

DIRECTIONS OF USING ADVANCED BANKING INSURANCE PRACTICES OF DEVELOPED FOREIGN COUNTRIES IN THE INSURANCE MARKET OF UZBEKISTAN

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ABSTRACT

In this article it is analyzed the directions of using bancassurance practices of advanced foreign countries in the insurance market of Uzbekistan. At the same time, proposals and practical recommendations aimed at using bank insurance practices of advanced foreign countries in the insurance market have been developed.

Key words and phrases: commercial banks, insurance organizations, insurance market, bank insurance, insurance premium, insurance money, insurance liability.

Introduction

After the Republic of Uzbekistan gained its independence, fundamental changes took place in all aspects of the country, including the insurance market. In the early years of independence, the country's economic policy was aimed at economic growth by increasing economic stability and creating favorable conditions for implementing structural reforms. The level of development of the insurance market reflects the country's growth potential. Insurance through redistribution of risks and compensation of losses among business entities allows to increase the efficiency of the entire economy, therefore, development of the national insurance system and further development of the market infrastructure is one of the important strategic tasks.

Commercial banks of our republic provide services to their clients only within the framework of mutual banking, and in developed and developing countries this process is carried out perfectly, commercial banks of these countries sell insurance policies along with their services. For example, "Moskovskiy industrialnyy bank" of the Russian Federation sells policies of the insurance company "Investitsii i finansy", and "Akademkhibank" sells policies of the insurance company "Rosagrostrax" and has established a mutual financial business.

Literature review

The theoretical and practical aspects of the use of bank insurance practices of advanced foreign countries in the insurance market of Uzbekistan have been interpreted differently by economists. I.A.Gabidulina and V.N.Lushnichenko divide bank insurance into two models. The purchase of banks by insurance companies and the purchase of insurance companies by banks are based on the

possibility of creating a single information system between the distributing bank and the insurance organization, and in their opinion, the concept could not be successfully implemented¹.

According to Russian practitioner O. Yatsentyuk, bank insurance is divided into different forms depending on the economic situation of the country, the characteristics of national legislation and other factors².

According to the forms of bank insurance, it includes the following: The bank and the insurance organization conclude mutual cooperation agreements. In this case, banks become official representatives of insurance companies and sell insurance products through their network; banks and insurance organizations mutually own shares; banks buy part or all of insurance companies.

Forms of bank insurance in connection with the development of the approach of the French scientific school The situation in the French financial market implies the following forms: a contract is concluded between banks and insurance organizations and insurance services are provided through bank branches; merger of insurance banking organizations, high bank share; banking and insurance associations, an insignificant share of the bank; full control of the bank over the insurance company.

Polish researcher A. Messyasz-Handsckhe shows the following forms of bank insurance. Distribution distribution, distribution agreement, merger and acquisition agreement, strategic partnership and share purchase. The simplest form in this approach is a distribution contract. This contract can be unilateral or bilateral. One-way distribution agreement is where insurance companies sell their products under their own brands through bank branches. The bank receives an agreed commission for this. In a bilateral distribution agreement, the insurance company distributes bank products through its own channels and receives a bank commission³.

Another Polish researcher, O. Kowalewski, divides bank insurance into the following forms. Strategic alliance, joint venture strategy, establishment strategy and consolidated model⁴.

Research Methodology

Research methods such as analysis, synthesis, selective observation, comparison, statistical analysis, induction, deduction are used in the use of bancassurance practices of advanced foreign countries in the insurance market of Uzbekistan..

Analysis and Results

Analysis of bancassurance practice of advanced foreign countries in the insurance market of Uzbekistan allows to study their activities as institutional investors.

¹Габидулин И.А., Лушниченко В.Н. Bancassurance по-эсенговски //Мир денег.2007.№ 8–9.С.54-59/ Gabidulin I.A., Lushnichenko V.N. Bancassurance on-esengovski [Bancassurance po-jesengovski]. World of money Mir deneg, 2007, № 8–9, pp. 54–59 (in Russian).

²Яцентюк О. Особенности банковского страхования: мировой опыт и российские реалии // Страхование дело. 2006.№ 2.С.10 / Yatsentyuk O. Features of bank insurance: world experience and Russian realities [Osobennosti bankovskogo strakhovaniya: mirovoi opyt i rossiiskie realii]. Insurance business — Strakhovoe delo, 2006, no 2, pp.10 (in Russian).

³ Messyasz-Handsckhe A. Bancassurance — wspolpraca czy konkurencja // Bank i Kredyt. 2002. № 4. Pp. 51–55.

⁴ Kowalewski O. Grupy bankowo-ubezpieczeniowe: strategie tworzenia, efektywnosc // Materialy i studia NBP. 1999. № 91.Pp.10–14.

Table 1 The main models in the international practice of bank insurance

Bancassurance model	Example
Strategic cooperation	La Poste & CNP (France), Commerzbank & Generali (Germany), Deutsche Bank & Zurich FS (Germany), Legal & General / Barclays / Alliance & Leicester (UK)
Joint venture	Postbank & HDI Versicherung (Germany), Delta Lloyd & ABN AMRO (Netherlands), Groupama & Société Générale (Groupama Banque, France), Caisses d'Epargne & CNP (Ecureuil Vie, France)
Acquisition and merger of insurance companies by the bank	Acquisition of ING BBL (Portugal), Lloyds Abbey Life & Scottish Life (UK), Citibank Travelers Group (Citigroup, USA), AXA Banque Directe (France), Credit Suisse Winterthur (Switzerland)
Bank establishes new insurance company (greenfield)	CS Life (Credit Suisse) Swiss Life (UBS), Barclays Life (Barclays), DB Vita (Deutsche Bank, Italy), Banque AGF (AGF, France)

The development trend of bancassurance is definitely related to the development of the insurance market and the high level of capitalization, as well as a strong competitive environment. By providing services in an innovative way, the mutual integration brings a high level of profit to both parties.

Bancassurance is a business model of integration of banking activities, investment and insurance services. It is actively used in the practice of foreign countries, and this cooperation is useful in providing financial services to both sides. Statistics show that 30% of the income of European banks is formed through bancassurance. Despite the positive statistics, selling insurance products through banks in practice has its own aspects and difficulties. The practical application of the innovative model and its development depend primarily on mutually agreed cooperation, choosing the right partner, competently integrating the insurance and banking sectors.

We have considered the models of bancassurance above. It should be noted that currently the most advanced models of bank insurance are used in the leading countries of the European Union. They are as follows:

- outsourcing
- mediation

The outsourcing model is used in France. It consists of opening financial institutions where the insurance system is introduced. Its uniqueness lies in the fact that bank branches and insurance companies have a common information base, reports, planning system, control, audit and communication. In addition, each structure will have its own brand and employees.

The mediation brand is unique to England and Germany. It is based on a mutual partnership between these two financial institutions and is characterized by the provision of insurance and banking products.

Also, it is appropriate to consider a number of models below in the use of banking insurance practices of advanced foreign countries in the insurance market of Uzbekistan. For example:

Integrative model (In the Integrative Model also known as Generalist Model). In this model, insurance products are sold through banking channels, or network bank employees sell insurance products to customers. This requires a thorough understanding of all insurance products for bank employees. As an example, we can show the sale of policies of AVIVA Life insurance company through

branches of banks such as ABN Amro, American Express and PNB. This is an example of the Bancassurance Integration Model.

In the Specialist Model. In this model, insurance company employees or representatives, i.e. experts, usually distribute the products. Bank employees identify customers through their database and then contact insurance agents. It certainly requires less exercise, but it can also require a higher amount of compensation to support these processes.

The Financial Planning Model. This model offers each customer a package with their own financial basket. This process is beneficial for the customer, the bank and the insurer and is usually a very profitable way to reach many customers.

Strategic alliance. According to the strategic alliance, relations are established between the bank and the insurance company. The bank only sells insurance company policies. Apart from the sale of insurance policies, banks do not engage in other insurance activities. For example, ICICI Prudential entered into a strategic tie-up with ShamraoVithal Cooperative Bank in 2004 to distribute life insurance policies.

Full integration. This arrangement requires full integration of banking and insurance services. The bank sells insurance products under its own brand and acts as a provider of financial solutions tailored to customer needs. The bank controls the level of sales and insurance services, including the approach to claims. According to this arrangement, the bank has additional activities similar to the insurance company. The SBI Life and ICICI Prudential alliances are primarily part of this division, which led to SBI and ICICI's customer database working on insurance companies. The success of the above models depends primarily on the synergy they are able to create in their connection. All these are the decisive factors that play an important role in choosing a particular bank or corporation.

We have considered the specifics of the above models. Of course, these models are used based on the country's social, economic, natural, geographical, and political situation.

Despite the fact that there are sufficient conditions for the integration of banks and insurance companies in our country, there are a number of obstacles to the implementation of this process. That is why bank insurance is still not used in practice. This situation is really sad. We will discuss these problems and shortcomings and their solutions in the next chapter of our dissertation.

Among these models, the most popular option is definitely the Anglo-Saxon models. Because the rest of the models were developed through these models. Mechanisms of the insurance and banking market of Uzbekistan are still not fully functioning.

In conclusion, it can be said that the insurance market is an integral part of financial products. Globalization of insurance relations serves to remove national insurance markets, economic and legal barriers and adapt to the world economy. The demand for insurance services increases the country's investment potential, plays an important role in solving social and economic problems of the society as a mechanism of risk minimization. In order to get more profit from bancassurance, international insurance companies direct their assets to loan capital, which helps to formalize long-term loan deposits. As a result, bancassurance money circulation will increase rapidly.

CONCLUSION

Commercial banks of our republic can get additional income by offering insurance services to their clients and selling insurance policies. This is the most perfect and legal way of mutual cooperation. Bancassurance presents a number of advantages for both commercial banks and insurance companies.

The cooperation between the insurance company and the commercial banks provides customers with a safe insurance system, and the amount of goods and services in the banks also increases. Every person wants convenient, fast and quality services for himself and prefers to benefit from banking services and insurance services at the same time, which creates convenience for customers. If these two services are jointly developed and implemented by insurance companies and commercial banks, the use of insurance services will become cheaper for customers in terms of quality and price.

It is certainly a pity that the integration of insurance companies and commercial banks in our country is progressing slowly, practical work is lagging behind. This situation continues to this day. There are still shortcomings and problems among these financial institutions in the financial market of our country. We will quote them below and try to justify our practice by studying and analyzing it through our own views.

Commercial banks of our country do not act as insurance agents in mutual relations and relations with insurance companies. However, if we look at the world financial market, commercial banks act as insurance agents in their interactions with insurance companies, that is, they conclude contracts with clients on behalf of the insurance company and receive an agreed amount of money in return for this service, prevent illegal, illegal interests, and both parties strengthens mutual trust and relations by legally strengthening their relations. This is certainly the basis for the formation of a number of advantages not only for our society, but also for citizens, commercial banks and insurance companies.

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