

Principles of effective application of foreign experience in modeling the impact of insurance activities on the standard of living of the population in Uzbekistan

Kuchkarova Shirinoy Dilshodovna

Graduate student of Urganch State University; shirinoyquchqorova@gmail.com

Khashimov Abdukamil Risbekovich,

Associate Professor of Tashkent University of Economics, abdukomilxashimov@gmail.com

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Abstract. In the article, the effective application of foreign experiences of modeling in the study of targeted development of the insurance market of Uzbekistan in the future is studied.

Basic words. Insurance services, insurance market integration, modeling, level of development, insurance market.

Introduction. Insurance has been an integral part of financial relations throughout the stages of the gradual development of human history, becoming an important factor influencing the economy. The fact that the innovative development of the insurance market is undergoing rapid changes in the current globalization process means that theoretical and practical research into the activities of this institution is relevant.

The insurance market is a key segment of any country's economy, directly contributing to its development. At the same time, it should be noted that insurance activity is a uniquely shaped and widely used social phenomenon, which is considered a factor of stability. [1]

Forecasting the development of the country's insurance market, in turn, created the need to research the directions for the development of insurance as an institution that ensures the protection of the interests of business entities and the population at a guaranteed level.

Based on the tasks set before the research, it is based on the analysis of scientific developments, normative and legal frameworks, Internet network materials, statistical data on the insurance market, understanding of the essence of the observed problems using expert opinions, and the development of proposals and solutions based on considerations.

Although the insurance market of Uzbekistan does not occupy a significant place in the world insurance market, it is distinguished by its tradition of rapid and stable development. Insurance is one of the important institutions aimed at developing investments in the financial services market and is a factor in financing the entire country's economy. The impact of the current globalization process on the development of the insurance market. The globalization of the economy has created favorable conditions for rapid development on a global scale.

In the second decade of the 21st century, the interconnectedness of the economies of a number of countries with a tradition of rapid development has increased the essence of the common economic space. In particular, the development of existing economic structures within the framework of the exchange of information and technologies, the integration of productive forces at the international level have created favorable conditions for the acceleration of economic development and served its development as a significant economic category ¹.

¹Okorokova O.A. Zarubezhnyi opyt investitsionnoy deyatel'nosti strascovykh kompaniy //Vestnik Adygeiskogo gosudarstvennogo universiteta. Series 5: Economics. –2012.– No. –S. 146-155.

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The process of globalization of the world insurance market has revealed the main directions of its development [2]. In particular, the following trends can be noted in the last five years of the 21st century:

- the scope of the global insurance market has been expanding due to the increasing concentration of insurance capitalization, in which insurers and reinsurers are merging with each other, resulting in the merger or acquisition of many national insurance companies;
- integrated systematization and cooperation of insurance, banking and financial capital at the international level, became a factor in the formation of transnational insurance companies;
- paid attention to risk research as an important factor of insurance risk management;
- In an unstable market environment, a new mechanism for selling insurance services to consumers - the Internet - is gaining importance;
- due to the activation of foreign insurers, first of all, a sharp increase in their number, the markets of Europe, Latin America and Asia were affected by sharp political changes, the International Association for Insurance Control began to operate under the leadership of the World Trade Organization ².

Analysis and results . In the context of the global financial and economic crisis observed in the first decades of the 21st century, a tradition of decreasing insurance premiums was observed in a number of countries. In particular, if we evaluate the insurance market by region, the volume of insurance premiums in the European insurance market was 39.6%; in the North American and Asian markets - 30.4%. The specificity of national insurance markets is that they provide insurance services at different levels and the completeness of insurance protection is different ³.

The development prospects of the global insurance market are expected to improve further this year compared to 2017. It should be noted that the development tradition of the European and American economies is being restored. The growth rates in the insurance markets of Asia and Latin America are stable. At the same time, it should be noted that the insurance companies of a number of countries have also become apparent that there are unresolved problems. For example, they are faced with low returns on investments, the complexity of regulating insurance markets, and so on ⁴.

According to foreign experts, moderate growth is expected in the development of the world insurance market in 2018-2019, while the real GDP of the United States is expected to grow slightly faster than that of the euro area and Great Britain. In a number of regions, according to the annual survey of Swiss Re (Schweizerische Rückversicherungs-Gesellschaft AG), the volume of insurance premiums is expected to increase according to the "Global Analysis of the Insurance Market in 2017 and Forecast for 2018". Economic growth in emerging markets is forecast at 8-9%, which is a factor in increasing demand for general insurance products.

At the same time, the life insurance sector is facing a number of challenges, the main reason for which is the traditionally low interest rates. However, in 2017 and 2018, that is, in the last two years, the

²Okorokova O.A., Ulybina L.K. Zarubezhnyi i otechestvennyi opyt razvitiya strascovogo rynka //Politematicheskii setevoy elektronnyi nauchnyi zhurnal Kubanskogo gosudarstvennogo agrarnogo universiteta. –2012.– No. –S. 667-675

³Okorokova O.A., Ulybina L.K. Zarubezhnyi opyt investitsionnoy deyatelnosti strascovykh kompaniy //V sbornike: Nauchnoe obespechenie agropromyshlennogo kompleksa.–S. 665-666.

⁴Okorokova O.A. Forming and otsenka investment deyatelnosti strashovykh organizatsiy // Author's essay on the application of uchenoy stepi candida ekonomicheskikh nauk / In-t ekonomiki, prava i humanitarnykh spetsialnostey. - Krasnodar, 2012

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global market for life insurance premiums has increased by 4%, a trend that is typical of emerging markets⁵.

The world economy is expected to grow moderately in 2018. Given that the GDP of the United States and the United Kingdom has grown by almost 2.5% so far, and the average growth of Japan and Europe is at the level of 0.7/1.5%, respectively, everyone expects the growth of the mentioned skills economy in 2018 to be somewhat higher. The GDP of developing countries is expected to grow by about 5% over the next two years, which is better than the current indicator of 4%. According to a number of foreign experts, the activity of the US insurance sector decreased in 2017 due to uncertainty over economic and trade policy.

Based on the research results, it should be noted that the following main problems of the global economy are observed:

- Decline in economic growth in China: - Fall in market prices;
- An increase in the exchange rate on the Forex (Foreign Exchange) stock markets.

The problems may threaten the realization of the main forecasts, but will not affect the growth rate. An improvement in the economic forecast and an expected change in monetary policy may increase the yield of government bonds in the United States and the United Kingdom⁶.

Table 8.**Growth dynamics of direct insurance premiums in the main markets and regions of the world**

Regions and qualifications	Years				
	2013	2014	2015	2016	2017
USA	3.2	3.0	3.8	1.8	1.3
Canada	2.7	3.0	2.7	0.8	2.3
Japan	7.7	0.3	2.5	2.8	1.0
Australia	5.7	1.0	-0.1	0.7	2.1
Great Britain	-1.8	1.9	2.3	1.3	2.2
Germany	2.5	2.9	2.6	1.7	0.6
France	0.1	0.3	0.7	1.0	1.4
Italy	-6.1	-3.0	-3.0	-1.8	1.5
Developed markets	2.1	2.0	1.7	1.8	1.7
Emerging markets	8.0	6.3	5.6	7.9	8.7
Worldwide	3.2	2.8	2.5	3.0	3.2

According to foreign experts, the demand for general insurance products will grow in the world insurance market in the next two years. In 2017, the growth of the volume of primary insurance premiums for general insurance was 3.2%, while this indicator is forecast to grow by 2.5% this year (Table 8).

Growth in developed markets is expected to slow down due to price “flexibility” and weak economic growth. Emerging markets, after growing by 5.6% in 2015, grew by 7.9% and 8.7% in 2016 and 2017, respectively, in the general insurance sector. A comparative analysis of growth risks in these

⁵Seifert S. Insurance Predictions for 2016.// Market intelligence. -2016. URL: <http://marketintelligence.spglobal.com/our-thinking/ideas/insurance-predictions-for-2016>.

⁶Insurance Market Outlook // Munich Re Economic Research. - 2016. URL: https://www.munichre.com/site/corporate/get/params_E1754367884_Dattachment/1189728/Insurance-Market-Outlook-2016-2017_en.pdf

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markets helps us draw certain conclusions: although the dynamics of growth in insurance premiums in emerging markets are high, their level of stability is lower than in developed markets. This determines the level of investment inflows.

Developed markets	2.1	2.0	1.7	1.8	1.7	$\bar{y} = 1,86$	$\sigma_1 = 0,16$
Emerging markets	8.0	6.3	5.6	7.9	8.7	$\bar{y} = 7,3$	$\sigma_2 = 1,16$

The high growth rate is expected to moderate in emerging Asia (up to 12% per year) and Central and Eastern Europe after two years of decline in 2014-2015. However, the decline in the cost of risk transformation (reinsurance) has led to a decrease in the income from reinsurance of production risks over the past two years. Real estate reinsurance rates are currently approaching their lowest point, with moderate price declines observed in most lines of business and, in some cases, price inefficiency. Approaches to insurance against accidents and specific risks are expected to vary significantly by market, and even by industry ⁷.

Life insurers' world economic growth forecasts show that business is expected to shrink significantly in the short to medium term due to sustained low interest rates, volatility in financial markets and regulatory changes. Nevertheless, premium growth in developed markets is expected to grow by around 2.5% in 2018, according to forecasts. It is noted that such increases are partly due to the effective use of mobile devices and cloud technologies.

At this point, it is worth mentioning that the growth of up to 13% per year can be observed in the developing market of Asia. For many emerging markets, the key remains the introduction of solvency standards dependent on risk-based capitalization ⁸.

Sub-Saharan Africa, as well as other emerging markets, is facing a capital flight due to low commodity prices. The demand for risk insurance is likely to remain high in 2018, which could lead to premium growth of 4.5-5.0%. However, premiums are expected to decline or even decline in some oil-producing countries. The introduction of best practices through the increased activity of global and regional insurance groups could improve the quality and coverage of the insurance business ⁹.

Life insurance premiums decreased by 0.8-1% in 2017 compared to the previous year, and by 2.5% in 2018 is expected to decrease to . However, given that South Africa's share of total insurance premiums in the region is 90 percent, it may be a cause of disappointment to observe such a tradition of decline.

In some African countries, in particular Kenya and Nigeria, this indicator is predicted to grow steadily. If we turn to the long-term prospects for the development of the global insurance market, it is expected to undergo fundamental changes over the next decade. Modern technologies, large volumes of data, low interest rates are undoubtedly among the factors that will leave their mark.

The introduction of new insurance products and improved business process models for risk transfer and transformation has contributed to the emergence of a tradition of moderate growth in the global insurance market in recent years.

In the third decade of the 21st century, the demand for insurance services is expected to remain high in emerging markets, especially in Asia, as incomes and security levels are projected to increase in

⁷. Okorokova O.A., Ulybina L.K. Zarubezhnyi i otechestvennyi opyt razvitiya strascovogo rynka //Politematicheskii setevoj elektronnyi nauchnyi zhurnal Kubanskogo gosudarstvennogo agrarnogo universiteta. -2012.- No. - S. 667-675.

⁸ Benfield A. Global Insurance Market Opportunities/ A. Benfield //Risk. Reinsurance. Human Resources. – 2015. - P. 1 - 63 URL: <http://thoughtleadership.aonbenfield.com/documents/20150913-ab-analyticsinsurance-risk-study.pdf>

⁹. Global insurance review 2015 and outlook 2016/17 // Swiss Re. - 2015. URL: http://www.swissre.com/library/Global_insurance_review_2015_and_outlook_201617.html

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these countries. Taking into account exchange rate requirements, using statistical data, the average annual growth rate of the insurance market is forecast to increase by 3.8% by 2026 compared to the previous period. Growth rates in the life insurance segments were 3.9% / 3.6% in 2016 and 2017, respectively.

These rates mean that premiums will increase in the world insurance market and the coverage of services will increase in the future ¹⁰.

These positive global indicators also reflect regional differences in the level of insurance services and coverage. In particular, while the share of insurance premiums written in the markets of Western Europe, North America and the industrialized country of Asia, Japan, in the total volume of world insurance premiums amounted to 70% in 2016, compared to 30% in other regions, it is likely that the level of insurance services penetration in these regions will increase in the coming decades.

Experts M. According to estimates by Grim and K. Brandmeiri, the average annual growth rate in the insurance markets until 2026 will be 2.9% in Western Europe, 2.4% in North America, and 0.8% in Japan. formation of the euro means that the scope of insurance services will increase in this regard, especially in developing countries, including Asian countries, at the expense of other regions of the world. In this process, during the period until 2026, China will become the second largest country in the world, and the average annual growth of insurance premiums in the Asian region (excluding Japan) will be equal to 7.3% during the period until 2026.

In addition, Latin America is also expected to have high growth rates. In the Latin American region, the average growth rate of insurance premiums is estimated to be approximately 5.7%, and the volume of total insurance premiums in South America is estimated to double. In particular, in the future Brazil in this region, about 84 bln. Euro (although this is half of the Italian market) remains the largest market for insurance premiums.

The growth and development of insurance services in both Latin America and Asia will continue to grow in the coming years. In Eastern Europe, this indicator has decreased from 2.1 to 1.7% over the past decade (2008-2018), while the insurance market is expected to develop steadily in the coming years. Based on the expected tradition of positive developments in the insurance market, it can be noted that the growth rate in the Eastern European region will average 4.9% in 2018-2026, which indicates that the total amount of income expected from insurance activities in the region will be approximately 86 billion euros, i.e., in 2026 it may be at the same level as in Brazil. Taking into account the expected growth in premiums in the insurance market, according to Expert A. Benfield, in 2026 total global income could increase significantly, from 1.8 trillion to 5.3 trillion euros. Of these expected income, 27% or 490 billion euros are expected to belong to China, with an additional 350 billion euros expected to come from other regions of Asia (excluding Japan) ¹¹.

North American insurers are expected to reach the same amount of insurance premiums. The insurance premium in the European region is 377 billion, in other regions - 234 billion, and in Latin America - 88 billion. is expected to increase in the amount of euros. In the process of globalization, positive changes are expected in the region of Eastern Europe.

¹⁰Brandmeir K. , Grimm M. Global insurance markets — current status and outlook up to 2026 // Economic Research. - 2016. -P. 2- 11.URL:https://www.allianz.com/v_1462283952000/media/economicresearch/publications/working_papers/en/GVM26Apr2016e.pdf

¹¹Benfield A. Global Insurance Market Opportunities/ A. Benfield //Risk. Reinsurance. Human Resources. – 2015. - P. 1 - 63 URL: <http://thoughtleadership.aonbenfield.com/documents/20150913-ab-analyticsinsurance-risk-study.pdf>

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In particular, by 2016, the Turkish market will become the second largest market in the region after Russia, surpassing the Polish market. In Russia, a steady decline in the number of insurance companies has been observed over the past 2012-2018. In particular, compared to 2012, their number decreased from 435 to 226 in 2017, or almost 60%.

Conclusions and suggestions

Our country requires all entities of the insurance market to develop innovative insurance products that meet international standards within their sectors and areas of activity, improve the quality of service and increase the confidence of the population in the insurance system in accordance with its requirements, and increase the efficiency of other comprehensive functional activities.

The following measures should be implemented for more successful development of the insurance market of our country and effective integration into the international market in the process of globalization:

- increasing the coverage, capacity and prestige of insurance (reinsurance) based on the promotion of the insurance literacy of the population and business by stimulating the demand for insurance services;
- elimination of systemic imbalances by reducing the share of the total volume of compulsory types of insurance and improving the effectiveness of compulsory insurance systems, in particular, developing the infrastructure of the insurance market and the reinsurance market;
- We consider it effective to implement measures to increase the functional efficiency of insurance entities on the basis of competition and transparency, in particular, to improve insurance legislation and develop business processes.

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