

ISSN: 2545-0573

CERTAIN ACTIVITIES OF INSURANCE COMPANIES' IN THE REPUBLIC OF UZBEKISTAN

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ARTICLE INFO.

Key words:

Insurance, contract, profit, premiums.

Annotation

This article analyzes certain activities of some insurance companies of the Republic of Uzbekistan and discusses official statistics for describing the role of insurance companies in depth.

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Introduction

Insurance has been becoming an integral part of everyday life of the people. It should be stated that insurance companies have significant role in income generation and cash flow process of the activities of economy. With insurance, economic resources are allocated more efficiently so that individuals and businesses can be more confident in assuming developing risks, and economic growth and job creation are stimulated.

Literature Review

It should be noted that the insurance not only has a long history, but even in the first appearances of the insurance can be found its main functions today. According to the sources that have come down to us, the first insurance contracts appeared in Byzantine lands VI-VII centuries ago [1]. Some scholars, especially prof. H.R. Commenting on the problem of insurance, Sabirov [2] writes: "The concept of insurance began to take shape before the concepts of money and credit. During the first communal regime, when each family began to realize the need to stockpile the most essential food items for life, when supplies were insufficient or additional material benefits were felt due to an incident, damaged buildings borrowed from neighbors were rebuilt through hashar." True, insurance may appear before the concepts of money and credit as a means of protection. Insurance reserves are formed in kind. This caused a lot of difficulties. This is because the accumulation of reserves in kind did not allow them to be stored for a long time. The emergence of commodity-money relations laid the foundation for the formation of insurance reserves in the form of money. It is known that one of the main functions of money is to perform the function of payment. In connection with the emergence of money, insurance premiums collected in the insurance reserve were paid in cash. Currently, the law stipulates that insurance reserves are formed only in cash. Insurance premiums are also paid in cash.

It can be said that, according to Adaham W. [3], insurance as an independent economic category plays an important role in the system of monetary relations. It is closely related to economic categories such as finance, credit. If finance represents a monetary relationship related to the formation and use of trust funds arising from the distribution and redistribution of gross domestic product, credit is a set of

monetary disputes related to the attraction and use of temporarily vacant funds at the disposal of the population, enterprises and organizations . Insurance is unpredictable natural and other is the sum of the monetary relations for the formation and use of trust funds to cover losses incurred as a result of events.

Another economist, Fedorov T.A. [4] , explains the economic nature of insurance by saying: "A way to compensate for the damage caused to legal entities and individuals by distributing the damage among the majority of individuals".

According to many scientists [5], insurance has three main functions and they are:

- function related to the establishment of an insurance fund.
- function related to the use of the insurance fund.
- Function of controlling.

The above functions are considered permanent in insurance activity and do not change under any circumstances. In order to carry out insurance activity, the insurance company must have a sufficient amount of funds. If the insurer does not create a monetary fund, i.e. an insurance fund, its financial situation is likely to worsen. The funds of the established insurance fund are strictly targeted and are used only to cover the occurrence of water accidents. It is prohibited to use the funds of the insurance fund for purposes other than investment in the manner and on the terms established by a specially authorized state body. Insurance fund funds may not be confiscated or taxed by the state.

Research methodology

Several practical methods have been used in the study of this area. In particular, economic statistics, induction, deduction, graphical research. Statistical data were used from the official websites of the Republic.

Research results

Research has shown that in developed economies, insurance has become an integral part of everyday life. It is true that today in the United States, Japan and the European Union , most citizens fully insure not only their lives, but also all their property and children. This is not in vain, of course. They interpret insurance as "paying for a peaceful life".

The importance of insurance in the economies of developed countries can be seen from the following figures. The share of insurance services in Japan's GDP is about 12 percent. More than half of the country's population is insured for their lives [6] .

Insurance has reached a new level in Uzbekistan during the years of independence. If, in that former Soviet period, all insurance work in the country was carried out only by the state insurance bodies called "Gosstrax", in the early 2000s, 2 or 3 insurance companies provided more than 150 insurance services in the insurance market [7].

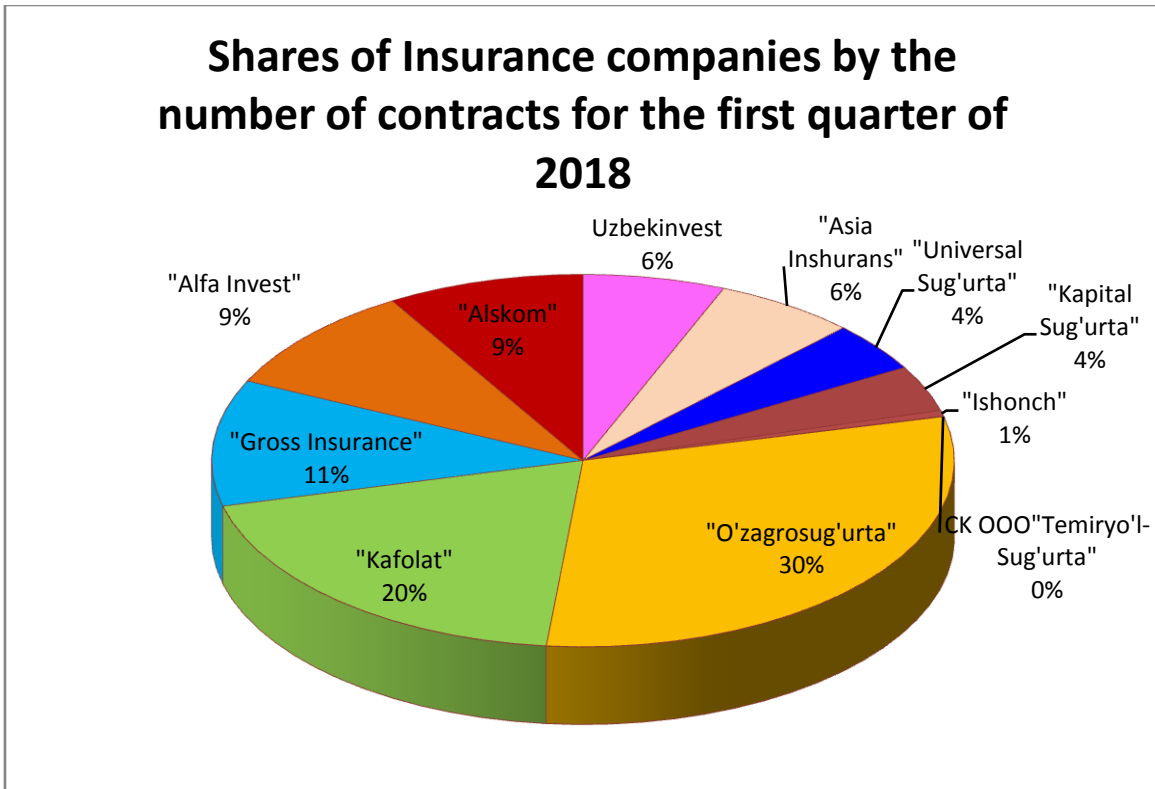
Based on the results of the study, it can be said that in the first quarter of 2018, 11 insurance companies operated in the National Insurance Market of the country. The top three in terms of insurance premiums included insurance companies such as Uzagrosugurta, Kafolat and Gross Insurance. It should be noted that in the first three months of the year, the share of first-tier leaders showed a downward trend. Thus, if at the end of the 1st quarter of 2016 this figure was 63.4%, then at the end of the 1st quarter of 2017 it was 61.5%, and at the end of the 1st quarter of 2018 it was the figure fell to 58.6% but the share of other companies in the insurance market was less than 10% [8].

During the period under review, there was an increase in bonuses for all companies except "Ishonch". Premiums for this company decreased by 18.8% and amounted to 214 million soums.

As a result, companies such as Uzagrosugurta, Kafolat and Yalpi Sugurta remain the leaders in the number of insurance contracts. Their total share in the number of insurance contracts was 60.9%. The

remaining insurance contracts were distributed among the companies in the following ratios: Alfa Invest - 9.4%, Alskom - 8.6%, Uzbekinvest - 6.2%, Asia Insurance - 6, 2%, "Universal Insurance" - 4.3%, "Capital Insurance" - 4%, "Trust" - 0.5%, "Railway Insurance" - 0.05%.

Figure 1. Shares of Insurance companies by the number of contracts for the first quarter of 2018[8]



In general, at the end of the 1st quarter of 2018, most of the contracts were concluded by insurance companies with state participation. Their share in the total number of contracts was 56.1%. The share of other companies was 43.9%, respectively. At the same time, the number of contracts for state-owned companies decreased by 1.5%, while for other companies it increased by 16.4%.

However, the composition of the leaders in insurance payments is slightly different from the composition of the leaders in the collection of premiums. The insurance market has accumulated more insurance premiums than insurance payments. Thus, according to the results of the period under review, the share of the top three leaders in insurance payments was 59.2%, while for the first five companies this figure was 79.8%.

The dynamics of the volume of insurance payments by companies is uncertain. At the end of the 1st quarter of 2018, an increase in the volume of insurance payments was observed in 6 companies. Among them, payments for the General Insurance Company are 7.2 times, for Uzbekinvest - 87.3 %, for Universal Insurance - 70.2%, for Asia Insurance - 67 percent. There is a significant decrease in payments on trust (47.3%) and "Capital Insurance" (47%), as a result of which the total volume of insurance payments in the MTPL market was distributed among companies in the following ratios :

"Alfa Invest" - 22.9%, "Gross Insurance" - 21.4%, "Kafolat" - 14.9%, "Uzagrosugurta" - 13%, "Alskom" - 7.6%, " Asia Insurance - 6.5%, Capital Insurance - 6.3%, Uzbekinvest - 3.6%, Ishonch - 2% and Universal Insurance - 1.9%.

Table 1. The share of companies in the total amount of insurance payments [8]

Insurance companies	Share of companies in the total volume of insurance payments (%)
Alfa Invest	22.9
Gross Insurance	21.4
Warranty	14.9
Self-insurance	13
Alskom	7.6
Asia Inshurans	6.5
Capital Insurance	6.3
Uzbekinvest	3.6
Confidence	2
Universal Insurance	1.9

Studies have shown that the analysis of companies' profitability indicators for the 1st quarter of 2018 shows that the level of profitability differs significantly from the perspective of companies. The highest level of insurance premiums in the period under review was observed in the companies Ishonch (49.3%) and Alfa Invest (42.2%). The lowest payment rates are found in Universal Insurance (7%) and Uzagrosugurta (8%).

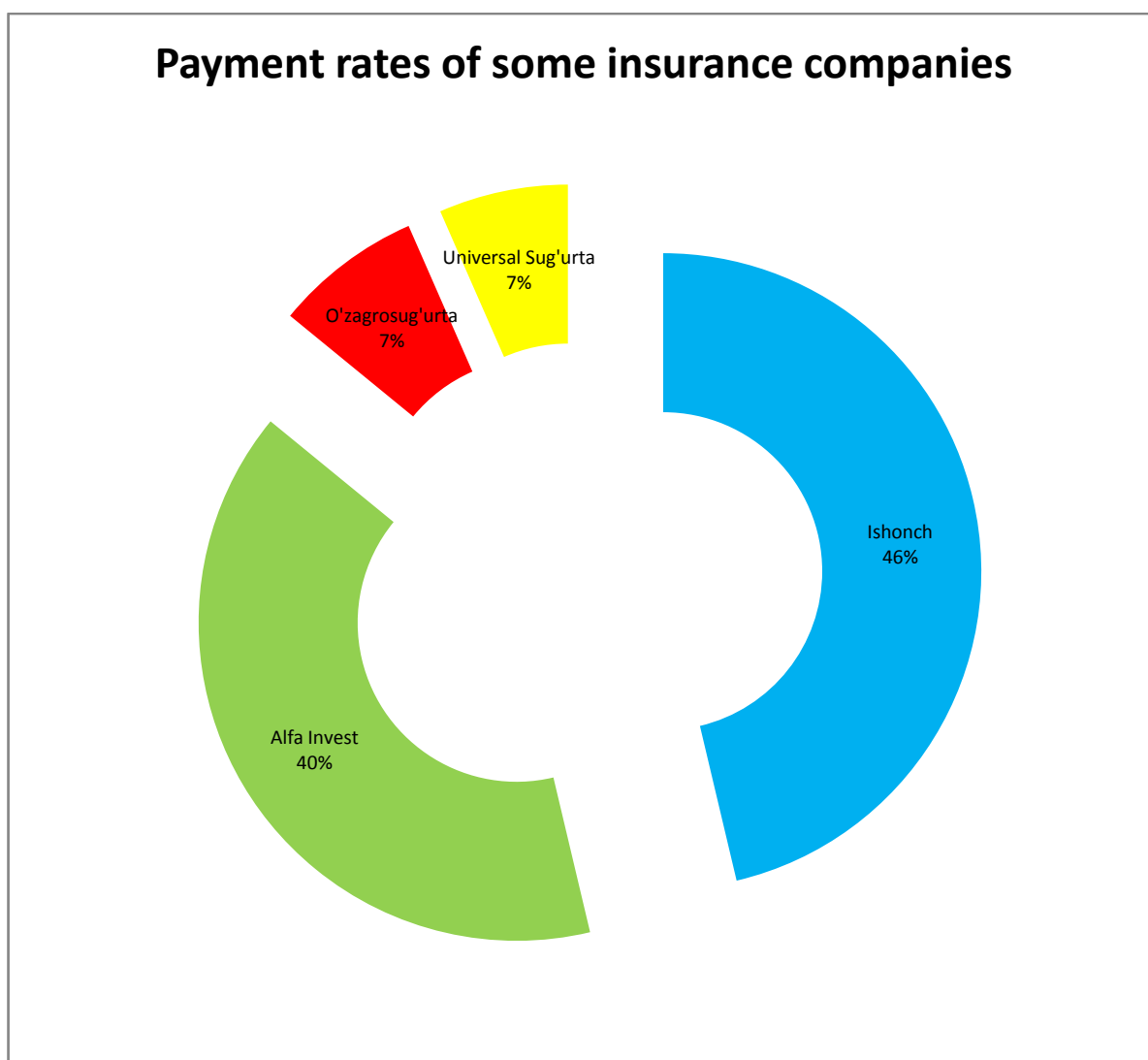
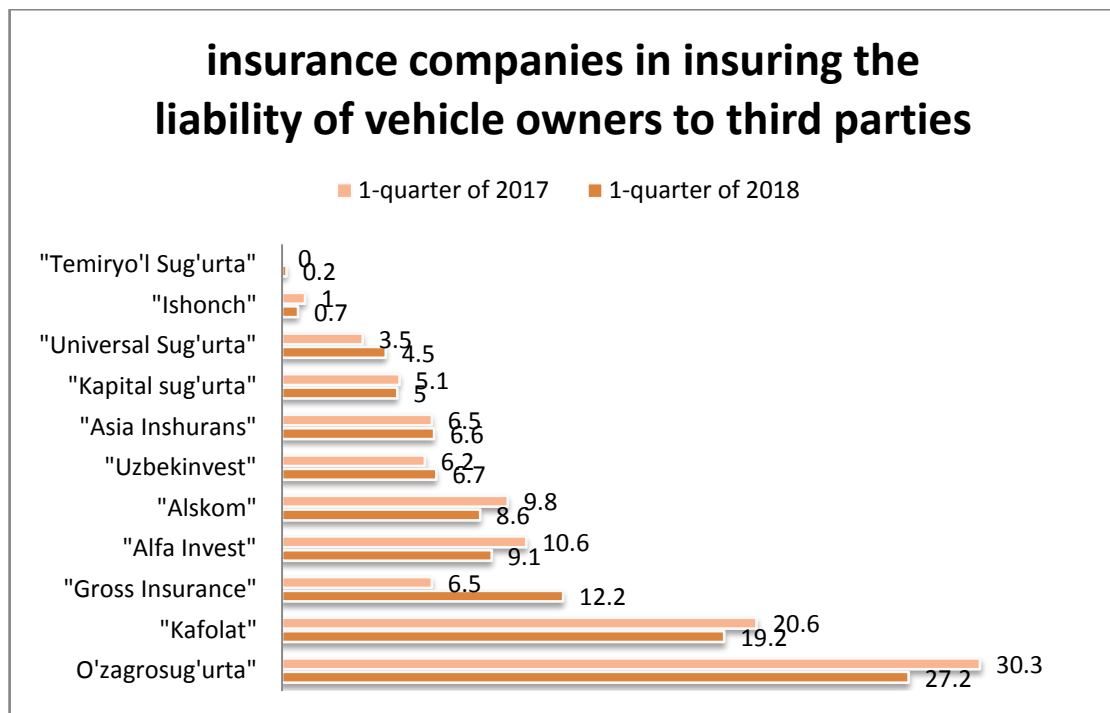


Figure 2. Payment rates of some insurance companies [8]

Based on the official data of the Republic, it can be said that in 2019 the total amount of insurance in the Republic will be 690,462.7 billion soums. soums, which is 15.6% or 93,012.4 billion soums more than in 2018. soums. According to the report for 2019, 7,401,287 contracts were concluded by 40 insurance companies, or 112.0% compared to the same period in 2018. According to the State Statistics Committee, the total amount of insurance in the country is 690,462.7 billion soums. soums, which is 15.6% or 93,012.4 billion soums more than in 2018. soums. The share of voluntary insurance is 68.0% (469,250.7 billion soums), while 32.0% (221,212.0 billion soums) is compulsory insurance. In addition, in 2019, the income from insurance premiums will reach 2138.8 billion. soums . Of this, voluntary insurance amounted to 1832.1 billion. soums (85.7% of the total amount), compulsory insurance - 306.7 bln. soums (14.3 percent). In 2019, the total volume of insurance payments will reach 808.6 billion soums. [8]

Insurance is carried out on the basis of property or personal insurance contracts concluded by a citizen or legal entity (insurer) with the insurance organization (insurer). Liability insurance for those who have suffered damage as a result of this risk is developing in our country. One of the most common types of such liability insurance is civil liability insurance for damage to third parties by vehicle owners. Based on the research, it can be said that this type of insurance is one of the most common types of insurance in the country. The following diagram shows the change in the share of insurance companies in insuring the liability of vehicle owners to third parties [8]:



Conclusion

Insurance, including reinsurance, is an integral part of the economy, performing a variety of important functions. Not only do insurers provide financial security and peace of mind to households and businesses, but they are a vital source of long-term capital, providing stability to financial markets and the overall economy. Insurance is a necessary precondition for many economic activities that would not—or could not—take place otherwise. Without the guarantee of insurance (and reinsurance), most businesses could not operate as they do today, and construction projects could not go forward. Most consumers would not be perceived as good credit risks and could not borrow money from lending institutions.

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