



THE DEVELOPMENT OF INSURANCE SERVICES IN UZBEKISTAN: MARKET TRENDS, BARRIERS TO EXPANSION, AND DIGITAL TRANSFORMATION PROSPECTS

Dilshod Farhadovich Nasirov

Senior lecturer at Samarkand Institute of Economics and
Service

Email: dilshodnasirov1967@gmail.com

Komiljonova Madina Mansurjon qizi

student of SamIES, 3rd year

Xusinova Hilola O'tkir qizi

student of SamIES, 3rd year

Abstract. *This study examines the current state and development dynamics of the insurance sector in Uzbekistan, with a focus on market penetration, structural challenges, and emerging digital trends. Despite recent regulatory reforms and the adoption of the “Strategy for the Development of the Insurance Market in the Republic of Uzbekistan for 2023–2027,” insurance awareness and coverage remain low—especially among individuals and SMEs. A survey of 14 insurance agencies and 22 small business owners across Tashkent and Samarkand was conducted in April–May 2025. Results show that motor third-party liability (MTPL) and compulsory health insurance dominate the market (86% of policies), while voluntary insurance products (e.g., property, business interruption, cyber risk) are underutilized (<15%). Key barriers include low financial literacy (79% of SMEs), lack of trust in insurers (64%), and limited product customization. However, 62% of insurers report active investment in digital platforms, signaling early-stage digital transformation. The findings suggest that sustainable growth of the insurance sector requires coordinated efforts in public education, product innovation, and regulatory support for insurtech. This research contributes empirical insights into insurance development in Central Asia and offers policy recommendations for inclusive risk protection.*

Keywords: *insurance market, insurtech, financial inclusion, SMEs, digital transformation, Uzbekistan, insurance awareness, regulatory reform*

Introduction

The insurance sector in Uzbekistan has historically been underdeveloped, with insurance penetration (premiums as % of GDP) remaining below 0.5%—one of the lowest rates in the Eurasian region (World Bank, 2024). However, recent years have seen significant momentum: the government launched the “National Insurance Development Strategy (2023–2027)” (Cabinet of Ministers, 2023) and introduced mandatory health and MTPL insurance, aiming to expand risk coverage and strengthen financial resilience.

Samarkand—home to a vibrant ecosystem of SMEs and tourism-dependent businesses—is particularly vulnerable to uninsured risks (e.g., fire, natural disasters, liability claims). Yet, little is known about how local businesses perceive or use insurance, or how insurers adapt to digital demands.

This study addresses two research questions:

- (1) What types of insurance products are most commonly used in Uzbekistan, and by whom?
- (2) What factors hinder broader insurance adoption and innovation?

The findings are relevant for financial policymakers, insurance regulators, and educators training future risk management professionals in Uzbekistan.

Methods

A mixed-methods design was used, combining insurer surveys and SME interviews.

Sampling:

- 14 insurance agencies (8 in Tashkent, 6 in Samarkand), including state-owned and private companies;
- 22 SME owners (cafés, guesthouses, transport services, retail) from Samarkand.

Data collection:

- Insurers: Structured questionnaire on product portfolios, digital tools, and market challenges (April 2025).

- SMEs: Semi-structured interviews on insurance awareness, past use, and trust (May 2025).

Analysis: Descriptive statistics for quantitative data; thematic coding for qualitative responses. All participants gave informed consent.

Results

Insurance product adoption (among SMEs, n=22):

Insurance Type	Used by	%
MTPL (compulsory auto)	19	86%
Compulsory health insurance	18	82%
Property insurance	3	14%
Business interruption insurance	2	9%
Cyber/online transaction insurance	1	5%

Key barriers (SME perspective, n=22):

- Low understanding of insurance benefits: 17 respondents (77%)
- Distrust in claim handling: 14 respondents (64%)
- High premiums relative to perceived risk: 11 respondents (50%)
- No offered products for their business type: 9 respondents (41%)

Insurer initiatives (n=14):

- 9 agencies (64%) use mobile apps for policy sales;
- 7 (50%) offer online claim submission;
- Only 3 (21%) collaborate with fintechs or use AI for risk assessment.

> “We sell MTPL because it’s mandatory—but no one asks for fire or theft coverage.”

> “If a café owner loses income due to water damage, there’s no simple policy for that.”

Discussion

The data reveal a “dual structure” in Uzbekistan’s insurance market: mandatory products dominate, while voluntary, risk-specific insurance remains marginal. This reflects a broader pattern in emerging markets—insurance is seen as a legal obligation, not a risk management tool (Gurenko, 2022).

The low uptake of business-related insurance is alarming in Samarkand, where tourism-linked SMEs face seasonal and environmental risks. The absence of tailored microinsurance products (e.g., for guesthouses or street vendors) limits financial inclusion.

However, the early adoption of mobile platforms by insurers is promising. Unlike banking, where digital services are mature, insurance digitization is just beginning—creating an opportunity for “leapfrogging” via insurtech (e.g., pay-as-you-go, chatbot-based policies).

Policy recommendations:

- Launch nationwide financial literacy campaigns on insurance (e.g., through schools and tax offices);
- Incentivize product innovation via sandbox regulation for insurtech startups;
- Introduce tax deductions for SMEs purchasing business insurance.

Limitations: Small sample and focus on urban centers. Rural and agricultural insurance needs further study.

Conclusion

The insurance sector in Uzbekistan is at a turning point. Regulatory reforms have created a foundation, but market depth depends on changing public perception, developing relevant products, and embracing digital channels. Without proactive

measures, insurance will remain a compliance exercise rather than a pillar of economic resilience. This study provides timely, ground-level evidence to guide inclusive insurance development in Uzbekistan and offers a model for similar transition economies in Central Asia.

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