

THE CURRENT STATE OF DEVELOPMENT OF INSURANCE COMPANIES ON THE BASIS OF COMPETITION

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Abstract

This scientific article examines the current state of insurance activity and trends in development based on competition. Several problems of competition between insurance companies in the insurance market have been analyzed and a number of solutions have been proposed.

Key words: competition, insurance companies, GDP, insurance premiums.

Took place in the development of insurance services . First of all, economic, legal and organizational conditions were created for insurance companies to operate freely and equally in an environment based on mutual competition. Article 24 of the Law of the Republic of Uzbekistan "On Insurance Activities" adopted on April 5, 2002 is devoted to the development of competition in the insurance market, which states: "In the insurance market activities aimed at restricting or eliminating competition, giving or receiving unjustified advantages to one insurer over others, discriminating the rights and legal interests of policyholders and other persons are not allowed [1].

Decision PQ-4412 of the President of the Republic of Uzbekistan dated August 2, 2019 "On measures to reform the insurance market of the Republic of Uzbekistan and ensure its rapid development" it is important because it is aimed at increasing the level of capitalization, solvency and financial stability of its participants, improving the quality of their assets, as well as developing the investment activities of insurers [2]. It is natural that these circumstances will serve to strengthen the competition in the market of insurance services of our country and to increase the quality level of insurance products offered to consumers of insurance products.

At the same time, analysts and experts in the field of insurance, including today, the competitive environment in the market of insurance services lags far behind the competitive environment in the insurance market of countries with developed market relations. It is true that insurers are using unhealthy competition methods to attract customers. Also, insurance seekers with a large consumer status have a great influence on limiting the competitive environment in the market.

Many scientific researches of scientific, theoretical and practical importance have been carried out by foreign and local researchers regarding the emergence of competition in the market of insurance services, the factors affecting it and the role of competition in the expansion of the efficiency and scope of insurance activities.

Showed that the pricing policy of insurers shows the characteristics of a competitive or monopolistic market [3]. Michael Rothschild and Joseph E. Stiglitz discuss the state of competition in health insurance, arguing that adverse selection forces consumers to choose insurance products based on risk coverage, which ultimately affects the market for health insurance services. put forward the opinion that it leads to the development of competition [4].

If we analyze the current situation and development trends of insurance activities based on competition in Uzbekistan, according to the Ministry of Finance of the Republic of Uzbekistan, as of February 1, 2021, different ownership in Uzbekistan 40 insurance companies operated based on forms [5]

Is influenced not only by the variety of offered insurance products, tariff policy, financial stability and other factors, but also by the number of insurers. Therefore, it is appropriate to provide information on changes in the number of insurance companies over the last 20 years. Over the past 20 years, there have been dramatic changes in the dynamics of the number of insurance companies operating in Uzbekistan. By the end of 2000, their number was 27, and by the end of 2020, their number was 40. It is noteworthy that in 2020, compared to 2015, the number of insurers who received a license to carry out insurance activity increased by 10.

According to the results of 2020, the joint-stock company "Uzbekinvest export-import insurance company" took the highest rate of insurance premium income in the general insurance network. This company collected insurance premiums in the amount of 262.9 billion soums in 2020. This is 14.0 percent of insurance premiums collected on the insurance market of Uzbekistan. In my opinion, when evaluating the activity of insurance companies, it is appropriate to assess the insurance premiums not by the size of the insurance premiums, but by the size of the insurance payments made.

The issues of competition development in the market of insurance services have been reflected to a certain extent in the scientific works carried out by the researchers of our country. In particular, S. Umarov stated that the insurance market is highly monopolized and the main segment of insurance services is represented by 3 companies with a state share [6]. It should be noted here that this opinion was expressed by the author in 2012. It is known that for many years the country's insurance services market has had a clear advantage of state or state-owned insurance companies in terms of key indicators. During 1991-2000, the market share of insurers established with the participation of state capital was high. Over the past 15 years, the change in the ratio of gross insurance premiums between state-owned insurance companies and private insurance companies has been uneven. For example, in 2008, the market share of insurance companies formed with the participation of state capital was 38.8 percent, and this indicator increased by 7.7 percent by 2016. However, by 2020, the market share of private insurance companies has increased dramatically compared to previous years. In 2000, the market share of non-state insurance companies was 15.7 percent, and in 2020, this indicator was 68.6 percent. It can be concluded that the market share of insurance companies with state capital is gradually decreasing in the market of insurance services, on the one hand, it indicates that the competitive environment has entered a new phase, and on the other hand, the level of competitiveness of non-state insurance companies is increasing.

One of the factors that indicate positive or negative changes in the level of competition in the insurance market is the level of concentration of insurers in terms of insurance premium income and insurance payments.

According to generally accepted rules, the weight of the collected insurance premiums in GDP and the amount of insurance premium per capita are the main indicators reflecting the level of development of insurance activities in this country. is considered

In our country is extremely low can be explained by the fact that the demand for insurance services among legal entities and individuals is not well formed. Also, the level of insurance coverage of potential

customers is not satisfactory. It cannot be said that insurers are operating effectively without fully utilizing their existing capabilities and potential.

Competition is one of the important factors positively affecting the rapid development of the insurance market. The rapid development of insurance activity in developed countries is explained by the formation of a healthy and strong competitive environment.

For insurance services hinders the formation of a healthy competitive environment in the market. In this case, the fact that legal entities and individuals do not have enough information about the solvency, income level and insurance products, as well as the fact that insurance programs that provide favorable price conditions for policyholders are not created at the required level, the demand for insurance services has an effect on being low.

It is necessary to introduce mechanisms for stimulating the demand for services in this field, especially to stimulate the interest of enterprises and organizations in purchasing insurance services.

Despite the fact that the effect of competition is felt in the implementation of insurance activities in Uzbekistan, there are a number of problems in this direction:

- Some elements of unhealthy competition have formed in the sale of insurance products. Especially when attracting customers, an unjustified reduction of the insurance tariff, i.e., the practice of dumping, has arisen. This, in turn, may adversely affect the solvency of the insurance company;
- Some types of insurance, for example, in the case of mortgage insurance, borrowers are limited in their choice of insurance company. Here, the bank employee's influence on the policyholder's selection of the insurer remains. Also, how high the brokerage fee is set plays an important role in attracting customers, especially large customers, to insurance. This situation also hinders the development of a healthy competitive environment;
- When choosing an insurance company or an insurance service by the policyholder, the recommendation of acquaintances is of crucial importance. However, the insured must choose the insurance company or the insurance product based on the analysis of the available information. The organization of open and transparent tenders for the purchase of insurance products by state companies and enterprises with a natural monopoly and monopoly position is not well established.

Develop insurance activities under competitive conditions and create the opportunity for potential policyholders to freely choose insurance organizations, the following proposals were developed:

- Creating an opportunity for policyholders to freely choose an insurance organization when purchasing an insurance product, including insurance products for compulsory insurance types, interaction between insurers in the process of attracting customers to insurance formation of respect, compliance with market principles, prevention of unjustified lowering of insurance rates;
- Compliance with the principle of "saving the policyholder's time" in the process of issuing an insurance policy and making insurance payments as an important condition for ensuring the competitive advantage of the insurance organization in the market;
- Expansion of insurance programs that allow independent selection of deductibles and a set of insurance risks, which affects the determination of favorable prices for insurers in competitive conditions;
- for types of public insurance and ensuring the purchase of insurance products by large state, including natural monopolies and monopoly companies of systemic importance, on the basis of conducting transparent and open tenders. development of a normative legal document.

The implementation of the above proposals will give many thousands of policyholders the opportunity to freely choose quality insurance companies. This, in turn, serves the stable development of insurance activities and the expansion of insurance coverage at the country level.

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