



Problems of the Development of the Insurance System in the Conditions of the Innovative Economy.

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ABSTRACT

Currently, two trends in insurance apply in world practice: specialization of insurers and universalization, that is, certain insurance companies provide services for almost all types of insurance. If they expand their activities, other companies specialize in certain types of insurance and master this type of service perfectly. The first of these directions is directly related to the strengthening of the social division of labor: this process also creates an objective necessity in the insurance business.

Key words: insurance, enterprises, insurance market, national insurance, SWOT analysis, segments, infrastructure, capital, foreign invest, insurance control inspection,

Introduction

The modern insurance system has shown development indicators in recent years. In the analysis of the main indicators of the insurance market of Uzbekistan, the issues of increasing entrepreneurial activity among individuals in this segment of the financial services market, increasing insurance payments, increasing the level of capitalization of insurance companies and strengthening state control over the activities of insurance companies were considered. Nevertheless, there are a number of problems that allow to activate the development of the national insurance system. Assessing the prospects for the development of the insurance market requires identifying its strengths and weaknesses, opportunities and threats.

Below is a look at some of the strengths of the insurance market. As can be seen from Table 1, the strong points of the insurance market are: introduction of mandatory types of insurance, rapid development of departments in the regions, opening of sales offices and settlement of losses, the infrastructure of individual insurance business is actually formed due to the formation of agency networks. But from the institutional point of view, the insurance system cannot be recognized as effective, we can cite the existence of inconsistencies in its development (priority of auto insurance), low confidence in insurance.



Table 1
Insurance Market SWOT Analysis Matrix

Strengths	Weaknesses
The existence of a practically formed infrastructure of individual insurance	Low level of capitalization of the insurance market
The establishment of a large business corporate insurance system and its high profitability	Lack of customer focus compared to developed countries
Establishment of cooperative relations with credit organizations and banks	The presence of high acquisition costs
Consolidation and reorganization of insurance business	Low level of trust in insurance organizations by the population
Lessons from the global financial crisis	Inadequate staff qualifications
Opportunities	Threats
Increasing the share of the insurance system in the gross domestic product	Lack of stability in global financial markets
Strengthening the state's participation in the development of the insurance market	Low effectiveness of supervision over insurance companies, and lack of supervision over insurance intermediaries
Reform of the control system over the insurance market	Dumping
Increasing the investment attractiveness of certain insurers	Changing fraud and "endorsement" schemes

Revision of strategic development plans at the micro level or at the level of some insurance companies, introduction of risk management into the practice of insurance system entities is noted.

The insurance market also acts as an intermediary. Because it is he who has a unique task - to persuade the client to buy an insurance product. Almost every possible object abroad has been insured and insurance statistics have been collected. This allows for a more accurate assessment of risks, there is a problem of the lack of statistics for each object in Uzbekistan, in fact, the object is insured every time anew, and the level of prolongation in the market is also low. But in the conditions of the innovative economy, there is a need to review the policy of the agency and the policy of selling insurance products in general.

In recent years, the number of captive insurance organizations has been increasing in the insurance market. Large financial groups are opening their own insurance companies and making money from it.

It should be noted that the most attractive segments of bank insurance (life and health insurance of debtors, insurance against loss of debtors' work, collateral property of legal entities, insurance of banks' risks) belong to captive insurers - subsidiaries of the largest banks.

In general, the market should be allowed to develop infrastructural services. For all insurers, fighting against fraud, accounting for policies and losses, preparing reports, and creating a common information base seem to be the most necessary. This will help to collect the necessary statistical data



to improve the quality of underwriting in the market, which will gradually allow the market to develop.

Despite the fact that the resource potential of the economy takes a leading place in the formation of the financial and economic potential of the insurance market, institutional changes have a significant impact not only on its formation, but also on its implementation. It should be noted that these changes open up new opportunities for development, increase existing opportunities, but at the same time lead to threats and, accordingly, complicate the process of modernization of the insurance market, hindering the development of its promising directions.

The low level of capitalization of insurance companies has a negative impact on the financial stability of the insurance company. One way to solve this problem is to regulate the entry of foreign insurance companies into the domestic market.

The presence of foreign companies has a great impact on the development of the insurance market and primarily attracts capital. For example, in Poland, 48% of the total assets and 73.5% of the capital of the insurance market are managed by foreign investors. Poland is currently one of the leaders in the insurance market of Eastern and Central European countries. Further development of the activities of foreign investors in the national insurance market is carried out with reasonable policies and regulatory levers in the country.

Economic and legal regulation of insurance relations - regulation of the activities of the participants of insurance relations both by the state and with the help of market means. On January 17, 2019, by Decree No. PF-5635, the State Program on the implementation of the Strategy of Actions on five priority areas of development of the Republic of Uzbekistan in 2017-2021 in the "Year of Active Investments and Social Development" was adopted, which includes measures for the development of the insurance market in Uzbekistan is set.

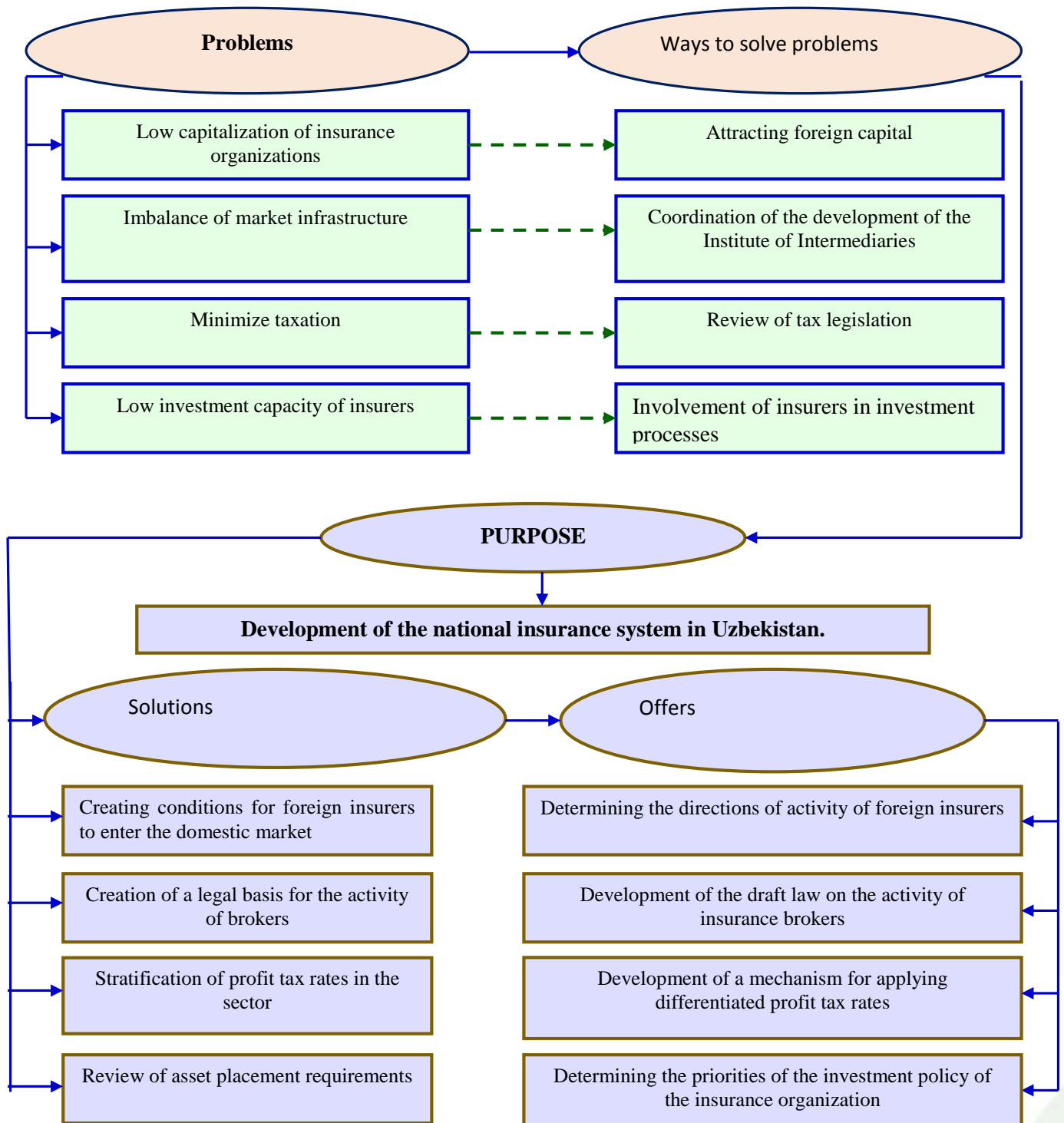


Figure 1. Problems in the implementation of the insurance system of Uzbekistan and their solutions¹

It is worth noting that the practice of self-management is not an activity against state control. Self-management norms expand and improve state regulation of insurance relations. Despite the existing problems in the formation of the institutional structure of self-management and regulation of

¹The author development..



insurance relations at the current stage of the development of the national insurance system of Uzbekistan, there are restrictions on the number of employees of the State Insurance Control Inspectorate under the Ministry of Finance. Self-management can serve as an intermediary in resolving various conflict situations between the insurance company and the consumer of insurance services.

The process of becoming an institution of "arbitration" is relevant in local insurance practice. The activity of such an independent body, which resolves controversial issues without bringing the case to court, had a positive effect on the development of market relations in the insurance sector. The main factor in the successful development of the national insurance system is the formation of a modern market infrastructure. In this regard, it is important to implement financial engineering of business processes in an insurance company.

The goal of the development of the insurance market of Uzbekistan is to increase the level of insurance protection of the property interests of individuals and legal entities, to form effective market mechanisms for attracting investment resources to the national economy at the expense of ensuring the effective operation of the insurance services market, taking into account international experience. However, the lack of modern technologies in managing the development of the national insurance market complicates the implementation of the state's strategic goals in this sector of the economy.

The conducted analysis makes it possible to distinguish the following main conceptual rules of the policy of state regulation of insurance relations:

- a targeted approach to the strategic management of the insurance market in the development of the national economy;
- application of short-term planning in connection with strategic plans of insurance market development;
- reduction of regional imbalances in the development of the national insurance system;
- application of management technologies;
- improvement of the legal basis of regulation of insurance relations in accordance with the changes occurring in the field of insurance relations.

In the context of the innovative economy, the role of insurance market regulatory institutions or self-regulatory organizations is increasing. Self-regulation of insurance activities is the regulation of insurance relations by self-regulatory institutions, including professional associations of insurers, organizations and associations of policyholders (consumers of insurance services), social associations and organizations that support the development of insurance relations in the state, without the intervention of state regulatory institutions.

It should be noted that self-regulation does not conflict with state regulation. Self-regulatory standards supplement and expand state regulation of insurance relations. At the modern stage of the development of the national insurance system of Uzbekistan, the main factor in determining the institutional structure of self-regulation is the limited number of employees of the State Insurance Supervision Inspectorate and its insufficient development compared to the pace of development of the insurance market and the growing problems of regulation of insurance relations.

Self-regulatory institutions can act as mediators in resolving various conflict situations between the insurance company and the consumer of insurance services. In the practice of national insurance, the decision-making process of the "court of arbitration" institution is relevant. The



operation of such an independent organization, which can resolve disputed issues without taking the case to court, would have a positive effect on the insurance industry.

The main advantage of self-regulatory institutions is that self-regulatory norms are more flexible than the requirements of state regulation and have the opportunity to change according to the real situation in the insurance market. The analysis of economic and legal regulation of insurance relations in Uzbekistan shows that self-regulatory institutions are unique special institutions that promote insurance relations. The purpose of self-regulatory institutions' activity in the insurance market is to protect the insurance interests of its participants and to develop the national insurance system in general. Self-regulatory institutions perform the following tasks:

- direct protection of the interests of participants of self-regulatory institutions in relations with the state (improvement of the regulatory framework);
- interaction of self-regulatory institutions and state regulatory institutions, including with the authorized body for state regulation of the insurance market;
- promote the development of the integration of the national insurance system into the system of international insurance markets.

Thus, in the conditions of the transition economy, the introduction of self-management mechanisms in the field of insurance relations will be appropriate and necessary. The activity of self-regulatory institutions allows to stimulate the development of the national insurance market and to remove the monopoly of state regulation of insurance relations. Analysis of the dynamics of the development of the insurance market in Uzbekistan, the formation of the mechanism of economic and legal regulation of insurance relations allows to distinguish the following specific features.

Due to the increase in the assets of insurance companies, the active involvement of insurers as institutional investors is a characteristic of development. If the state implements an effective policy of legal regulation of the issues of investment participation of insurers, as a result, the activity of insurance companies as intermediaries in the investment market will increase. In this regard, the development of long-term types of insurance, which by its nature is a source of long-term investments, is a positive situation.

In conclusion, we can say that it allows to determine the general trends of the development of the insurance system and the priority directions of development. The development of the insurance market, its structure allows to assess the effectiveness of the insurance system. At the same time, it is important to analyze the quantitative and qualitative indicators of the development of the insurance market, assess the level of economic and legal regulation of insurance relations, and assess the level of influence on the overall development of the insurance system. Also, it is most necessary for all insurers to fight against fraud, take into account policies and losses, prepare reports, and create a common information base. This will help to collect the necessary statistical data to improve the quality of underwriting in the market, which will gradually allow the market to develop.

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