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PROSPECTS FOR THE FORMATION OF THE NATIONAL INSURANCE MODEL

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Abstract. The strategy proposed in this study was developed on the basis of the above analysis of the relations between the state, the insured and the insurers, taking into account the mentality of the people of Uzbekistan to some extent. First of all, it is aimed at the formation and development of the demand for insurance mechanisms for the protection of property interests of individuals and legal entities in the conditions of a modernizing economy. In addition, a national model of protection of property interests of individuals and legal entities through insurance has been formed. Also, the innovative perspectives of the insurance industry in the technological, economic and product directions as an element of the risk management system of legal entities and individuals in Uzbekistan have been identified. In Uzbekistan until 2026, a strategy for the development of the insurance sector has been formed on the basis of the national insurance model as an element of the risk management system of individuals and legal entities.

Key words: national insurance model, microinsurance, insurance contract, insurance premium, insurance object, loss, insurance activity, property interests

Introduction.

By 2030, Uzbekistan is striving to increase the gross domestic product by 2.1 times, per capita by 3 times, increase the average life expectancy to 78-80 years, and fully provide the population with housing. This is envisaged in the project of the concept of socio-economic development of Uzbekistan until 2030[1].

This draft decision was developed by the Ministry of Economy and Industry in accordance with the decrees of the President of the Republic of Uzbekistan, as well as the orders of the Presidential Administration. "Roadmaps" designed for medium-term (2022-2026) and long-term (2027-2030) periods have been developed to achieve the goals defined in the concept. The following priorities are considered as the main factors for achieving the goals of the Concept:

1. Maintaining macroeconomic stability;
2. Accelerating the process of transition to the market economy;
3. Strengthening social protection and services for citizens, turning demographic factor growth into effective economic growth;
4. Increasing the role of the state in a strong market economy;
5. Effective use of the regional factor;
6. Conduct targeted investment policy in order to ensure economic growth and structural

changes;

7. Improving the efficiency of using the environment.

[1] Decree No. PD-5975 of the President of the Republic of Uzbekistan dated March 26, 2020 "On measures to radically update the state policy in the field of economic development and poverty reduction".

The goals and objectives of the development of insurance in Uzbekistan are covered by the stages of consideration depending on each priority direction.

The main goal of insurance in solving the issue of maintaining macroeconomic stability in the country is to protect the property interests of the state and business in solving the issues of modernization of the economy through the use of insurance mechanisms. In this case, the use of classic insurance mechanisms with the reinsurance of accepted risks for insurance from reliable domestic and foreign reinsurers, especially for large enterprises and financial-industrial groups, are insurance tasks. In this case, voluntary insurance contracts and compulsory insurance contracts for property, civil liability, investment risk are concluded with large sums of insurance and, accordingly, insurance premiums. In most investment projects with foreign participation, insurance and reinsurance are mandatory conditions for project implementation.

Literature review.

In accelerating the process of transition to a competitive market economy, the purpose of insurance is to create favorable working conditions by effectively managing the risks of individuals and legal entities [1] . At the same time, the tasks of insurance are achieved by improving underwriting processes and increasing the quality of pre-insurance examination [2]. These tasks, depending on the necessary level of protection of property interests, can be solved as in classical insurance [3]. Thus, within the framework of the national model of commercial insurance, part of the insurance premium is returned to the policyholder at the agreed level of unprofitability of the insurance premium (insurance with the participation of the insured in favor of the insurer) [4].

Under conditions of formation of basic terms and insurance rates by foreign reinsurance companies and insufficient number of qualified actuaries specializing in professional assessment of insurance rates, actuarial assessment of insurance rates is carried out by foreign specialists in most cases. And their results are presented only in the form of a ready offer on insurance conditions and tariff rates.

At the same time, local actuaries, in the interests of foreign insurance and reinsurance companies, when calculating tariff rates, mainly proceed from the market point of view of the world insurance market and do not take into account the collected long-term statistical data, reliability indicators, information about the insurance object and other technical indicators [5]. We believe that it is appropriate to establish national reinsurance funds in order to reduce the outflow of reinsurance premiums outside the republic.

In order to achieve the above-mentioned goal for large and medium-sized enterprises, private and small enterprises, budget organizations, which are not part of financial industry groups, the tasks of insurance are to use the national insurance model, returning a part of the insurance premium to the policyholder at the agreed level of the unprofitability of the insurance premium [6]. At the same time, compulsory insurance contracts, mortgaged property insurance contracts, cargo insurance contracts are concluded [7].

In the above cases, insurance mechanisms should ensure real compensation of damages caused by various types of activities, unexpected natural events, man-made accidents, disasters, thereby reducing the burden on the state budget [8].

Also, the introduction of the three-level system of state insurance serves to attract entrepreneurs and residents to the insurance sector, to improve their insurance culture, and to reduce the feeling of arrogance in the society [9].

Research methodology. The methodology used in this study was to analyze the state of the insurance market, develop insurance models in the insurance of risks and sell insurance products, analysis, synthesis, abstract-logical and critical thinking, scientific approbation, and generalization.

Analysis and discussion. As a result of the conducted research, taking into account the interests of the modernizing economy, the following goals of insurance development in Uzbekistan were determined:

-ensuring macroeconomic stability in the country by protecting the property interests of the state, business and citizens in solving the issues of modernization of the economy using insurance mechanisms;

-to accelerate the process of transition to a competitive market economy by effectively managing the risks of individuals and legal entities and creating favorable business conditions;

-to strengthen state regulation of insurance activities in accordance with the standards of international insurance activity control organizations, to develop self-regulation mechanisms in insurance activities, to strengthen the role of non-governmental non-commercial associations and unions of professional participants;

-increase the level of social stability in society as a result of providing access to high-quality medical services and education for large segments of the population through the use of insurance mechanisms;

-development of regional insurance by introducing a three-level model of national insurance by increasing the insurance culture of residents of the regions, as well as owners of private and small business entities located in the regions;

-gradual mass involvement of middle-income families in the processes of property insurance;

-development of types of accumulated long-term insurance that correspond to the mentality of our people, as well as increasing the investment potential as a result of ensuring the use of long-term funds through the effective use of the national model of non-commercial mutual insurance based on the principle of financial participation from temporary free funds collected in special neighborhood funds;

-to ensure protection of property interests of individuals and legal entities from environmental risks and the risk of natural and man-made disasters.

To achieve the above goals, the following tasks should be performed (Figure 1).

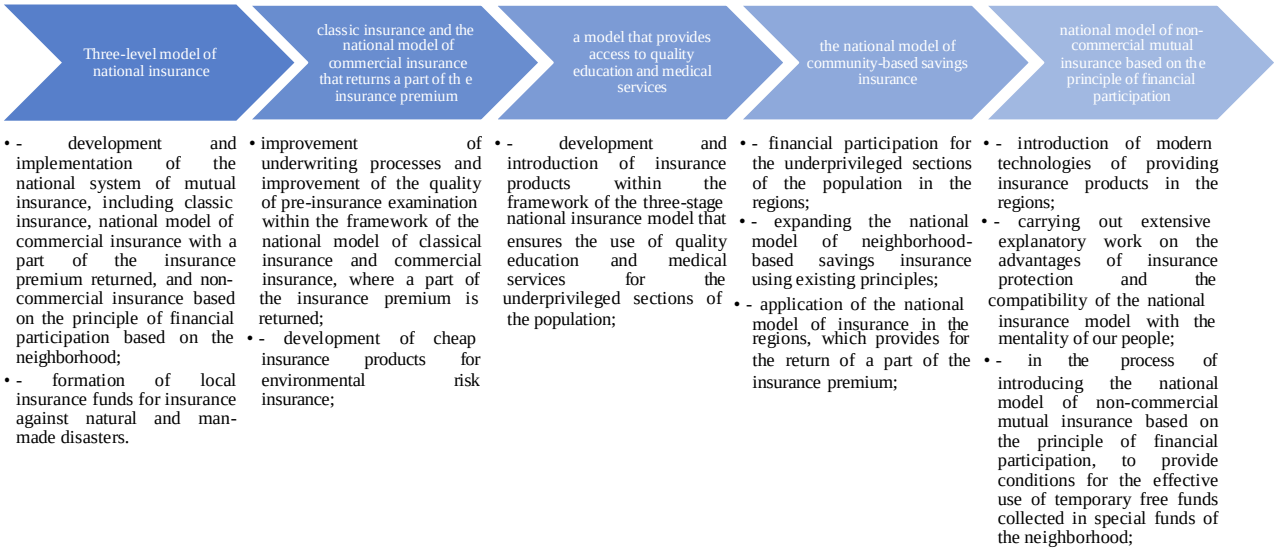
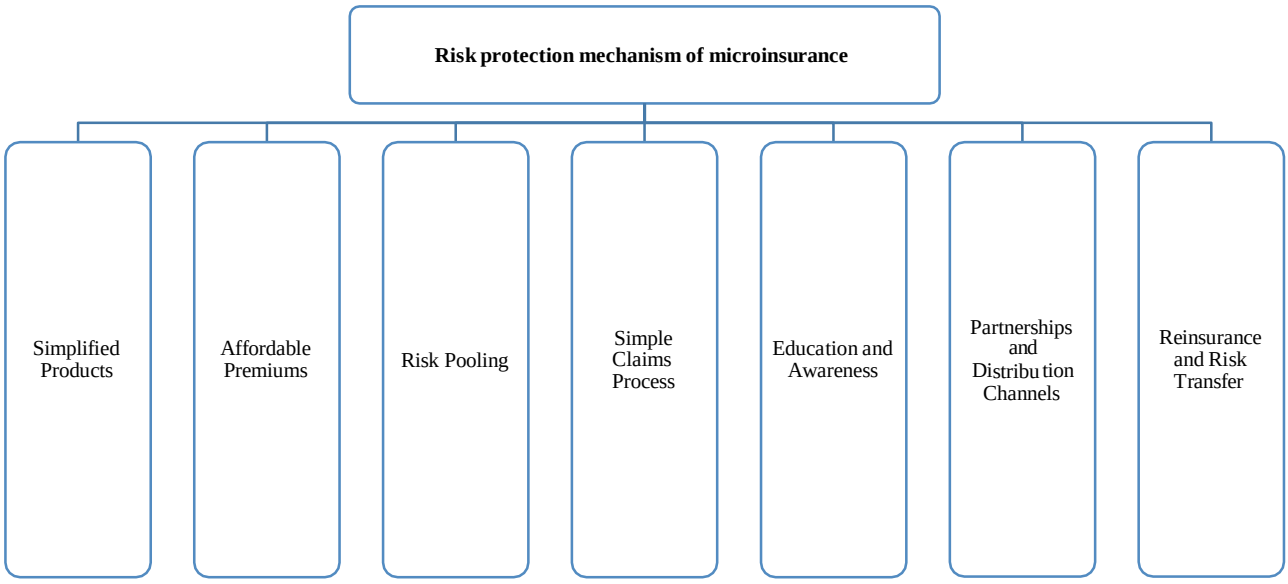


Fig. 1. Description of the modern three-stage model of national insurance[2]

The stage of modernization of the country's economy is characterized by a significant increase in the number and severity of man-made, financial, political and social risks. This significantly reduces the ability of low-income individuals, private and small business entities to manage their own risks at the start-up stage, which is usually characterized by a lack of funds. In foreign practice, microinsurance is widely used to solve this problem, and in our country certain experiences have been accumulated in the field of microinsurance. Based on the official definition of microinsurance, the activity of protecting the property interests of individuals and legal entities from various risks must meet the following requirements in order to be classified as microinsurance (Figure 2).



[2] Complied by author.

Fig. 2. Requirements for microinsurance activity to protect the property interests of physical and legal entities from various risks [3]

The risk protection mechanism of microinsurance involves several key components tailored to the needs and constraints of low-income individuals and communities:

1. Simplified Products: Microinsurance typically offers simplified insurance products with lower premiums and coverage tailored to the specific risks faced by low-income individuals and communities. These products often cover basic needs such as health, life, property, and livelihood protection.

2. Affordable Premiums: Microinsurance premiums are designed to be affordable for low-income individuals, often by using flexible payment structures, such as frequent, small payments or payments tied to income cycles.

3. Risk Pooling: Microinsurance pools the premiums of many policyholders to spread the risk of a few individuals across a larger group. This helps in stabilizing the financial impact of unexpected events on policyholders and ensures that no single individual faces catastrophic losses alone.

4. Simple Claims Process: Microinsurance providers often streamline the claims process to make it more accessible and less bureaucratic. This may include simplified documentation requirements, local claims processing centers, or mobile-based claims submissions.

5. Education and Awareness: Microinsurance programs typically include educational initiatives to increase awareness among policyholders about the importance of insurance, how it works, and how to access benefits. This helps in fostering trust in the insurance system and encourages more people to participate.

6. Partnerships and Distribution Channels: Microinsurance providers often partner with local organizations, community groups, or microfinance institutions to reach underserved populations and distribute insurance products effectively. Leveraging existing networks and distribution channels helps in reducing costs and reaching a larger number of beneficiaries.

7. Reinsurance and Risk Transfer: Microinsurance schemes may utilize reinsurance or other risk transfer mechanisms to manage their own exposure to large or unexpected losses. Reinsurance allows microinsurance providers to transfer a portion of their risk to larger insurance companies or reinsurers, providing greater financial stability.

Overall, the risk protection mechanism of microinsurance aims to provide accessible, affordable, and tailored insurance solutions to low-income individuals and communities, helping them manage and mitigate the financial impact of various risks they face in their daily lives.

The formation of an effective strategy for the development of insurance as an element of the risk management system of individuals and legal entities is determined, first of all, by the presence of demand with the ability to pay. This, in turn, reflects the macroeconomic situation and development prospects of the entire country's economy: industry and services; the whole country is related to the financial system and in particular the insurance market, as well as the social policy of the state.

It should be noted that the proposed strategy is indicative rather than imperative, and the overall goal of the proposed strategy is to create conditions for the rapid development of insurance mechanisms in the context of economic modernization.

[3] Complied by author.

The following areas of insurance development in the country were considered as the main goals of the strategy: the use of insurance mechanisms to increase the standard and quality of life of individuals in the context of economic modernization; promoting the development of the economy by providing low-cost insurance mechanisms for managing the risks of legal entities and individuals; creating conditions for the development of insurance culture and insurance in general.

The implementation of the proposed strategy is based on the following principles: stability of the interests of individuals and legal entities in the use of insurance mechanisms in risk management; development and implementation of measures for the development of insurance mechanisms to protect the property interests of individuals and legal entities in the context of modernization of the economy; protecting its strategic interests while integrating the local insurance market into the regional and global insurance markets; comprehensive development of insurance mechanisms for managing the risks of individuals and legal entities in the conditions of the market economy based on the partnership and joint responsibility of the state, entrepreneurs and final beneficiaries; ensuring the transparency and predictability of the development of insurance mechanisms for managing the risks of individuals and legal entities in the conditions of modernization of the economy.

Within the framework of the proposed strategy, the national insurance model includes: classic types of commercial insurance and mutual commercial insurance; modernized types of commercial insurance (including inclusive insurance, insurance participating in the insurer's profit); mutual non-commercial insurance using the principles of financial participation based on a voluntary association of citizens living in the same neighborhood.

The main means of implementation of the proposed strategy may be: laws, regulations, regulatory documents related to the introduction and implementation of the national insurance model; application of soft and indirect regulatory measures in the organization of non-commercial mutual insurance using the principles of financial participation on the basis of a voluntary association of citizens living in the same neighborhood; strengthening of control and application of control measures on types of classic commercial insurance and mutual insurance ensures protection of legality and interests of professional participants of the insurance market and final beneficiaries; to create an infrastructure for the organization of non-commercial mutual insurance using the principles of financial participation based on a voluntary association of citizens living in the same neighborhood and to ensure its equal use.

Conclusion.

In conclusion, the prospects for the formation of a national insurance model are promising, with several key factors driving its development:

Increasing Awareness and Demand: As awareness of the importance of insurance grows and economic development continues, there is a rising demand for insurance products across various sectors of society. This increased demand creates opportunities for the establishment and expansion of a national insurance model.

Advancements in Technology: Technological advancements, such as digital platforms, mobile payment systems, and data analytics, are facilitating the delivery of insurance services to a wider audience and streamlining administrative processes. Embracing these technologies can enhance the efficiency and accessibility of insurance services within a national model.

Government Support and Regulation: Government support and effective regulation play a crucial role in the development of a national insurance model. Clear regulatory frameworks can promote stability, consumer protection, and market growth, while government initiatives can incentivize participation and innovation within the insurance industry.

Partnerships and Collaboration: Collaboration between public and private stakeholders, including insurance companies, government agencies, NGOs, and international organizations, can foster the development of a comprehensive and sustainable national insurance model. By leveraging their respective strengths and resources, these partnerships can address various challenges and expand insurance coverage to underserved populations.

Inclusive and Customer-Centric Approach: A successful national insurance model should be inclusive, catering to the diverse needs and preferences of different demographic groups. By adopting a customer-centric approach and offering tailored insurance solutions, the model can effectively address the specific risks and vulnerabilities faced by individuals, businesses, and communities.

Overall, the formation of a national insurance model holds great potential for enhancing financial resilience, promoting economic stability, and advancing social welfare. By capitalizing on emerging trends, leveraging technological innovations, and fostering collaboration among stakeholders, countries can build robust and sustainable insurance systems that benefit society as a whole.

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