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PROSPECTS FOR DEVELOPMENT OF INVESTMENT LIFE INSURANCE IN UZBEKISTAN

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ABSTRACT

The article discusses the main components of investment life insurance in order to identify competitive advantages, features and disadvantages that allow assessing the current state and predicting the prospects for its development. Based on the analysis of periodicals, the main advantages and disadvantages of investment life insurance have been identified; the features that should be taken into account in the process of introducing this product on the insurance market have been identified.

KEYWORDS: *Life Insurance, Investment Products, Accumulated Insurance, Mutual Investment Fund, Investment, Profitability.*

INTRODUCTION

Life insurance is of great social and economic importance. On the one hand, it protects the population from the consequences of social risks and serves as an instrument of accumulation, and on the other hand, it acts as a source of long-term investment in the national economy. The growth of the life insurance segment has become more active due to the confident development of investment life insurance - a direction that has become widespread due to the decrease in rates on bank deposits and low demand for them.

Currently, the investment life insurance market is actively developing. Investment life insurance is one of the fastest growing segments of the insurance market. Investment life insurance is one of the types of life insurance, which is a structured product that includes an insurance and investment component.

Investment life insurance is a hybrid financial product that combines accumulative life insurance and a financial instrument that allows you to receive income by investing an insurance premium in various financial assets offered by the insurer. For the insurance part of the product, the client receives traditional insurance coverage, and for the investment part - the opportunity to receive a sufficiently high expected income with limited risk. Thus, for clients, investment life insurance becomes an attractive investment instrument with a unique combination of insurance and investment guarantees.

The main differences between investment life insurance and endowment life insurance:

1. The ability of policyholders to participate in the investment income of insurers, while taking on part of the risks from investment. If the insurer disposes of the client's funds in the endowment life insurance programs, then in the investment life insurance programs the client assumes all the risks and chooses the directions for investing his funds, or delegates to carry out investments on his own behalf by a professional asset manager.

2. The policyholder knows in advance that the profitability of the contract will be determined only by the price of the acquired shares. In investment life insurance policies, the final amount of savings can only be assumed.

Therefore, it is always better to open these programs for long periods of time - from 10 years. Over such long periods of time, a significant growth in the stock market, where funds are invested, is practically guaranteed.

3. The client can control his investment portfolio on his own (if he understands the basics of investment) or through his financial advisor.

4. The investment portfolio can be revised once, maximum twice a year. Information about the change in funds and the state of the personal investment portfolio can be obtained both on the website of the insurance company and from independent sources.

An investment life insurance program should be part of everyone's financial planning. Investment life insurance programs are suitable for those who are ready to understand the principles of investing and pay more attention to the financial planning of their lives.

This insurance product has a number of other advantages:

1. Special legal status of investments (they are not property and, therefore, are not subject to confiscation, seizure, division; they cannot be penalized by third parties).

2. If the insurance contract establishes beneficiaries in case of death, the insurance payment is not included in the inheritance and is made to the person indicated as the beneficiary within the terms established by the insurance contract (usually 30 days). Thus, this is a way of long-term transfer of capital to someone close to you or relatives, because life insurance is a very secure investment.

TABLE 1. ADVANTAGES AND DISADVANTAGES OF INVESTMENT LIFE INSURANCE

Advantages	Disadvantages
Use of preferential rates when calculating tax liabilities	Low liquidity
Modeling a system for investing insurance premiums	Obligatory long term investment
Preserving your money in the event of a divorce (i.e., when funds are withdrawn, investments are saved for a long time)	Large penalties for early withdrawal of funds
Reliable protection in the event of insured events related to human health	Strictly limited list of available financial assets

Taking into account the considered features, it is possible to assess the relevance of investment life insurance and highlight three main reasons for its popularity:

- 1) Insurers offered the market a “boxed” product that does not require underwriting and can be easily sold through a bank channel.
- 2) In the face of a decrease in their interest income, banks have relied on the sale of investment life insurance policies as a source of additional fee and commission income. About 90% of insurance premiums for investment life insurances come through the banking channel.
- 3) Clients see investment life insurance as an alternative savings instrument to deposits, combining a capital return guarantee and access to various investment products. Each product has its own merits and demerits.

Thanks to investment life insurance, the client gets the opportunity to:

- 1) invest money in the stock market without the risk of losing investments;
- 2) additionally increase and preserve your capital with the help of tax incentives and legal privileges (in particular, funds invested in the insurance program are not subject to confiscation, collection, division in case of divorce);
- 3) receive reliable insurance coverage in case of unforeseen circumstances related to life and health.

However, despite the merits of investment life insurance, there are a number of problems.

First, aggressive sales by banks. Bank employees often impose this product on customers, exaggerate its possible profitability, advertise it as an analogue of a deposit, hiding its specific features.

Secondly, this product is aimed at a consumer with high financial literacy, and in our country it is still insufficient in general.

Third, there must be strict financial discipline on the part of the customer with the installment product. You need to carefully assess your financial capabilities, otherwise there may be losses in case of early termination of the contract. Investment life insurance is aimed at the middle class. Currently, most of the insured under the investment life insurance have an age of 45 and older.

Fourth, there is a risk of loss of investments in the event of the insurer's bankruptcy. After all, guarantees are valid only in relation to deposits, and insurance contracts do not apply. And banks and insurers do not provide such information to customers.

Fifth, insufficient legal regulation. To date, there is no normative legal act in which the term "investment life insurance" would appear, and this does not provide an opportunity for effective control over the mechanism and implementation of the investigated product.

Despite all the problems described above, it would be completely inappropriate to abandon the investment life insurance, bearing in mind its enormous economic and social significance. At this stage of the development of the insurance market, investment life insurance is in demand and contributes to the growth of the life insurance segment, having a positive effect on the development of the country's economy. Subject to a number of conditions, this financial product is able to provide insurance protection and generate income for the owner, which requires a search for a compromise of interests of all parties interested in its development.

For the further development of investment life insurance, a number of measures are needed.

It is necessary to legislatively define the concept of "investment life insurance", keep statistics and reform control over life insurance to identify prospects and development trends.

Measures are needed to clarify the specifics of investment life insurance. It is important to form and develop an effective infrastructure of the insurance market. Due to the complexity of this insurance product, it is necessary to develop training for managers of banks and insurance companies.

It is necessary to develop a plan of measures to improve the qualifications of personnel. Despite the existing problems, investment life insurance in the financial market has a high potential. Its development is a priority, since investment life insurance has a number of advantages - a guarantee of capital safety, investment income and insurance protection.

The growth of investment life insurance is due to the provision of tax benefits, stabilization of the securities market, and an increase in citizens' awareness. Investment insurance contracts guarantee a likely higher level of income than other financial insurance products.

CONCLUSION

Thus, examining the current stage of development of investment life insurance, we came to the conclusion that investment life insurance is a fairly new type of insurance that has not yet been fully studied and is not entirely clear for the population, which has certain advantages and disadvantages.

The growth in sales of investment life insurance products is due to the stabilization of the securities market, the development of tax incentives for income under investment life insurance contracts, and the impact on increasing citizens' awareness of the possibilities of obtaining investment income.

Investment life insurance contracts guarantee a probable and higher level of income than other financial products. The upcoming development of investment life insurance is closely related to the trend of expanding the range of banking and insurance products, which will lead to an increase in sales of investment life insurance products through banking organizations. These

circumstances will serve as a growth stimulus for the socio-economic consequences of the introduction of investment and insurance products, the growth of the volume of investment life insurance contracts.

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