
PROBLEMS IN THE DEVELOPMENT OF LIFE INSURANCE IN UZBEKISTAN AND WAYS TO SOLVE THEM

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Abstract

This article analyzes the problems related to the development of life insurance in the national insurance market, shows ways to solve the problems, and develops proposals aimed at the rapid development of life insurance.

Keywords: Life Insurance, Digitization, Software Products, Pension Insurance, Medical Insurance, Accident Insurance

INTRODUCTION



Currently, insurance organizations operating in the territory of the Republic of Uzbekistan are benefiting from various software and databases in their operations. These softwares, in turn, differ from each other, and these differences cause many inconveniences for the employees of the insurance organization and for the users of this software. In addition, there are insurance organizations that operate without software and on old accounting systems. In addition, nowadays, it takes extra effort and time to learn and use these different software during the process of personnel exchange in insurance organizations. This, in turn, leads to a decrease in the work efficiency of insurance organizations.

Taking into account the above, in our opinion, it is appropriate to create and implement a unified software that automates the reporting, operation and review of insurance events for life insurance companies.

The goal of creating a single automated software is to increase the productivity of insurance organizations, save time spent on preparing various reports and simplify the process of reviewing insurance incidents.

This automated single software should incorporate the following:

- the unified automated software will create an opportunity to simplify the conclusion of new types and complex contracts in the future in the field of life insurance;
- in the process of concluding contracts with new clients, it provides information about the history of insurance events and claims that have been considered under the previously concluded insurance contracts of these clients. In turn, this information leads to the optimization of the calculation of insurance premiums in the process of concluding new contracts with customers;
- this automated unified software provides a lot of convenience to insurance organizations and its users, that is, it helps to minimize possible errors in the work process

during the conclusion of insurance contracts, and at the same time, it helps to save effort and time spent on performing certain work processes;

- this automated unified software controls certain undesirable participants in the insurance market for illegal behavior and creates an opportunity to impose restrictions on them. This, in turn, leads to an increase in trust in insurance organizations among the population.

Currently, the main users of automated unified software (InsurTech) created on the basis of information technology are the USA, Great Britain and China. In addition, intensive work is being carried out in Taiwan, Croatia and Hungary to introduce automated uniform software.

The 3rd part of the "Road map" on the rapid development of the insurance market of the Republic of Uzbekistan in 2019-2020, approved by the decision of the President of the Republic of Uzbekistan dated August 2, 2019 "On measures to reform the insurance market of the Republic of Uzbekistan and ensure its rapid development" No. DP-4412. The implementation of paragraph 1 in the part related to the field of life insurance implies the improvement of voluntary pension insurance mechanisms aimed at increasing the level of pension provision of citizens by introducing new types and mechanisms of voluntary pension insurance, taking into account advanced foreign experience.

Implementation of paragraph 30 of the "Road map" of the above-mentioned decision envisages the development and introduction of new innovative types of insurance services, in particular, insurance against oncological and acute diseases with the possibility of organizing treatment of the insured person abroad.

One of the most popular forms of personal insurance is corporate insurance, where the company insures its employees. Corporate insurance is not a separate type of insurance, but a complete complex of services provided by insurance companies to corporate clients.

ANALYSIS AND DISCUSSION OF RESULTS

The stability of the activities of economic entities largely depends on the productivity of insurance protection, which allows to cover the real damage caused by various types of activities, man-made accidents, unexpected social situations. Taking into account this situation, the corporate insurance market is considered to be a factor of strong positive impact on the economy due to the provision of continuity of production, economic activity, and financial stability of enterprises (Yuldashev, O. T., 2020).

Corporate insurance programs for legal entities is a service that allows full-blooded protection of producer activity. It is also a form of protection for employees by providing them with insurance coverage. Among the most common insurance products implemented in the form of corporate insurance, the following can be included:

- voluntary medical insurance;
- pension insurance;
- life insurance;
- accident insurance.

In accordance with Article 378 of the Tax Code of the Republic of Uzbekistan, the part of taxpayers' wages and other income to pay insurance premiums for long-term

life insurance (in all categories of the life insurance industry) to legal entities licensed to carry out insurance activities in the Republic of Uzbekistan is subject to a number of conditions related to the parameters of insurance coverage compliance, the income of individuals is not taxed.

In addition, in accordance with Article 369 of the Tax Code of the Republic of Uzbekistan, insurance compensation amounts received by citizens are not included in the total income of individuals.

However, according to Article 375 of the Tax Code of the Republic of Uzbekistan, property income of individuals includes interest and dividends. In accordance with Article 378 of the Tax Code of the Republic of Uzbekistan, income from savings certificates, government securities, as well as interest and gains on deposits in banks is not taxed.

Thus, the current version of the tax legislation is considered an obstacle to the wide introduction of investment insurance mechanisms in the Republic of Uzbekistan, and it limits the spectrum of permissible directions of investment in insurance companies (Toshmurzaevich Y.O., 2021).

Taking into account the above, it is proposed to exclude the expenses incurred by legal entities under personal insurance contracts for the benefit of their employees from the total income of individuals.

In the way of long-term life insurance and the development of the personal insurance sector, it is necessary to organize mass campaigning about the benefits and conveniences of life and health insurance to the people of the Republic through information media, that is, insurance advertising videos and shows on the air of the country's television and radio channels. As a result, the population of the country is given information about the possibility of obtaining social and economic insurance protection due to increasing the level of knowledge of insurance culture and literacy (Yuldashev, O. T. 2023).

It is shown that the population of the republic can increase the amount of financial income on long-term life insurance and types of personal insurance, that the standard of living remains financially stagnant as a result of the fluctuations in a person's life, and that it is guaranteed by life and health insurance companies.

By insuring the life of the low-income population to support the population, an opportunity is created to imply that there is some relief in the standard of living.

In reducing the number of low-income population in the republic and forming a source of financial income, a high result is achieved in a short period of time as a result of mass advertising campaigns by insurance organizations in the life insurance network.

Taking these circumstances into account, according to the Law of the Republic of Uzbekistan "On Advertising" (Article 16. Social advertising information), the advertising campaign materials of insurance organizations operating in the field of life insurance should be equated to "Social advertising information". Including, in order to popularize the types of life insurance, it is appropriate to equate the advertisements for the types of insurance in this direction to the category of social advertising.

CONCLUSIONS AND OFFERS

In our opinion, it is necessary to include in the credit policy of commercial banks the practice of diverting insurance payments under long-term insurance contracts to long-

term loan payments for borrowers-individuals, and paying the interest and principal of this loan once a year. We present the scientific basis of our opinion as follows.

Currently, in Uzbekistan, individuals are not using the existing incentives for personal income tax, which, in turn, causes a decrease in the use of credit resources by the population.

According to the current crediting system, the creditor-individual person pays the principal debt and accrued interest on the loan monthly according to the credit schedule. For example, 120 million for one year. When a car loan is granted in the amount of soums, the creditor-individual person pays 10 mln. per month. soums if the main debt and accrued interest are paid based on the annual rate of 24%, the total income of the bank in the form of interest for the loan repayment period will be 15.54 mln. amounts to soums, the required annual calculated amount of the creditor's salary is 154.02 mln. should amount to soum.

The bank's income in the form of interest in providing loans with the use of savings life insurance is 28.8 mln. amounts to soums (13.3 million soums more) and the creditor with the same amount of salary has 6.14 million soums. saves soum. This will certainly happen at the expense of tax benefits given on life insurance.

To use this mechanism:

- Allowing the Central Bank of the Republic of Uzbekistan to include in the credit policy of commercial banks the practice of paying the loan principal (and/or interest payments) once a year;
- in the loan agreement, the creditor-individual is obliged to conclude a life insurance contract with an insurance company and to pay a monthly insurance premium equal to the monthly amount of the repayable part of the loan;
- it is necessary to establish a continuous exchange of information between the insurance organization in the field of life insurance and commercial banks about whether the loan monthly payment is being made on time based on the life insurance contract.

The application of this practice also creates an opportunity to direct the insurance premiums collected by the insurance company to the bank at the refinancing rate.

Article 17 of the Law of the Republic of Uzbekistan "On Insurance Activities" provides for a number of actions that the insurer must take after the license is terminated. Within five days from the date of expiration of the license, a specially authorized state body must apply to the court with an application for liquidation of the insurer in accordance with the procedure established by law. However, the law does not specify the future fate of the current insurance contracts.

Therefore, if the insurer leaves the market, its customers (insureds, beneficiaries), firstly, will be deprived of insurance protection, and secondly, they will not have the right to claim insurance payments in the event of an insured event.

One of the ways out of this situation, if the insurer is unable to do so due to the above circumstances, is to create a guarantee, i.e. fund, to make payments.

At the moment, Uzbekistan has established a payment guarantee fund to fulfill obligations to victims within the framework of "Compulsory insurance of civil liability of vehicle owners". Unfortunately, there are currently no guarantee funds for other types

of insurance in the country, which not only weakens the stability and continuous operation of the national economy, but also lowers the public's confidence in the insurance institution in general, which, in turn, remains one of the serious obstacles to the development of insurance in the country.

Taking into account these circumstances, it is necessary to create a system of guaranteeing payments in the field of life insurance and to determine the sources of its financing in order to increase the confidence of the population in voluntary pension insurance and long-term life insurance and to guarantee their insurance payments.

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