

The Necessity and Prospects for the Development of the Life Insurance Market in Uzbekistan

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Received	:	ABSTRACT: This article analyzes the possibilities of ensuring financial protection of the population and attracting long-term investments through the popularization of life insurance. The article also proposes introducing new technologies for life insurance services and developing modern sales instruments. The study studies foreign experiences and analyzes the possibilities of applying these experiences to the conditions of Uzbekistan. The authors, focusing on the social and economic importance of life insurance, substantiate the relevance of digitalization and the introduction of innovative solutions for the development of the industry. At the same time, the article presents recommendations for improving modern insurance marketing strategies and customer service standards.
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INTRODUCTION

Life insurance today is a means of financial protection and an important factor in ensuring society's social stability and developing the economy. This type of insurance is actively used worldwide as the main tool for increasing the population's well-being and accumulating long-term capital. However, the popularization of life insurance services in Uzbekistan is still insufficient, which leads to underutilization of market potential. Considering existing problems and opportunities, the popularization of life insurance, the creation of new technologies, and modern sales instruments serving its development are considered important tasks. This article analyzes the importance of life insurance, the study of foreign experience, the role of modern technologies and strategic proposals for developing this market through marketing approaches. The relevance of this issue is reflected in the positive impact of the insurance market on the economy and the ability to protect the population from financial risks.

Also, developing life insurance services is of economic and social importance. The insurance system can increase the population's financial literacy and develop long-term financial planning skills. This will increase personal well-being and bring stability to the country's economy. The development of life insurance savings forms will help form long-term investment sources and improve capital flows to various sectors of the economy. However, there are many problems in the life insurance services market in Uzbekistan, including a low level of insurance culture among

the population, insufficient digitalization of services, and low effectiveness of marketing strategies. To eliminate these problems, comprehensive measures are needed to introduce innovative technologies, use international experience, and better explain the importance of insurance services to the population. This will help increase the attractiveness of the country's insurance market and popularize life insurance services.

As an important financial market segment, life insurance has been studied in many scientific and practical ways. The analysis of the main scientific sources on life insurance and their main conclusions was first carried out in the second half of the last century when (Mantis and Farmer 1968) They studied the demand for life insurance in society. (Lewis 1989) Discusses the role of life insurance in ensuring economic stability. The life cycle model of life insurance purchases was developed by (Fischer 1973). (Browne and Kim 1993) Conducted an international analysis of the demand for life insurance. (Outreville 1996) Low income, lack of financial literacy, and distrust of insurance companies are factors that hinder the development of the life insurance market in developing countries.

Among the new-century scientists, (Li et al. 2007) studied the factors determining life insurance consumption in OECD countries, (Gerber 2013) Substantiated the ideal connection between the classical (deterministic) life insurance theory and dynamic models of stochastic processes.

Among the international scientific research institutions, (Republic of Switzerland 2021) Researched life insurance in the era of high interest rates. At the same time, the EAG organisation studied the current state of the life insurance market in the CIS countries. (E.A.Г. 2021). Among the scientific researchers and scholars from the CIS countries, (Dalke 2017; Guseynov 2020; Ovanesyan and Sopelnik 2018; Shimkovich 2022) Considered the socio-economic potential of life insurance in their countries. Local scientists (Abulqosimov 2024; Bakhriyev 2023; Baratova 2022) And others have researched life insurance.

METHOD

This article uses methodological approaches of legislative analysis, empirical analysis, and analysis of best practices from international experience in the field to analyze the popularization of life insurance in the Republic of Uzbekistan.

RESULTS AND DISCUSSION

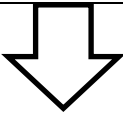
Insurance activity in Uzbekistan plays an important role in the country's economic system, and its legal framework is established by the Constitution of the Republic of Uzbekistan and the Law of the Republic of Uzbekistan "On Insurance Activity" No. ORQ-730 in the new edition, adopted on November 23, 2021, is an important stage in modernising the country's insurance market. This Law aims to improve the legal framework for insurance activity, ensuring insurance companies' financial stability and protecting consumer rights. The new edition pays great attention to creating open and transparent mechanisms for providing insurance services, introducing digitalization processes, and ensuring that the industry operates according to international standards. In addition,

the Law of the Republic of Uzbekistan "On Insurance Activity" No. ORQ-730 pays special attention to life insurance, defining life insurance activity as an independent type of insurance and clarifying its basic principles and regulatory mechanisms. In particular, (Resolution of the Republic of Uzbekistan 2021) life insurance is distinguished from other types of insurance by the long-term nature of the insurance contract and its participation in the formation of financial savings. Measures must be envisaged to ensure the population's well-being through life insurance services, including pension funds and long-term insurance products. It also sets out clear requirements for life insurance companies to form reserves, ensure financial stability and protect consumer rights.

The Resolution of the President of the Republic of Uzbekistan No. PQ-108 of March 1, 2024, established several new measures to develop the insurance services market. Regarding life insurance, the Resolution places special emphasis on the electronification of insurance activities. Starting from September 1, 2024, it has been established that all types of insurance, including life insurance, must be registered through a single automated information system and insurance policies must be issued only in electronic form.

Appendix 2 of this resolution states that “the minimum amounts of the differentiated authorized capital of insurers are clearly defined. According to it, the minimum amounts of the authorized capital for life insurance insurers are established, which are divided into two main types (Table 1):

Table 1. Minimum amounts for the differentiated authorized capital of life insurance insurers

VOLUNTARY INSURANCE IN THE FIELD OF LIFE INSURANCE:		
2025 - 25 billion soums	2027 - 30 billion soums	2029 - 35 billion soums
		
COMPULSORY INSURANCE IN THE FIELD OF LIFE INSURANCE:		
2025 - 40 billion soums	2027 - 45 billion soums	2029 - 50 billion soums

These requirements increase the attractiveness of life insurance services, introduce digitalization processes, and strengthen the public's confidence in these products. At the same time, the resolution also aims to ensure the maintenance of insurance companies' ratings, improving the quality of insurance services. Such ratings will be published in the media, helping consumers choose the best service.

The growth dynamics of the number of insurance market participants in our country in 2019-2023 are significant. Still, the number of organizations engaged in life insurance remains unchanged (Table 2).

Table 2. Number of insurance organizations in the Republic of Uzbekistan

Indicators	2019	2020	2021	2022	2023
Number of insurance organizations	36	40	42	41	42
including life insurance	8	8	8	8	8

Looking at the practical data on life insurance in our country in the first half of 2023, compared to the same period of the previous year, only an increase in insurance liabilities was observed (Table 3).

Table 3. Indicators in the field of life insurance (in million soums)

Indicators	30.06.2022	30.06.2023
Insurance premiums	804 790	216 115
Insurance obligations	11 200 030	37 682 808
Insurance payments	725 759	278 769

Summarizing the above data, the development of the life insurance market in Uzbekistan is relatively slow. The share of this sector in the total insurance market is only 10-12%. For comparison, this figure reaches 50-60% in developed countries. If we analyse the successful approaches to developing life insurance in these countries, then the clear initiatives of several countries stand out. Life insurance has become widely popular in the USA to ensure the population's financial security. The reason for this is the exemption system from taxation of premiums paid for life insurance. Insurance premiums are exempt from income tax, increasing the population's interest in insurance. Also, companies can receive tax breaks by offering group life insurance to their employees. As a result, the US insurance market accounts for 40% of the global market. (Basova O, & Yanin A, 2024)

In Japan, the life insurance market and the economy have developed. Here, insurance products aim not only to cover the risks associated with loss of life but also the needs of old age. Much attention is paid to ensuring the financial security of the population through pension insurance and long-term savings products. Japanese insurance companies have made services more convenient by introducing technology: customers can manage their insurance contracts online.

Life insurance is being developed in China to support the population's social security system. The state provides subsidies to increase interest in insurance in rural areas and offers insurance products with a minimum premium. At the same time, the state conducts major campaigns to improve financial literacy. As of 2023, the life insurance market in China has exceeded 500 billion US dollars. (Federal Financial Supervisory Authority 2023)

In Germany, life insurance is based on long-term savings and pension plans. Through state-subsidized "Riester" insurance, the population can increase their retirement savings. This program accumulates savings and receives tax breaks. In addition, insurance companies have a high level of transparency and are strictly supervised to ensure financial security for customers.

Life insurance companies actively cooperate with banks and investment funds in the UK. This allows clients to receive insurance, savings, and investment services in one place. Great attention is also paid to the quality of customer service: each client is assigned a personal advisor and offered a special approach.

CONCLUSION

In conclusion, since systemic economic reforms in developed countries directly affect other sectors, it is also urgent to develop and implement comprehensive measures in our country.

1. Increasing financial and insurance literacy is a decisive factor in popularising life insurance. In most cases, the population perceives insurance services as a mandatory expense and does not properly understand its long-term benefits. Therefore, it is advisable to introduce special programs on financial literacy in schools and higher educational institutions. In addition, promotional activities through the media and social networks should be strengthened.
2. Digital technologies create great opportunities for the development of life insurance. For example, through the emergence of online insurance platforms, customers can receive insurance services remotely. Integration with fintech companies can expand online payment systems and simplify services. At the same time, blockchain technology serves to ensure the transparency of insurance contracts and prevent fraud. Assessing the risks of customers and offering products tailored to their needs based on artificial intelligence increases the efficiency of insurance companies.
3. Blockchain technology brings a new level of transparency to the insurance industry, strengthening customer trust. It allows real-time monitoring of health and safety indicators and personalization of tariffs through IoT (Internet of Things). For example, discounts on insurance premiums can be provided through programs that support customers' healthy lifestyle. This not only arouses interest among the population but also allows companies to increase profits. At the same time, the introduction of technologies reduces operating costs by automating insurance processes.
4. When selling life insurance services, it is necessary to be closer to customers and use sales methods based on understanding their needs. For example, through the "cross-selling" technique, it is possible to offer customers additional products or higher-quality services through "up-selling". In addition, the introduction of mobile applications and chatbots for constant customer communication can be effective. Such approaches have not yet been widely used in the Uzbek insurance market, which means new opportunities.
5. Expanding the range of products is necessary to increase demand for life insurance. For example, offering ordinary life insurance and products such as pension insurance, children's education insurance, and health insurance is possible. Through diversification, services are created that meet the needs of different population segments. At the same time, studying international experience in developing new products and adapting it to local conditions is important. Many product types allow you to attract new customers and increase competitiveness.
6. Developing group life insurance programs can be very important for enterprises. For example, large companies can additionally include life insurance for their employees in the salary package. This not only increases employee loyalty but also ensures their financial security. Expanding the customer base through corporate insurance programs will be an effective strategy for insurance companies. At the same time, the popularisation of the insurance market

can be achieved by developing partnerships between state-owned enterprises and the private sector. At the same time, it is necessary to encourage enterprises to use these services by organising special business forums and seminars.

7. Financial technologies play an important role in developing the insurance market. Cooperation with fintech companies allows you to reach a wider audience with insurance services. For example, it is possible to reach low-income segments of the population through micro-insurance services. Conclusion: Managing insurance contracts through mobile applications makes services more convenient and faster. At the same time, complex solutions can be offered to customers by combining insurance products with credit and other financial services. This popularises insurance services and increases confidence in the financial sector.
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9. Marketing plays a huge role in promoting life insurance. Conducting active advertising campaigns on interactive platforms and in the media is an effective way to attract customers. Insurance companies should communicate with customers through social networks and understand their needs. In addition, you can attract their attention by providing free consultations to customers or holding interesting promotions. Long-term growth can be achieved by implementing special promotional programs to develop the insurance market, including opening the market to new customers.

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