
IMPACT OF THE CORONAVIRUS PANDEMIC ON THE POPULATION CHINA'S EXPERIENCE IN THE DEVELOPMENT OF THE UZBEK INSURANCE MARKET AND ROAD-FUNDED LIFE INSURANCE

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Annotation. Impact of the coronavirus pandemic on the population In the context of the development of the Uzbek insurance market, it is necessary to pay close attention to the best international experience in the development of life insurance in terms of providing ways to finance life insurance. In this regard, we consider it appropriate to refer to the experience of China, which plays an important role in the global life insurance market.

Key words: insurance, life insurance, insurance market, premium, country, global, experience, macroeconomic indicators

Introduction. From the point of view of ensuring the prospects for the development of life insurance in Uzbekistan, it is necessary to pay serious attention to the world best practices in the development of life insurance. In this regard, we found it expedient to refer to the experience of China, which is playing a key role in the global life insurance market. The choice of this country is not accidental. On the contrary, given the geographical proximity of our country to China, the growing integration in trade, economic and other areas, our national insurance market is likely to develop in the same direction. An analysis of China's experience shows that today its life insurance market is one of the largest in the world in terms of the amount of collected insurance premiums and the number of insurance contracts concluded, although 35 years ago there was no life insurance in the country. at all. In China, as in other industries, the insurance industry is developing rapidly. In particular, in 2017 it became the second largest insurance market in the world after the United States in general insurance business and the third largest in the world after the United States and Japan in life insurance. While a sharp drop in life insurance in more than 70 percent of the countries of the world due to the caronavirus pandemic in 2020, as well as a fall in the global life insurance market by an average of 4.4 percent, a 2.8 percent increase in life insurance in the country forced China is the world's second largest insurance premium market.

Methods. If we talk about the experience of developing life insurance, then China attracts attention primarily for its scale. In particular, the population is more than 1451.4 million people, which is forty-two times more than the population of our country. China's gross domestic product exceeded \$14.7 trillion, which is 254

times more than in Uzbekistan. At the same time, the Chinese economy has been showing steady growth rates for many years in all major macroeconomic indicators:

- Unemployment remained at 4%;
- annual inflation rate 2.0 - 2.9%;
- The exchange rate of the Chinese yuan against the US dollar has been stable for many years. Devaluation does not exceed 1.4%;
- Annual GDP growth averaged 6.5%, and in 2020, despite the impact of the pandemic, it was 2.5%. The impact of these macroeconomic indicators on the development of life insurance has been proven by various empirical and applied studies.

In Uzbekistan, life insurance, in particular, life insurance, is developed only within the framework of the created benefits, and this insurance is not popular among the population. As a result, the life insurance network has not played as important a role in the social sphere and economy as in these countries compared to developed countries. There are many reasons for this and it is important to analyze these reasons, study them on a scientific basis and find a solution on this basis.

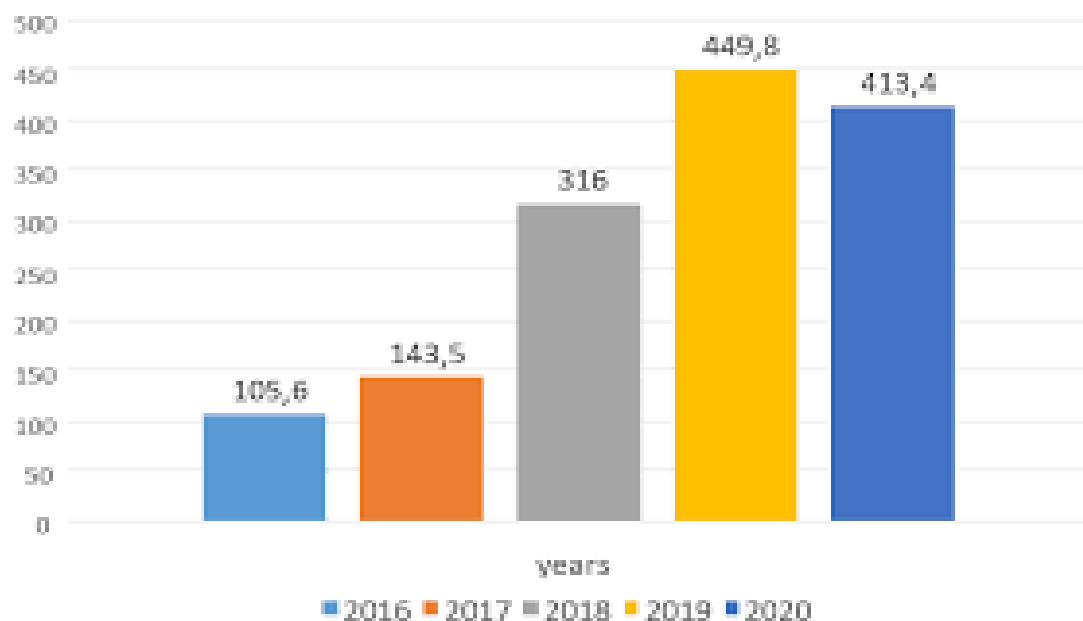


Fig. 1. Dynamics of insurance premiums accumulated on the insurance market of Uzbekistan in the I quarter of 2016-2020 (billion soums)¹

At the end of December 2019,² the first coronavirus infection (COVID-19) was reported in Wuhan, the capital of the Chinese province of Hubei, and the disease has spread to many provinces, other countries and continents. As of March

¹https://www.google.com/url?sa=i&url=https%3A%2F%2Fwww.e3sconferences.org%2Farticles%2Fe3sconf%2Fpdf%2F2021%2F72%2Fe3sconf_esmgt2021_06028.pdf&psig=AOvVaw3wyqqqNFqtLKTBrNaHgecd&ust=1647853868565000&source=images&cd=vfe&ved=0CAAsQjRxqFwoTCMi56OK51PYCFQAAAAAdAAAAABAD

² . D. J. Keynes. Progress, [19](2019)

16, 2020, more than 170,000 people in 148 countries have been infected with the virus. The government of our country has taken drastic measures to mitigate the negative impact of the pandemic on the economy, in particular, in accordance with the Decree of the President of the Republic.

PP-5969 dated March 19, 2020 of the Republic of Uzbekistan "On priority measures to mitigate the negative impact of the coronavirus pandemic and the global crisis on macroeconomic stability during the period of coronavirus infection and other global threats" Provides for the allocation of 10 trillion soums to the Ministry of Finance of the Republic of Uzbekistan for economic development, stimulation foreign economic activity, providing effective social support and preventing a sharp drop in income m. An Anti-Crisis Fund was created. Otherwise, a commission was created to prepare a program of measures in accordance with a special presidential decree. A number of restrictions have been introduced. In particular, from March 23, 2020, state borders were closed, all enterprises and institutions in Tashkent (regardless of ownership) could go on vacation without interfering with their main activities, and the remaining workers could work as much as possible remotely (online or remotely). In addition, from March 16, 2020, air, rail and road communications between Uzbekistan and foreign countries will be suspended.³

Insurance companies with temporarily free funds also face the problem of a real assessment of their effective use, taking into account the identified factors of instability. One of the ways to solve this problem is to predict the parameters of the investment portfolio, taking into account the economic situation in the country, region. Only an approximate forecast of the economic parameters of an investment portfolio can clearly show the future profitability and risk of investments.

Development and further liberalization of the country's insurance market, increasing the volume of insurance operations in this market, ensuring the entry of national insurance companies into international financial markets and obtaining international ratings through the introduction of advanced corporate governance, improving the investment activities of insurance companies, expanding investment support mechanisms for insurance companies, introducing systems of compulsory medical insurance, stimulation of insurance companies to leasing activities and formation of investment portfolios of insurance companies. Insurance companies play a very important role in the economy of our country.

In the structure of the investment portfolio of insurance companies in the UK, Ireland, France, the Netherlands and Italy, a high proportion falls on private sector bonds, and payments have a direct impact. Investment activity of local and foreign insurance companies is an important element of social and economic development of the society. The main sources of investment activity of insurance companies are the placement of equity capital and insurance reserves. The placement of insurance reserves ensures the financial stability and solvency of the insurance company. For

³ Decree of the President of the Republic of Uzbekistan No. PD-5969 of March 19, 2020

the above reasons, the country's insurance companies mainly invest in certain areas. This, in turn, reduces the level of profitability.

Results and Discussion. The large-scale prevention of the COVID-19 pandemic in our country has led to a reduction in small businesses in the field of international economic relations, tourism, hotel business, money transfers, manufacturing and services, and, as a result, to a decrease in the income of the population. Undoubtedly, this situation had a negative impact on the development of the insurance market, which is one of the most important sectors of the economy, due to a decline in production at enterprises and organizations, a reduction in export-import operations and a decrease in entrepreneurial activity. As for insurance services, the forecast did not come true. As a result, the business plans of insurance companies operating in the insurance market of Uzbekistan for 2020 were revised.⁴ Scientists and experts also conducted a study of the impact of the COVID-19 coronavirus pandemic on the insurance market of Uzbekistan.

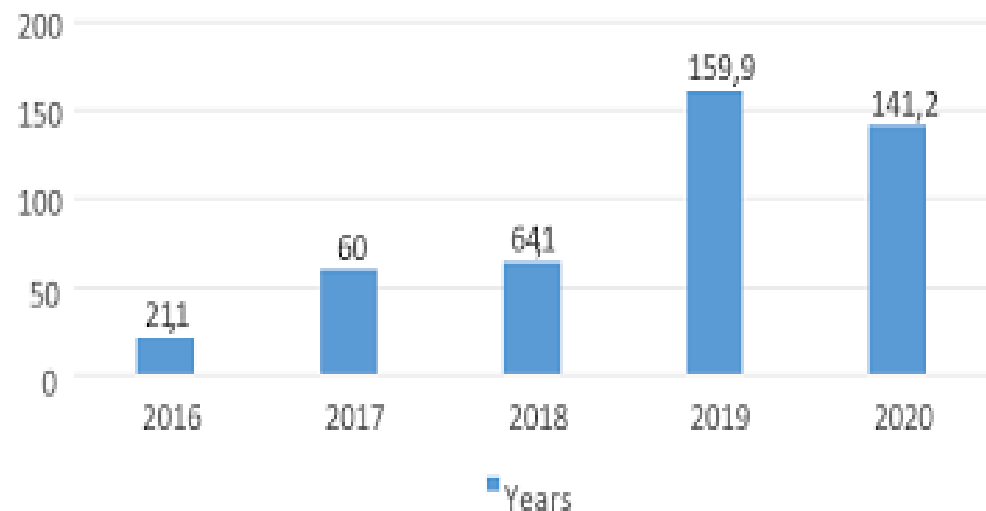


Fig. 2. Dynamics of insurance payments on the insurance market of Uzbekistan in the I quarter of 2016- 2020 (billion soums)⁵

The Chinese life insurance market is characterized by tough measures to protect the interests of insurers. This is done through a Special Fund, funded by premiums from insurers, which guarantees it when the assets of insolvent insurance companies are insufficient to cover their liabilities. Sales of life insurance products in the country are mainly carried out by banks and agents. Banks specialize in selling one-off premium savings policies, with an average premium of \$48,000. The presence of life insurance policies allows you to apply for bank loans and participate in securities trading through stock exchanges. Agents (about 3 million people) and agencies (1.8 thousand organizations)

⁴ Decree of the President of the Republic of Uzbekistan dated January 29, 2020 No. F5537

⁵ https://www.google.com/url?sa=i&url=https%3A%2F%2Fwww.e3sconferences.org%2Farticles%2Fe3sconf%2Fpdf%2F2021%2F72%2Fe3sconf_esmgt2021_06028.pdf&psig=AOvVaw3wyqqsNFqtLKTBrNaHgecd&ust=1647853868565000&source=images&cd=vfe&ved=0CAsQjRxqFwoTCMi56OK51PYCFQAAAAAAdAAAAABAJ

specialize in the sale of annual periodic insurance premiums, the average premium is 1.1 thousand US dollars. According to the legislation governing insurance relations in China, upon termination of a life insurance contract in the first two years of the insurance period, the paid insurance premiums are subject to a full refund, taking into account the costs of the insurer, and upon termination after the first two years. The share of the life insurance industry in the country's GDP is 2.4%, the average per capita life insurance premium is 241 US dollars, the share of the life insurance industry in the insurance business is 53.0%, and the share of the global life insurance market is 12.4% 294. Over the past decade, the share of life insurance premiums in GDP has fluctuated around 2.0 percent on average, while the share of total insurance premiums has fluctuated around 1.7 percent on average.

The Chinese government's next plans are to maintain and accelerate growth, increasing the share of life insurance in GDP to 5 percent and the average premium per capita to \$ 561. ⁶The main segments of the insurance market that provide such growth may be the following types of social insurance: pension plans, voluntary health insurance, insurance against accidents at work, unemployment insurance. It is also necessary to increase the quantity and quality of insurance agents, increase tax benefits and their effectiveness, widely introduce information technology in the insurance business (Internet sales, tele and writing), strengthen insurance control over professional participants in the insurance market as key factors for further development of life insurance in China. and a great deal of attention is being paid to attracting foreign investment to the sector.

Today, our country's insurance companies have established themselves as important employers. The number of employees and agents of insurance companies has grown significantly. However, compared with other foreign countries, the insurance services market in Uzbekistan's GDP is only 0.4%. For comparison, this figure is 11% in South Korea, 6% in Germany and 1.5% in Russia. One of the main reasons for this is the lack of attractiveness of insurance services. For example, over the past six months, the insurance industry has collected 887 billion soums of insurance premiums, but the amount of insurance compensation paid to customers over this period amounted to only 11% of premiums. In the world, this figure is on average 50-60%. When getting acquainted with the investment activities of insurance companies in foreign countries, the direction of investing free funds is several times higher than the direction of investing funds of insurance companies in our country, which not only increases the efficiency of investment activities, but also ensures the safety of funds. In developed countries, insurance companies conduct different types of investment activities.

Conclusion. In the case of developed countries, the above goals can be achieved through the effective implementation of life insurance. Given this, the

⁶ <https://data.worldbank.org/indicator> Data from the World Bank website.

government of Uzbekistan pays close attention to the development of the insurance industry. However, the insurance industry is not as developed as it is today. Therefore, in-depth research is needed in this area. During the study of the monograph, the following conclusions were made:

1. Life insurance in Uzbekistan and accumulative life insurance has significantly lower rates than in developed and many developing countries.

2. In recent years, certain successes have been achieved in our country in the field of life insurance, and this growth is mainly due to tax incentives provided by the state for long-term life insurance.

3. Taking into account that the main source of income for an insurance company engaged in life insurance is income from the accumulation of insurance premiums, the lack of useful investment instruments in Uzbekistan hinders the development of this type of insurance.

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