



## ANALYTICAL OVERVIEW OF THE INSURANCE MARKET OF UZBEKISTAN

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**Abstract.** This article is devoted to the analysis of the state of the modern insurance market of Uzbekistan, which is characterized by the growth of the volume of operations, emergence of new directions of insurance activity, aggravation of competition and strengthening of the role of insurance regulator to the situation in the market. It considers the results of the insurance market for the last 4 years, including its main financial indicators and changes in the composition of the main market participants, the policy pursued by the government aimed at raising the insurance market to a new qualitative level and new prospects of development in the conditions of sustainable economic growth of the country.

**Keywords:** Uzbekistan, insurance market, insurance premium volume, reinsurance, regulation.

## O'ZBEKISTON SUG'URTA BOZORINING TAHLILIK SHARHI

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**Annotatsiya.** Ushbu maqola O'zbekistonning zamonaviy sug'urta bozori holatini tahlil qilishga bag'ishlangan bo'lib, u bitimlar hajmining o'sishi, sug'urta faoliyatining yangi yo'nalishlarining paydo bo'lishi, raqobatning kuchayishi va bozordagi vaziyatda sug'urta regulyatori rolining kuchayishi bilan tavsiflanadi. Unda sug'urta bozorining so'nggi 4 yildagi natijalari, jumladan, sug'urta bozorining asosiy ishtirokchilari tarkibi va uning asosiy moliyaviy ko'rsatkichlaridagi o'zgarishlar, davlat tomonidan sug'urta bozorini yangi sifat darajasiga ko'tarishga qaratilgan siyosati va mamlakatimiz iqtisodiyotining barqaror o'sishi sharoitida yangi rivojlanish istiqbollari ko'rib chiqilgan.

**Kalit so'zlar:** O'zbekiston, sug'urta bozori, sug'urta mukofotlari hajmi, qayta sug'urtalash, qonunchilikdagi o'zgarishlar.

## АНАЛИТИЧЕСКИЙ ОБЗОР СТРАХОВОГО РЫНКА УЗБЕКИСТАНА

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**Аннотация.** Данная статья посвящена анализу состояния современного страхового рынка Узбекистана, который характеризуется ростом объемов операций, появлением новых направлений страховой деятельности, обострением конкуренции и усилением роли страхового регулятора к ситуации на рынке. В ней рассматриваются результаты страхового рынка за последние 4 года, включая изменение состава основных рыночных участников страхового рынка и основных его финансовых показателей, проводимая государством политика, направленная на повышение страхового рынка на новый качественный уровень и новые перспективы развития в условиях устойчивого экономического роста страны.

**Ключевые слова:** Узбекистан, страховой рынок, объем страховых премий, перестрахование, законодательные изменения.

### Introduction.

The current policy in Uzbekistan, focused on the continued modernization of industries, contributes to maintaining economic stability and achieving strong growth. As a result of proactive government initiatives, the insurance sector has undergone a significant transformation and is now recognized as one of the fastest-growing industries in the country. The state is taking active measures aimed at further formation of a competitive market of insurance services, improvement of the legal framework and development of modern types of insurance. Although, the market needs further structural improvements, including enhanced underwriting standards and better risk diversification, increase of public awareness about insurance benefits, improvement of solvency positions of insurers.

### Literature review.

Several scholars have addressed recent regulatory developments in insurance legislation, the Uzbek government's digitalization initiatives and the evolving dynamics of the national insurance market. Notably, in the works of Azimov "Problems of digitalization of insurance business in Uzbekistan", "The role and place of compulsory and voluntary types of insurance in the development of the national insurance model in Uzbekistan", there were analyzed ongoing digitalization efforts in the insurance market of Uzbekistan in accordance with Decree of the President of the Republic of Uzbekistan № PP-5265 dated 23.10.2021 "On additional measures on digitalization of the insurance market and development of the life insurance sector", importance of development of digitalized insurance products following active marketing campaigns among population to increase public awareness about features and benefits of insurance as well as development of voluntary insurance.

Abduraximova in her study "Prospects for further development of the insurance market in Uzbekistan" emphasizes the profound impact of financial technologies on the insurance industry, transforming the way services are delivered to consumers. She advocates for enhancing market competition by allowing foreign insurance companies to establish branches in Uzbekistan and stresses the need to ensure that all insurers are members of the Payment Guarantee Fund to safeguard consumer interests. The same proposals are offered by Nomozova in her work "Prospects for the development of business risk insurance in Uzbekistan".

Former head of the insurance supervisory authority – the Agency for the Development of the Insurance Market of Uzbekistan – Talipov, in his article “The future of the insurance industry lies in the hands of qualified personnel” highlights the acute shortage of highly qualified actuaries and other skilled insurance professionals in the local market. In light of 2023 being declared as the “Year of Attention to People and Quality Education”, he underscores the Agency’s strategic objectives, which include organizing training courses for actuarial certification, developing educational programs for insurance agents under the Professional Association of the Insurance Market of Uzbekistan, launching reinsurance training courses in partnership with the UK’s Chartered Insurance Institute (CII).

In addition, official website of the insurance supervisory body of Uzbekistan, including its annual reports, provides statistical data, general information on the development of the insurance market of Uzbekistan.

### Research methodology.

The methods of logical and structural analysis, grouping, economic and statistical analysis, mutual and comparative comparison were effectively used in the realization of the set research objectives.

### Analysis and discussion of results.

The insurance market of Uzbekistan has been growing very rapidly over the past four years, demonstrating a significant growth in both quantitative and qualitative terms. This is driven broadly across all lines of business, supported by inflow of foreign investments, a construction boom, the relocation of Russian companies to Uzbekistan and rising income levels of population.

**Table 1**

#### Main indicators of the insurance market of Uzbekistan for the period 2021-2024 (in bln. UZS)

	2021	2022	2023	2024
Insurance premiums	3 732	6 232	8 060	9 770
Insurance premiums growth (%)	69	67	29	21
Share of compulsory insurance (%)	13	8	8	7
Share of voluntary insurance (%)	87	92	92	93
Share of non-life insurance (%)	81	76	96	97
Share of life insurance (%)	19	24	4	3
Insurance payments	1 235	2 597	2 022	2 205
Insurance payments growth (%)	68	110	-22	9
Share of compulsory insurance (%)	15	9	12	17
Share of voluntary insurance (%)	85	91	88	83
Share of non-life insurance (%)	50	42	78	78
Share of life insurance (%)	50	58	22	22
Total paid-up capital	1 590	1 884	2 299	2 964
Total investments	3 747	4 752	6 150	6 543

**Source:** prepared by the authors based on annual reports, statistical information of the insurance regulator of Uzbekistan for the period 2021-2024.

As it can be seen from the Table 1, in 2024 total insurance premium income, including life insurance, amounted 9 770 bln. UZS, growth of 21% over 2023 in local currency terms. General (non-life) insurance sector accounted for more than 97% of the total insurance industry’s gross written premium, which is typical for young and developing insurance markets where life insurance penetration remains quite low. During 2021-2024 compound annual growth rate

(CAGR) of the insurance market of Uzbekistan reached 27,2% and it is expected that the market will achieve a CAGR of more than 10% during 2024-2027.

In terms of insurance payments, the market experienced a significant decrease in growth in 2024, reaching only 9%, and even recorded a decline of 22% in 2023. This was primarily explained by the removal of the personal income tax exemption allocated to long-term life insurance contracts, which led to a sharp drop in the volume of business for life insurers and, consequently, a decrease in their payout activity.

As of end of 2024, the insurance market of Uzbekistan included 33 insurance companies. Five years earlier, the market was predominantly led by state-owned insurers such as Uzbekinvest, Kafolat, and Uzagrosugurta, which collectively held around 35–40% of the market share. However, in 2024, only one state-owned company – Uzbekinvest – remained among the TOP-5 insurers, securing the second place (see Table 2).

For the second consecutive year, Apex Insurance maintained its position as the absolute market leader, capturing 28% of the total market share. The TOP-3 market leaders are rounded out by Kafolat, which has significantly strengthened its position in 2024 following its earlier privatization, carried out in accordance with the Decree of the President of the Republic of Uzbekistan dated February 11, 2021 No.UP-6167 “On measures to further accelerate the processes of privatization of state assets”.

Table 2

### The biggest insurance companies of the Uzbek insurance market

		Insurance premium (in bln. UZS)		Share of inward reinsurance premium (%)		International rating	
		2023	2024	2023	2024	Level	Outlook
1	<b>APEX Insurance</b>	2 011	2 758	8	10	BB- (S&P)	Stable
2	<b>Uzbekinvest</b>	1 234	1 271	56	64	Ba2 (Moody's)	Stable
3	<b>Kafolat</b>	704	739	77	63	B+ (Fitch)	Negative
4	<b>GROSS</b>	450	623	19	34	B+ (Fitch)	Stable
5	<b>My Insurance</b>	338	430	0	0	B2 (Moody's)	Stable
6	<b>Uzagrosugurta</b>	393	418	59	64	BB- (Fitch)	Negative
7	<b>Kapital-Sug'urta</b>	300	367	20	7	B- (Fitch)	Stable
8	<b>Temiryo'l-Sug'urta</b>	255	302	44	33	B (S&P)	Stable
9	<b>Kafil Sug'urta</b>	178	289	0	22	B2 (Moody's)	Stable
10	<b>Alfa Invest</b>	235	268	44	21	B2 (Moody's)	Stable

*Source:* prepared by the authors based on figures of National Agency of Perspective Projects and corporate web-sites of insurance companies.

What's remarkable about the Uzbek insurance market is that most of insurance companies are highly engaged in inward reinsurance business (more than 60% is coming from abroad). Currently, all of the TOP-10 insurance companies hold international ratings from global rating agencies. This move is aimed at fostering collaboration with foreign insurers in the area of reinsuring risks. Some insurance companies, like Uzbekinvest, Kafolat, Uzagrosugurta generated more than 50% of their revenues from inward reinsurance activities. The expansion of inward reinsurance business by local insurers is also driven by intense competition for commercial accounts within the domestic market, which continues to be dominated by corporate clients, while the retail segment remains largely underdeveloped.

As part of comprehensive reforms in the market, in September 2023 insurance regulatory authorities were transferred from the Agency for Insurance Market Development under the Ministry of Finance of the Republic of Uzbekistan to the National Agency for Perspective

Projects (NAPP). Initially established to oversee digitalization and the crypto market, NAPP started applying its progressive regulatory approach to the insurance industry from the very beginning. It demonstrated a strong commitment to enhancing industry regulatory requirements and revoked licenses of several insurance companies due to non-compliance with regulatory standards. As a result, number of insurance companies decreased from 42 as of end September 2023 down to 33 as of end December 2024 (see Table 3).

**Table 3****Number of the Uzbek insurance market participants**

	2021	2022	2023	2024
Number of insurance companies	42	41	38	33
Non-life insurance	34	33	31	28
Life insurance	8	8	7	5
Insurance brokers	5	7	8	11
Actuaries	5	5	5	5
Insurance agents	9 581	9 155	4 736	4 804

*Source:* prepared by the authors based on figures of National Agency of Perspective Projects.

At the beginning of 2024, NAPP developed a significant document – “Comprehensive Measures for the Further Development of the Insurance Market” – approved under the Presidential Resolution No. 108 on 01.03.2024. This document is aimed at further increasing the level of digitalization in the insurance industry, market capitalization, introduction of several types of insurances based on best world practices (including takaful insurance, green insurance, voluntary medical insurance, imputed insurance), etc.

In particular, all insurance policies are issued electronically and registered in unified electronic system from September 01, 2024. Since January 2025, NAPP started a practice of publishing its own ratings on insurance companies, affirmed based on 19 criteria such as timely settlement of claims, handling of customers’ claimants, loss ratio, solvency margin, investment income and others.

It’s worth mentioning that NAPP is planning to revise several legal acts, governing insurance reserves, actuarial services, investment activities of insurers. That includes development of proposals on bringing the methodology of formation of insurance reserves and determination of insurers’ solvency in compliance with Solvency II standards. NAPP, as part of the International Association of Insurance Supervisors (IAIS), has an access to the insurance legislation of all IAIS member states, which makes it possible for the insurance regulator to harmonize insurance legislation in Uzbekistan with international standards.

The most significant reform is the substantial increase in minimum capital requirements, which will be implemented in three phases — starting in October of this year, then in October 2027, and finally in October 2029 (see Table 4). By the end of this process, capital requirements are expected to triple. Uzbekistan has been steadily raising capital thresholds, with previous increases in 2020 and 2022. These regulatory changes aim to strengthen insurers’ solvency and may also result a consolidation among the numerous small insurers operating in the insurance market.

Despite all these positive results and regulatory changes, the insurance market of Uzbekistan is still in the early stages of its development and remains far from reaching its full potential. There are several key indicators that reflect the strength and development of the insurance market, including the loss ratio (measured as insurance premiums divided to insurance payments), insurance density (measured as insurance premiums divided to population) and the penetration of the insurance industry (measured as insurance premiums as a percentage of GDP). These ratios vary considerably around the world with generally higher levels in more advanced and wealthier economies.



Table 4

**Minimum capital requirements for insurers of Uzbekistan (in bln. UZS)**

	<b>Current level</b>	<b>From 01.10.2025</b>	<b>From 01.10.2027</b>	<b>From 01.10.2029</b>
<b>Insurers, engaged in voluntary insurance</b>	20	35	45	60
<b>Insurers, engaged in compulsory insurance</b>	35	50	75	100
<b>Insurers, engaged in reinsurance</b>	45	80	100	120

*Source:* Presidential Resolution No. 108 dated 01.03.2024 on "Comprehensive Measures for the Further Development of the Insurance Market".

According to OECD, the global average market levels are 60%, 900 USD and 5% respectively. The Uzbek insurance market, however, had significantly lower levels – reflecting its status as an emerging market – with insurance density around 20 USD, penetration level below 1% and a fluctuating loss ratio of around 30% for the last 4 years.

Table 5

**Key market indicators of the insurance market of Uzbekistan for the period 2021-2024**

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
GDP growth of Uzbekistan (%)	7.4	5.7	6.3	6.5
Inflation rate (%)	10.0	12.3	8.8	9.8
Population (in mln.)	34.6	35.3	36.8	37.5
Loss ratio (%)	33	42	25	23
Insurance density (in UZS)	107 990	176 680	219 015	260 236
Insurance penetration rate (%)	0.51	0.70	0.68	0.67

*Source:* prepared by the authors based on figures from National Statistics Committee of the Republic of Uzbekistan and annual reports of the insurance regulator of Uzbekistan for the period 2021-2024.

These indicators highlight a significant gap between Uzbek insurance market and global benchmarks, which can be attributed to several factors, including:

- low public awareness about insurance benefits and mechanisms;
- negative personal experience of people, especially with widely-used, but low-margin insurance products for insurers, such as compulsory motor third-party liability insurance (commonly referred to as "OSAGO") largely due to the overly complex and bureaucratic nature of the claims settlement process;
- a shortage of insurance products tailored to individual needs of people or a lack of incentive for consumers to purchase them (e.g. voluntary medical insurance, long-term life insurance, takaful insurance, etc.);
- acute shortage of actuaries, highly qualified underwriters that limits the development of sound pricing strategies and proper risk assessment (especially the foreign risks, coming via reinsurance);
- low income level of most part of population;
- under-developed distribution channels (brokers, bancassurance, mobile applications), with a strong reliance on traditional sales methods.

In order to foster sustainable growth of the insurance sector in Uzbekistan, in our opinion, it is necessary to enhance financial literacy and public trust on insurance through targeted awareness campaigns, educational programs and transparent communication from insurers. According to publicly available information, only a limited number of universities in Uzbekistan

offer insurance-related courses or modules as part of their academic programs, including Tashkent State University of Economics, National University of Uzbekistan, The Banking and Finance Academy and Westminster International University in Tashkent.

“Mahalla”, as a good community-based self-governance system of Uzbekistan, can play a vital role in facilitating communication between insurers and individuals and it may also provide a foundation for introducing mutual insurance schemes, where community members collectively contribute to a common risk pool. These schemes can provide protection against common local risks (natural disasters, property damage, etc.), especially in areas where access to formal insurance is limited. Such initiatives can increase insurance penetration, promote solidarity-based financial protection, and even develop new insurance products based on mutual insurance principles. Takaful insurance (or Islamic insurance), based on the principles of mutual assistance and shared responsibility, fully aligns with community-based models like those supported by mahallas and has a huge potential to effectively extend insurance coverage to Muslim populations with strong religious and cultural values.

Promotion of digitalization of insurance by encouraging insurers to adopt digital platforms for purchasing insurance, claims processing, offering additional online customer services can support the development of the insurance market in general. Especially, digitalization can significantly contribute to the development of life insurance, as it enables individuals to actively engage with personalized digital tools tailored to their specific insurance needs and preferences. It can also decrease distribution and administrative costs of insurance companies, allowing them to improve their profitability, lower costs of insurance for customers, develop new types of insurance.

In our opinion, these some measures could further enhance the level of development of insurance market of Uzbekistan, making it more resilient, inclusive, and competitive that would contribute to the country’s economic growth and financial security of its individuals and businesses. Moreover, the advancement of the insurance market can support Uzbekistan in achieving several Sustainable Development Goals (SDGs), including SDG 10 (Reduced Inequalities) by expanding access to financial protection for under-served populations, reducing vulnerability to economic shocks and SDG 16 (Peace, Justice and Strong Institutions) via promotion of transparent, accountable, and efficient insurance regulation and the establishment of trust between insurers and the public.

### **Conclusions and suggestions.**

The insurance market of Uzbekistan has experienced significant growth and transformation over the past few years, driven by economic growth, increased foreign investment and regulatory reforms. The industry is becoming more concentrated upon growth of competition and stricter compliance by the insurance supervisory body, local insurers are expanding participation in international reinsurance. The implementation of new capital requirements, regulatory improvements and launch of innovative insurance products will further strengthen the position of the insurance market.

However, several challenges continue to hinder progress. These include low public awareness and financial literacy, a shortage of skilled insurance professionals, underdeveloped distribution channels, and a lack of personalized insurance solutions. To address these obstacles, it is important to promote financial education among population and transparency on the side of insurance companies, leverage the role of mahallas to develop mutual insurance and takaful insurance models, encourage insurers to accelerate digital transformation for simplification of business processes and improvement of customer services. Successful implementation of these measures will help to strengthen the local insurance market, which can contribute to the socio-economic development of the country and increase the level of financial protection of its citizens.

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