



PROBLEMS AND WAYS OF DEVELOPMENT OF REINSURANCE IN UZBEKISTAN

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Annotation: The analysis of reinsurance problems and development prospects in the insurance market of the Republic of Uzbekistan is described in detail in this research work on the example of "Uzbekinvest" insurance company. Proposals, recommendations and conclusions have been developed on the improvement of reinsurance activities in the Republic of Uzbekistan and the further development and improvement of mechanisms for increasing the efficiency of reinsurance use in ensuring the financial stability of insurers.

Key words: insurance, insurance market, reinsurance, capitalization rate, loss, reinsurance contract.

Introduction. In the present period, when market relations are forming in Uzbekistan, the necessity and importance of insurance and reinsurance in ensuring the stability and development of various sectors of the society and the economy is becoming evident and the importance is increasing.

Insurance activity is an integral component of the financial system. On the one hand, the insurance sector is considered one of the main factors in the stable development of the economy by ensuring the continuity of the production process in the economy, and on the other hand, the insurance sector is distinguished by the introduction of significant investments into the economy. It is worth noting that insurance relations have taken a long path of development and have taken a big place in the economy by now.

Reinsurance is an independent network of insurance and protects insurers from a large amount of possible risks. Also, reinsurance is considered an international business and distributes risks in a secondary way in the world insurance market.

A number of negative consequences in the world economy as a result of the COVID 19 pandemic led to a 3.4% reduction in the size of the global economy in 2020. It should be noted that the pandemic situation in the world has increased the need to protect against existing and new risks in the economy. As a result, the demand for insurance services in the world increased by 3.3 percent in 2021. This situation requires insurance and reinsurance organizations to develop and offer new products suitable for the current economic conditions. For this reason, improving insurance and reinsurance mechanisms at the global level, creating new instruments that increase the effectiveness of insurance risk assessment, developing

ways to manage insurance risks at the same time as the inflation observed in many countries and similar macroeconomic problems are becoming urgent.

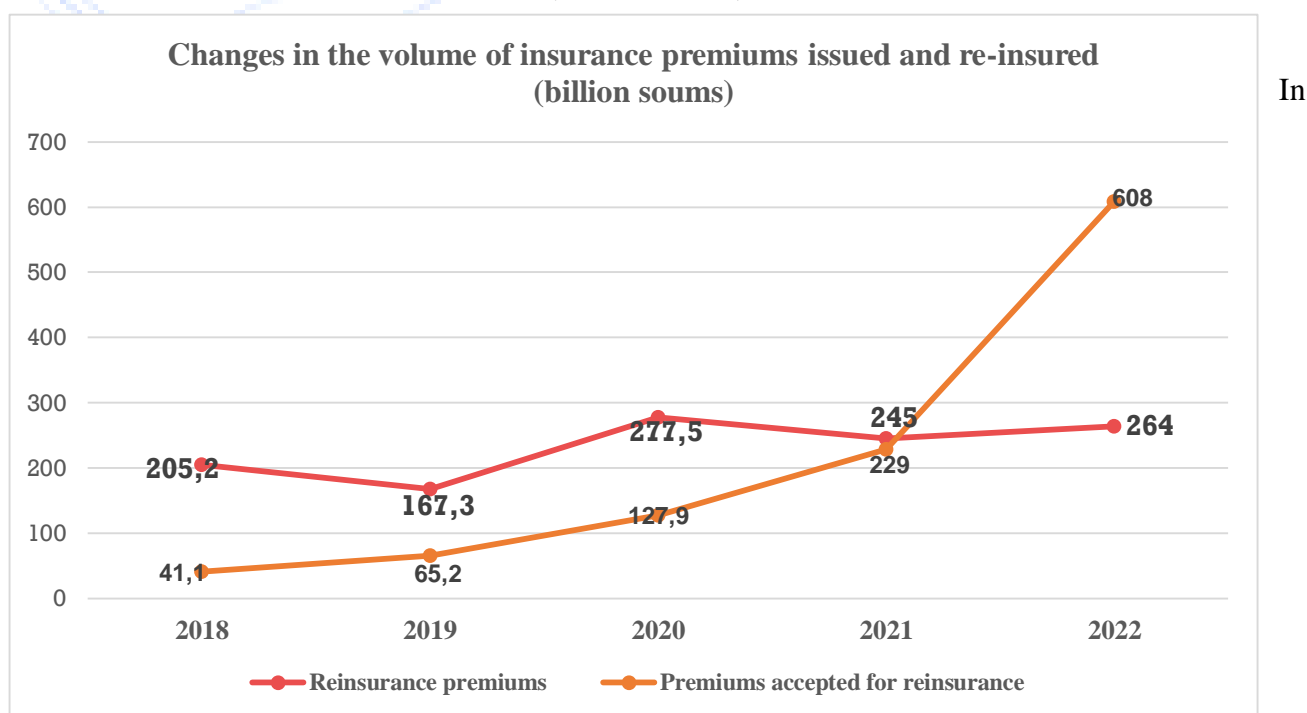
Research objective and methods. The essence of reinsurance is the development of scientific and practical suggestions and recommendations by analyzing its current state and existing problems.

Analysis and results (Analysis and results). In international practice, a lot of experience has been accumulated in the acceptance of risks and reinsurance. However, the sharp changes in the world economy in the post-pandemic period especially require a review of the reinsurance mechanisms and their adaptation to the new economic conditions. In particular, the creation of alternative reinsurance mechanisms, determining the level of probability for each type of risk at the global level, and increasing the efficiency of the reinsurance system by creating systems that reflect the interdependence between insurance and reinsurance operations remain an urgent issue.

In the conditions of the developing insurance market, the importance of reinsurance services will increase, and the demand for them will increase more and more. It should be noted that now Uzbekistan's insurance organizations are effectively using reinsurance mechanisms in the international and national markets. Insurance organizations that have the right to provide reinsurance services in the national market accept risks from national insurance organizations for reinsurance based on their capacity. In addition, the presence of aviation insurance, energy risks and other such large risks in our national insurance market creates the need for the use of foreign insurance capacities by national insurance organizations. This is the only way to ensure the solvency and stability of insurance organizations engaged in the insurance of this type of risks.

Analysis shows that in 2022, outbound reinsurance relations will be significantly more active. During 2022, insurance premiums in the amount of 264.0 billion soums were re-insured by insurance organizations (see Figure 1). In the last five years, this indicator is the highest and is more than 8% compared to the previous year.

Figure 1. Changes in the amount of reinsurance given and received insurance premiums (billion soums)



contrast to outbound reinsurance, the volume of inbound reinsurance operations has shown an upward trend over the past four years. If in 2019, the insurance organizations of Uzbekistan will pay 65.2 billion under reinsurance contracts. if they received awards in the amount of soums, in 2022 this indicator will be 542.8 billion soums. increased to 608 billion soums. organized soums.

This, of course, is related to the increase in the level of capitalization of insurance organizations and the capacity to accept obligations.

The receipt of reinsurance premiums from abroad in 2022 indicates the growing confidence of the participants of the international reinsurance market in the insurance organizations of Uzbekistan.

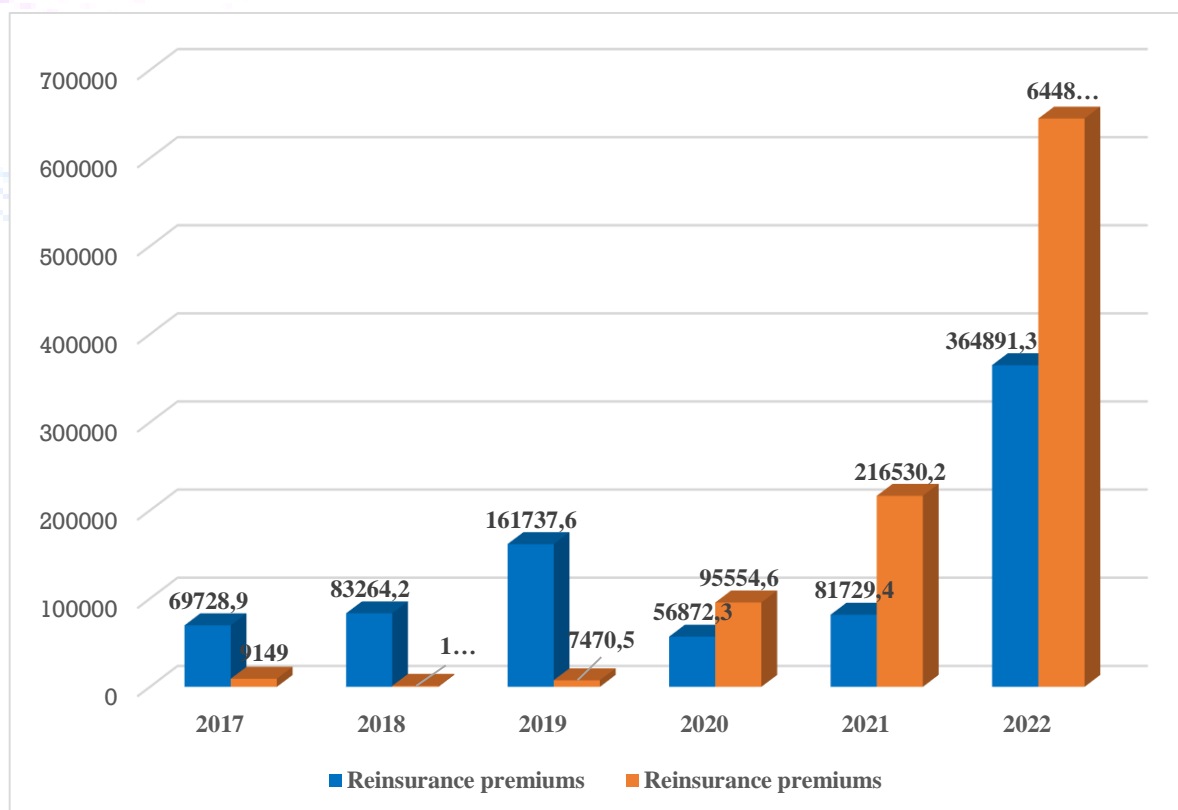
By the end of 2022, the majority of outgoing reinsurance premiums were in Great Britain. This is due to the presence of the UK Lloyds international reinsurance market and the fact that most of the world's largest risks are distributed among the world's reinsurers through this Lloyds market.

Today, the export-import insurance company "Uzbekinvest" joint-stock company, which is one of the leading insurance organizations of the insurance market of Uzbekistan, is also doing a number of things to improve its reinsurance activities.

We can see the acceleration of growth rates of reinsurance indicators by "Uzbekinvest" EISK JSC in 2017-2022. These dynamic growth rates have been ensured by the Company's reinsurance reforms.

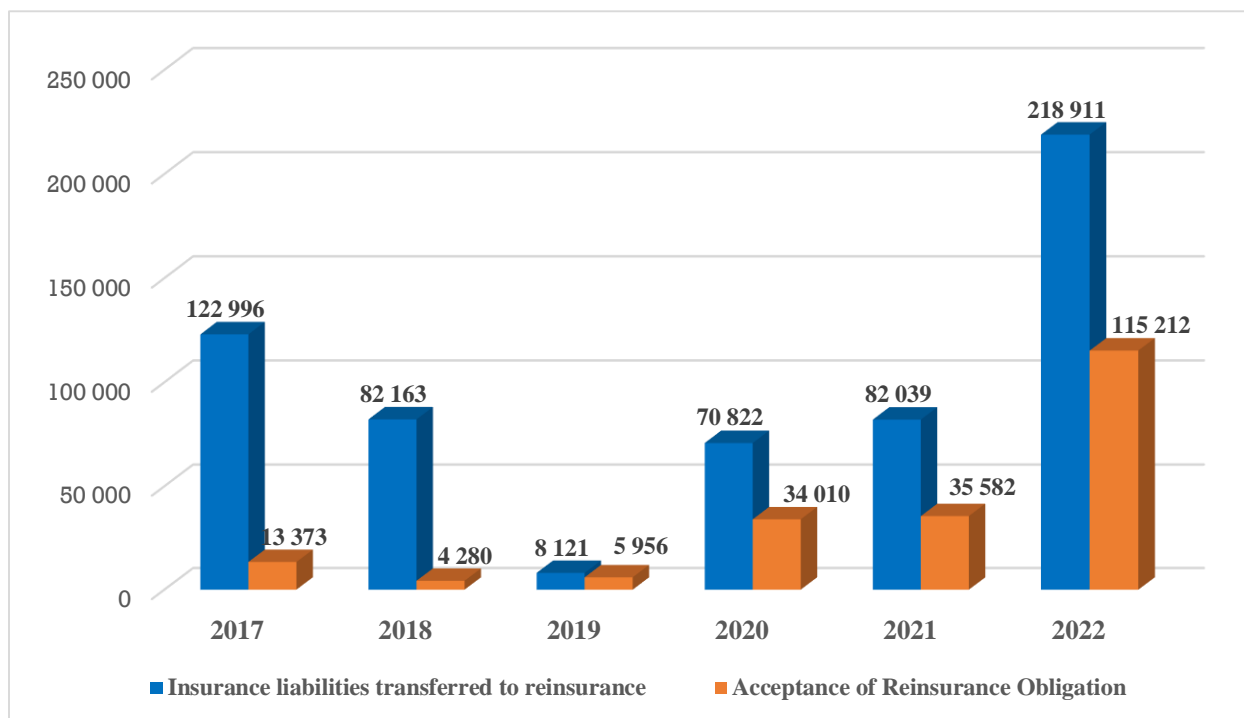
In 2017, the amount of insurance premiums accepted for reinsurance by the company amounted to 9.1 billion soums, and in 2022 this indicator amounted to 644.8 billion soums.

Figure 2. Dynamics of insurance premiums issued and accepted for reinsurance by "Uzbekinvest" EISK JSC in 2017-2022. (million soums)



Insurance liability accepted for reinsurance by "Uzbekinvest" EISK JSC in 2017 is 13.4 trillion. was soums, by 2022 this figure will be 115.2 trillion soums.

Fig. 3 Dynamics of insurance liabilities re-insured and accepted for re-insurance by JSC "Uzbekinvest" EISK in 2017-2022. (million soums)



In 2017, the insurance liability provided for reinsurance by "Uzbekinvest" EISK JSC to insurance organizations of foreign countries is 122.9 trillion. if it was soums, this figure will be 218.6 trillion soums by 2022.

At this point, it is worth noting that "Uzbekinvest" EISK JSC is today the first company in the national financial market with a "VV" financial stability rating with a "Stable" forecast, by the International Rating Agency "A.M.Best Company" (USA). "Uzbekinvest" EISK JSC was assigned a credit rating and in May 2023 Moody's Investors Service Ltd. The (USA) international rating agency officially announced that the forecast of the financial stability rating of the Uzbekinvest insurance company was raised from the level of "Ba3", "Stable" to "Ba3", "Positive".

Allianz SE (Germany), Zurich Insurance Group (Switzerland), Tokio Marine (Japan), AXA (France), People Insurance Company of China (China), Korean Reinsurance Company (South Korea), Marsh (USA), Willis, AON and Cooperation with leading international multinational insurance and reinsurance companies and brokers such as UIB (Great Britain) contributed to the formation of Uzbekinvest as a recognized participant of the international insurance market.

This, in turn, helps to improve the Company's reinsurance activities and to conclude mutually beneficial cooperation agreements with foreign reinsurance organizations.

Insurance services, like other financial services, are becoming globalized, which in turn requires insurance organizations to effectively use digital technologies in their operations.

On October 23, 2021, the President of the Republic of Uzbekistan "On additional measures to digitize the insurance market and develop the life insurance sector" PQ-5265 was issued in order to digitize the insurance market of the Republic.

In this Decision, the Insurance Payments Guarantee Fund, together with the Insurance Market Development Agency under the Ministry of Finance and the Ministry of Information Technology and Communications Development, registers all insurance policies and monitors their circulation on the basis

of a unified information system for compulsory civil liability insurance of vehicle owners until June 1, 2022. was assigned the task of ensuring the introduction of a unified automated information system (hereinafter - the Unified Information System).

And today, JSC EISK "Uzbekinvest" is working on the translation of all basic business processes in digital format and the basic technologies of artificial intelligence.

Conclusion. Based on the analysis of the reinsurance market presented above, we can note that there are a number of problems that hinder the effective operation of this industry in our country, in particular:

- lack of full separation of reinsurance activity as a separate type of activity in the country;
- absence of a reinsurance organization professionally engaged in reinsurance in the country;
- The extremely low capacity of the insurance and reinsurance market of Uzbekistan and the limited possibilities of accepting risks from abroad for reinsurance;
- due to the small number of reinsurance companies in our country and the lack of financial capabilities of the existing ones, very few reinsurance premiums are collected in the country, and a large part is transferred to foreign companies;
- the small number of reinsurance companies in the national insurance market creates a monopoly in the reinsurance market, and as a result, reinsurance is carried out abroad when there is no need due to the high rate of reinsurance premiums in the national market;
- weak vnedrenie tsifrovizatsii and straxovyyh organizatsiyax;
- lack of qualified personnel in the field of reinsurance.

We would like to make suggestions and recommendations for improving the national reinsurance market and solving the above existing problems:

1. To further strengthen international cooperation and effectively establish personnel exchange of experience with foreign companies;
2. Development of the draft law "On reinsurance activities" that fully covers the reinsurance sector. The law must be in full compliance with international requirements. Fulfillment of this task will prevent disputes that may arise in the reinsurance sector and limit possible insurance fraud to a certain extent;
3. Establishment of a national reinsurance organization. This in turn can prevent insurance premiums from going out of whack;
4. Accelerating the acquisition of international ratings and integration of the country's insurers into the world reinsurance market by increasing the level of capitalization;
5. Organization of work on obtaining international prestigious ratings by national re-insurers;
6. So storony opolnomochennogo organa razrabotat plan meropriyatie po uskoreniyu tsifrovizatsii strascovogo rynka Republic;
7. Speed up work automation and exchange of information and re-extraction;
8. It is effective to implement measures to study, analyze and apply the experience of developed countries in the reform and development of the insurance sector.

Implementation of the above proposals will, in our opinion, be important in improving the national reinsurance market and its operations to some extent.

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