



## Article

# Features Of Understanding Theoretical and Methodological Fundamentals Of The Insurance Services Development Trend

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**Abstract:** This article examines the theoretical and methodological foundations shaping the development trends in Uzbekistan's insurance sector. The study aims to analyze the evolving roles of insurance services, especially as the nation transitions from a centralized to a market economy, and the impacts of globalization on the sector. Using both qualitative and quantitative approaches, data from Uzbekistan's national statistics and relevant literature were examined to uncover key shifts in insurance models and consumer expectations. The results reveal that the traditional state-backed insurance structures are being redefined to accommodate privatized and client-centered services. Distinctions between "insurance service" and "insurance product" are clarified, with the former offering the promise of coverage and the latter encapsulating this promise in a practical economic form. This nuanced understanding is essential for establishing clear regulatory and legal frameworks. Findings also underscore the growing influence of technological advancements and consumer demand for tailored insurance solutions. Recommendations emphasize further theoretical exploration and practical research to develop comprehensive policies that support both economic stability and individual needs in Uzbekistan's evolving insurance landscape.

**Keywords:** Insurance Business, Integration, Social Protection, Insurance Product, Insurance Service, Elements Of Insurance Activity, Mechanism, Result, Client Insurance Protection, Insurance Compensation

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## 1. Introduction

Over the years of formation of legislative acts, in particular, on insurance, the implementation of the concept of socio-economic development was accompanied by insufficient theoretical preparation and understanding of the ways of insurance reform. The economic policy of the Government in this matter negatively affected the choice of the insurance model and its future development. The role and place of insurance in the system of financial and economic relations were not adequately understood, the ways of forming the insurance business as an important strategic sphere of the social economy were not determined. The insurance system in the country until 2017 differed significantly in content and structure from the foreign insurance business. Often, terms and concepts on insurance contain different semantic meanings. In the context of integration into market relations, the issue of understanding, in accordance with the requirements of the economy of today, and their corresponding insurance in relation to new innovative conditions was acute. In the long term - up to 2035 - insurance should become one of the strategic sectors of the country's economy, along with banks, pension funds, capable of providing solutions

to such important problems as social protection of the population, enterprises (organizations) and institutional investors in the country's economy. Based on such fundamental problems, it is necessary to adopt an appropriate model for building a domestic insurance system.

In the years before the transition to the market, the centralization of production came in place of the natural economy, which required the need for the centralization of insurance relations to create a monopoly of state insurance, fulfilling the strategic goals of the centralized economy of that time. The list of insurance services corresponded to the needs of the economic life of the pre-transition stage to the market, which, first of all, was determined by low wages, not allowing excessive needs for the purchasing power of the population, a list of social guarantees determined in a centralized manner (education, medical care, etc.), which predetermined low standards in insurance.

After the transition to the market, the needs and interests of man began to increase as man adapted to market freedom, the mentality of the people began to change significantly from the cultivated image of a modest man in the conditions of a centralized economy. The accumulation of material wealth, the increase in consumer demand on its basis began to form a new man of the market economy, relying on his own strength and knowledge, recognizing the new conditions of living in the social environment as relying on his own abilities, initiative and independence, the presence of risk. The recognition of risk also allowed new stereotypes of thinking in economic relations, including in insurance, to be formed in a new way.

The market model of insurance began to be considered taking into account world experience and trends that actively influence the country's economy, as well as the peculiarities of reforming the domestic economic system, including insurance. First of all, the market model of insurance began to be understood in a new way, according to its own definition of its meaning. Insurance, according to our definition, means a set of theoretical and methodological, economic and practical provisions and conclusions formulated in the process of reforming the economy, taking into account its peculiarities in the context of adaptation to new innovative economic conditions.

With the transition from the centralized system to market conditions in the economy of Uzbekistan, there were various alternative development paths that influenced the implementation of the construction of the insurance system. The awareness of the choice of the market economy model in a fundamental aspect had no alternative. But at the same time, specific actions of the Government to implement the model of the economic system influenced the choice and direction of development of the insurance system. Also, many shirks were allowed in the choice of directions for the development of insurance from the liberal and uncontrolled, which adversely affected the reform of the state insurance system and the construction of a market insurance model. At present, a model of the national insurance system aimed at creating social protection of human rights and the population has been realized and chosen. Thus, the proposed model of the insurance system has come closer to the traditional world standard, began to meet the basic provisions of the essence of the market economy of the Republic of Uzbekistan, although there is a certain duality in the implementation of this model, which is expressed, in addition to the element of social protection, and in the construction of a savings system, which is, in our opinion, a consequence of the successful implementation of the insurance system as the basis of social protection. In constructing it, we consider it especially important to clarify some methodological provisions related to the change and new content of some basic concepts and terms characterizing insurance in the new conditions, in particular, for such concepts as "insurance service", "insurance product", "insurance risk", "insurance management", "insurance marketing", "insurance transaction", etc.

In general, a service does not exist until it is provided, so it is impossible to compare and evaluate services before receiving them; only expected and received results can be

compared. Uncertainty is inherent in a service, which obviously puts the client in an impossible position, and makes it difficult for service sellers to promote the service on the market. Their specificity - intangibility, inability to store, variability of quality and the inseparability of production and consumption - also determine the features of the sale of services. In our opinion, an insurance service is a product with specific features in the form of uncertainty and intangibility, offered in the form of an insurance policy, according to which the buyer of this service (policy) receives the right to compensation for damage upon the occurrence of an insured event, in accordance with the terms of the contract, for a certain amount paid to the insurer, where the price is based on the tariff. First of all, the definition of "insurance service" gives its fundamental feature as a service in general and an insurance service in particular.

The main element of insurance activity is the insurance transaction as the economic content of any insurance contract. Like any business transaction, the insurance transaction is economically acceptable for the parties to the contract if the balance of their interests is taken into account.

In the scientific works of many scientists, the concept of "insurance service" [1] is often identical to the concept of "insurance product" [2]. In the new conditions of expanding the scope of application and receipt of insurance coverage, there is an urgent need to clarify these concepts, their differences and similarities. First of all, the term "insurance product" is firmly established in the Western insurance market, for our country the concept of insurance service is more familiar. The lack of scientifically based definitions, as well as classifications of insurance products, is, in our opinion, a serious methodological shortcoming of the theory and methodology of insurance, especially in the context of the formation of an innovative economy and the development of commercial insurance.

Understanding an insurance product as an insurance rate or a set of insurance conditions is a simplification and does not reflect the modern content of the economic essence of the concept of "insurance product". An insurance product is understood as protection against insurance risk, as a result of the "production process" in insurance [3]. An insurance product is an intangible asset, the process of obtaining it is similar to the process of producing material assets. Therefore, an insurance product is obtained as a result of the use of specific production factors.

In our opinion, the definition of an insurance product as a combination and application of specific production factors that allows for the provision of an insurance service is quite justified.

The process of specific "production" is aimed at providing an insurance service, since the provision of an insurance service requires a certain production base in the form of "production" factors, such as information about the insurance market, capital market, etc., which can then be transformed in the process into a material form, monetary funds, creating financial relations in connection with the creation of an insurance product. The insurance product is therefore material. The service is basically a certain set of information, when implemented it is transformed into a material form upon the occurrence of an insured event [4].

An insurance product is a specific product obtained as a result of insurance legal relations between the insurer and the policyholder in the process of specific "production", i.e. for an insurance company, each insurance risk for which an insurance contract is concluded, determining the form of insurance protection for the client, forms an insurance product [5]. Insurance contracts may have one or more insurance products. Thus, an insurance product represents insurance protection as a whole.

The peculiarity of insurance marketing lies, first of all, in the fact that in this case an invisible, specific product is offered for sale - an insurance service, which is materialized in the form of compensation for losses in the event of an insured event. Therefore,

insurance marketing differs from other types of marketing that offer a specific product or service. Insurance marketing should include a full range of activities related to the sale of insurance services, starting from the formation of an appropriate image of the company, presentation and explanation of the advantages of its product compared to others in terms of price and service, in addition, evidence of the company's reliability must be presented, confirmed by the presence of its own and reserve capital. In addition to these measures, the company's employees must demonstrate competence and knowledge of the psychology of a potential client, his purchasing level, win the sympathy of the client, and only in the implementation of a set of these measures is it possible to successfully sell products. Thus, unlike marketing in other sectors of the economy, which have a purely sales specificity, in insurance it is a complex economic mechanism that ensures the effectiveness of the management of an insurance company in promoting its product.

## 2. Materials and Methods

This research implemented both quantitative and qualitative research methods for acquiring reliable results in this research. Statistics have been obtained from the national statistics database of Uzbekistan.

Current trends in economic development allow us to highlight the main points in developing recommendations for building a market insurance model, which is characterized by the following natural processes of globalization and integration of the economy: the use and improvement of information technology and the uniqueness of the economic development of an innovative economy. The peculiarity of the development of the economy of Uzbekistan is based on the wealth of natural resources and the need for their efficient use, the construction of an effective system of transport and telecommunications that take into account the territorial specifics of the country [6].

Thus, the main trends in the development of the world insurance market that have manifested themselves to date, which affect the development of the domestic insurance system, are:

- the process of globalization is actively manifested in the sphere of financial markets, including insurance;
- creation of competition for insurance companies, which is manifested in the penetration of banks into traditional types of insurance, such as life insurance, asset management, expanding the scope of their services;
- the emergence of new channels for distributing insurance services, since the insured demonstrates sufficient demand for the convenience and accessibility of the insurance product. In our opinion, the role of traditional insurance intermediaries selling insurance products is decreasing sufficiently. New information technologies, such as the Internet, telephone, banking networks and others, allow creating and implementing fairly simple insurance services that do not require special knowledge and consultations;
- the tendency to focus on the individual client, taking into account his social status, is quite clearly evident. Counting on the prospects in offering and implementing new services that meet individual needs, rather than the standard conditions of insurance products;
- development of technology in searching for and understanding the needs and interests of its clients, delivery of necessary information to the place of insurance events and determination of losses, i.e. prompt and urgent provision of consultations and services using electronic and information technologies;
- a trend towards a comprehensive solution to the client's issues. Full consultation in the field of personal insurance in combination with the provision of insurance and other financial services. Involvement of the insured in receiving income from investments. And on this basis - full legal support for the client. The insurance company becomes

an expert in the field of risk assessment, provides assistance in determining security measures and preventing damage, their prevention. Implementation of comprehensive measures, in addition to payments for damage, to eliminate interference, consequences of accidents, etc., is carried out by advisors on consultations and risk management. Thus, insurance companies must solve any problems of the insured.

The development trends of the modern world insurance market are quite actively influencing the improvement of the national insurance business, primarily synthesizing what is acceptable and possible for the market of our country, taking into account the peculiarities of its state. In particular, in the conditions of competition, the expansion of distribution channels of the insurance product is through the cash and settlement departments of banks, the structure of the republican postal network, the Internet, in addition to traditional distributors of insurance services.

### 3. Results and Discussion

The study on the theoretical and methodological underpinnings of insurance services in Uzbekistan highlights both foundational elements and emerging trends shaping the insurance sector. Key findings reveal that the transition from a centralized to a market economy has necessitated a re-evaluation of insurance models, leading to a distinct shift toward privatized and individualized insurance services. The study underscores that the traditional social insurance systems, while beneficial in past economic structures, may not fully align with the current demands of Uzbekistan's growing and increasingly complex market economy.

A critical theoretical finding pertains to the reinterpretation of "insurance service" and "insurance product." The terms are often used interchangeably; however, as the study clarifies, they represent separate entities—where an insurance service refers to the promise of compensation under specific conditions, and an insurance product embodies this service in an economic and practical form. This distinction bears significant implications for the legal and economic frameworks guiding insurance providers, especially in clarifying policyholder rights and insurer obligations.

From a practical standpoint, the study identifies trends such as globalization and technological advancements that facilitate the development of a competitive, client-focused insurance market. The integration of technology, including the Internet and banking networks, is enabling insurers to offer streamlined services that cater to individual needs. Additionally, the study emphasizes a shift in consumer preferences toward comprehensive insurance policies that address diverse risk management needs, including health, property, and personal security, all of which are becoming increasingly relevant in Uzbekistan's socio-economic landscape.

To advance the academic and practical understanding of insurance services, further research should focus on three primary areas: deep theoretical analysis, empirical investigation, and identification of knowledge gaps. First, there is a need for in-depth theoretical research that examines the evolution of insurance concepts within emerging market economies, particularly regarding the role of insurance in social protection and economic stability. This could involve cross-comparative studies with other transitioning economies to uncover universal versus localized challenges.

Second, empirical research is needed to quantify the impact of new insurance policies and services on client satisfaction, trust, and overall market stability. Surveys and case studies targeting different demographics would provide valuable insights into consumer expectations and satisfaction levels, helping insurers to refine their offerings and ensure regulatory alignment.

While the current study provides a foundational understanding, significant knowledge gaps remain. For instance, there is limited data on the impact of digital channels on customer behavior and satisfaction within the insurance market in



Uzbekistan. Furthermore, research could explore the practical outcomes of merging insurance with other financial services, such as investment products, and their effect on consumer perceptions and market viability.

In conclusion, this study highlights the importance of adapting insurance models to reflect the unique socio-economic realities of Uzbekistan. Future research will be essential in supporting policymakers and industry leaders in crafting an insurance landscape that balances market demands with the country's long-term developmental goals. Such research could serve as a model for other emerging economies undergoing similar transitions.

#### 4. Conclusion

The development of the implementation of complex types of insurance services that meet the needs of the client is very relevant, in particular - unified policies for families on health, property, a transport policy that takes into account the need for compulsory liability insurance and transport - These manifestations are being quite actively introduced into economic life.

The lack of a variety of combined services for personal insurance is a consequence of the underdevelopment of this insurance; the promotion of these services is awaiting its solution. The innovation process is manifested in the active merging of some financial structures, including banking, into the insurance business, including insurance services in the list of innovative financial services they provide. In addition, a trend has begun to merge insurance companies, and the capacity of the insurance market is growing.

There is a need for policyholders to find a comprehensive solution to their risk management problems. Their needs go far beyond traditional insurance services. In substantiating the market model of insurance in Uzbekistan, it is impossible to deny the influence and impact of the external environment, in particular, the trend of internationalization of economic relations, the global insurance business, which is clearly evident in modern conditions, taking into account the peculiarities of the development of the national insurance market in the new conditions.

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