

Prospects for the Development of Business Risk Insurance In Uzbekistan

NomozovaQ.I

Tashkent Financial Institute, independent researcher

Abstract

The article analyzes the risks associated with entrepreneurial activity and the need and features of their insurance, the directions and prospects for the development of business risk insurance in Uzbekistan.

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International experience shows that the full development of insurance infrastructure has a significant impact on the development of the national economy. Insurance is an important tool in activating the structural restructuring of industry, scientific and technological development and increasing the effectiveness of investment policy, as well as an important factor in ensuring the development of the social sphere, infrastructure and agriculture in the interests of the population.

During a crisis in the economy, there is a growing need for traditional types of insurance other than life insurance - property, fire, car, civil liability insurance, because in a crisis, the entrepreneur can cover damage to his property or another's property. In turn, the demand for other types of insurance will decrease. During the boom period, the demand for insurance related to business risks and investment risks will increase. Insurers are a means of ensuring stability in the economy, attracting excess money supply to the economy and ensuring its smooth development.

Given the growing total authorized capital and total assets of national insurance companies of Uzbekistan and the growing demand for business risk insurance, we can expect a significant increase in the capacity of the national insurance market in the coming years.

To date, the obstacles to the development of the national insurance market include the global economic crisis, the tightness of government regulation, the lack of real tools and environment to attract investment resources, high inflation, limited movement of monetary resources in the economy. Today, these barriers are being removed and the way is open for the development of entrepreneurial activity.

Internal causes in the insurance market include: erroneous insurance policy of the insurance company, characterized by insufficient diversification of resources; low level of analysis of the financial condition of the market; insufficient professional management; lack of strategic planning; high administrative costs; low staff qualifications; low level of competition; underdeveloped insurance infrastructure; lack of trust of the insured; lack of diversity of services offer; high cost of services, etc.

Many insurance companies are forced to deal with quasi-insurance schemes that optimize the tax system of enterprises. Insurance contracts are concluded in the interests of only one party, the insurer. Due to the high level of profitability of types of insurance related to business risks, insurance companies rarely offer these types of insurance to customers. There are no costs associated with developing optimal schemes for these types of insurance. Due to the fact that the market is not fully developed, insurance companies are still limited to the development of these segments, taking advantage of the fact that there are still enough untapped segments for low-risk types of insurance.

Many insurance companies do not have enough funds to cover the risks they take. The capacity of the national reinsurance market is small. There is no private insurance company. As a result, the bulk of reinsurance liability falls on foreign countries.

It is known that the President and the government have launched efforts to join the World Trade Organization. Therefore, in order to meet the requirements of this organization, it will be necessary to amend the legislation in the field of insurance. As one of these changes, the issue of allowing foreign insurance companies to operate in the national market will need to be addressed. In this case, it is possible that foreign insurance companies will offer a wide variety of types of insurance related to business risks.

One of the main reasons for the underdevelopment of many types of insurance in the national

insurance market, especially those related to business risks, is the lack of scientific base for management of insurance activities at the macro and micro levels.

According to scientific research conducted by scientists and researchers of the Russian Federation, the number of doctoral and master's theses defended in the field of insurance in this country is more than a thousand. The number of published textbooks, textbooks, monographs and other scientific books is even higher.

The number of dissertations defended in the field of insurance in the neighboring Republic of Kazakhstan, which makes up about 60% of the population of our country, is more than a hundred. Today, the number of dissertations defended in the field of insurance in our country is only fifteen.

It is unreasonable to say that the organizational and legislative work on the development of the insurance industry will yield positive results without a thorough scientific study of the current state of the insurance industry, its positive and negative aspects, as well as advanced foreign experience in this area.

As of the last few years, there are reports that only about two percent of existing potential insurance risks are insured. Today, as a result of the efforts of the President to turn every family into an entrepreneur, the number of entrepreneurs is growing rapidly. This is likely to further increase the amount of uninsured risks. To reduce this figure, it is necessary to study, analyze the insurance industry in all its aspects and make decisions on its development on this basis.

Of course, expanding the scope of insurance services, insurance coverage of existing risks in the economy and social life will ensure the steady development of the economy and the smooth life of families. However, if we take into account another important aspect of insurance, that is, its activity as an investor, it is not difficult to understand how important it is to develop this sector. After all, at a time when we are trying to use all the opportunities to attract investment from abroad, why do not we think to fully use our domestic potential?

It is known that the existence of mutual competition plays an important role in the rapid development of any industry. When competition is strong, when that area is largely mastered. It is clear that competition will be sluggish in an area where the untapped part is still sufficient. This is because entities operating in the same sector prefer to develop the undeveloped part of the industry and share territories rather than compete with each other. The same situation continues in our national insurance market to this day. Because the untapped part of the industry is still enough, this situation can last a long time. In this case, the only way to create a strong competitive environment is to allow foreign insurance companies to operate on an equal footing in the national market.

The activity of foreign insurance companies in the insurance market of our country creates the following opportunities:

- increases the level of capitalization and market capacity at the expense of foreign investors;
- conditions will be created for the introduction of advanced insurance technologies;
- the structure and quality of insurance services will increase and the cost of services will decrease;
- Undeveloped parts of the market will be developed faster and as a result competition will increase;
- insurance infrastructure will be developed and improved.

There are almost no fully open insurance markets in the national insurance markets of the world. WTO members also have the right to impose a number of restrictions on their national markets. Australia, Canada, Egypt, Finland, Italy, Greece, the United States and other countries can be listed as countries that set certain limits for foreign insurance companies. Countries that limit certain types of compulsory insurance include Australia, Bulgaria, Canada, the Czech Republic, Finland, and Slovakia. In Canada and some other countries, asymmetric methods of tax payment are applied by foreign insurers to national insurance companies.

Based on the above, we should not be afraid to allow foreign insurance companies to operate in our country. Given the possibility that our national insurance companies will go bankrupt in such circumstances, the application of certain restrictions that may apply to foreign insurance companies will eliminate this situation.

The development of the business risk insurance network depends mainly on the level of economic development of the country, the living standards of the population and the development of insurance

culture. At the same time, the development of this sector depends on the solvency of business entities, the availability of tax benefits for types of insurance of property, liability, personal and business risks, as well as the scope of types of compulsory insurance.

The increase in the volume of production of goods and services and the expansion of foreign economic activity, as well as the creation of a favorable environment in the financial market are among the factors leading to the expansion of the volume and types of insurance services.

In parallel with the above, the state's attention to the development of the insurance industry in all conditions, the creation of an improved legal framework, the use of financial instruments aimed at attracting potential policyholders, the creation of an effective mechanism of state regulation and control of insurance play an important role.

Today, the prices of insurance services in the national insurance market of Uzbekistan vary. While the cost of many insurance services is high, dumping prices are also observed in some types of insurance. The existence of dumping prices can be explained by the fact that the funds directed to insurance coverage are less than the accumulated insurance premiums.

In our opinion, in the future, Uzbekistan will develop types of insurance of legal entities, which are relevant for our country, related to the illegal actions of third parties in relation to entrepreneurs. For example, insuring banks against criminal risks. This type of insurance is mandatory in foreign countries, and this insurance policy (Bankers Blanket Bond) is a guarantee of security and reliability of the bank. According to statistics, about 90 percent of crimes in the banking sector are committed directly by bank employees themselves.

Today, Uzbekistan is a supporter of the integration of the national economy into the world economy. Therefore, there is a need to integrate the national insurance system into the global insurance system. To do this, it is necessary to ensure that the legal framework of the national insurance market is in line with international standards.

It is known that commercial banks of the country provide consumer loans to citizens and legal entities. The bank providing the loan as the insured and the beneficiary participates in it. It hasn't been long since this type of loan was offered. Therefore, competition between banks in this regard is not as strong as in foreign countries. Banks that take advantage of this situation retain responsibility for the risk by providing these loans at high interest rates. However, lower interest rates due to increased lending and increased competition will increase the need for insurance.

One of the promising areas in business risk insurance is the lessor's risk insurance, more precisely, the risk insurance of the lessee's inability to pay the lease payments. This type of insurance differs from the traditional leased property insurance, in which the credit risk of the lessor is fully protected by the insurance. We consider it necessary to introduce this insurance in our country. Because leasing is developing in our country.

Today, our national insurers need universal technologies for the sale of insurance products, new insurance products designed to meet the new requirements of economic entities. To do this, insurers need to conduct consistent marketing research in the market, as well as develop insurance products suitable for the national market, studying the experience of advanced foreign countries.

In our country, business risk insurance is at a low stage of development. However, entrepreneurial activity in our country is expanding day by day, becoming a leading force in the economy, and at the same time the volume of uninsured business risks is growing. The reasons for this are, first of all, insufficient research by insurers to offer these types of insurance to entrepreneurs in a wide range and favorable conditions at the level of modern requirements, as well as insufficient understanding of entrepreneurs in this regard.

Another reason for the underdevelopment of the insurance industry is the lack of standard rules for insuring business risks for insurers. The Ministry of Justice of the Republic of Uzbekistan adopted the "Regulations on uniform requirements and standards for the provision of insurance services for business", registered on January 28, 2009 No 1891 and approved by the order of the Ministry of Finance on December 26, 2008 No 120. not a document. This regulation is general in nature and does not specify many aspects related to business risks. The statute is mainly limited to repeating the requirements set out

in the insurance legislation and general legislation. There are many incomprehensible sentences in the statute. In standard terms, the term “working capital” is called “working capital”, which is of course incorrect. It was also pointless to comment on this concept. The most important thing is that the risks that can be included in the insurance contract as an insured event are not mentioned and are not defined.

In developed countries, where business risk insurance is widely used, special model rules have been developed for many types of insurance, and insurers operate on the basis of these rules.

Investment risk insurance, which is widely used in developed countries, is not implemented in our country, and there are no standard rules for this. For example, investments in securities, investment shares, bank deposits, and specific projects in the real sector of the economy are all unique and cannot be insured under the same rules.

There are no instruments to protect investments in the real sector in the country. The role of investments in the real sector is important in ensuring the development of the economy. Therefore, ensuring the protection of these investments is one of the important tasks.

In conclusion, it should be noted that the measures taken by the President and the Government of the country to develop entrepreneurship are at a high level, and as a result of these measures, entrepreneurship is developing rapidly. This in itself increases the volume of entrepreneurial risks. However, the current state of business risk insurance is not at the level of demand. Insurance against production interruptions, which are widely used in foreign countries, is almost non-existent.

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