



Article

# Development Trends of The National Insurance Market

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**Abstract:** This article analyzes the development trends, existing problems and promising directions of the national insurance market of Uzbekistan. It is shown that the increase in demand for insurance services, the introduction of digital technologies, the emergence of new products and the application of foreign experience are leading to a qualitative change in the market. The article also presents proposals and recommendations aimed at ensuring the financial stability of national insurance companies and increasing consumer confidence. The results of the study are of practical importance in modernizing the insurance sector in Uzbekistan.

**Keywords:** national insurance market, insurance services, market trends, financial stability, digital insurance, foreign experience, economic reforms

## 1. Introduction

Today, the insurance market occupies an important place in the economy of Uzbekistan. The deepening of market relations, the high level of literacy of the population, the gradual implementation of economic development in the field of insurance services.

The insurance market plays an important role in ensuring the economic situation, as well as in improving the investment climate. In recent years, a number of achievements have been made in our republic to modernize the insurance industry, create an enabling environment and attract investors. At the same time, the introduction of electronic technologies, the creation of new insurance products and the improvement of the regulatory legal framework are contributing to the growth of the quality of the market [1]. Analysis of the development trends of the national insurance market in Uzbekistan, existing problems and ways to overcome them. are developed and prospects for further development of the insurance market are considered. In studying the development trends of the national insurance market, the analysis of available scientific sources, international experience, regulatory and legal documents and statistical information is of great importance. This market segment is an important factor not only in ensuring financial stability, but also in increasing the effectiveness of economic reforms. In international scientific research (for example, in the works of scientists such as D. Skipper, K. Black, M. Grace, R. Outreville), the insurance market is considered one of the main factors stimulating economic growth. Their studies deeply cover the role of insurance as a financial intermediary, its participation in capital accumulation, and its functions in expanding investment opportunities [2]. On the other hand, annual reports on the global insurance market published by the Swiss Re Institute and Munich Re analyze the growth rates of insurance segments (life and non-life insurance), the popularity of innovative products, and the processes of digital transformation. In particular, their analysis shows that insurance services are being reshaped through artificial intelligence, big data, and blockchain technologies. In the context of Uzbekistan, in recent years, a number of

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scientific studies have been conducted on the modernization of the insurance market and the improvement of its infrastructure [3]. In particular, the works of Doctor of Economics I. Khojayev provide an in-depth analysis of the formation of the national insurance system, opportunities for attracting foreign investment, and the role of state-owned and private companies. A. Jorayev, in his research, assessed the competitive environment in the insurance market and put forward practical proposals for its improvement [4]. In addition, the Strategy for the Development of the Financial Sector of the Republic of Uzbekistan for 2020–2024, relevant decrees of the President of the Republic of Uzbekistan, and laws of the Oliy Majlis are aimed at strengthening the legal framework of the insurance system, as well as strengthening regulatory and control mechanisms [5]. Also, through statistical bulletins and analytical bulletins published by the Central Bank of the Republic of Uzbekistan and the Association of Insurance Market Participants, one can obtain in-depth information about the current indicators of the industry (policy coverage level, capital volume, volume of payments, etc.). In general, although the existing literature provides a general analysis of the development process of the national insurance market, some relevant areas have not yet been sufficiently studied - in particular, issues such as digital insurance products, insurance for environmental risks, risks from climate change, and the introduction of micro- and nano-insurance [6]. Therefore, this article aims to fill these gaps, identify new trends, and develop scientifically based proposals.

## 2. Materials and Methods

This study used a number of research methods and approaches to deeply study the current state of the insurance market of Uzbekistan, identify development trends and determine future directions. First of all, national and international statistical data were analyzed, and the dynamics of the market were studied based on key indicators such as insurance premiums, payments, number of companies, and population coverage [7]. Through this analytical and statistical approach, quantitative and qualitative changes in the national insurance market were identified. Also, the stages of development, institutional structure, and financial indicators of the insurance market of Uzbekistan were analyzed in comparison with the experience of other countries, including developed countries. Using the comparative method, the advantages of foreign practices and the possibilities of their application in local conditions were studied [8]. This served to adapt modern trends to national conditions. During the study, theoretical and practical approaches were combined. Based on the available statistical results, general conclusions were drawn based on the inductive method, and through deductive analysis, theoretical foundations were enriched with practical proposals. The SWOT analysis approach was used to identify the strengths and weaknesses, opportunities and threats of the insurance market. This served as the basis for developing strategic proposals. In addition, the study used graphic and visual methods to demonstrate market growth rates and changes in segments based on statistical data. This approach served to make the analysis more accurate and understandable [9]. Market management mechanisms were analyzed based on regulatory and legal documents regulating the insurance sector, in particular, Presidential Decrees, Government Resolutions and Central Bank regulatory documents [10]. Based on the theoretical, practical and statistical materials collected during the study, the current state of the national insurance market was analyzed in depth and proposals and recommendations were developed for future development directions.

## 3. Results

Although the insurance market of Uzbekistan has undergone a qualitative renewal process in recent years under the influence of active reforms, it is still one of the sectors with a low share in the economy [11]. According to official statistics, the volume of insurance premiums in the country does not even reach 1 percent of GDP. This figure is around 5-7 percent in developed countries, and this difference indicates that the national

market has not yet been fully formed. Despite the fact that in recent years the volume of insurance premiums has been growing by an average of 20-25 percent per year, the level of insurance coverage of the population remains relatively low [12]. Analysis of the national insurance market shows that the main part of the market is still occupied by compulsory types of insurance. Although the share of voluntary insurance is growing slowly, the low level of public confidence in this area and financial literacy are among the main factors hindering development. Also, despite the increasing number of insurance companies, many of them have not yet completed the process of full digitalization, which creates some problems in terms of speed and quality of services [13]. Analysis shows that currently the volume of assets and the level of capitalization of insurance companies are developing slowly. Many companies operate only in exchange for short-term premiums, and the number of offers for long-term insurance products (for example, life insurance, pension insurance) is limited. At the same time, investment activities do not yet serve as a sufficient source of profit for insurance companies, that is, there are cases where they invest their savings inefficiently. Another important aspect is the introduction of digital technologies, in which some positive developments are noticeable. In particular, some large companies have launched service systems based on mobile applications, online policing and automatic indicators. However, this process has not yet significantly increased the overall level of digitalization in the sector. In addition, the activities of insurance companies with foreign capital are also expanding in the market [14]. With their entry, the competitive environment is intensifying and the quality of services is improving. Nevertheless, problems remain in ensuring the financial stability of small and medium-sized insurance companies. Analyses show that the gap between market participants in terms of financial indicators is increasing. As a result, although there are positive developments in the development of the national insurance market, for its sustainable and large-scale development, the following key issues need to be addressed: increasing the financial literacy of the population, promoting voluntary insurance products, digitizing the activities of companies, expanding investment opportunities, and strengthening regulatory mechanisms supporting the state [15]. A comprehensive set of measures implemented in these areas will ensure a more sustainable and rapid development of the national insurance system.

#### 4. Discussion

The findings of this study highlight a complex yet promising trajectory for the development of Uzbekistan's national insurance market. While recent reforms have initiated structural improvements and introduced new dynamics, the market still struggles with several systemic limitations. One of the most pressing issues is the relatively low level of insurance penetration compared to global standards, which indicates a gap in both public trust and awareness.

These results are consistent with global research that emphasizes the role of financial literacy in driving insurance adoption. Studies by Skipper and Black, for instance, also underscore that consumer understanding and trust are fundamental to the development of voluntary insurance sectors. In Uzbekistan, as demonstrated in this study, mandatory insurance continues to dominate, suggesting that cultural and informational barriers to voluntary participation remain high.

The partial digitalization of the sector, while promising, is yet to reach the scale seen in more advanced markets. Comparative analysis with international practices shows that countries with higher levels of insurance sector digitization have achieved significant gains in service efficiency and customer satisfaction. Therefore, Uzbekistan's slower pace in adopting full-scale digital platforms may hinder its ability to modernize service delivery and enhance competitiveness.

Moreover, the limited product diversification—particularly in life and pension insurance—also reflects a gap in market innovation. The relatively weak investment

performance of insurance companies further supports the conclusion that the sector is not yet fulfilling its role as a financial intermediary and contributor to long-term economic stability.

In contrast, the entry of foreign capital and increased competition are seen as positive developments. These align with global trends where foreign involvement often brings not only capital but also expertise and higher service standards. However, this also raises concerns about market inequality, as smaller domestic companies may face difficulties in maintaining financial stability.

Thus, the findings suggest that while foundational reforms have been laid, a more integrated and strategic approach—emphasizing education, innovation, digital transformation, and stronger regulatory support—is needed to realize the full potential of the national insurance market. These steps are critical not only for economic integration but also for enhancing the financial resilience of citizens.

## 5. Conclusion

The insurance market of Uzbekistan has undergone a certain stage of development in recent years, and in this process, the positive effects of reforms can be seen. In particular, the strengthening of the legislative framework in the sector, the first steps towards the introduction of digital technologies, the establishment of new insurance companies, and the increasing participation of foreign investors are considered positive trends. However, analyses show that the national insurance market is still not able to play a sufficiently active role in the economy, the structural structure of the market and the quality of services do not fully meet international standards. The population's interest in voluntary insurance is weak, and the financial stability of insurance companies remains weak. Therefore, in order to further develop the national insurance market, it is necessary to pay attention to the following priority areas. First of all, it is necessary to organize comprehensive educational work aimed at increasing the financial and insurance literacy of the population. This will help to deepen citizens' understanding of the benefits and necessity of insurance. Secondly, the development of new and innovative products by insurance companies and the introduction of digital services will increase their competitiveness in the market. Thirdly, it is recommended to strengthen fiscal and regulatory mechanisms supporting insurance activities by the state, in particular, the introduction of tax incentives and forms of subsidies. Fourthly, long-term sustainability can be achieved by expanding the investment potential of companies and directing their savings to effective financial instruments. Also, the development of segments such as life insurance and pension insurance based on international experience, as well as strengthening control systems in the insurance sector, are among the urgent tasks. If the above proposals are gradually implemented in practice, the insurance market in Uzbekistan can not only ensure economic stability, but also become an important institution that strengthens the financial protection of citizens.

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