

# Ways To Modernize The Insurance Services Market And Increase Its Coverage

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**Abstract:** This article analyzes the current directions for modernizing the insurance services market and expanding its coverage. In the modern economic context, the insurance system is highlighted as an important tool for ensuring financial stability and mitigating risks. The study examines key factors such as the implementation of digital technologies, diversification of insurance products, improvement of the population’s insurance literacy, and state support. The results indicate that these measures contribute to expanding the market coverage and improving the quality of insurance services.

**Keywords:** Market modernization, coverage, digital technologies, financial stability, insurance market, insurance product, insurance agent, assistance, adjuster, surveyor, voluntary insurance, insurance premium, insurance coverage, insurance definitions, personal insurance, health insurance, accident, insurance service.

**Introduction:** In the global economy, the insurance services market occupies an important position as an integral component of the financial system. The insurance mechanism serves to reduce various risks that may arise in the activities of economic agents, ensure financial stability, and strengthen social protection [1].

In the context of globalization and the digital economy, innovative products, insurtech technologies, and online insurance services are developing rapidly within the insurance market. From this perspective, modernization of the insurance services market involves not only technical renewal but also institutional reforms, improvement of the regulatory and legal framework, and enhancement of insurance culture.

The insurance sector is an essential component of the modern economy, playing a significant role in ensuring financial stability, mitigating risks, and supporting economic development. In addition to protecting individuals, enterprises, and government institutions from financial losses, the insurance system stimulates investment activity, facilitates efficient capital allocation, and strengthens social stability. Therefore, the development and modernization of the insurance market are of strategic importance from the standpoint

of national economic security and financial stability.

In recent years, rapid changes in the national economic environment, technological advancements, as well as the diversification of the population’s financial culture and needs have intensified the necessity to modernize the insurance services market. The introduction of digital technologies, the creation of online insurance platforms, and the automation of services have not only improved customer experience but also reduced operational costs, increased the efficiency of insurance companies, and expanded market coverage.

## LITERATURE REVIEW

Issues related to the development of the insurance services market have been widely covered in economic literature. Foreign scholars have thoroughly analyzed the role of insurance in the financial system, its impact on economic growth, and its importance in risk management. In particular, V.V. Kovalyov, in his studies, places special emphasis on ensuring the financial stability of insurance companies and their role in investment processes[2]. According to him, a developed insurance market contributes to the stable functioning of financial markets. P. Skipper and H. Klein emphasize that liberalization of the insurance market, expansion of private sector participation, and strengthening of the competitive environment are key

factors in increasing insurance service coverage[3].

Moreover, J. Outreville’s research substantiates that the development of the insurance market is closely linked to population income levels, financial literacy, and institutional quality[4]. In his scientific works, increasing insurance culture is regarded as a long-term strategic objective. According to A. Zubets, “an insurance product is a set of basic and auxiliary services provided to the insured upon concluding an insurance contract”[5]. Thus, an insurance product represents a specific set of services aimed at meeting the needs of the insured within the framework of an insurance contract. In this context, in addition to insurance and reinsurance services, such services also include legal and organizational services provided under a particular insurance policy.

From this perspective, the concept of an insurance product is broader than that of insurance services, as it encompasses other types of services as well.

In recent years, scientific research has also extensively addressed the impact of digital insurance, insurtech, big data, and artificial intelligence technologies on the insurance market. The analysis of this literature indicates that modernization of the insurance services market is a multifaceted process that incorporates economic, institutional, and social factors.

**METHODS**

The study employs scientific abstraction, grouping, comparison, retrospective and prospective analysis, and empirical research methods. Through the method of scientific abstraction, the article examines the theoretical foundations of insurance services, as well as the scientific and practical significance of improving the

organizational and legal framework of the insurance services market in the context of modernization and digital transformation.

Furthermore, using the comparative analysis method, the organizational and legal frameworks governing insurance services and their theoretical approaches in global practice and developed countries are compared with the existing institutional arrangements in the national insurance market. Based on this comparison, relevant conclusions and recommendations are formulated.

**RESULTS**

An analysis of the current state of the insurance services market indicates that, despite an increase in the number of insurance companies and the volume of services offered, the share of insurance services in the overall economy remains relatively low[6]. Although numerous insurance companies operate in the market, the majority of them are small-scale business entities. Within the structure of insurance portfolios, motor insurance and property insurance occupy leading positions, while life insurance, health insurance, and social insurance segments account for a comparatively smaller share[7]. This situation limits both consumers’ freedom of choice among insurance products and the level of competition within the market.

Furthermore, the territorial distribution of insurance companies is uneven. While insurance activity is highly concentrated in major urban centers, the availability of insurance services in rural areas remains limited. As a result, access to insurance services is regionally imbalanced, which negatively affects the inclusiveness and overall development of the insurance market.

**Table-1. Dynamics of Changes in Insurance Premiums by Types of Insurance (in billion UZS)**

Indicators	01.10.2024		01.10.2025		Change , %
	in million soums	total in % relative	in million soums	total in % relative	
<b>Total</b>	<b>7 013 977</b>	<b>100%</b>	<b>9 793 707</b>	<b>100%</b>	<b>+39.6%</b>
General insurance in the field insurance organizations , that including :	6 846 823	98%	9 230 026	94%	+34.8%
- <i>mandatory insurance</i>	432 088	6%	593 711	6%	+37.4%
- <i>optional</i>	6 414 735	88 %	8 636 315	91 %	+34.6%

<i>insurance</i>					
Life insurance to do in the field insurance organizations , that including :	167 154	2%	563,681	6%	+237.2%
- <i>mandatory insurance</i>	37,329	1%	52,196	1%	+39.8%
- <i>optional insurance</i>	129,825	2%	511 485	5%	+294.0%

As can be seen from the table data, voluntary insurance types are increasingly taking a leading position in the insurance market of Uzbekistan. In 2024, 88 percent of total insurance premiums accounted for voluntary insurance, while only 6 percent corresponded to compulsory insurance. By 2025, this indicator is observed to have increased to 91 percent. This trend indicates the strengthening of market mechanisms in the insurance sector and reflects that consumers are increasingly making conscious choices in selecting insurance products.

Although the absolute volume of premiums collected under compulsory insurance schemes has continued to grow, their share in total insurance premiums

demonstrates a declining trend. In particular, statistical data for 2023 show that the share of compulsory insurance amounted to 32.8 percent, whereas by the end of the first ten months of 2025 this figure had decreased to 24 percent. This development can be explained by the diversification of voluntary insurance products and the expansion of digital insurance solutions.

Furthermore, within the voluntary insurance segment, the rapid development of life insurance, property insurance, health insurance, and personal accident insurance indicates that the insurance market is transitioning to a qualitatively new stage of development.

**2-Table. Dynamics of Insurance Indemnities by Types of Insurance (in billion UZS)**

Indicators	01.10.2024		01.10.2025		Change , %
	in million soums	total in % relative	in million soums	total in % relative	
<b>Total</b>	<b>1,633,854</b>	<b>100%</b>	<b>1,912,324</b>	<b>100%</b>	<b>+17.0%</b>
General insurance in the field insurance organizations , that including :	1,536,217	94%	1 812 822	95%	+18.0%
- <i>mandatory insurance</i>	263 563	16%	294,757	15%	+11.8%
- <i>optional insurance</i>	1,272,655	78%	1,518,065	79%	+19.3%
Life insurance to do in the field insurance organizations , that including :	97,637	6%	99,502	5%	+1.9%
- <i>mandatory insurance</i>	10,076	1%	15,209	1%	+50.9%
- <i>optional insurance</i>	87,561	5%	84,294	4%	-3.7%

As evidenced by the data presented in Table 2, in 2024 insurance indemnities in the general insurance sector amounted to 263,563 million UZS for compulsory insurance and 1,272,655 million UZS for voluntary

insurance. In the life insurance sector, insurance indemnities totaled 87,561 million UZS under voluntary insurance and 10,076 million UZS under compulsory insurance. Overall, total insurance indemnities paid in

both the general insurance and life insurance sectors reached 1,633,854 million UZS in 2024. By 2025, these indicators are observed to have gradually increased.

In particular, in 2025, total insurance indemnities paid across insurance types in the general insurance sector amounted to 1,812,822 million UZS, while indemnities in the life insurance sector were projected to reach 99,502 million UZS. This upward trend reflects the gradual expansion of insurance coverage and increased utilization of insurance services.

The analysis further indicates the need to reconsider both the structure and quality of insurance products. Existing insurance products are often highly standardized and fail to fully meet the actual needs of various social groups and business entities. In particular, flexible insurance products tailored to small businesses, farming enterprises, and self-employed individuals remain insufficient. As a result, these segments tend to remain outside the insurance system.

In the process of market modernization, the development of a competitive environment is of critical importance. Insufficiently developed healthy competition among insurance companies hinders improvements in service quality and the emergence of innovative insurance products [8]. Moreover, the limited capacity of reinsurance mechanisms reduces the ability to cover large-scale risks, which may adversely affect the financial stability of insurance companies.

## **CONCLUSION**

Experience from developed countries indicates that a highly developed insurance services market positively contributes to the growth of gross domestic product[9]. However, in developing countries, including Uzbekistan, the share of insurance services in the economy remains relatively low, and the coverage of the population by insurance is insufficient. This situation necessitates the modernization of the insurance market, the introduction of modern technologies, and the expansion of access to insurance services.

Accordingly, the following measures are proposed to accelerate the development of insurance services:

Align insurance activities with international standards (e.g., IAIS, Solvency II).

Gradually introduce compulsory insurance types, such as medical, agricultural, and environmental risk coverage.

Expand both the volume and variety of insurance services and improve their quality by introducing innovative insurance products while further developing high-demand traditional products.

Implement new types of compulsory insurance, including coverage for real estate and agricultural risks, taking into account state and societal interests.

Utilize modern information technologies in the organization and regulation of insurance activities, actively introduce and develop electronic insurance services.

Digitalization of insurance services should be one of the main directions of modernization, including online policy issuance, electronic payments, mobile applications, and automated claims processing systems. Additionally, the use of artificial intelligence and big data for risk assessment ensures fair and transparent insurance pricing.

Review the relationship system between the branches of insurance organizations operating in regional markets and their head offices located in Tashkent. The primary issue is that the head companies often impose significant restrictions on their branches regarding the provision of insurance services, particularly the settlement of claims. Granting branches greater autonomy in handling claims within their regions is considered appropriate to enhance efficiency and responsiveness.

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