinovsky, A. Godin, S.Frumina, I.Denisova, S.Yermasov, A.Hudyakov. In Uzbekistan, insurance market status, structure, development trends and theoretical and practical aspects of reforming have been studied by H. Sabirov, A. Vahobov, H. Shennayev, I. Abdurakhmanov and others. In addition to the theoretical aspects of the functioning of the insurance system, the above-mentioned scholars' research analyzes several stages of service development in this area, and we are strategically developing the insurance services market to help improve the performance of insurers. We have analyzed several steps.

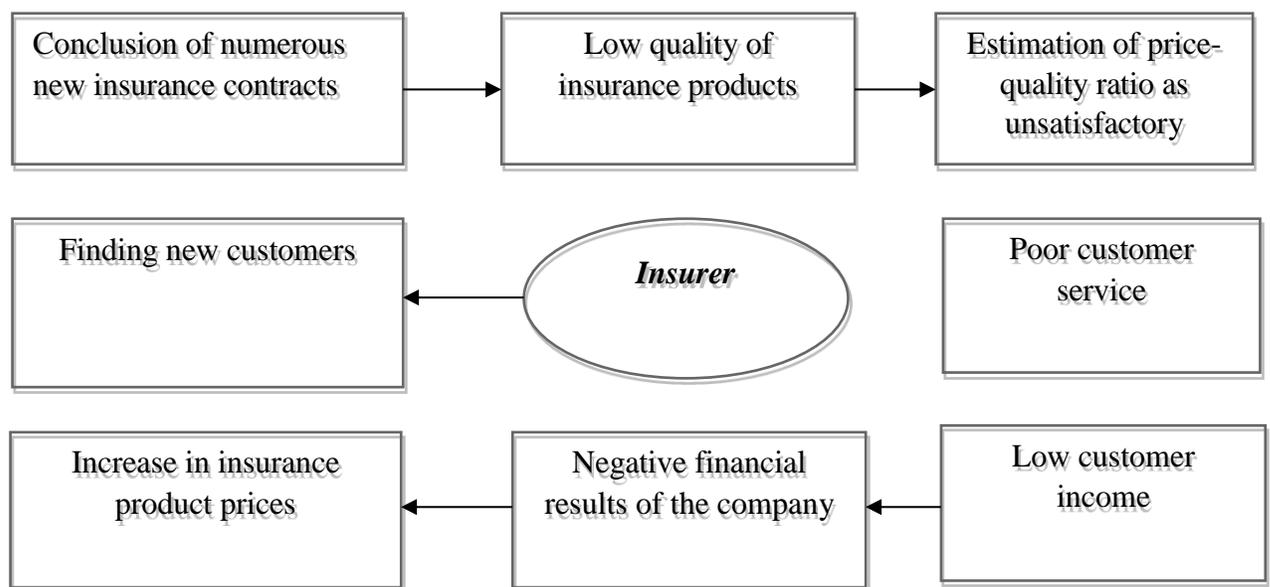
Analysis and results

The development of the current competitive environment in the insurance market of Uzbekistan is a key factor in the development of the industry. We know that the commodity traded on the insurance market is an insurance product, which means that its quality, price, purchase order, convenience, affordability and, of course, the conditions for obtaining insurance compensation are important to the clients. Without a sufficient quality of the insurance product, it is impossible to reach the clients' self-sufficiency, and the quality of the insurance services allows the insurer to rely

on strong clients. The importance of the quality of insurance products in ensuring the prosperity of the insurance company can be illustrated by the following scheme:

Figure 1. Insurer's approach to attract new clients (hunting strategy)

The quality of the insurance product is the insignia of the insurer, reflects its market position, determines their ratings, and carries out complex measures on organization and conduct of their activity according to the label. As of the end of 2019, there are 36 insurance companies operating in over 100 types of insurance on the country's insurance market, with the goal of ensuring that insurance products are based on affordable, affordable, flexible procedures and conditions. are



trying. In non-competitive industries, there is no attempt to attract, reassure, or even improve the quality of the services, so the government has taken steps to eliminate the monopoly in the insurance industry and saturate the insurance market with the needs of the population. increased. Significant work on the further development of competition in the insurance services market, an increase of insurers' capitalization. In particular, as a result of the great attention paid to the reform and development of the sector, the volume of insurance premiums is growing by an average of 34% annually, and the most important part of the population is provided with insurance services. At present, there are a number of problems that allow intensifying the development of the insurance system in Uzbekistan. In particular, the low level of capitalization of insurance companies

negatively affects their financial stability. The best way to solve this problem is to regulate the entry of foreign insurance companies to the domestic market. Availability of foreign companies greatly influences the development of the insurance market and attracts capital. In Poland, for example, 48% of total insurance market assets and 73.5% of capital are managed by foreign investors. At present, Poland is one of the leaders in the insurance market of Eastern and Central Europe. Further development of foreign investors' activity in the national insurance market will be supported by wise policy and regulatory measures in the country.

The investment potential of the national insurance system is inadequate, so it is advisable to increase the investment activity of insurance companies. The role of the insurer as an institutional investor is important in the development of the economy. Insurance companies in Uzbekistan are not able to represent themselves as institutional investors, and in 2018, 88.6% of total investments are placed on corporate securities and deposits with low profitability. To increase the role of insurance companies as institutional investors, it is advisable to invest assets in high-yield and long-term investments.

Economic and legal regulation of insurance relations means the regulation of insurance market participants' activities employing market tools. On January 17, 2019 the Decree PF-5635 adopted the State Program on implementation of the Strategy of Action for the five priority directions of development of the Republic of Uzbekistan in the "Year of active investments and social development" for 2017-2021. measures for the development of the average market.

According to this program, the main objective of the development of the insurance market of Uzbekistan is to increase the level of insurance protection of property interests of individuals and legal entities, ensuring the effective functioning of the insurance market, taking into account international experience, and using modern market infrastructure. formation of effective market mechanisms for attraction of investment resources to the national economy.

The key factor for the successful development of the national insurance system is the formation of a modern market infrastructure. In this regard, the insurance company needs to perform financial engineering of business processes.

Business processes methodology of insurance organizations perform the following tasks:

- Strateg Provides strategic planning of activities that must identify promising areas for insurance company development;
- Creation of organizational structure allowing optimization of activity of insurance company and its structural subdivisions;
- There is an opportunity to have operational control at all stages of the insurance company.

The purpose of reengineering is determined by the simplification of the organizational structure of the insurance organization, the redistribution and minimization of various resources, and the improvement of the quality of services in the rapidly changing national economy. Conducting business reinsurance in an insurance organization over some time, for example, changes the insurance organization every five years, taking into account external factors.

Business process reengineering is accomplished by modelling business processes using modern techniques and software. The most effective of the systematic analysis methodologies is SADT (Structured Analysis and Design Technique). The essence of this model is that at first the overall system is modelled and then divided into sections. First, the IDEF0 business process standard was adopted in the US and later used in other countries, for example, in the model IMF business processes. This model includes specific standards and provides an overview of the specifics of each standard insurance organization. IDEF0 includes business process modelling, DFD modelling and data processing. It is recommended to use modern business process tools in insurance organizations.

The scheme of business processes for dealing with legal entities in insurance companies is implemented as follows. The sales department is responsible for the sales process, the underwriting process is carried out in a separate section after the insurer completes the unified information system and underwrites the contract. Customer service and insurance claims are handled separately.

In such a business process one employee can provide all types of insurance to the client. When the client is offered insurance, a universal calculator connected to the corporate system is used and an automated paperwork model is used, which results in the reduction of customer requests. The underwriting department is responsible for the level of risk management and insurance portfolio risk, which will improve the quality of customer service and end conflicts between employees and departments.

Applying the above business model will allow the insurance organization to achieve the following:

1. Determines the main activities of the insurance organization.
2. Improve the business structure of the insurance organization and ensure its transparency.
3. It allows changing economic results in the intermediate stages, thus ensuring the implementation of strategic plans of the organization.
4. Reduction of expenses for the insurance business by the insurance organization.
5. Opportunistic costs are reduced, these costs can be at each stage of the business process and harm the intended business processes.

The modern e-digital economy provides an accurate and accurate assessment of risks that directly affect the financial stability of insurance companies, provides insurers with comprehensive information and provides many opportunities for insurance activities. is revealing. At the same time, it is possible to identify factors influencing the formation of a qualitative model of risk assessment and prediction of the probability of insurance events.

Telematic systems are one of the fastest-growing segments of the information technology market. However, the general definition of the term "telematics" is rather difficult - firstly, telematics is "remote control of objects", secondly, "modern electronic equipment in cars", and third, "specialized information modules for data processing and transmission." Is considered to be.

According to Jonson & Partners Consulting, sales of smart insurance policies increased by 81% in 2020 to \$ 107 million. grains. As a result of the introduction of smart insurance products, the technology is not only new but also significantly increases and develops the insurance portfolio. Sales of insurance products that allow you to formulate the possible price parameters for an insured event, taking into account the specifics of each client and insurance object, increase the risk assessment accuracy, and can have a positive impact on financial stability.

The experience of introducing similar systems in the West shows that smart insurance products reduce the number of road accidents, increase the overall level of road safety, and increase car owners' insurance. and reducing fuel costs, as well as improving the environmental performance of cities. Early diagnosis of the disease is key to effective medical treatment, and it allows insurance

companies to take preventive measures to reduce the cost of insurance coverage and maintenance. Similar trends are observed in the property insurance of individuals.

Conclusion

It is necessary to create favourable conditions for further development of the financial market in the republic, expansion of coverage of the population with qualitative financial services, support of insurance companies' activity, as well as protection of the rights and legitimate interests of consumers in this sphere. activities are being consistently implemented. At the same time, the active development of financial services aimed at ensuring sustainable economic growth, improving the quality and standard of living of the population at the current stage of reforms requires strengthening the role of the insurance market in the country and wider use of insurance tools. The following directions for the strategic development of the insurance services market in Uzbekistan are defined:

- ✓ increasing the level of capitalization, solvency and financial stability of the professional insurance market participants, improving the quality of their assets, as well as the development of insurers' investment activities;
- ✓ development and expansion of the insurance market infrastructure by enhancing the functioning of insurance intermediaries and improving the system of operation, and in general, enhancing the role of professional insurance market participants;
- ✓ Strengthening the protection of the rights of consumers of insurance services and other subjects of insurance, increasing the level of insurance literacy and confidence of the population, ensuring the openness and transparency of the insurance market;
- ✓ expanding and improving the quality of insurance services through the introduction of new innovative insurance products and the development of traditional products that are in demand, as well as the active introduction of electronic services in the industry with the wide use of modern information technologies and development.

Full functioning and accelerated development of the insurance system will boost the economic and social life of the country.

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