



## THE IMPORTANCE OF LIFE INSURANCE IN THE INSURANCE INDUSTRY

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### ABSTRACT

Insurance activity is one of the important segments of the financial market. Insurance services play a priority role in the process of financial intermediation, and the increase in new insurance services meets the needs of the population. Today, the insurance industry is one of the growing sectors of the financial market of Uzbekistan. The insurance industry of Uzbekistan has great untapped potential. There are many issues that need to be studied and pending. As the Uzbek insurance market expands, significant changes are taking place. This study was conducted to analyze the share of the life insurance industry in the Uzbek insurance market and its indicators of change over the year. The study was conducted using Internet data. The data were collected through the Insurance Market Development Agency under the Ministry of Finance of Uzbekistan. In the practical study, the data were analyzed vertically.

**KEY WORDS :** Insurance industry, legal contract, insurance market, insured premium, insurance policy, life insurance, non-life insurance, life and annuities, marriage and birth, long-term life insurance, health insurance

### INTRODUCTION

Today, insurance is a thriving industry in Uzbekistan, and the proliferation of companies in this sector creates good competition. With a series of reforms and policy adjustments, the Uzbek insurance sector has grown significantly in the recent past. Insurance can be defined as a "legal contract between two parties" in which the insurer undertakes to pay a specified amount of money for an accident that may be specific or uncertain. The other part pays the insured's premium. Insurance requires protection of yourself and your family from losses due to risks and dangers, and provides financial coverage for damage caused by unforeseen events (insured event). It is estimated that in developed countries, the insurance market accounts for about 90% of the insurance premiums collected. About 80% of the insurance premiums collected from them belong to life insurance. It is obvious that the development of life insurance in our country is a modern requirement. Over the past three or four years, 4 insurance companies have been established in our country. In the past, 14% of insurance premiums collected in the insurance market of Uzbekistan fell to life insurance, but today this figure has risen to 14%.

Life insurance policy ensures the financial security of the owner in the event of his death. This is the most common life insurance policy, as in most countries people want to ensure their financial security in the event of the death of their family members. Life insurance contracts not only allow an individual to cover the risk of future accidents, but also cover education needs, retirement needs, debts, tax planning, investment opportunities and savings. To date, only 20% of the total insured population of Uzbekistan is covered by various life insurance programs, and the penetration of health and non-life insurance in Uzbekistan is much lower than the international level. Based on the following facts, we can predict the huge growth potential of the insurance industry in the near future.

### MAIN PART

Life insurance is one of the areas of insurance, life insurance (insurance of the interests of the individual in relation to life, health, ability to work and financial security, in which case the contract The minimum term of

insurance is one year and covers one-time or periodic payments (annuities) of insurance money, including the increased interest specified in the insurance contract.

According to the Classification of Insurance Activities, there are a total of 4 classes in the Life Insurance Industry (sector), which include:

1. Life and annuities
2. Marriage and birth
3. Long-term life insurance
4. Health insurance

We will dwell on the requirements for the types of insurance in this area.

✚ Life and annuity class content and insurance requirements:

Total types of life insurance, valid for more than one year, which provide for the obligations of the insurer to pay the sum insured in the following cases:

- residence of the insured until the end of the insurance period or up to the age specified in the insurance contract;

- death of the insured;

as well as current payments (annuities) during the term of the insurance contract, except for class III

✚ Marriage and birth class content and insurance requirements:

Total types of life insurance for a period of more than one year, which provides for the payment of the sum insured at the time of marriage or childbirth

✚ Marriage and birth class content and insurance requirements:

Total types of life insurance for a period of more than one year, which provides for the payment of the sum insured at the time of marriage or childbirth

✚ Health insurance class content and insurance requirements:

In case of loss of ability to work as a result of an accident or certain type of accident or serious injury due to illness or disease, provided that the specified insurance period is not less than five years or until the insured reaches retirement age the total number of types of life insurance that provide payment of insurance sums. In this case, the insurance period specified in the contract may not be unilaterally canceled or changed by the insurer.

Most people around the world use life insurance as a purpose to give money to beneficiaries who are in financial difficulties when the insured person dies. However, wealthy or smart individuals are well aware that life insurance tax benefits, including delayed growth in value for money, tax-free dividends and tax-exempt benefits, provide additional strategic opportunities and use this service on a regular basis. For example: a policy that has a pension value, monetary value, or investment component may be a source of pension income. This option can be provided with higher payments and lower mortality, so it can be a good choice for individuals who use other taxable deposits and investment accounts. The pension increase strategy described above is a method that can be used for life insurance pension provision. In addition, tax avoidance benefits that result in the death of a life insurance policy are usually tax-exempt. Sometimes wealthy people buy permanent life insurance because they help pay property taxes after death. This strategy helps maintain the value of the property for the heirs. Tax evasion is a strategy that is subject to laws to minimize tax liability and should not be confused with tax evasion, which is illegal. Modern life insurance has the same similarities in asset management, and life insurers have turned their products into retirement products, such as annuities.

## RESEARCH FINDINGS AND ANALYSIS

Life insurance in the developed world the market is higher than the general insurance market advanced. For example, in the United States, Japan and some European countries total insurance premiums collected by insurers life insurance premiums. The rewards are huge. Life insurance in Uzbekistan the market is undergoing a process of formation. April 5, 2002 Relation to the adoption of the Law on Insurance Activity life insurance with insurance activities, hence insurance has become a separate sector of the market. The above mentioned insurance in the life insurance market In addition to services, life insurance is also provided. It should be noted that in order to further develop the life insurance market in our country, the following tax benefits are provided:

✚ Long-term life insurance of legal entities expenses related to payment of insurance premiums and other expenses is included and is not taken into account in the calculation of income tax;

✚ Long-term life insurance of legal entities the cost of paying insurance premiums is physical not considered as income of individuals;

✚ Far from salaries and other incomes of individuals life insurance premiums paid are not subject to income tax.

It turns out that the life insurance market in our country The state has created great opportunities for development. Today, there are 36 insurance companies engaged in insurance activities in the insurance market of Uzbekistan. Of these, 28 are in the field of general insurance, and the remaining 8 are in the field of life insurance. These insurance companies provide insurance services to legal entities and individuals on more than 200 types of insurance. There is a huge difference between the insurance market in the early years of independence and the insurance market today. Initially, there were several insurance companies operating in the insurance market, but now there are enough insurance companies in the market to compete. It is obvious that the competition in the insurance market is reaching a perfect level. Life and legal entities and individuals of the Republic of Uzbekistan was established for the purpose of health insurance, the main of which Functions include:

✚ All classes and general life insurance network Class I and Class II insurance services show

✚ Uzbekistan by providing relevant insurance products Social protection measures for a wide range of the population of the Republic development;

✚ International standards of life and health insurance introduction of practice;

✚ Cooperation with foreign, international, national insurance companies development

In the following tables, we review and analyze insurance premiums and payments for the 1st half of 2019, as well as the annual and 1st quarter of 2020.

1-table

INSURANCE MARKET Information on insurance companies by results of the first half of 2019 (In the life insurance industry, in billions of soums)					
T/r	Name of the insurance company	Insurance premiums	change in %	Insurance payments	change in %
1	"New Life Insurance" LLC	137,1	222,2	123,6	377,6
2	"Agros Hayot" LLC	66,5	131,5	76,4	182,9
3	"O'zbekinvest Hayot" LLC	51,3	107,6	62,6	195,2
4	"Alfa Life" ShXJ ST	37,2	374,3	15,2	195,2
5	"Euroasia Life" LLC	19,4	73,1	9,4	196,8
6	"Kafolat Hayot" LLC	11,6	-	3,5	-
7	"Alskom Vita" LLC	0,3	-	-	-
8	"Apex life" LLC	-	-	-	-
	Jami:	82,5	64,0	93,9	71,3

The table shows that the share of life insurance in the insurance market is growing. In 2017, there were 4 insurance companies in Uzbekistan, and now there are 8 insurance premiums. New Life Insurance, Agros Hayot, UzbekInvest Hayot are the leaders in the insurance market in terms of insurance premiums and coverage. Their share in insurance premiums in the insurance market was 78%, while the share of companies in the payment of insurance coverage is 90%.

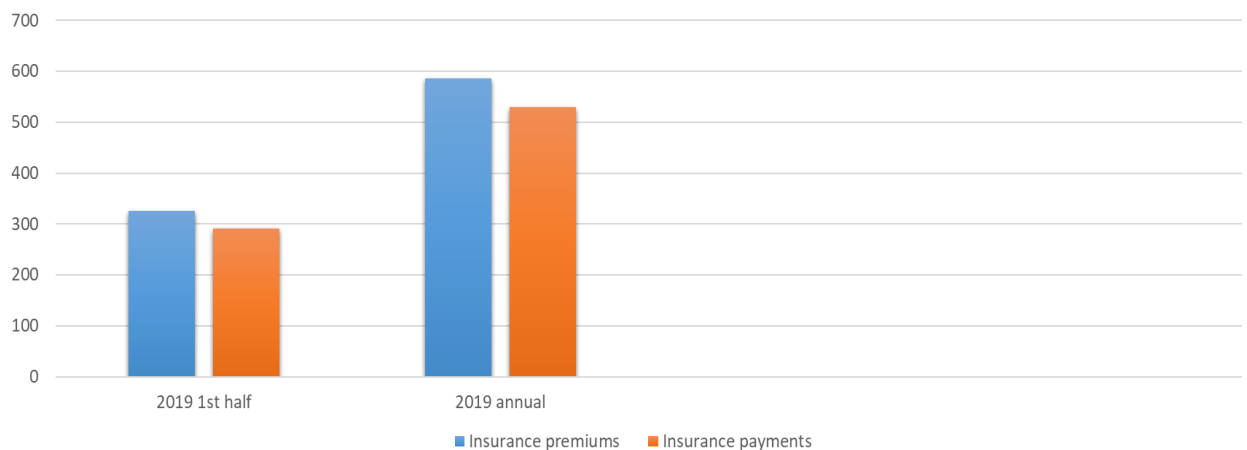
2-table

INSURANCE MARKET Information on insurance companies by results of annual 2019 (In the life insurance industry, in billions of soums)					
T/ r	Name of the insurance company	Insurance premiums	change in %	Insurance payments	change in %
1	"New Life Insurance" LLC	214,4	134,1	230,6	233,6
2	"Agros Hayot" LLC	96,3	74,3	109,8	138,8
3	"O'zbekinvest Hayot" LLC	95,1	93,9	110,4	162,1
4	"Euroasia Life" LLC	78,5	3923,8	23,9	5917,4
5	"Alfa Life" SHXJ ST	67,4	276,0	39,1	222,0
6	"Kafolat Hayot" LLC	22,4	13962,3	14,4	-
7	"Apex life" LLC	11,2	-	0,2	-
8	"Alskom vita" LLC	1,2	-	0,2	-
	Jami:	586,4	140,6	529,4	200,6

In Table 2, which is analyzed, we can positively assess the situation in the 2019 annual insurance market. According to annual reports, insurance premiums increased by 40.6% compared to the 1st half of 2019, which is 261.2 billion soums. Payment of insurance coverage increased by 238.7 billion soums or 100.6%. In total, insurance premiums in 2019 amounted to 586.4 billion soums, and insurance payments by companies amounted to 529.4 billion soums, or 90.3%.

3-table

Changes in insurance premiums and payments in the first half of 2019 and 2019 annual reports



When we summarize this data and describe it in the form of a diagram, we can clearly see the trend of change. The reason for the big difference in change is that people are able to meet their needs when using life insurance services and understand the advantages of this type of insurance. In particular, Article 179 of the Law of the Republic of Uzbekistan on Insurance Activity provides for income of non-taxable persons. Accordingly, the amounts of personal income received by citizens in the form of insurance coverage, the amount of wages

and other income of citizens paid and taxed for long-term life insurance to licensed legal entities that have the right to carry out insurance activities in the Republic of Uzbekistan not taxed.

## CONCLUSION

In conclusion, I consider the following to be important directions for the development of insurance activity, as well as for increasing the share of life insurance in the insurance market:

- ✚ In order to achieve a high growth trend, the country must have a favorable economic and social environment and legislation. In this regard, the adoption of laws that serve the development of life insurance
- ✚ Provide more information and advocacy on insurance among the population;
- ✚ Further improvement of cooperation with insurance companies in the training of insurance personnel;
- ✚ Involvement of more qualified specialists from foreign insurance markets and exchange of experience in the national insurance market;
- ✚ Increase in the number of insurance companies specializing in life insurance;
- ✚ Use of celebrities in advertising of insurance services;
- ✚ Widespread introduction and improvement of the online system in the sale of insurance services;
- ✚ Organization of insurance TV channel in cooperation with insurance companies;
- ✚ Creation of new types of innovative insurance.

The fulfillment of the above-mentioned tasks in the future will play an important role in increasing our national insurance market and the share of life insurance in the market. In the process of ensuring the quality and timeliness of the implementation of these tasks, I think it is important to involve leading practitioners of the insurance world, as well as scientists who are directly acquainted with the field in higher education and research centers.

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