

RESEARCH ARTICLE

Open Access

# THE EFFECT OF THE SOCIO-ECONOMIC DEVELOPMENT OF THE COUNTRY ON THE POPULATION OF PERSONAL INSURANCE TYPES

**Zhonuzokov Ozod Shokir**

Samarkand State University of Architecture and Civil Engineering named after Mirzo Ulugbek, applicant for the Department of Construction Economics and Management, Uzbekistan

## Abstract

In this article, the role and importance of personal insurance in the social protection of the population, the types of personal insurance and their essence are highlighted, and the reforms implemented in the practice of personal insurance are considered. The economic nature of life insurance is revealed, the factors affecting the popularity of this type of insurance are analyzed, and proposals and recommendations for improving the practice of personal insurance are developed.

**Keywords** Insurance, personal insurance, insurance company, insurance premium, health insurance, life insurance, insurer, insured, insurance liability, inflation.

## INTRODUCTION

Risks arising in the context of the global development of the world economy and financial system are becoming increasingly important in the socio-economic life of the country, and in order to improve the welfare of the population, their interests need reliable insurance protection. Swiss Re Institute according to the report "the total turnover of the modern global insurance market in 2022 will be 7 trillion. USD, including the life insurance segment in 2022 increased by 4.8% to a total of 3.1 trillion. Estimated in USD. In the context of the development of the digital economy, it is necessary to remove obstacles in the insurance market and the personal insurance market, to create a competitive environment among insurance companies by organizing transparent and open insurance services..

In world practice, special attention is paid to

scientific research aimed at increasing the effectiveness of personal insurance. Scientific research is being carried out in such directions as analyzing the economic essence and mechanism of operation of personal insurance, the peculiarities of the formation of the institutional environment of the private insurance network in the country, and improving the practice of personal insurance. As a result of these studies, the issues related to the effective mechanism of the private insurance market, as well as the attraction of funds for investment in the national economy by insurance companies, have not yet been positively resolved.

In the course of forming and introducing a new system of quality and quantity indicators aimed at increasing the efficiency of personal insurance practice, improving the practice of personal insurance is of urgent importance. In

particular, "... expanding the practice of health insurance, implementing new mechanisms of insurance" is defined as one of the priority tasks. In order to ensure the fulfillment of these tasks, it is determined to form a modern and optimal system of personal insurance business processes based on innovative approaches and increase the efficiency of personal insurance practice.

### **Analysis of literature on the topic.**

It should be noted that defining personal insurance in economic literature is usually done in two ways. First, the authors note that private insurance is mandatory and voluntary. In improving the practice of personal insurance, it was scientifically researched by economists and appropriate scientific-theoretical and practical conclusions were formed. Fedorova TA, Makhtina Yu.B. D Rusakova OI, Shoyko SV, Abashin NN, Yevsevleeva MN Lupey NA, Stepanova SV According to the conclusion of the authors, the personal insurance system is viewed in two ways: on the one hand, as an element of the state system of social protection of the population, on the other hand, in addition to the allocation of extra-budgetary funds for these purposes, health formation as a financial mechanism to finance maintenance and provide funds to pay for medical services.

In our opinion, the above conclusion clearly reflects one of the approaches to revealing the essence of both personal insurance and insurance in general: it considers insurance activity as a method (form) of protecting the interests of insured persons (population) the risk comes out.

According to AF Modonov, personal insurance is considered as a method of social protection of the population, personal insurance is the formation of funds at the expense of contributions intended for guaranteed compensation for unforeseen insurance events. describes it as a process. The author reveals the economic nature of personal insurance, which, in his opinion, guarantees from the formation of target funds at the expense of contributions and at the expense of their accumulated funds to

cover the damage caused to the life and health of the insured persons. . In our opinion, according to the above conclusion, it provides an opportunity to buy the necessary guarantee for life and health from the fund formed at the expense of personal contributions.

According to NP Sakhirova, it describes the procedure for special coordination of personal insurance, the purpose of which is to guarantee citizens access to medical care in the event of an insured event, and to provide medical services at the expense of the collected targeted funds of the insurance fund. is the financing of expenses.

According to the above conclusion, personal insurance is considered as a form of social protection of the population in the field of health care, which covers the loss of health for any reason, including due to illness or accident. provides a cost guarantee.

### **Methods used in research implementation.**

During the research, comparison, analysis and synthesis, historical and logical approach, graphic method were used to analyze the private insurance practices of developed and developing countries. Abstract-logical and observational methods were used to form theoretical knowledge and conclusions.

### **ANALYSIS**

Today, a number of activities aimed at developing the insurance market and increasing its GDP share have been carried out. Republic of Uzbekistan To ensure the implementation of the decision of the President of October 23, 2021 "On additional measures for the digitization of the insurance market and the development of the life insurance sector" and to expand the classification of insurance activities and thereby life In order to popularize the types of insurance services in the insurance sector and the personal insurance market, to develop insurance products that serve the needs of the population and the economy, the Cabinet of Ministers of June 9, 2022 "Amending some decisions of the Government of the Republic of Uzbekistan, as well as the decision to consider some of them as invalid containers she is done. In

accordance with the decision, additional insurance to the Insurance activity classifier approved according to Appendix 6 of the unified regulation "On the procedure for licensing certain types of activities through a special electronic system" approved by the decision of the Cabinet of Ministers No. 80 dated February 21, 2022 extended by adding classes. In particular, the field of life insurance includes V-class "Life insurance for the provision of obligations", VI-class "Long-term voluntary pension insurance" and VII-class "Life insurance with return of capital" If so, the 18th class "Medical insurance" was included in the field of general insurance. These additions to the insurance classification serve to expand the range of services in the insurance market of our country and increase the standard of living of the population.

In modern conditions, the role and importance of personal insurance in the world is increasing. A special place in the field of personal insurance is occupied by voluntary personal insurance, which is life insurance, insurance against accidents and diseases, medical insurance.

Our country's insurance market offers the widest range of personal accident insurance products. This is the most popular type of personal insurance. All companies have relevant offers. Policies cover expenses in case of bodily injury, health impairment (disability) or death of the insured person. In the event of an insured event, the company pays a percentage of the insured amount according to the contract, depending on the level of injury.

Insurance companies prefer an individual approach to customers. Therefore, they offer special products along with the "accident insurance" product. Most of them consist of accident insurance for athletes, travelers in our country and abroad. Road accident insurance is available. "Uzagrosugurta" offers insurance for a pregnant woman during her stay in the maternity hospital. Insurance against workplace accidents is available. Insurance companies are active in solving the tasks arising from the Law No. O'RQ-210 "On compulsory

insurance of civil liability of the employer". A number of companies offer debtor's life insurance. This guarantees that the lender will get their financial funds back in full. Each company has an initial offer, and the final product is specified in the contract and insurance policy. Insurance events and the sums paid by the company in the event of their occurrence are necessarily recorded. The cost of insurance will also depend on these indicators. Naturally, the larger the sum insured, the higher the amount of payments, even in the case of minor injuries. 100% Sum Assured is usually paid in case of grievous bodily harm and death. Almost all companies have loyalty programs. Services are cheaper when repeated contracts are concluded.

Now the number of insurance companies offering voluntary health insurance services is increasing. When buying an insurance policy, the exact volume of medical services and the list of medical institutions where they are provided are shown. In the event of an insured event, the client applies to a medical institution, and the insurance company pays for the treatment within the amount specified in the contract. Some companies offer insurance for infectious diseases and dental services as separate products. The concept of introducing mandatory medical insurance is being developed in accordance with the implemented State programs. It is directed to provide:

- equal rights of citizens to medical and preventive services;
- guarantee of quality medical care based on insurance policies;
- development and implementation of a mechanism for regulating the cost of medical and preventive services. It is also planned to establish a Medical Insurance Fund.

One of the main areas of personal insurance and the type that is developing today is life insurance. Life insurance is a program that provides protection against possible financial difficulties that a family may face due to the death of a dependent. An insurance program for

corporate clients can become an effective mechanism for ensuring social protection for employees and their families. Many companies offer term life insurance. Term life insurance is a system of accumulated insurance premiums that allows you to insure life and to preserve and grow your investment.

Some insurance companies have introduced lifetime annuity service. This offer is intended for those who want to be socially protected and increase their well-being. Companies also offer bonus term life insurance services. These are integrated, long-term programs that allow for the accumulation of funds, aimed at providing insurance protection. Usually, insurance payments are paid in 2 cases: when the contract expires or when the customer dies.

World practice shows that the sustainable development of life insurance is closely related to the level of inflation in the country and the ability of insurance companies to correctly and timely assess the situation and determine an effective mechanism to protect against its effects.

In turn, the creation of savings is accompanied by the risk of the consequences of economic instability, one of the main factors of which is inflation. Inflation hurts savers if the real value or purchasing power of savings decreases as prices rise. In the period of inflation, fixed bank deposits, insurance premiums and payments, annual rent payments (annuities) and other financial assets with a fixed value lose their real value, which initially fully served their purpose. suitable - it fails to fulfill the function of saving for unforeseen circumstances or to ensure a peaceful retirement, which is intended to serve as a reliable support in difficult situations. In addition, inflation and fluctuating interest rates make it difficult for insurers to calculate appropriate premium rates.

A large number of life insurance products in the world are calculated taking into account the sum insured and a predetermined interest (bonus) payment at the end of the insurance period, so changes in the inflation rate do not have a significant effect on it. These are

products that cover the risk of death, longevity or savings programs, for which payments do not increase with changes in the rate of inflation. In this case, an increase in interest rates will have a beneficial effect on the net present value of future liabilities of insurers. The present value of future payments decreases as interest rates rise. Taking into account that the amount of liability of the insurer in the event of an insured event is always fixed, the insurance organizations operating in the field of life insurance are less susceptible to the effects of inflation in this regard. In this case, there is no need to recalculate the amount of payments due to an increase in expenses, for example, an increase in medical care and insurance payments.

However, despite the relatively small impact of inflation on the liabilities of insurers, changes in the level of interest rates can have a significant impact on the demand and popularity of many products, and thus on the income of insurance organizations.

Although the participation of policyholders in the additional investment income of the insurer protects savings to some extent from inflation, the increase or decrease in the inflation rate will cause changes in the price of long-term life insurance products over time, fixed insurance. The constancy of the nominal amount of loan sums and interest, contributions leads to a decrease in its real value, taking into account inflation.

Periods of deflation or inflation and falling interest rates pose certain risks to insurers of savings products with guaranteed payout amounts. Such products provide returns of net worth and are therefore more susceptible to externalities when investment funds are insufficient to guarantee returns. The same applies to insurers' obligations to pay guaranteed interest on stocks, as the Stock Market usually suffers during deflationary periods.

Currently, life insurance products are widely used, in which the insured person has the opportunity to choose financial instruments

and manage invested funds (unit-linked). In this case, the insurance company does not guarantee the payment of any interest (or may guarantee the payment of minimal interest), and the main investment risk falls on the insured. Such products are common in markets where the investment market is sufficiently developed and there is an appropriate legal framework.

## CONCLUSIONS

Taking into account the above, it is worth noting that the main part of the personal insurance network in the world market is occupied by life insurance, but the popularity of this type of insurance is negatively affected by inflation. Two of the most effective mechanisms can be used to create insurance products that are attractive to both insurers and policyholders in inflationary conditions:

- distribution of the insurer's (investment) profit, which allows protection against depreciation of savings under the policy;
- indexation of insurance premiums taking into account the level of inflation, which helps to protect insurance premiums from depreciation. Together, these two mechanisms protect insurance benefits against inflation

Summarizing the above, the effective development of life insurance and the demand of the population directly depends on the level of inflation in the country. In order to ensure the continuous development of the life insurance industry, it is necessary to define the mechanism of protection against inflation both at the level of legal norms and to be developed and guaranteed by insurance companies. The use of such mechanisms of mitigating inflationary deficits creates opportunities for more long-term sustainable development of insurers and increases the attractiveness of insurance products for policyholders.

Optional personal insurance occupies a special place in the structure of the insurance market both in Uzbekistan and globally. Adaptation of insurance products and innovations of insurance companies, optimization of costs,

attraction of qualified personnel, introduction of information technologies - all this allows insurance companies to develop with minimal losses and high efficiency in the conditions of current competition and digitization.

## REFERENCES

1. Decree of the President of the Republic of Uzbekistan dated January 28, 2022 No. PF-60 "On the development strategy of the new Uzbekistan for 2022 - 2026", [www.uza.uz](http://www.uza.uz)
2. Sorek, G., & Benjamin, D. (2016). Health insurance mandates in a model with consumer bankruptcy. *Journal of Regulatory Economics*, 50(2), 233-250. doi:10.1007/s11149-016-9302-x
3. Rey, D., Garrido, A., & Calatrava, J. (2016). Comparison of Different Water Supply Risk Management Tools for Irrigators: Option Contracts and Insurance. *Environmental and Resource Economics*, 65(2), 415-439. doi:10.1007/si\_0640-015-9912-2
4. Shakhov V.V. Strakhovanie: Uchebnik dlya vuzov. - M. UNIT, 2001. - 311 p.
5. Efimov S. L. Entsiklopedichesky slovar: Ekonomika i straxovanie. - M.: Tserikh-PEL, 1996. - 528 p.
6. Ermasov S.V., Ermasova N.B. Strahovanie: Flying. posobie dlya vuzov. - M.: YUNITI-DANA, 2004. - 462 p.
7. Dyuzhikov E.F. Perspektivy sotrudnichestva stran CIS v oblasti strashovaniya // *Finansy*. - 2000. - #6. - S.42-44
8. Tarakutsyak A.O. Strakhovye uslugi: Uchebnoe posobie. - K.: Iz-vo: Europe, 2003. - 584 p.
9. Plis V.I. Strakhovannya: Navch. posibnik - K.: Karavela, 2005. - 392p.
10. Bazilevich V.D., Bazilevich K.S. Strahova sprava. - 4th vid., pererob. - K.: Znannya, 2005. - 351 p.



11. Alexandrova M.M. Strakhovanie: Uchebno-methodichkoe posobie. - K.: TsUL, 2002 - 208p.
12. Bazilevich V.D., Bazilevich K.S. Strahova sprava. - 4th vid., pererob. - K.: Znannya, 2005. - 351 p.;
13. Strakhovanie: uchebnik / pod ed. T.A. Fedorova. - 2-e izd., pererab. i dop. - M.: Economist', 2005. S. 340.
14. Makhtina Yu.B. Nekotorye podkhody k opredeleniyu sushchnosti OMS. // Strakhovoe delo. 2003. No. 2. S. 19.
15. Meditsinskoe straxovanie:/ Rusakova O.I., Shoyko SV., Abashin N.N., Evsevleeva M.N., Makhtina Yu.B. Ucheb.posobie. - Irkutskoe meditsinskoe izdatelstvo, 2003. S. 33-34.
16. Lupey N.A., Stepanova SV. Sotsialnoe straxovanie v Rossii: sostoyanie i problemy. // Financial management. 2002. No. 5. S. 138.
17. Modonov A.F. Razvitie obyazatel'nogo meditsinskogo strashovaniya v regione: Dissertatsiya na soiskanie uchenoy stepi kandidave ekonomicheskikh nauk: 08.00.10. - Irkutsk: 2002. S 20.
18. Sakhirova N.P. Strakhovanie: flying. posobie. - M.: TK Welby, Izd-vo Prospekt, 2006. S. 198.
19. <https://www.insur-info.ru/press/176035/> -Swiss Re Institute.pdf.