

OPPORTUNITIES FOR THE DEVELOPMENT OF THE INSURANCE SERVICES MARKET THROUGH THE FORMATION OF MODERN INSURANCE SERVICES

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Abstract

In this article, we will consider the possibilities of developing the market of insurance services through the formation of modern insurance services. The article analyzes the methods of using world experience in the formation of modern insurance services and the experience and paths of countries with developed insurance services in the world.

Keywords: Insurance services, insurance market, financial markets, market institutions, generalization, horizontal and vertical analysis, statistical analysis.

Introduction

Modern trends in Uzbek economy indicate that there is an increase in competition between the subjects of the insurance market, the possibility of a qualitative selection of attractive risks in one's own insurance portfolio is reduced. To reduce the negative consequences of the influence of economic instability in predicting market development, a comprehensive analysis of objective causes and processes in the industry is needed, taking into account modern development trends. Due to the relevance of the problem, the study is aimed at solving the following problems:

- study of the current situation in the insurance market of Uzbekistan;
- analysis of the impact of digitalization and consolidation on Uzbekistan insurance services market;
- determining the prospects for the development of the Uzbekistan insurance market.

Generalization, horizontal and vertical analysis, and statistical analysis were used as a research method. The main source of information was the analytical material of the Bank of Uzbekistan, which characterizes the key performance indicators of insurers in 2018–2022. Research in the field of application of digitalization achievements for communication with the target audience of insurance companies was carried out by scientists.

Subject and Object of Study

In recent years, in Uzbekistan, causing a significant increase in premiums from large insurers, the process of consolidating the market of insurance organizations is accelerating: there is a transition of client portfolios from insurance organizations leaving the market, including regional ones, to large federal players. So, in 2018 the Group

Gross insurance and the Kafolat Insurance Group completed a deal to sell 100% of IC Gross insurance Insurance, thus creating a mega player in Uzbek insurance market. Naturally, such consolidation leads to a decrease in the number of insurance companies.

In 2018 alone, the number of insurance companies in Uzbekistan decreased from 30 in 2018 to 52, which is explained by growing competition, the strengthening of the position of those companies that already now occupy an important role in the market, and a decrease in the share of those who are not able to use available reserves to increase the efficiency of functioning. As a result, some insurance companies focus on other segments of the financial market. More than half of the companies that left the insurance market voluntarily relinquished their license, including due to reorganization.

Paying attention to certain types of insurance, one can notice a significant concentration and dominance of 10 large insurance companies, despite the fact that there was a decrease in their share in the field of life insurance, property of legal entities and civil liability, PSB Insurance.

In 2022, there were sharp technological improvements in the insurance market due to the introduction of telematics and the active development of mobile applications, as a result of which the priority of acquisition channels, the structure of costs associated with attracting and servicing customers, the role of formalized and non-institutionalized insurance intermediaries began to change. However, despite the introduction of a number of innovations, the insurance market is still quite conservative. The changes that have taken place in the market have led, on the one hand, to a significant increase in the costs of insurance organizations, business consolidation, and, on the other hand, have created a potential for the future to optimize the costs of large business players. At the same time, the insurance market is at a certain point of bifurcation: the former market development tools in the form of an agency or bank acquisition channel still remain extremely significant in the activities of insurance companies, but at the same time, these channels hinder the development of innovations, online sales and cross-selling in insurance.

Thus, in 2022, the share of contracts that were concluded with the help of intermediaries remained practically unchanged and amounted to 78.49%, which is 1.51% more than in 2021. At the same time, there were changes in the structure of sales channels.

The current situation suggests that the role of selling services in the insurance market via the Internet is significantly increasing, but despite this, in general, there is a decrease in the share of services that are sold without intermediaries. A significant part of contracts for air transport insurance and liability of their owners, voluntary medical insurance, business risks, etc. is concluded through direct sales. In such segments as life and property insurance of individuals, more than 94% of insurance premiums are provided by intermediaries.

Discussion and Results

In the current situation, it is important to note the strengthening of the sale of insurance services by the banking channel. Of course, it would be more profitable for insurance companies to sell their products directly to customers without intermediaries, but the market structure formed over the past three years suggests that the share of sales through intermediaries is only increasing. If in 2018 the share of credit institutions was 25.9%, then in 2022 it was already 37% of the total sales of insurance services. There is a clear trend towards a constant increase in the role of banks, so it can be argued that it will continue to be observed. The reason for this is that the number of clients of commercial banks is significant, while insurers are in contact with a much smaller audience. At the same time, banks offer various complex products that allow them to impose the insurance services of their subsidiaries or partner companies. Thus, despite digitalization, insurance companies cannot only

reduce their dependence on intermediaries, but, on the contrary, it is growing. Although at present there is a clear increase in the dependence of insurance companies on intermediaries, they have a powerful reserve for further strengthening by optimizing their marketing activities on the Internet. The fact that the corresponding services are being implemented at an ever faster pace speaks to the high potential of this marketing channel. It should be understood that we are not talking about all sales made on the Internet, but only about that part of it that was controlled and implemented directly by employees of insurers. At the same time, sales through online banking and partner systems also play an important role, attracting Internet entrepreneurs to the sale of insurance services, and given the significant role of spending on digital channels, it can be argued that this area is more effective in terms of expanding sales.

The study shows that in the next few years there should be a sharp transition from the agency (including banking) sales channel to more efficient ones, such as direct office sales, through the Internet and mobile applications, without which the market will not be able to satisfy customer needs in a broad aspect.

According to experts, at present, Uzbek financial market has clearly identified trends that stimulate the development of electronic digital technologies in the activities of insurance organizations: low marginality of financial services, which requires a number of measures to reduce costs; increasing the penetration of financial services through their digitalization; the monopolistic position of individual Uzbek companies in the provision of traditional services, including in the field of insurance, etc. Central Bank of Uzbekistan claims that the latest blockchain technology in the financial and other sectors of the economy will be fully applied on serious projects industrially in 7–10 years. It should be noted that government regulation is probably one of the most significant factors on which the development of blockchain technology into a full-fledged financial services industry depends. At the moment the legal regulation of blockchain technology has not yet been formed, however, according to the head of the working group for assessing the risks of cryptocurrency turnover of the State Duma of the Russian Federation E. Sidorenko, regulatory fixation will only slow down its development.

Undoubtedly, the development of digital technologies in the financial and insurance markets will be observed and expanded in the coming years. This will lead to a change in the cost structure of both the insurance organizations themselves and insurers (clients), which will require long-term investments in the transformation of business processes, their digitalization and innovation.

The insurance market can become one of the locomotives and drivers of digitalization, but unlike the banking market, this will most likely happen not from the front office (sales), but from the back office - work with risk management, funding, reservations capital, customer selection and accounting transformation. In any case, we are waiting for the transformation of the industry in the direction of greater customer focus and transparency of the activities of insurance organizations. As already noted, in the context of digitalization, the process of strengthening Internet sales channels for insurance services has an important impact on the insurance market. The development of online sales in terms of PSB Insurance not only increases the availability of insurance services, but also leads to a reduction in costs.

Let's consider the technology of providing the service in more detail. Asia insurance provides drivers with a proprietary device called the Metronome, which connects to the car, receives driving data and transmits it in real time to a server, providing an accurate report of the number of miles driven.

Using this data, drivers pay a few cents per mile as well as a small base rate each month for full vehicle coverage (Vehicle Loss Insurance). For the calculation, only information about the distance traveled is used, the company is not interested in information about the location of the driver. By paying under this scheme, drivers who rarely use their own vehicle can save from 20 to 50% of the purchase amount of an equivalent insurance product. In addition, Asia insurance drivers can access detailed driving data and analytics based on this information through an online dashboard built into the browser on the company's website.

As the company's CEO and co-founder Steve Pretr points out, there is a significant difference in the intensity of the use of their own vehicles between drivers who use it daily and those who use it occasionally. A significant proportion of people consciously choose to cycle to work, walk more often and use public transport, thereby preserving the environment and improving their own health. Since traditional insurance instruments cannot fully satisfy the needs of these people (after all, they actually subsidize the insurance services provided for drivers who use their own vehicles every day), this insurance product allows us to meet the needs of this category of insurance customers in the protection of motor vehicles to the maximum. companies.

Conclusions

Despite the rapid growth of insurance premiums from the sale of products on the Internet, during the last three quarters of 2022, a slow decline in this indicator was observed. Yandex search users reduced the intensity of entering requests that reflected a desire to purchase insurance products. At the same time, the role of mobile devices has increased, which are characterized by a lower conversion compared to Desktop devices. Some users have introduced ad blocking, depriving insurance companies of possibly communicating with them through the use of online advertising.

The obtained conclusions can be used to substantiate the development paths of a single insurance company. Following the general trend in the market, it is advisable to strengthen communications with the target audience using the Internet, as well as interact with online intermediaries to increase sales of insurance products. In addition, new elements should be introduced into the portfolio of insurance services by developing solutions that take into account modern possibilities for expanding information support about the behavior of insured persons, including at the time of using insurance services.

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