

## Prospects for the development of personal insurance in Uzbekistan

PhD, docent, Bazarov Zakir Xonqulovich  
Tashkent State University of Economics  
(ISFT institute), Uzbekistan

**Abstract:** This article contains information on the insurance market of the Republic of Uzbekistan and the large-scale reforms being carried out in this area, the prospects for the development of personal insurance in our country, the decrees of the President of our country Sh. Mirziyoyev related to this area, including the Law of the Republic of Uzbekistan on Insurance Activities, which contains information on personal insurance. At the same time, a statistical table has been formed and analyzed in our country by type of insurance.

**Key words:** Insurance, personal insurance, life insurance, health insurance, reinsurance, financial stability, insurance payments, insurance premium, insurance contracts, insurance obligations, authorized capital of an insurance organization, growth of investments of an insurance organization.

This is an open-access article under the [CC-BY 4.0](https://creativecommons.org/licenses/by/4.0/) license



## Introduction

Insurance services are important in the modern economic system as a means of financial stability and social protection. However, the demand for these services is not uniform, but is formed under the interaction of a number of factors. In particular, the demographic indicators of the population, the economic situation in the country and the population's trust in the insurance system are among the main factors determining the pace of development of these services.

In a market economy, the personal insurance system plays an important role in ensuring the socio-economic stability of citizens. In particular, by insuring life, health, work capacity and other personal interests, it is possible not only to protect against risks, but also to ensure financial stability in society. In this regard, under the leadership of the President of the Republic of Uzbekistan Shavkat Mirziyoyev, large-scale measures are being implemented to reform the insurance sector and introduce a competitive and modern system of services.

The insurance sector of Uzbekistan is moving towards one of the leading positions in our national economy. This can be explained not only by the high potential of this sector, but also by the active state policy aimed at its comprehensive improvement. The reforms being implemented are contributing to the development of the insurance sector of our country. [1] In this regard, the head of state said in one of his speeches:

"The insurance market is an integral part of the modern economy. We must make this sector one of the pillars of our economy." (From the Address of President Sh.M. Mirziyoyev to the Oliy Majlis on January 28, 2022).

Important reforms are being implemented in recent years through regulatory and legal documents adopted in recent years, including:

- "New Uzbekistan Strategy for the Development of the Republic of Uzbekistan in 2022–2026" [2];
- Presidential Decree "On Measures to Improve the Regulation of Insurance Activities" (No. PQ–60, February 2, 2022) and a number of other documents aimed at liberalizing and digitizing the personal insurance sector and increasing the population's trust in these services.

In order to further improve the insurance market in the Republic of Uzbekistan, the Resolution of the President of our country Sh. Mirziyoyev dated 01.03.2024 No. PQ-108 "On comprehensive measures for the further development of the insurance services market" established that, in order to further develop the insurance market, increase the popularity and quality of insurance services through the widespread introduction of modern information technologies, as well as further improve the regulation of the industry, from September 1, 2024, it will be mandatory to register insurance (reinsurance) contracts for all types of insurance through a unified automated information system and issue insurance policies through this system. At the same time, the practice of issuing insurance policies for all types of insurance only in paper form will be abolished. Failure to issue insurance policies through a unified automated information system will be grounds for declaring them invalid and is considered a single gross violation of the license requirements and conditions by the insurer. The National Agency for Promising Projects maintains a rating of insurers based on the quality of insurance services provided by them and publishes it in the media. [3]

## Research methodology

In the research process, statistical, analytical, comparative, observational, inductive, deductive, logical, monitoring and other analysis methods were used. As a result of the studied literature, the topic was fully covered. Relevant tables were formed and analyzed on the topic.

## Analysis and results

Personal insurance is a financial protection tool that occupies a special place in a person's life. Its relevance is manifested, first of all, in the fact that it serves as a financial support for a person and

his family in difficult situations, such as health deterioration, accidents, disability or death. Despite the existence of a social protection system in Uzbekistan, personal insurance is a tool that complements and strengthens this system.

A person who insures his life or health gains peace of mind through this type of insurance. Because he knows that in the event of a financial crisis, he will not be in debt, and his loved ones will not face financial difficulties. Especially in the event of the death or deterioration of the health of the breadwinner, life insurance guarantees that the family will be paid a certain amount of compensation. This ensures financial protection for family members, and continuity of education and living conditions for children.

In addition, personal insurance, in particular medical insurance, is also of great importance in the healthcare system. Given the high prices of medicines, diagnostics and treatment costs today, personal medical insurance is considered an economically viable and necessary measure in protecting human health. Citizens with insurance have the opportunity to receive preventive health examinations, emergency medical care and hospitalization services.

Also, types of life insurance that save not only protect against risk, but also allow a person to build up savings over a certain period of time and use them for retirement, education or other needs in the future. This further increases the importance of personal insurance as an investment tool. In general, personal insurance is not only financial preparation against risk, but also an important factor in strengthening social stability and peace of mind in society. This type of insurance is gaining relevance in the life of every citizen and is becoming an integral part of modern life. Now, let's dwell on the essence of personal insurance: Personal insurance is a type of financial protection of citizens against the risk of loss of life, health, work capacity, accidents, or death. It serves as a supplement to the social security system provided by the state and is an important tool in protecting the population from financial risks.

Main types and coverage of personal insurance:

Personal insurance serves to cover financial risks related to a person's life, health, work ability and other personal interests. This type of insurance is seen as a reliable mechanism that protects a person from direct life risks. It includes the following main areas:

First of all, life insurance is one of the most common types of personal insurance. This type of insurance pays a specified amount of compensation in the event of the death of a person or their survival to the date specified in the insurance contract. Life insurance comes in the form of an accumulation (that is, not only protection, but also the formation of a fund) and a simple one (only for dangerous situations). This insurance serves to cover risks associated with the main breadwinner of the family, ensure the future of children, and prevent unexpected financial burdens. Also, health insurance (or medical insurance) is aimed at covering expenses related to human health - diagnostics, medicines, operations, treatment, and rehabilitation services. Given the high share of paid services in the healthcare system of Uzbekistan today, medical insurance ensures not only personal health, but also family financial stability.

In addition, accident insurance is aimed at paying financial losses in cases of accidental injury, physical injury, disability or death of a person. This type of insurance is especially relevant in cases such as car accidents, industrial accidents or sports injuries.

Disability insurance provides additional financial assistance to a person who has temporarily or permanently lost the ability to work due to illness or injury. This insurance allows a person to cover the necessary living expenses when they are left without income.

There are also other specialized types of insurance that are tailored to the individual needs of an individual in their life. For example, travel insurance for people traveling abroad, health insurance for children and students, pregnancy and maternity insurance, and customized insurance packages for the elderly and people with disabilities.

In developed countries, in particular, Germany, Japan, France, and the United States, personal insurance has become an integral part of the daily lives of the population. In these countries, health insurance is mandatory, while life insurance not only provides security, but is also used as

an investment and savings tool. World experience shows that when citizens have a high attitude towards insurance, the state is freed from financial pressure, and the population has greater social confidence and stability.

### **Status and trends of the personal insurance sector in Uzbekistan**

After gaining independence, the Republic of Uzbekistan experienced the initial stage of the formation of the insurance market. The first legal framework regulating insurance activities was the Law “On Insurance Activities”, adopted in 1993. However, the personal insurance sector has not developed sufficiently for many years. The reason was the low financial literacy of the population, the low level of trust, and weak advertising and sales strategies. However, in recent years, in particular, the economic reforms carried out under the leadership of President Sh.M. Mirziyoyev have led to positive developments in the personal insurance sector. Our President has repeatedly emphasized in his speeches the need to diversify financial markets, increase the financial literacy of the population, and expand insurance services. In particular, Resolution No. PQ-4699 of May 6, 2020 "On measures to reform and ensure the stability of financial markets" states:

“Bringing insurance services closer to the population and forming an insurance culture is an important part of the social policy of our state,” it was emphasized. Also, the new version of the Law “On Insurance Activities” [4] adopted in 2022 serves to increase the competitiveness of the industry, introduce new products, and make relations between the insurer and the insured more transparent. Now, let's turn to statistical data:

**Table 1**

Types by type of insurance	Years (billions of UZS)		
	2022	2023	2024
Insurance premiums	707.0	737.2	483.7
Insurance payments	098.8	568.5	073.1
Insurance obligations	101.7	325.5	674.4
Authorized capital of an insurance organization	884	299	964
Insurance company investment growth	751.7	150	543
Number of contracts in force	801.7	615.0	0 144.8
Number of newly concluded contracts	807 146	884 939	240 859

According to the table above, we analyze the main trends in the development of the insurance market for 2022–2024:

The insurance market of Uzbekistan has been experiencing significant growth in recent years. In the period from 2022 to 2024, positive dynamics can be observed in almost all key financial and statistical indicators.

Turning to data on insurance premiums, insurance premiums, which were 4,707.0 billion UZS in 2022, reached 7,737.2 billion UZS in 2023 and 9,483.7 billion UZS in 2024. These figures show an increase from year to year, almost doubling in 2024 compared to 2022. This indicates that the population's trust in insurance is increasing and insurance services are becoming more popular. In parallel, insurance premiums have also increased accordingly:

- in 2022: 1,098.8 billion UZS;
- in 2023: 1,568.5 billion UZS;
- in 2024: 2,073.1 billion UZS.

This indicates that insurance companies are fulfilling their obligations, that is, compensation payments to citizens and enterprises for real risks are increasing. Liabilities of insurance companies have also increased:

- 2,101.7 billion UZS in 2022;
- 2,325.5 billion UZS in 2023;
- 2,674.4 billion UZS in 2024.

This indicates an expansion of the scope of activities of these companies, the number of clients and the spectrum of risks.

The authorized capital of insurance organizations increased from 1,884 billion UZS in 2022 to 2,964 billion UZS in 2024. This indicates an increase in the financial stability of companies and investment confidence in the insurance sector.

The growth of investments by insurance companies increased from 4,751.7 billion UZS in 2022 to 6,543 billion UZS in 2024. Funds raised through insurance premiums are being directed not only to payments, but also to economically active investments. This, in turn, contributes to the development of the real sector.

The number of active contracts increased from 7,801.7 thousand in 2022 to 10,144.8 thousand by 2024. This represents an increase of more than 30%. The importance of insurance among citizens is increasingly noticeable.

The number of newly concluded contracts also increased year by year, reaching 9,240,859 in 2024 from 7,807,146 in 2022. This indicates that the population's interest in insurance has increased and companies are pursuing active marketing strategies.

Based on the table, it can be said that the insurance market in Uzbekistan is expanding at a steady pace. The increase in insurance premiums and payments, the increase in the volume of authorized capital and investments indicate that this sector is financially stable and attractive. The increase in the number of new contracts and existing contracts confirms that the population is forming a conscious attitude towards insurance.

This creates a solid foundation for the further popularization of personal insurance in the future. However, it should also be taken into account that, despite the large-scale reforms being carried out in the personal insurance sector in Uzbekistan, its development is much lower than in other developed countries. The main problems that hinder this are the following:

- Lack of confidence in insurance. Many people misunderstand the insurance system, considering it “useless” or “unnecessary.”
- Low financial literacy. Most citizens have not studied personal financial planning and do not know the benefits and mechanisms of insurance products.
- Low quality of service provided by insurance companies. In some cases, the process of compensation for claims takes a long time, which causes customer dissatisfaction.
- Limited and inflexible products. In many cases, the policies offered do not meet the needs of the population, are not adapted to different age groups or income levels.

For the rapid development of personal insurance in Uzbekistan, it is advisable to work in the following main areas:

The openness of the insurance market is being ensured on the basis of the newly amended Laws and Presidential Decrees. Private companies are being encouraged through legislation, and openness for foreign investors is expanding. At the same time, tax incentives for insurance services are expected to be introduced. Electronic policies, rapid insurance through mobile applications, and online claim submission systems will increase transparency and convenience for citizens. This will increase the use of services. Insurance companies are providing an individual approach to customers through "insurtech" solutions.

The introduction of financial literacy classes in schools and higher education institutions, as well as promotional campaigns through the media and social media explaining the importance of personal insurance, encourage citizens to make informed decisions. [5]

Public-private partnerships are being implemented to provide health insurance, pension fund insurance, and student life insurance. This provides additional confidence and security for citizens.

The introduction of special insurance packages

for young people, the elderly, people with disabilities, and women will help to cover all segments of the population. In addition, savings life insurance products encourage the population to save.

## Conclusion and suggestions

The personal insurance system in the Republic of Uzbekistan has been entering a phase of rapid development in recent years. This is explained, first of all, by the consistent reforms carried out under the leadership of President Sh.M. Mirziyoyev, the improvement of the regulatory framework and the expansion of digitalization processes. The growth of insurance premiums, payments, the number of contracts and the authorized capital of companies indicate stable growth dynamics in this area.

At the same time, existing problems - lack of trust in insurance, low financial literacy, insufficient quality of services in some cases, and incomplete compliance of the offered products with the needs of the population - hinder the full development of this sector. This requires the need to strengthen cooperation between the state, insurance companies and civil society institutions.

In this regard, the following proposals can be put forward:

- Formation of an insurance culture: Conducting extensive explanatory work on the benefits and necessity of personal insurance to the population through the media, social networks and educational institutions.
- Increasing financial literacy: Introducing the insurance system to the future generation and preparing it for conscious acceptance by introducing financial literacy subjects in schools, colleges and higher educational institutions.
- Introduction of innovative insurance products: Developing insurance products with flexible and savings functions, adapted to the needs of different age and social groups.
- Accelerating the digitalization of insurance services: Introducing a fast, transparent and convenient service system for the population through online policies, mobile applications, and “insurtech” solutions.
- Development of public-private partnership projects: Encourage private sector participation in projects related to medical, educational, pension and children's life insurance.
- Expansion of tax incentives for insurance: Increase the activity of market participants by developing fiscal incentives for insurers and insureds.
- Strengthening control over the quality of service: Strengthening the practice of insurance companies to resolve claims quickly and fairly, appointing independent arbitrators for complaints.

In conclusion, although the personal insurance sector in Uzbekistan has not yet fully realized its potential, it is clear that, based on existing opportunities and ongoing reforms, this system will firmly establish itself as an important financial institution of the economy in the near future. For this, a systematic approach, stable political will, and active participation of the population are of great importance.

## References

1. Bazarov Z.Kh. “Factors influencing insurance demand: demographic, macroeconomic and psychological analysis”;
2. Resolution of the Republic of Uzbekistan No. PF-60 dated 28.01.2022 “On the Development Strategy of New Uzbekistan for 2022-2026” <https://lex.uz/uz/docs/-5841063>;
3. Resolution of the Republic of Uzbekistan No. PQ-108 dated 01.03.2024 “On comprehensive measures for the further development of the insurance services market” <https://lex.uz/uz/docs/-6824178>;

4. Resolution of the Republic of Uzbekistan No. UzRQ-730 dated 23.11.2021 “On insurance activities” <https://lex.uz/docs/-5739117>;
5. Bazarov Z.Kh., Bakhodirov Z.O. “Personal insurance and its importance in human life. Scientific journal “Finance” 2nd issue 2024 (141-148-p).