

SCENARIO OF DEVELOPMENT OF COMPULSORY INSURANCE IN THE ECONOMY OF UZBEKISTAN

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Abstract. *In the modern economy, insurance is becoming an important mechanism and a necessary tool for economic stability and security, business development, effective protection against many natural and man-made risks, the implementation of social policy of the state. We can see from world experience that the full development and formation of insurance infrastructure is an important impetus for the growth of the national economy. Therefore, the widespread introduction of compulsory insurance in the implementation of insurance is the first step in this direction, as well as the proposal to address the problems in their introduction determines its relevance.*

Key words. *risk, insurance, social protection, compulsory insurance, insurance control.*

INTRODUCTION

Insurance is one of the fastest growing sectors of the financial system of modern Uzbekistan. Despite its relatively young age, this area of financial relations continues to play an important role in the system of redistributive relations year by year. Emerging economy, underdeveloped insurance culture among insurance entities, inconsistencies in the domestic legal framework, weak methodological support - all this does not allow to fully use the mechanism of redistribution of financial resources through the compulsory insurance system.

In the current conditions of developing market economy in Uzbekistan, the objective necessity of compulsory insurance is determined by its important social function, its contribution to the development of insurance culture, the creation of a stable financial base for insurance companies, as well as budget savings.

It should be noted that in the current state of the insurance system in Uzbekistan, the development of compulsory insurance will provide insurance coverage for all at-risk groups and businesses, as well as significantly reduce state budget expenditures to cover losses caused by emergencies and natural disasters. In this regard, it is important for any country to cover the existing risks with an insurance mechanism.

LITERATURE REVIEW

Insurance relations have emerged and developed in the course of the historical development of society, because society is constantly forced to take precautionary measures to expand production and provide adequate conditions for labor reproduction, as well as to develop various methods of indemnification and feel the need to remove. Such economic relations were the basis for the creation of favorable conditions for the development of insurance [1].

The essence of compulsory insurance is that the state, as a representative of society, is forced to indemnify the victims (insured) in accordance with the laws adopted in the event of damage to the interests of society [2].

The need for a compulsory form of insurance is explained by its great social significance. Some types of compulsory insurance provide additional social protection to the majority of the country's population. For example, compulsory insurance of employers' liability is one of the most important mechanisms for the development and regulation of social processes aimed at increasing the sustainability of reproduction of labor resources, compensation for labor losses [3].

The development of compulsory insurance as a key component of the insurance services market is aimed at addressing the issue of additional funding for social protection and serves as an important factor in ensuring stability in the economy. In addition, the full and economically balanced development of compulsory insurance leads to the growth of insurance culture among business entities, which in turn leads to the development of voluntary insurance [4].

The state determines the compulsory forms of insurance in the event that the insurance protection of certain objects depends not only on the interests of individual insured, but also on society as a whole. Compulsory insurance is carried out on the basis of the relevant legislation, which provides a list of objects to be insured, the amount of insurance liability, the amount of insurance coverage, the rights and obligations of participants in the process, insurance rates [5].

Any state introduces compulsory types of insurance to reduce the cost of risk prevention from its budget. Also, through the introduction of compulsory insurance, citizens will form a "habit" of insurance. The role of compulsory insurance in this regard is unique [6].

Compulsory insurance today serves as a catalyst for the development of the insurance market in financially emerging markets. The insurance mechanism is an important system for maintaining economic stability in the country, as it reduces the burden on the state budget in terms of covering public expenditures, including damage to victims of natural and other disasters [7].

The main economic benefit of compulsory insurance is the provision of insurance coverage to many facilities and individuals across the country without spending budget funds on the unforeseen occurrence of these natural disasters [8].

In the insurance market of most CIS countries, compulsory insurance premiums have a small share in the structure of general insurance premiums. Only in the Republic of Belarus the types of compulsory insurance form the basis of the insurance market. In the Russian Federation and the Republic of Kazakhstan, these two types of insurance are relatively balanced. Compulsory insurance is underdeveloped in the insurance markets of Uzbekistan, Ukraine and Azerbaijan [9].

ANALYSIS AND RESULTS

Today, the availability of compulsory insurance in the insurance market of Uzbekistan is one of the most important factors in the penetration of insurance services into the economy of our country. The "Action Strategy" has been developed for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 attracting capital and developing the stock market as an alternative source of placement of free resources of enterprises, financial institutions and the population [10].

The compulsory insurance system should now be considered as a system of economic relations related to guarantees and anti-crisis measures, which provide for the formation of

insurance funds through insurance premiums of legal entities and individuals and their subsequent use to cover losses caused by insured events. The role and importance of insurance is growing for the following main objective reasons:

- every year the frequency of occurrence of various emergencies of spontaneous and man-made nature and the severity of their consequences are increasing;
- the number of risks is increasing due to the growth of scientific and technical achievements, management and minimization measures have not been developed taking into account their characteristics;
- the market models of the economy and the complexity of economic relations are leading to the emergence of new entrepreneurial risks in the financial market;
- economic problems related to social protection of the population are increasing year by year.

The objective need for a compulsory insurance system for Uzbekistan, which is currently developing rapidly, is due to the following factors:

- access to state assistance in emergencies is very limited due to limited financial resources for social programs;
- outdated technologies and fixed assets are used in almost all manufacturing sectors, which in turn does not guarantee a safe work process and no harm to the environment.

At the same time, the usefulness of the compulsory insurance system for the national economy and the social sphere is very high.

First, the financial resources of insurance companies will at some stage become a powerful investment vehicle.

Second, with the development and growth of the insurance market as a sector of the national economy, insurance companies will become the creators of many new jobs (increasing the scope of insurance services), which will undoubtedly strengthen the social sphere and reduce unemployment

Third, it reduces the damage caused to enterprises by insuring business risks, while compulsory insurance ensures the development of scientific and technical processes.

Fourth, insurance companies are large taxpayers and their successful operation increases the revenue base of different levels of budgets, while reducing the burden on their expenditures, providing social protection to the population and financing the rehabilitation of damaged facilities in emergencies.

Fifth, as noted above, a well-organized insurance mechanism will become an effective means of ensuring a positive solution in increasing the social protection of the country's population (health insurance, pension insurance).

There are many economic indicators that affect the growth of insurance premiums, including the average wage rate, the consumer basket, the growth of the state's gross domestic product and so on. The experience of developed European countries shows that it is impossible to develop the insurance industry without coercive measures by countries. Such measures include the introduction of compulsory insurance to develop and further revitalize the industry.

Behind the compulsory insurance system, the state participates in solving social problems of society development. This is determined by the current economic situation in the country and stems from the need to strengthen the social protection of the population in market conditions. At the same time, compulsory types of insurance should be considered by the state as a temporary measure in solving the social problems of society. At present, a

"Road Map" for the accelerated development of the insurance market of the Republic of Uzbekistan in 2019-2020 has been developed, based on which: is being carried out [11].

At the present stage, the main directions of state policy on the development of compulsory insurance should be:

- formation of the legal framework of compulsory insurance in the market of insurance services;
- development of methodology of compulsory insurance;
- creation of effective mechanisms of state regulation and control of insurance activity;
- ensuring the integration of the national insurance system into the international insurance market by studying the experience of foreign countries.

The introduction of any type of compulsory insurance should be based on the principle of formation of insurance reserves, in which the insurance fund formed at the expense of the insured should be used only to cover losses to the insured and these funds can not be spent on improving the financial condition of insurers. When drafting laws on the types of compulsory insurance, it is necessary to adopt legislation with in-depth financial and economic analysis, to study and fully consider the possibility of solving problems in the provision of insurance protection. In addition, the theoretical basis of compulsory insurance should be included in the legislation on compulsory insurance. In this case, the scope of the type of compulsory insurance and the legal basis for its implementation should be based on the following principles:

- transparency of information on the main conditions of compulsory insurance;
- obligation - to be fulfilled regardless of the wishes and capabilities of the insured person;
- the need for insurance companies and other persons to fulfill their obligations under the insurance contract;
- the interests of the victims - a guarantee of receipt of insurance payments by the insurance company in case of damage to them.

Table 1

Classification of problems in the development of compulsory insurance¹

External problems	Economic	inflation
		not supported by the state
		low financial capacity of the insured
	Legal	Insufficient provision of insurance coverage at the legislative level
		Lack of legislative and methodological framework for the full formation of the insurance market
		Lack of a system of measures to improve the legislation on taxes and fees in the field of insurance services
	Political	General political instability

¹Based on the analysis, it was formed by the author.

Internal problems	Nationwide	The predominance of controls over regulatory tools that help insurance companies improve their operations
		Limited oversight functions within the Ministry of Finance and lack of specialists
		Inefficient centralized management of the insurance system
		Ensuring that the interests of the insured and the insured take precedence over the supervisory authorities
		Protection of the national insurance market and insurance companies from the activities of foreign companies
	At the level of the insurance company	Formation and placement of insurance reserves
		Fraud actions by insurance companies
		Monopoly in the insurance market
		Limited opportunities to expand customer base
	On the scale of the insured	Insurance market coverage and lack of information on the legislation by the insured
		Distrust of insurance companies
		Fraud actions by policyholders
	Exactly the problems of compulsory insurance	Incomplete formulation of legislation on compulsory insurance
Introduction of compulsory insurance from the point of view of ministries (by law)		
Unreasonable ratios between insurance premium and insurance coverage		
Legislation on compulsory types of insurance has not yet been adopted		

It is also advisable to classify compulsory insurance by the following criteria, namely:

- 1) according to the types of insurance: compulsory commercial insurance; compulsory state insurance;
- 2) depending on the organization of the insurance fund: social insurance funds; insurance funds of insurance companies;
- 3) depending on the form of insurance products: mass; for a particular category; individual insurance products;
- 4) depending on the category of insured persons: for persons in public service; for persons engaged in medical and other scientific research in the field of virology, medical,

psychiatric and other types of care, as well as for persons performing various rescue operations;

5) in accordance with the established insurance tariffs: fixed tariff, flexible tariff, a tariff set taking into account multiplication and subtraction coefficients.

CONCLUSIONS

The analysis of the current compulsory insurance in the national insurance market and the study of its characteristics allowed to identify the following shortcomings:

- 1) territorial disparities in the activities of insurance companies;
- 2) almost no or weak state control;
- 3) lack of regional insurance companies in the market.

It is advisable to take the following measures to develop compulsory insurance:

– Development and introduction of insurance products that best meet the interests of the population.

– pursue a policy of maximum transparency, which will increase public confidence in insurance companies;

– ensuring comprehensive control over compulsory state insurance, with control both internal and external;

– improvement of the legal framework (provision of tax benefits, simplification), development taking into account the priority types of insurance;

– Improving the information exchange channels of compulsory insurance, creating a single database of insured and victims, which will accelerate the exchange of information between insurance companies and allow monitoring of cases of fraud;

– Improving the advertising of existing and new insurance products, their widespread promotion based on the characteristics of insurance programs.

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