

**STATE COMMITTEE OF COMMUNICATION, INFORMATION AND
TELECOMMUNICATION TECHNOLOGIES OF REPUBLIC OF
UZBEKISTAN
TASHKENT UNIVERSITY OF INFORMATION TECHNOLOGIES**

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**The problems of implementing internet insurance and the prospects
for the development of the web insurance in Uzbekistan**

FINAL QUALIFYING WORK

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TASHKENT UNIVERSITY OF INFORMATION TECHNOLOGIES

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In this final qualification work, the ways of future development in insurance activity and also the issues of implementing internet insurance are observed. Besides, the work represents the financial analysis of insurance company's activity in Uzbekistan and in developed countries, and then the directions of implementing internet insurance are offered.

Ушбу битирув малакавий ишда суғурта фаолиятини янада ривожлантиришнинг йўллари ва унинг интернет тармоғи орқали фаолият юритишини ташкил қилиш муаммолари ўрганилиб чиқилган. Шунингдек, жаҳон миқёсидаги ривожланган мамлакатлардаги ҳамда Ўзбекистон республикасида фаолият юритаётган суғурта корхоналарининг молиявий кўрсаткичлари таҳлил қилиниб, интернет суғурта фаолиятини жорий этишнинг йўллари таклиф этилган.

В этом выпускной квалификационной работы изучается пути дальнейшего развития в страховой деятельности, а также вопросы реализации интернет страхования. Кроме того, работа представляет собой финансовый анализ деятельности страховой компании в Узбекистане и в развитых странах, а затем направлений реализации интернет страхования предлагаются.

CONTENTS

INTRODUCTION	6
Chapter1. Insurance process and economic-social features	9
1.1. The concept and economic-social features of insurance.....	9
1.2. Provision of insurance services development in Uzbekistan.....	23
Chapter2.The role of the internet as well as information technologies for the operating of Insurance organizations in Uzbekistan	32
2.1. Analyzing of the insurance companies' network web-sites in Uzbekistan.....	32
2.2. The concept “internet insurance” and the role of the internet for the operating of Insurance organizations.....	44
Chapter3. The performing and improving prospects of the internet insurance	55
3.1. The experience of insurance services trade on the web in well-developed countries.....	55
3.2. The problems of implementing internet insurance and the prospects for the development of the internet insurance in Uzbekistan.....	63
Chapter4. Life activity safe	69
4.1. Interaction between humans and the techno sphere.....	69
4.2. Fire safety.....	73
CONCLUSION	78
THE LIST OF THE USED LITERATURE	81

Introduction

From early times of independence huge economic actions has been done and presently positive results are gaining from these actions. Plans for “Uzbek model” which was worked out by President focused on forming social-oriented market economy. Particularly enterprises are privatized by demerging from State and provided opportunity for private ownership as well as stable legal base is working out in economic area. These all are serving as stable legal base in liberalization and modernization of our economy.

In turn, we need to develop guarantied system to strengthen security of private ownership, so the owner who raised money by legal way could trust his property is in safety. In developing this system the role of insurance relations is meaningful. Lately, several plans were realized in developing insurance relations. Legal base of this area was worked out and it is developing from year to year. Main law “About insurance activity” was accepted documental on April 5, 2002. Besides the ways of organization, creation of insurance offices is arranging. Different services of insurance are presenting by insurance offices.

Our country has already chosen its perspective way after the independence and now it is clear that the sphere of communication plays the most important role in the whole economy. Competitive, effective and the preferred information communication networks can lead to manufacturing total effectiveness, increasing of vacancies, rising of export rates and tax incomes, that’s reforming of advantage tendencies. In developing of communication sphere, the most titanic aspects are international investments and the unions of international companies. These latter days, many foreign investors and companies are adding their beneficial share to our communication system.

Presently, in our country, the service industry is developing with an incredible speed and the enlarging of insurance area could be a relative example to this fact. And also the new professional participants of insurance market create the opportunity for enhancing insurance types and providing the legal, individuals with qualitative insurance services. For this the decree of the president on 10th April, 2007 “On measures to further reform and development of the insurance market”

can be criterion. In general, nowadays in our government have enough conditions for motivation of legal, individuals' active participation in insurance market and to rise of our insurance market degree up to international degree.

For instance, in accordance with the Decree of the President of the Republic of Uzbekistan dated October 16, 2012 № PD-4475 "On creation of the State Committee for Communications, Information and Telecommunication Technologies of the Republic of Uzbekistan" and this is the main step of evolving the information communication sphere.

The main tasks and activities of the State Committee for Communications, Information and Telecommunication Technologies of the Republic of Uzbekistan are:

- ✓ ensuring the implementation of a unified state policy in the field of information, the development and implementation of comprehensive national programs for the introduction of modern information and communication technologies, including world-class information technology development, protection and use of information;
- ✓ implementation of governance and control over the development and effective operation of the field of communication, information and telecommunication technologies, including through the implementation mechanisms of international and industry standards, a system of criteria and indicators to assess the level of information industries and sectors of the economy, as well as the licensing of activities in the field of telecommunications;
- ✓ organize an effective system of training and skills development in the field of information and communication technologies, including in the field of software development, information databases, information security;
- ✓ International cooperation in the field of communication and information and communication technology, the use of radio spectrum, training and innovation.
- ✓ creation of a single system of formation, storage and use of government information resources and databases, creation and management of integrated systems of interagency networks and data exchange, ensure the further development of the information environment on a platform of "electronic

government" through the creation of electronic document management system, integration of government information resources, formation of uniform vertical corporate networks of ministries and departments, the introduction of electronic forms for the delivery of interactive public services to businesses and the public;

If we pay attention to developed countries economy, we could recognize that the internet network has already involved the whole service industry. The important side id those services are operated in s short time duration and without extra expenditure. As our Government President said “.....not only we have to sort out the problems in information services operation, but also in short time duration we have to join the line of the countries that have a good degree of information communication implementing”¹

Step by step almost all organizations are trying to use the internet network in order to operate their works in our country. Widely the internet system is involving all spheres such as e-commerce, advertising, sending data and so on. Similarly, the internet can provide the intensiveness of the insurance services. So implementing the internet insurance leads to not only the intensiveness for insurance companies operation, but also it serves to increase the rate of information communication sphere in our economy.

Understanding value of innovative potential development of XXI in modern economy and also the necessity of research development of innovative processes for finding effective instruments of their application and competitiveness increase of the domestic companies and the enterprises also defines relevance of a dissertation research subject.

The ability to receive and effectively apply new knowledge and technology defines the role and place in the world community, the standard of living of the people and national security. Therefore, the priority is to implement a strategy of innovative development of the economy. Such an economy can only be created by

¹ I.A Karimov, the magazine “Xalq So’zi” dated January 19, 2013.

highly educated and fully developed people. Consequently, the growth of intellectual capacity - is our main resource of innovation to socio-economic development².

The object of the work is to work on problems of insurance activity on internet network and to find out the ways of improving internet insurance in Uzbekistan.

Work structure. The graduation work consists of the introduction, four heads, the conclusion, 12 table, and the list of the used literature.

Chapter1. The concepts and features of the economic-social insurance

² Clarification to the decree of the President of May 30, 2002. Number PD-3080 "On further development of computerization and introduction of information and communication technologies."

1.1. The concept and economic-social features of insurance

As you know, the Government of the Republic of Uzbekistan attaches great importance to the education of the younger generation. The basis of all human values, including any science, is a virtue. Business Insurance emerged as the provision of assistance to the affected through public contributions, which initially took the form of charity. Educating the younger generation assumes a basic knowledge of morality and spirituality as well as knowledge of the insurance business. It is equally necessary as modern managers, economists and ordinary citizen - potential client insurance companies. The insurance business should be based on principles such as fairness, appropriateness, humanism.

In the system of economic relations, an important element is insurance. On the nature and development of the theory of insurance attached great importance at different stages of economic thought and the development of society.

In the books of prominent theorists of international insurance - David Bland (Chartered Insurance Institute, London), Francis Loyaka (European Committee for insurance), representatives of the world of insurance business - J. Farr, TJ Kelly, W. Knock, P. Myullera and others, the issues of insurance in the industrialized countries. Today, modern Western scholars in the field of insurance theory shared by Professor Maslow (1954), according to which the need for security - one of the major needs in the pyramid as a single person and of society as a whole³. Consequently, the insurance satisfies the basic human need and, therefore, the need of society and is a necessary element of stability in the system of social relations. In foreign economic theory assumed that without insurance, many sectors of the economy would not get a modern development - giving loans to ensure uninterrupted production process, etc⁴. How to find foreign economists⁵, the more developed the economy, the more money is spent on insurance.

³Maslow A. Motivation and Personality, Harper, New York, 1954.

⁴ Seminar on Insurance 17-20 March 1992, p.62., D. Bickethaupt, General Insurance, IRWIN, Illinois, 1983, p.86

⁵ Seminar on Insurance 17 - 20 March 1992, p.72.

Insurance activity is an activity of professional participants of the insurance market, related to the implementation of insurance⁶. Thus, insurance - a way to redress the owner of wealth as a result of extreme events such as natural disasters, accidents, earthquakes, fires, etc.

The original meaning of insurance is connected with the word "fear." Even in ancient times there was an idea to merge the property owners for the purpose of co-pecuniary damage suffered by the joint layout of loss among association members. The more people join, the lower the proportion of money that each of them has to allocate to offset losses to the injured party. So there was insurance. Property damage, joint layout, compensation of damage - characterizes the essence of insurance and talk about his economic nature⁷.

Thus, in general the data definitions are:

- Insurance - a special kind of economic relations;
- Insurance - it's a way to recover incurred losses;
- Insurance - a form of protection of health and life of people and their material interests.

Insurance activity is an activity of professional participants of the insurance market, related to the implementation of insurance⁸. Thus, insurance - a way to redress the owner of wealth as a result of extreme events such as natural disasters, accidents, earthquakes, fires, etc. The probability of occurrence of an undesirable event called the insurance risk. All risks can be divided into four main groups:

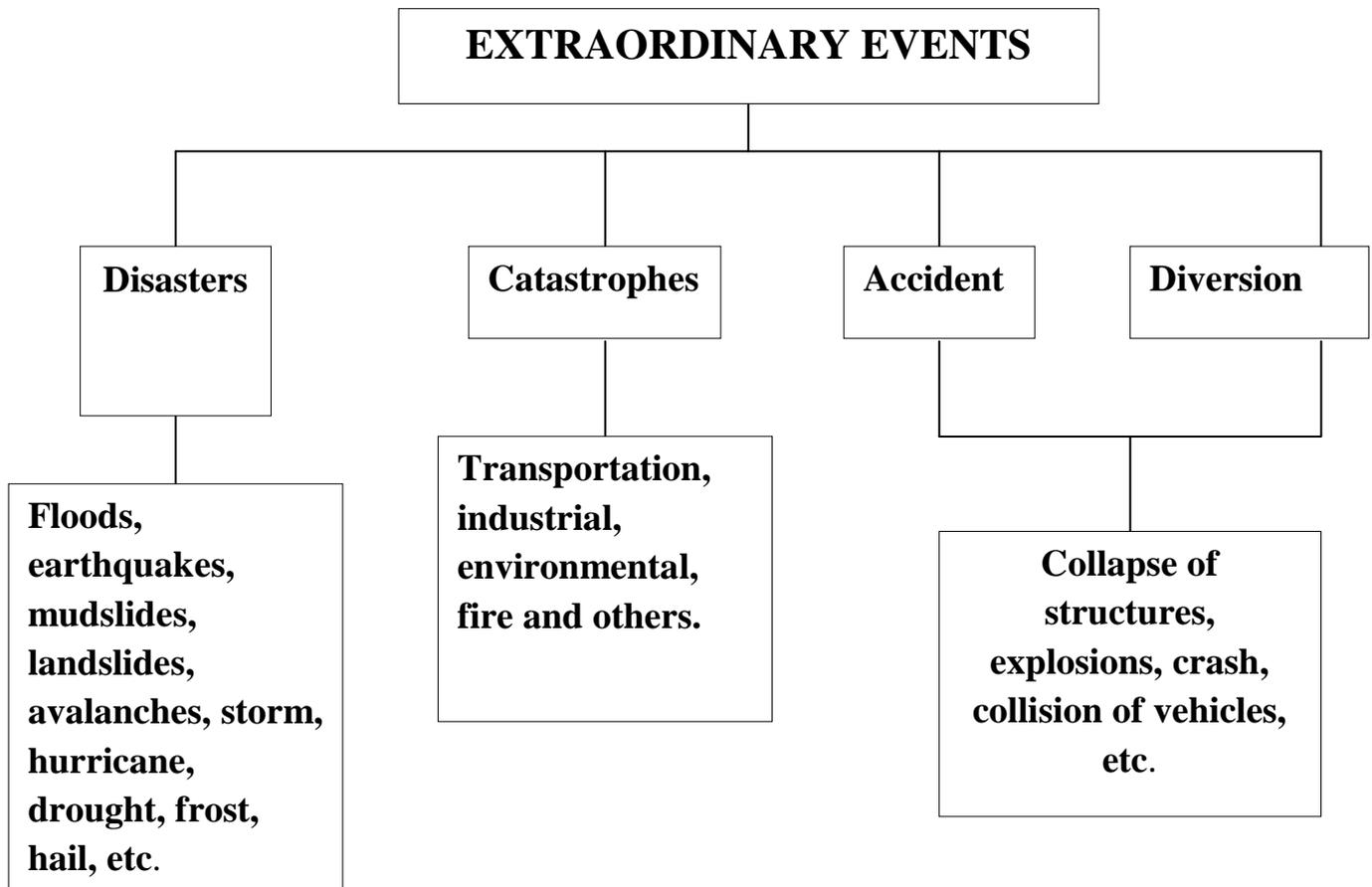
- 1) Loss of property (due to the destruction or theft of both tangible and intangible assets);
- 2) Loss of income (due to the reduction of income or increase in expenses as a result of any event);
- 3) Legal responsibility to other persons, including employees of the Company;

⁶ magazine "People's Word", 28 May 2002

⁷ Insurance Questions and Answers. - Rostov-on-Don, "Phoenix", 1999, p.6-7

⁸ magazine "People's Word", 28 May 2002

- 4) The loss of the company key personnel of (due to accident, illness or death)⁹.



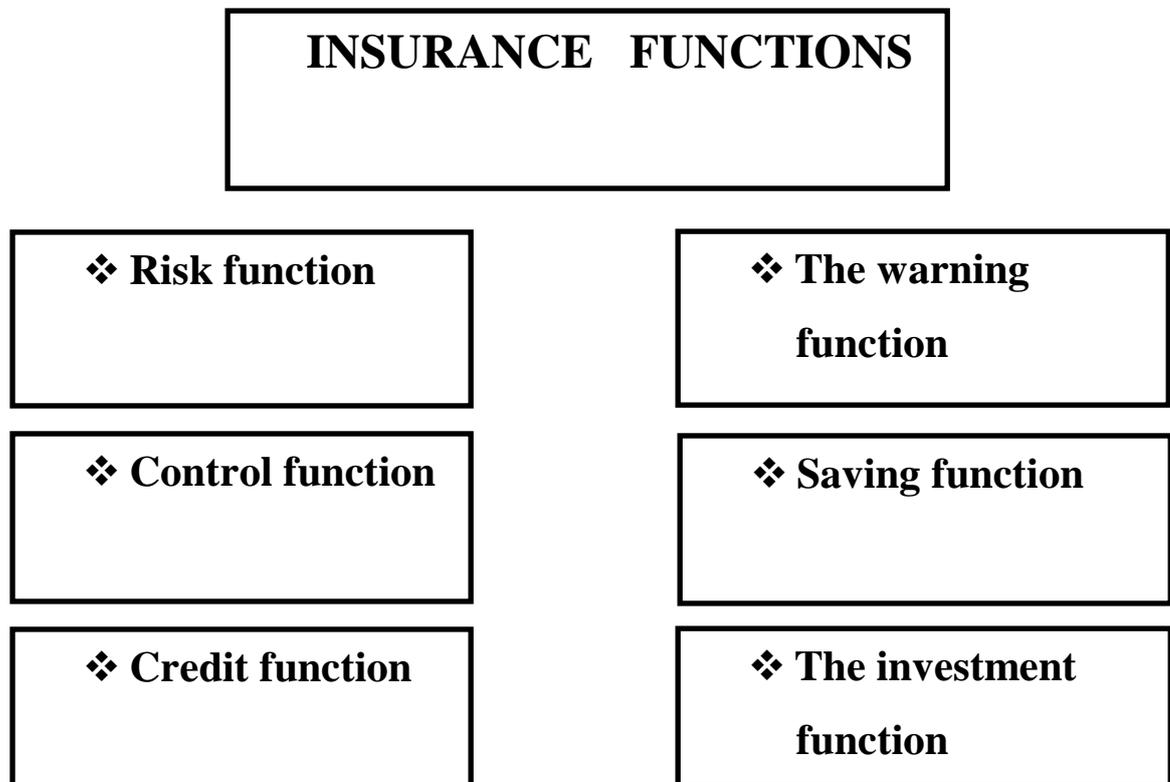
Drawing – 1.Types of extraordinary events

Economic category of insurance - this is the theoretical expression of socio-productive relations between people on the prevention and overcoming of consequences of extreme events, as well as to compensate for the damage they caused.

The peculiarity of insurance as an economic category is that category of insurance has a number of attributes with the same category of finance. As well as

⁹ - "Economic Review", March 2004, p.5, www.cer.uz

finance, insurance, due to the movement of money in the form of value creation and the use of trust funds of funds in the distribution of income and savings. Under the function refers constantly recurring activity. As part of the financial system, insurance has a distribution function. However, for security characteristic of a number of specific functions:



Drawing – 2. Insurance functions

❖ Risk function

The variety of forms of risk and the impossibility of foreseeing are necessary insurance. As part of the risk function is a redistribution of funds between the parties to insurance.

❖ The warning function

The warning function is carried out through funding for prevention and mitigation of insurance risk. These measures are in the name of the insurance prevention. To

implement the preventive function formed a special cash fund. For example, at the expense of the funds collected for insurance against fire, fire prevention measures are financed.

❖ **Saving function**

Saving function is closely related to the loan category, as there is an accumulation of funds, insurance amounts. The accumulation of funds contributes to the appearance of the saving function of insurance.

❖ **Control function**

The control function of insurance is shown in the target formation and use of funds of the insurance fund. Exercise financial control over the legality of the insurance operations.

❖ **Credit function**

Credit insurance function is shown in the repayment of money the insured in the event of the loss.

❖ **The investment function**

The investment function is the use of temporarily idle funds in the financing of the various projects that promote economic development.

The main forms of insurance are:

➤ **Compulsory**

➤ **Voluntary**

Compulsory insurance – is a form of insurance in which the insurance is established by law.

It is based on the following principles:

- ✓ The principle of compulsion - it does not require the prior consent (agreement) between the insured and the insurer. Compulsory insurance is established by law, under which the insurer is obliged to insure the appropriate objects, and insurers - to make insurance payments owed.
- ✓ The principle of universal coverage.

- ✓ The principle of automaticity.
- ✓ Operating principle of compulsory insurance regardless of making insurance payments. If the insurer does not pay the premiums they collected from him in court.
- ✓ The principle of perpetuity. With the transfer of assets to another insurance policyholder does not stop.
- ✓ The principle of normalization.

Voluntary insurance – is a form of insurance, which is based only on the basis of voluntary contract.

It is based on the following principles:

- ✓ The principle of voluntary participation in insurance.
- ✓ The principle of selective coverage.
- ✓ The principle of limitation.
- ✓ The principle of paying one-time or recurring premiums.

The principle of insurance coverage is based on a voluntary insurance value of the sum insured or the amount of the indemnity¹⁰.

Insurance has the following features:

- 1) Insurance related to natural disasters, accidents, unwanted extreme events.
- 2) The insurance does not cover an unlimited number of people, but only those who are insured.
- 3) Attachment to a specific region (territory).
- 4) Insurance is provided for a certain period and is associated with the concept of time (months, years, 10 years, etc.).
- 5) In some types of insurance, even if the insured event did not occur, the insured is paid some of the money.

¹⁰ Insurance Questions and Answers., Rostov-on-Don, "Phoenix", 1999, p. 51-66

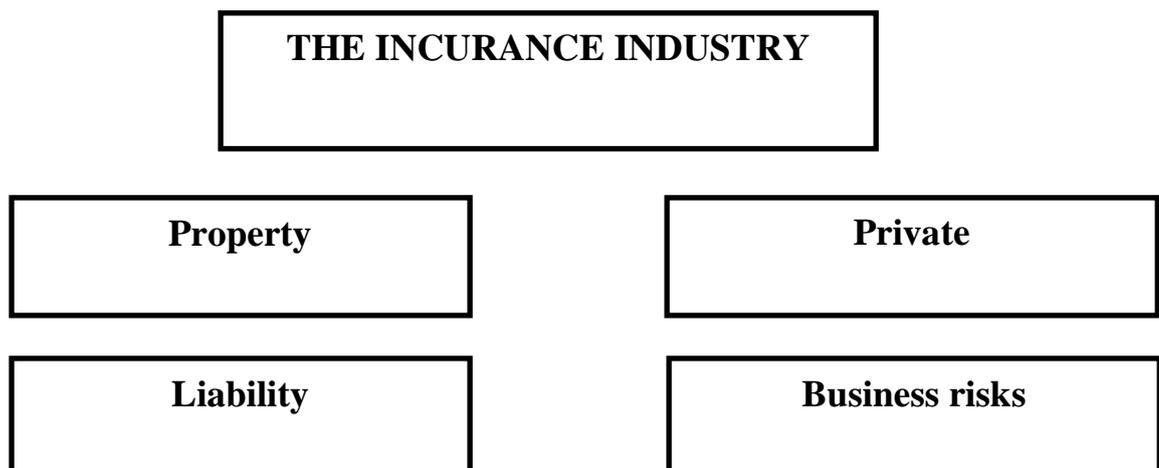
Legal regulation of the insurance relationship covers the rights and obligations of insurance companies (insurers) and insureds. Today Uzbekistan has established a system of laws to regulate the insurance business in the country, which includes the common law, a special insurance legislation and complex regulations.

Legal regulation of the insurance relationship is reflected in the following documents:

- The Civil Code of the Republic of Uzbekistan (chapter 52);
- Law "On Insurance";
- A presidential decree on the establishment of public joint-stock insurance companies;
- Government decision on the supervision of insurance activities, etc.

Classification in insurance involves dividing the aggregate of insurance relations for related links, which are to each other in a hierarchical chain of command. Most often classification is performed by insurance industry (the object) and by the nature of the danger.

Depending on the subject insurance can be divided into 4 main categories:



Drawing – 3. The insurance main categories

1. Property insurance, in turn, is divided into:

- Insurance of legal persons;
- Insurance of property of individuals.

2. By subsector of personal insurance are:

- Life insurance;
- Insurance against accidents;
- Health insurance

3. Liability insurance is divided into:

- Liability insurance (owners of the means of transport, industrial and construction enterprises, manufacturers of goods);
- Professional liability insurance (doctors, lawyers, accountants ...).

4. Insurance business:

- Insurance of commercial risks (commercial risks, downtime, interruption in trade, technical risks);

Property insurance - is a system of relations between the insured and the insurer on the provision of insurance services, where the protection of property interest related to the possession, use and disposal of the property. Under the property insurance to understand the totality of things and property owned.

Property insurance is divided into several sub-sectors:

- Insurance, industrial and agricultural enterprises and public organizations;
- Citizens Property Insurance.

Property insurance can be reimbursed:

- ✓ The total price of the damaged or lost items, or the cost of restoring the damaged property, or part of it (or part of the cost);
- ✓ No income received by the insurer because of damage to or loss of property as a result of an insured event.

Insurance may be taken following property: buildings, structures, equipment, homes, vehicles and construction in progress, goods, raw materials, equipment, animals, perennials and more.

In case of damage or loss of property as a result of the insured event the insurer shall:

- Immediately, within three days notify the insurer;
- To take measures to save property;
- Inform the relevant authorities about the accident;
- Preserve property in the form in which it is found as a result of the insured event;
- Give the insurer the opportunity to inspect the damaged property in order to determine the causes of the loss;

Insurance may be taken following property: buildings, structures, equipment, homes, vehicles and construction in progress, goods, raw materials, equipment, animals, perennials and more.

The insurer does not compensate for losses in the event of willful misconduct or gross negligence of the insured, the defects in the property, which were known to the policyholder before the contract, forfeiture of property, military action. In turn, the insurance company within 10 days to determine the cause of the insured event and determine the amount of insurance compensation.

Typically, a property insurance contract is for one year. By mutual agreement of the parties shall be entered into a short-term contract. Based on the presented data on the insured value of the property of the insured, the insurer calculates premiums. They can be paid as a lump sum (equal to the total amount of contributions) and in installments.

Private insurance covers:

- Life insurance;
- Insurance against accidents;
- Health insurance

Life insurance is carried out in case of death of the insured, the loss of health from the accident, as well as survival to a certain period of time.

Accident insurance provides for the payment of the sum insured for loss of health, or in connection with the death of the insured from specified events.

As mentioned wound, the term "accident insurance" is not clearly defined. As accidents can be recognized as the sudden, unintended developments with the insured during the term of the contract and accompanied by a partial loss of health, illness or death. In most types of life insurance death insurance event is recognized if the death was due to accident, illness, accidents, etc. The most characteristic features of the insured events "accident" is their brevity and unpredictability of the extent of the damage. Therefore, all types of insurance related to risk categories of insurance.

Insurance companies in their activities use the services of intermediaries - **insurance agents** and **insurance brokers**.

All terms and conditions of insurance agents in the territory of the Republic of Uzbekistan by the Regulations on insurance agents approved January 28, 2003 № 19 years and entered into force on 11 February 2003.

Insurance agent is freelance employee of the insurance company, natural or legal person carrying out activities for the conclusion and execution of the insurance contract for and on behalf of the insurer.

The salary he receives as a commission for the collection of insurance premiums, maintenance insurers on the basis of the signed contract in the prescribed form. An insurance agent must possess information about insurance rates, insurance terms, a license, the amount of the authorized capital, insurance reserves, and liabilities incurred the timing of the license of the insurer in the insurance market of the Republic of Uzbekistan, as well as other necessary information for the insured, as it must inform the client.

Insurance broker is a legal entity carrying out activities for the conclusion and execution of the insurance contract for and on behalf of the insured.

The activities of the insurance broker may not be combined with other activities in the field of insurance, except for the activities of the reinsurance broker¹¹.

The main difference between insurance brokers from an insurance agent is that it acts as an independent qualified expert for the insured, determining its next steps.

The main functions of an insurance broker:

- Defines the subject of insurance;
- The customer selects an insurance company;
- Draws up a contract of insurance;
- Monitors the timeliness of insurance premiums from the insured to the insurer;
- Advises and assists in obtaining insurance compensation insurer.

The basis of determining the cost of insurance and the cost of services is the insurance rate, or flat rate.

In international practice, the tariff rate, the underlying insurance premium, called the gross rate.

- Gross - the rate - flat rate insurance premiums, is the sum of net - the rate that the payment of the sum insured and the premium (load) it intended to cover other costs associated with the conduct of insurance.

- Net - the rate is up to 90% of gross - rate. Net - the rate is intended to form the main part of the insurance fund, which is spent on insurance premiums the insurer.

Synonym net - rate - net - the premium.

Tariff policy is based on the following five principles:

¹¹ The law "On insurance", Article 6

- The principle of equivalence relations insurance policyholder and the insurer (meaning that net - the rate should correspond to the probability of damage in order to ensure repayment of the insurance fund);
- The principle of availability of insurance rates, meaning that the premiums of the insured do not have to be burdensome to him;
- The principle of dimensional stability of insurance rates means that if the tariff rates remain unchanged for a long time, the insurer is strengthened confidence in the reliability of the insurer;
- The principle of the expansion of coverage is a priority in the activities of the insurance company;
- The principle of sustainability and profitability of insurance operations means that insurance rates should be calculated in such a way as to payment of insurance covers the cost of the insurer and brought him profit¹².

Insurance market - a socio-economic area in which insurers are in need of insurance services, insurance (insurance companies), which satisfy the demand for them, insurance brokers and insurance infrastructure organizations (consulting firms, etc.).

Broadly speaking, the insurance market is a set of economic relations on the sale of an insurance product. The basic economic law of the operation of the insurance market is the law of value and the law of supply and demand. Condition for the occurrence of the insurance market is the social division of labor, the availability of the commodity economy, marginalized producers.

Insurance markets can be classified by sector and geography:

1. By industry are distinguished:

¹² Insurance Q & A, Rostov-on-Don, 1999, p. 86 – 99

- a) The life insurance market (as pensions, health, the wedding, annuities, etc.);
- b) Property insurance markets;
- c) Liability insurance;
- d) Insurance against accidents.

2. Distinguished by geographic markets:

- a) National;
- b) Regional;
- c) International.

Institutionally, the national insurance market consists of insurance companies reinsured by specialized organizations, insurance brokers and agents. The largest national insurance market has developed in the United States, England, Germany, etc. Experience with the marketing activities of insurance companies shows that the marketing process involves a number of actions that can be reduced to two basic functions:

- ✓ Creating demand for insurance services;
- ✓ Meeting the insurance interests.

The first function includes a variety of activities to attract customers as potential policyholders to the services of the insurance company. This function is achieved through the use of methods and means of influence on potential policyholders: advertising, arrangements for insurance contracts, the differentiation of rates for insurance services, insurance services with a combination of various forms of commercial and legal services.

The second major function of marketing, as mentioned above, is the satisfaction of insurance interests. The implementation of this function is the key to the new demand for insurance services. Insurance companies spend large sums on improving the organization of sales of insurance policies, improve customer service and maintain the image.

The conclusion of the insurance contract is an act of purchase and sale of the insurance policy, which is preceded by extensive preparatory work, as a potential policyholder is not yet a client of the insurance company. On how it will

meet the office or agency of the insurer, often depends, will this visitor a customer of the insurance company, or he will go to the insurer - will take advantage of a competitor and insurance services there. So skilled and experienced underwriters take into account the psychology of certain social groups clientele during marketing. Insurance companies follow the principle: every visitor is a potential customer. The higher level of service in a given insurer, the greater the demand for its insurance services.

1.2. Provision of insurance services development in Uzbekistan

It has been established to develop special ways of various economic areas with developing communications of the market in Uzbekistan. New economic communications, orders of the market power were approaching noted. While market communications developed the aspiration and was meant by the insurance, has been changed completely. Namely, old governmental activity of the insurance company has been finished.

As the insurance market participants: sellers, clients and intermediaries and their unities seen. The category of sellers organized the companies of reinsurance and the insurance. Physical and legal people seen, as clients, the insurance agreement becomes the official with this or that seller. The intermediary becomes between sellers and clients, helping insurance agencies, and insurance brokers considered insurance fund of the agreement with own actions. Besides it, as the supporter in the insurance; the assembler, surveyor, help service, commissioners of accident operated the activity. The special advantage which is offered in the insurance market, considered as insurance service. Its shopping quantity becomes insurance expression of the form of the form, and it is estimated as the supplier of the insurance defender. The price of insurance service reflects at a rate of an insurance premium. It is generated in the return to exchange an inquiry and offer basis.

After a developing condition of the market all organization of activity of branches and aspiration has presented marks lawful and standard documents under the law. Some the lawful accepted documents also operated actually about the

general communications and organizational legal forms of participants of the insurance market.

Insurance communications have occurred insurance reconstruction several times in Uzbekistan which is estimated as the country of Soviet Union than other long economic developed formed countries. Renovation of insurance market started from acceptance “About Insurance” law in 1993. Adoption of this law has stopped State fear and has created legal events of the insurance market. Instead of legal events of the insurance market, this law has defined development of the insurance market, insurance importance of development of republic a socially-economic, full guarantee of satisfaction of inquiry of the citizen and legal people for insurance service, protection of all members of insurance communications and a legal duty of performance a way.

Insurance communications reflected as legal side which is accepted in “the Code of the Citizen of republic of Uzbekistan” in 1996. Code articles the clear obligatory and additional insurance, insurance types, insurance forms of the agreement and a condition, the right and the obligation of the parties, control of to risk, together, secondary and reinsurance, and also object of the general insurance and subjects bottom essences and their legal communications as lawful. The designated norms in this code reflect the official of formation of the insurance agreement and carry out organizational-legal insurance activity. For example, It is told in with 930 articles from the Code: “... certain conditions are shown in a basis becoming the official insurance unions of the agreement of insurers, or accepted by the insurance party or a pleasant belonging kind of standard insurance rules. Reflected in the insurance agreement, but existing conditions in insurance rules are obligatory for insurant ...”

Some decrees are made in insurance area in 2002. The number order PD-3022 was announced “About clearing and development of decisions for the insurance market” in 2002, on January, 31st by the president of republic of Uzbekistan. This order is created many conveniences to participants of the insurance market. As it is told, beginning with 2002-year-old on February, 1st patterns of ownership, the insurance companies have been relieved within last 3

years of the profit tax, and this profit is directed to develop a material basis of the insurance company, forming agency on a wide range, filial in areas, preparing the personnel and retraining, such as preparation and retraining in foreign country. It is caused, the increase in a potential material of the insurance companies and runs, the company works more effectively. Besides it, this order - the created conveniences to insurants. Namely, legal people, voluntary insurance expenses of types were subtracted since tax time of calculation of profit which is estimated in legal standards. While acceptance which order, legal people, should not execute additional payment of taxes of the insurance. It has created some difficulties to involve the insurance, to make the insurance. The new law "About insurance activity" on 5th of April, in 2002 republic of Uzbekistan High Meeting, it has created activity of the insurance service market of a way. The main aspiration to create this is law to place as insurance communications of sphere of activity. In this law it is investigated insurance and insurance activity, insurance branches and types, participants of the insurance activity, special duties of the governmental representation, structure of the insurance which is passing from the governmental register, does licensing of their activity, insurance shops, guarantees of payment ability to the insurance, foreign activity of the insurance companies and carries out other insurance necessary questions.

After accepted this law 6th may in 1993, "About Insurance" law lost its power. There are many differences between old law which has lost its power and new law, which is accepted in legal power. There was an insurance market and their organizational legal bases of participants in the old law, and there are new increasing events of the insurance market of a way as legal in the new law. There is a deep distinction which has not been mentioned in old word activity in the new law. There meant insurance agreements, becoming their official, the rights and obligatory of the parties in the agreement, payment of an insurance payment, cancellation of the insurance agreement and the illegal power and also organizational legal problems and the general activity of the insurance market of the organization in the old law which has lost its power. It has helped to create

special insurance communications in communications of the market of republic and a sign and the organization their primary activity.

The new law has been created for more quantities of the insurance market of the organization of development in communications of the market of Uzbekistan, closing it to the world standards, full satisfaction of standards of insurers; strengthen potential of insurers of a way concerning a lawful sign. There was not only will mention the basic organizational legal problems, also it has embodied new insurance branches skillful of the world insurance in the insurance market and the general development of the insurance market with corresponding communications of the market. The new law has been divided into life insurance and the general insurance of a way.

Life insurance. Insuring physical people's life, health, working ability and benefits connected with money supply, in this, minimum duration of insurance consists of one year according to contract, besides, includes annuity payments including interests, which are shown in the insurance contract.

General Insurance includes personal insurance, property insurance, indemnity of responsibility and all other types of ins which are not related with life ins. Assurers of one field (of life, or general) cannot make insurance in another field.

Appropriate for law "About insurance activities" of the Republic of Uzbekistan and President's decree number PD-3022 in 2002 January 31 "Measures in freeing and developing of insurance market", stimulate the interest of insurance system, consolidate material-technological base of insurers, widen their geographical capacity and improve trust to insurers, in 2002, on the 27th of November, Cabinet of Ministers of the Republic of Uzbekistan made a resolution №413 "Measures of developing insurance services market". According to these resolution insurers minimum reserve requirements were set. Particularly:

- For Insurers specializing in the field of life insurance equivalent sum of 250 thousand US dollars
- For General Insurance companies 150 thousand US dollars
- For reinsuring companies 2 billion US dollars

-For insurance who are engaged in Compulsory insurance minimum reserve requirement was set at 500,000 US dollars

According to 5th paragraph of resolution followings were cited:

“...Optional insurance yield must be set at 2 % of sale of the products (goods and services) for juridical persons...”

This, emphasizes safety of juridical persons` property, moreover, supports the development of insurance policy in the Republic.

Under this resolution, charter was approved about licensing insurers and insurance brokers` activities. This charter comprises licensing insurers and insurance brokers` licensing requirements and conditions, necessary documents to take the license, process of licensing, control, insurance types and others.

These laws and other documentations under those rules set by the government about insurance sphere was a different incitement in development of interactivities between participants of insurance market. As it is known, insurance firms are insuring professional participants of market for the first time. According to charter about licensing, insurers increased their financial potential, and specialized in one field of insurance. At the same time, incentive will be given on establishing orders and development. There are also many benefits of this encouragement for insured persons and businesses. It provides them a great safety to have insurance contract with licensed insurance firm.

For the past few years it was clearly obvious that change of insurance market, insurance market became main guarantee against financial losses. These laws and other documentations under those rules set by the government about insurance sphere was a different incitement in development of interactivities between participants of insurance market. For instance, according to President`s decision n-325, April 17, 2006 “Measures in quickening servicing sphere”, according to it, professional participants of insurance market were released from paying income tax and as their performance increases, appeared new types of services and improvement in qualities of serving.

Meanwhile, in 2007, April the 10th the decree №618 by the President of the Republic of Uzbekistan about “Measures of development insurance markets and

altering them” was appointed. In accordance with this resolution, development of modern insurance activities and implementing new types of insurance and increase their quality, integrate internal insurance market into international market, increasing financial stability of insurers and rise degree of insurance culture and organizing the process of insurance policy and others were set as high priority task. Program about “Developing and reforming insurance markets” which is based on resolution above comprises new ways of insurance altitude. Besides that, charter, confirmed by president`s resolution, set new requirements for insurance markets.

Resolution above provided many opportunities for the development of insurance industry and made a new turn on reformation of insurance sphere. According to the PD № 1544 “On additional measures to further improve the financial stability of insurers” dated on 31st of May, 2011

Drawing – 4. The minimum size of the capital requirement for insurers

↑

(the equivalent of thousands of euros)

Types of insurance activity	On July 1, 2012	On July 1, 2014
In the general insurance industry	1 125,0↑	1 500,0↑
In the life insurance industry	1 500,0↑	2 000,0↑
Compulsory Insurance	2 250,0↑	3 000,0↑
Exclusively in reinsurance	5 000,0↑	6 000,0↑

And this capital size of insurers is increased considerably compared to the previous minimum size of capital requirement for insurers. That is not just the increase about insurers' capital but it means that year by year the incomes of the insurance companies are getting raised. Therefore Financial Ministry of Uzbekistan Republic is appointing the minimums with great numbers year by year.

According to the last year surveys, there were Major developments in the insurance sector in Uzbekistan.

We present you an overview of the major events of 2012 the insurance industry, which includes event management, changes in legislation and other important events:

- **The solemn ceremony of awarding the winners of the Public Prize "Oltin soyabon"**

April 6 as part of which took place in the Uzbek capital of Tashkent Fifth International Investment and Finance Forum held a ceremony awarding laureates of the public prize "**Oltin soyabon**" ("Golden Umbrella").

In the category "**Insurance Company of the Year**" was won by IC «Temir-yo'l Sug'urta». The best regional branch of the insurance company is the branch "Uzbekinvest" in Kashkadarya, Director Shukhrat Kuziev was awarded a prize.

- **The new Law of the Republic of Uzbekistan "On Competition" also regulates the rates for insurance services**

In January 6 of this year (2013), the Law of the Republic of Uzbekistan "On Competition" was appointed. The purpose of this draft law aimed at regulating relations in the sphere of competition in the commodity and financial markets. The law also provides for the regulation of the financial services market, and in financial services includes the services of insurance companies.

It should be noted that according to the law provides for the regulation of monopoly, high and low monopoly prices and tariffs for financial services. High monopoly and monopoly prices and low rates on financial services, including the services of insurance companies were established by the Cabinet of Ministers.

- **ALSKOM Insurance Company opened five new branches in the regions of Uzbekistan.**
- To date, the company's regional network consists of 15 branches and 55 offices, located in the Republic of Karakalpakstan and in all regions of the Republic.

Total insurance premiums and payments MARKET

(Surveys from 2007 up to 2012 year)

Drawing – 5. Dynamics of the growth rate and the amount of insurance premiums



 **The amount of premiums received, billion soums**

 **The growth rate, %**

According to official figures announced during the VI International Investment Forum in Tashkent during the reporting period insurers collected 285.9 billion soums of insurance premiums, which show the growth rate of 28.9 per cent rate of growth in insurance premiums increased by 2.5 percentage points relative to the previous year.

Dynamics of insurance claims shows that in recent years, often the growth rate of insurance payments exceed the rate of growth in insurance premiums. But,

by the end 2012 the growth rate of insurance payments fell by more than five times.

Drawing – 6. Dynamics of the growth rate and the amount of insurance payments



■ Insurance payments, billion soums

■ The growth rate, %

Total payments for all types of insurance amounted to 50.5 billion soums, which is 12% more than in 2011. At the same time, it should be noted that the loss ratio of premiums is still at a low level relative to foreign markets.

The growth of insurance payments in 2012 was achieved due to the growth of payments for voluntary insurance, and by compulsory insurance. It should be noted that the rate of growth of insurance payments for voluntary insurance in the last two years exceeds the growth rate of payments on compulsory insurance.

Chapter 2. The role of the internet as well as information technologies for the operating of Insurance organizations in Uzbekistan

2.1. Analyzing of the insurance companies' network web-sites in Uzbekistan

The **Internet** is a global system of interconnected computer networks that use the standardized Internet Protocol Suite. It is a *network of networks* that

consists of millions of private and public, academic, business, and government networks of local to global scope that are linked by copper wires, fiber-optic cables, wireless connections, and other technologies.

The Internet plays a major role for insurance companies all over the world. The use of the internet can be both an advantage and a disadvantage to most insurance companies, but for most insurance companies, the disadvantages of the internet to their business can be ignored, as it has more significant advantages. One of the most obvious disadvantages of the internet to insurance businesses is the fact that it has given insurance seekers the ability to view and clearly see the rates given by many insurance companies, thus allowing them to compare each quotation to determine which offers the best deal. This forced insurance companies to lower their prices in order to withstand the growing competition between them.

While the internet allows access to anybody from anywhere, the Internet is an in-house network, working on the same principle. The difference is similar to that between a national newspaper and in-house newsmagazine, which is for private circulation. If an insurer has an intranet system, the information in the

Intranet will be available only to its offices and personnel. All the information is channeled to a central server usually located at the head office and they are transferred to respective computer terminals all inter-connected through wide area network (WAN). The internal information is available to the employees through the computers connected through local area network (LAN). The policyholders will not be able to access the data in the Intranet. Circulars meant for internal circulation can be posted on the Intranet, and everyone will have immediate access to it, whatever be the distance where the person is located. In the

Intranet also, it is possible to restrict some information to certain categories of persons, who will be identified through passwords.

The internet is the medium that is the most democratic, since it is available to all, and displays no discrimination. One can send and receive mails, called as e-mails, through unique "user id" which is his address in the worldwide net and a unique password too that needs to remain confidential. One can search through search engines such as Google, yahoo, and Microsoft, and retrieve and download

data, files, images; play games, join social networking sites, find professional jobs, post messages through blogs, have a corporate identity through websites, send mass business mailers, join chat rooms and discuss ideas; make friends, get married through online marriage websites; communicate with friends through social networking sites such as Orkut, Facebook, Myspace, Tweeter and many others; read online newspapers from any part of the globe, watch videos, connect with family and friends through a web camera connected to a computer while sitting across the continent, buy and sell online (e-commerce) etc.

Thus, in terms of benefits to the insurance field; the agent can sit in his office and send relevant information, product brochures, and sales illustration to the prospective client; and clarify queries on the phone. Even policy application forms are available to the client through free downloads from the company's official website. It means savings of time and money for the agent or other distributors. Agents have access to company website and can retrieve data, forms, and other relevant information as applicable. Communications to and from the office will be immediate and through e-mail at a low cost. The prospects can benefit through the internet in a number of ways. They can reduce the need of company intermediaries and get information about the various products, premiums payable, bonuses attached, office locations, terms of the insurance contract, exclusions in the contract, if any; and based on this firsthand information; they may contact the company licensed agent or broker for more clarifications. Premiums can be paid online through credit cards or through a monthly systematic installment mode by direct debit of account. Thus, the reliance on unprofessional agents has been reduced by the insurers and prospects and existing policyholders can have direct interactions with company channels owing to the benefits of the internet. There are many websites that are involved in analyzing the different policies of different insurers and helping the prospect with the lowest premium rates for the insurance product category he wishes to buy, and many busy technology savvy people have started making use of these services online; and making the buying decision based on the right information and analysis. Product reviews are available on the internet through reliable sources and the experiences of existing policyholders are

instrumental in guiding prospective policyholders, in making the right buying decision. Consumer education is the new mantra of the regulators, and there has been an attempt to spread knowledge about the need for insurance plans, both as a protection and savings instrument; and as a risk transfer mechanism for the individual, employer, and the government. Truly, the internet has been the most important technological invention since the invention of electricity. It has the potential to revolutionize our ways of living, working, making and maintaining relationships, buying and selling and exchanging information.

However, the Internet also has many advantages for insurance businesses, which include an increase in sales due to different online marketing strategies; and promotions and faster and easier ways of insurance policy processing. With the help of the Internet, an insurance company can promote its insurance policies all the time, as most people surf the internet. Moreover, the Internet can also make processing of insurance policies more efficient and effective, which benefits both the company and insurance policy owner.

Nowadays in Uzbekistan the number of Insurance companies are operating and year by year evolving. More than 30 insurance companies are running their performance. The list of companies is given below:

Drawing – 7. Insurance companies

№	Company	Organizational legal form	Web-Sites
1	ALSKOM	Open joint-stock company	www.alskom.uz

2	ARK Sugurta	Limited liability company	www.arksugurta.uz
3	Agro Invest Sugurta	Open joint-stock company	
4	Alfa Invest	Closed joint-stock company	www.alfainvest.uz
5	Alfa Life	Limited liability company	
6	Asia Inshurans	Limited liability company	
7	Asko-Vostok	Limited liability company	www.asko-vostok.uz
8	Chartis Uzbekistan	Closed joint-stock company	www.aig.com www.aiu.com
9	DD General Insurance	Limited liability company	
10	Euroasia Insurance	Limited liability company	
11	Garant Insurance Group	Subsidiary	
12	Global Insurance Gr.	Limited liability company	
13	Gross Insurance	Limited liability company	

14	Hamkor Sug'urta	Limited liability company	
15	IShONCh	Limited liability company	www.ishonch-iic.uz
16	Ingo-Uzbekistan	Closed joint-stock company	www.ingo.uz
17	Kafil-Sugurta	Limited liability company	
18	Kafolat	State joint-stock company	www.kafolat.uz
19	Kapital Sugurta	Open joint-stock company	www.kapitalsugurta.uz
20	Madad	Open joint-stock company	
21	Mega Invest Insurance	Limited liability company	www.mega-invest.uz
22	SUG'URTA O'Z	Limited liability company	
23	Silk Road Insurance	Limited liability company	
24	Temir Yol - Sugurta	Limited liability company	www.tysugurta.sk.uz
25	Transinsuranse Plus	Limited liability company	www.transinsuranse-plus.com

26	UVT-Inshurans	Subsidiary	www.uzvt.uz
27	Unipolis	Limited liability company	www.unipolis.uz
28	Universal Sugurta	Closed joint-stock company	
29	Uzagrosugurta	State joint-stock company	www.agros.uz
30	Uzbekinvest	State unitary enterprise	www.uzbekinvest.uz
31	Uzbekinvest Hayot	Subsidiary	
32	XALQ SUG'URTA	Limited liability company	

As can be seen there are more than 30 insurance companies with different organizational legal forms such as *Limited Liability Company*, *Open joint-stock company*, *closed joint-stock company*, *State unitary enterprise* and *State Joint - Stock Company* and so on. Clients can get almost all information from the insurance companies' web-sites if the companies have web-sites on the internet network. But some insurance companies don't have web-pages (about 50%); it means that any individuals cannot be served with online form. Several insurers like *Alfa Life*, *Garant*, *Insurance Group*, *Gross Insurance*, *Hamkor Sug'urta*, *Kafil-Sugurta* insurance companies still didn't created their web screen on the internet. So, they cannot make virtual trade with clients. We can consider that those companies are invisible in modern century of information technologies, they cannot work operatively in their work process and it makes people think unreliable about them.

In comparison, there are also some companies which already replaced their name, brand and status both on real and virtual life. To list of them, *Kafolat*, *IShONCh*, *ALSKOM*, *ARK Sugurta*, *Alfa Invest*, *Transinsuranse Plus*, *Uzagrosugurta*, *Uzbekinvest* and so on.

To analyze the web pages of the insurance organizations it can be seen some deficiencies. Majority of web-sites were created not for client individuals but only for getting information. Many of them do not add the news regularly about the company process or any other news according to national or international life, for instance in *Alfa Invest* (www.alfainvest.uz), *IShONCh* (www.ishonch-iic.uz)

Kapital Sugurta (www.kapitalsugurta.uz), *ARK Sugurta* (www.arksugurta.uz) companies' sites haven't appeared any recent surveys since 2009 or 2010.

Additionally, Soft makers and insurers have to take into account the interactive services. Unfortunately, not all companies have interactive services such as *ARK Sugurta*, *Asko-Vostok*, *IShONCh*, *Ingo-Uzbekistan*, *Kafolat*, *Temir Yol – Sugurta*, *Unipolis*, etc.

And also, to take an example to compare, there are some companies that always create comforts on the internet web screen as possible. *ALSKOM*, *Transinsurance Plus*, *Uzagrosugurta* and *Uzbekinvest* insurance companies are working in virtual screen also, adding news regularly and operating some interactive services for individuals. Clients get any information they need in Uzbek, Russian or English, even they could use “calculator” for accounting the price of policy. In 2013, 1st of April, the company *Uzagrosugurta* established new interactive service called “SMS – ALERT”, so that company clients can receive recent surveys and news by messages on the phone in a regular time. Similarly, only *Uzbekinvest* insurance company has interactive service called “ORDERING INSURANCE POLICY”. This service helps people to order insurance policy on the internet.

To conclude, in Uzbekistan insurance sphere on the internet is developing step by step. In order to reach bright perspective of this in the future, we have to improve nation knowledge from IT and implement various interactive services on the internet in any sphere.

The developments in Information Technology (IT) are working wonders in

Company	Rating	Period	Dynamics
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all fields of activity. It has become possible to send and receive information almost instantaneously. If circulars do not reach the agents on time or doubts are not cleared quickly, or the agent does not have details of new plans announced in the press, the agent may have faced awkward situations with the prospects. These problems can be totally avoided with the use of IT. Insurers traditionally, have been quick to adapt latest advances in technology. This is happening in the areas of IT as well. The extent of IT application will vary from insurer to insurer.

One of the most important conditions for the organization of insurance business is to control the financial stability of insurers. The financial stability of the insurance companies is provided by: Paid-up capital of the insurance of the insurance company, the size of insurance reserves, reinsurance system; validity of insurance rates and other factors. The value of insurance reserves to fully cover the amount of future payments under existing contracts. The size of the upcoming payments are determined on the basis of careful analysis of the operations of the insurer and labor-intensive mathematical calculations. The more accurate the calculations performed, the correct amount of insurance reserves will meet future payments on insurance claims.

To assess the financial stability of the insurance company has a whole system of indicators and published ratings of insurance companies. The news there are specialized rating agencies, which regularly publish ratings of insurance companies, and analytical reviews of their work. The world-renowned rating agencies in the U.S. are the Standard & Poor's, Moody's Investors, Fitch Investors, Duff & Phelps, which draws many insurers and investors to obtain quality information on the activities of the insurer or reinsurer.

Drawing – 8.Company ratings

Uzbekinvest	uzA++	2011 год	●
ALSKOM	uzA+	2011 год	▲
Asia Inshurans	uzA+	2011 год	●
Kafolat	uzA+	2011 год	●
Transinsurance Plus	uzA+	2011 год	▲
Kapital Sugurta	uzA	2011 год	●
Uzbekinvest Hayot	uzA	2011 год	●
DD-General Insurance	uzB++	2011 год	●
Sug'urta O'z	uzB++	2011 год	●
Hamkor Sug'urta	uzB+	2011 год	●
TEMIRYO'L - SUG'URTA	uzA	2010 год	▲
Agro Invest Sugurta	uzA	2009 год	●
Euroasia Insurance	uzB++	2009 год	▲
Kafil Sugurta	uzB++	2008 год	▲
Asko-Vostok	uzB+	2006 год	●
Madad	uzB	2006 год	●
Uzagrosugurta	uzB++	2005 год	●

National Scale

uzA++ Excellent financial reliability.

The company awarded the rating of this level has an exclusively high level of reliability with positive prospects, characterized by very high financial

performance and insurance activity indicators, compared to other national insurance companies. The capability of this company to meet its financial obligations both current and those arising over the course of the insurance activity fully and in time is supported by a number of exclusively high positive factors. Over the long-run, the insurance company will continue to meet its insurance obligations timely and in full volume even under the effect of various unfavorable macroeconomic and market factors.

uzA+ Very high financial reliability.

The company awarded the rating of this level has a very high level of reliability with stable prospects characterized by high results of financial performance and insurance activity indicators compared to other national insurance companies. The capability of such company to meet its financial obligations both current and those arising over the course of the insurance activity fully and in time is supported by a number of high positive factors. The insurance company is highly likely to continue to meet its insurance obligations timely and in full volume over the longer run even under the effect of a number of unfavorable macroeconomic and market factors.

uzA High financial reliability.

The company awarded the rating of this level has a high level of reliability compared to other national insurance companies characterized by quite positive results of financial performance and insurance activity indicators. The insurance company is highly likely to continue to meet its financial obligations both current and those arising over the course of the insurance activity in the future. However the probability of its meeting the insurance obligations requiring substantial insurance payouts largely depends on the macroeconomic and market factors.

uzB++ Sufficient financial reliability.

The company awarded the rating of this level has a sufficient level of reliability with positive prospects. The company's capability to meet its short-term financial obligations fully and in time is relatively higher than those of the other insurance

companies. However the insurance company has a higher sensitivity to the effect of unfavorable changes in commercial, financial and economic conditions. The company has the potential to meet its obligations requiring substantial insurance payouts under the insurance contracts on the condition of the stability of macroeconomic and market factors.

uzB+ Adequate financial reliability.

The company awarded the rating of this level has an acceptable financial reliability with stable prospects, and is capable of meeting its short-term as well as new insubstantial and medium-size obligations arising over the course of the insurance activity in time. There is a possibility that financial difficulties may be created by the need to meet obligations requiring substantial insurance payouts. In the medium-term perspective, the company has the potential to raise its capacity to meet its obligations on the insurance contracts on the conditions that the macroeconomic and market factors remain stable.

uzB Acceptable financial reliability.

The company awarded the rating of this level has an acceptable level of financial reliability, reflecting lower paying capacity than that of the insurance companies rated uzB+. The company ensures timely payment of insubstantial and medium-size financial liabilities. However there is a possibility that the company will face financial difficulties under unfavourable economic and financial conditions, as well as if required to meet the obligations requiring substantial insurance payouts. In the medium-term perspective, the probability of the company's performance of its obligations under the contracts largely depends on the stability of the macroeconomic and market factors.

uzC++ Low level of financial reliability.

The company awarded the rating of this level has a tolerable level of reliability with positive prospects, characterized by the ability to timely meet its short-term financial obligations. However there is a possibility that the company will face financial difficulties if it is to meet obligations requiring substantial insurance

payouts. The company has the potential to meet its obligations under the contracts in the short-term depending on the stability of macroeconomic and market indicators. In the short-term, provided the macroeconomic and market indicators are stable the company has the potential to raise its capacity to meet its contractual obligations.

uzC+ Very low level of financial reliability.

The company awarded the rating of this level has the minimum acceptable level of reliability, with stable prospects. The company copes with timely performance of its short-term financial obligations. There is a high probability that the company will fail to meet its financial obligations that require substantial insurance payouts. In the future, provided the macroeconomic and market conditions are stable the company has the potential to improve its capacity to meet its contractual obligations.

uzC Extremely unstable financial reliability.

The company awarded the rating of this level has a very low level of reliability. In the short term the company copes with meeting its financial obligations, however there is a very high probability that it will fail to meet the financial obligations requiring substantial insurance payouts.

uzD Unsatisfactory level of financial reliability.

The company awarded the rating of this level has an unsatisfactory level of reliability. The company fails to ensure that it meets its financial obligations in time, and/or there is a very high probability that the company fails to meet its financial obligations arising over the course of insurance activity.

2.2. The concept “internet insurance” and the role of the internet for the operating of Insurance organizations

Over the last few decades, continued environmental, operational, and technological changes have led to the development of multiple distribution channels in the insurance industry. Insurers no longer rely solely on traditional channels such as agents and brokers, but have developed new alternate channels to

drive growth at lower costs. As competition in insurance markets is intensifying, cost savings and customer retention has become critical, forcing insurers to look for ways to drive sales and customer convenience while keeping costs low and maintaining profitability. These factors are leading to the emergence of additional channels such as call centers, mobile, and web.

Changes in customer behavior and preferences around products, distribution channels, and processes are also acting as catalysts for the development of alternative channels. For example, insurers are now partnering with banks and affinity groups to help drive policy sales. While these trends began in the more mature insurance markets, developing markets have been following suit.

With advancements in technology, insurers have started exploring ways to develop newer distribution channels in the online space. As customers continue to integrate the use of the internet in their daily lives, this has become an attractive medium through which firms can advertise and distribute insurance products. We are already witnessing a gradual change in the buying habits of customers as they make use of the internet in the decision making and product buying process.

Insurance companies are also effectively using technology to better meet customer demands by better integrating technology with the whole policy sales cycle. They are focusing on speeding up the complete insurance distribution process while also identifying processes that can be automated—improving efficiency and profitability. These initiatives are enabling insurance firms to scale up their business models by strengthening their internal processes with a goal of better customer service.

Insurers today leverage multiple distribution channels to reach and engage with their customers. While insurers have traditionally sold insurance products through brokers and agents—company-employed as well as independent—other distribution channels such as call centers, internet, and mobile have been rapidly gaining momentum.

Online insurance is the process of establishing and maintaining the contractual relationship between the insurer and the insured, carried out with the

help of the Internet. Therefore, to online representation of the company to operate as a virtual office of the insurance company, it must include the possibility of:

- ✓ Providing the client with complete information about the general and financial condition of the company;
- ✓ Providing the client with information about our services and capabilities detailed acquaintance with them;
- ✓ Calculation of the insurance premium and the conditions of its payment for each type of insurance, and depending on the particular characteristics;
- ✓ Filling in application forms for insurance;
- ✓ Booking and payment (in the form of a lump sum or periodic payments) insurance policy directly through the Internet;
- ✓ The transfer of the policy, a certified digital signature of the insurer, the client directly from the Internet;
- ✓ The possibility of information exchange between the insured and the insurer during the term of the contract (for client in various reports from the insurance company);
- ✓ Exchange of information between the parties, upon the occurrence of the insured event;
- ✓ The payment of the insurance premium the insured via the Internet, in case of the insured event;
- ✓ Insurer providing customer information and other services: consulting, glossary of insurance terms, etc.

If all these requirements are met online representation of the company, then it can be called a complete virtual office.

As a result of policy sales through the Internet, insurers can reduce their costs of sale, policyholders by 9-12%. Consumers are beginning to look for opportunities to save when purchasing insurance, comparing the cost of the policy over the internet websites of insurance companies. On the other hand for the insurance company that the option of selling the policy is more advantageous as it allows saving on remuneration of the intermediary who sells the policy and this leads to lower product prices, higher profits and competitiveness. In addition, the

inhabitants of our country know that the Internet is cheaper to purchase, Russians marked the highest level of savings with the purchase intentions through a network of more than the average of 28%.

In Internet insurance has the following steps:

- pre-sale customer service
- direct sales
- after-sales service

Under the policy of selling via the internet involve different insurance companies have different processes. Through the information collected is able to identify several types of online sales of insurance policies.

Types of Internet policy sales:

✓ Online Application

- Provide contact information via the website of the insurance company
- The travel and insurance documentation filling with advanced customer calls to clarify the terms of insurance and / or venue
- Payment policy specialist outbound cash

✓ Online payment

- Providing the information necessary to calculate the fill rate and policy, through the website of the insurance company
- Payment of the policy over the internet
- Delivery of the final policy by courier, express mail, or providing the opportunity to pick their own contract in the sales office

✓ On-line sale of insurance policy

- Providing the information necessary to calculate the fill rate and policy, through the website of the insurance company
- Payment of the policy over the internet
- Shipment insurance policy over the Internet with an electronic signature or seal independent of the policy

In order to implement any internet trade or business, anyway we have to determine some trends related with internet users:

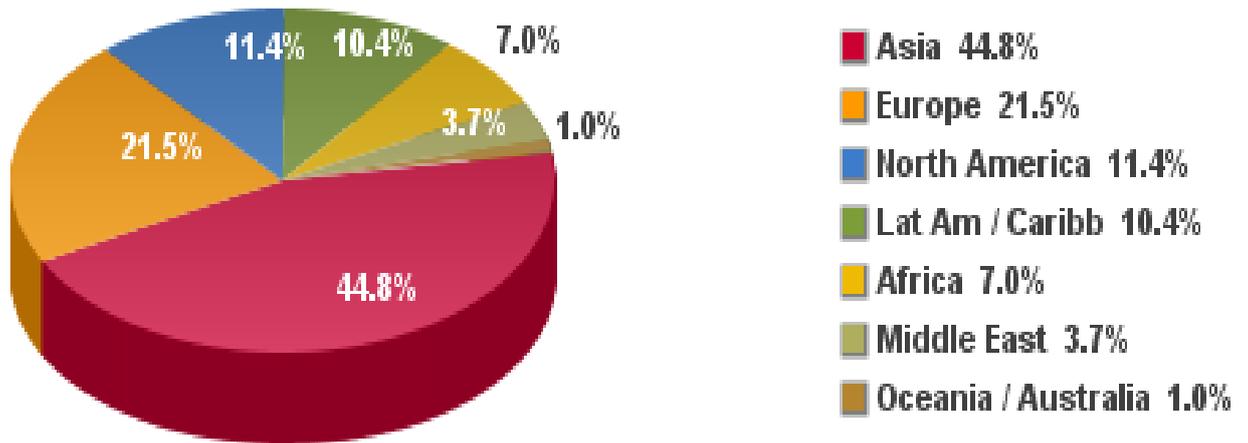
- ✓ The number of population in the world
- ✓ Internet users in the world
- ✓ Internet users in the world (world regions)
- ✓ Percentage of internet users among population and etc.

In some regions, in spite of the big number of people, the percentage of internet users is not so considerable. But in some countries have a lot of internet consumers in spite of the little number of population.

Presently, almost all individuals know that there is no effective results and development without internet network. In order to get considerable achievements of economic rates, the best way is using web pages on the internet network. Sending data through this network is very comfortable and especially in short time duration people can exchange information. Year by year the number of internet users is enlarging in an incredible speed. People can communicate with each other and also they can run their business online. It means that internet is not only the tool of the communication but also the source of business and trading.

So, implementing the online insurance, it is important to look over the rates of internet consuming around the world.

Drawing – 9. Internet users in the world
(World regions, 2012)



This table shows the percentage of internet users around the world among seven regions such as, Asia, Europe, North America, Latin America, Africa, Middle East and Australia. As can be seen the biggest percentage of the internet users is in Asia (with 44, 8) while the least users are in Australia (with 1, 0%). In turn, Europe is with the percentage of 21, 5 % whereas North America and Latin America have the rate higher than 10%. These divisions are related with the size of regions, for example it is natural that Europe or Asia has more population and also more consumers while Australia has less internet users.

According to this pie chart, it can be known only the total segmentation of the internet regions, but it is not clear that how many people there are and out of that population how many individuals use internet regularly. To clarify those rates about users we have to see information with the number of population and internet consuming with the percentage.

Drawing – 10. World internet usage and population statistics.
(World regions, 2013)

This table includes statistics related with internet users in world population.

WORLD INTERNET USAGE AND POPULATION STATISTICS				
World Regions	Population (2013)	Internet Users Latest Data	Penetration (% Population)	Growth 2000-2013
<u>Africa</u>	1,073,380,925	167,335,676	15.6 %	3,606.7 %
<u>Asia</u>	3,922,066,987	1,076,681,059	27.5 %	841.9 %
<u>Europe</u>	820,918,446	518,512,109	75.2 %	393.4 %
<u>Middle East</u>	223,608,203	90,000,455	40.2 %	2,639.9 %
<u>North America</u>	348,280,154	273,785,413	78.6 %	153.3 %
<u>Latin America / Caribbean</u>	593,688,638	254,915,745	42.9 %	1,310.8 %
<u>Oceania / Australia</u>	35,903,569	24,287,919	67.6 %	218.7 %
<u>WORLD TOTAL</u>	7,017,846,922	2,705,518,376	38.5 %	566.4 %

As can be seen, Asia has a great number of populations among other regions with nearly 4 billion people, followed by Africa with just over 1 billion and Europe with over 8 million people. Conversely, other regions such as Middle East, North America and Latin America have a lower rate of population between 223 and 593 million whereas Australia pointed the lowest point with approximately 4 million people.

Besides, in this table there is given the share of individuals who use internet among the whole population. The top internet users are in North America (78, 6), Europe (75, 2%) and Australia (67, 6). It means that more than 60% of people use

internet regularly in these three regions. Alternatively, Middle East and Latin America has the same rate with approximately 40% of people use the internet network. However, Africa and Asia has the percentage less than 30% of internet users despite the great number of population is also in those regions. So, in 2013, over 2.7 billion people are using the Internet, which corresponds to 39% of the world population.

So, what's the reason for looking over the statistics of internet users around the world for implementing internet insurance? Because, in order to sell products or any service, we have to determine to whom we and for which part of population have to create them. To put it simply, in insurance services to create online services, directly depends on the number of internet users in that region. In particular, there is no use for insurers to run the online insurance services in regions which there is not internet users enough. On the other hand, among people there should be knowledge or interest for online interactive services and for online trade. In that case, it is beneficial to create online internet trading in insurance and improving internet interactive services on web pages.

Then again, insurers should take into account not only internet users number but also the share of mobile internet users. The reason is that presently it is common to enter the websites through mobile phones. In 2012 made great strides in mobile offering its customers not only a mobile version of their backend to be on top of their ecommerce store on the go but the ability to turn their ecommerce storefront for mobile optimization at the click of a button.

**Drawing – 11. Uzbekistan internet usage and population statistics
(2010 - 2013)**

YEAR	USERS	POPULATION	% PENETRATION
2010	4,689,000	27,865,738	16.8 %
2011	7,897,000	29,123,000	27,1%
2012	8,575,042	28,394,180	30,2%
2013 (March)	10,089,000	29,735,000	33,9%

The table shows that the number of internet users in Uzbekistan made up 10.089 million in the result of the first quarter of 2013. The internet users' base grew by 3, 7% compared to the rate of 2012. Interestingly, in last three years, internet users' penetration increased twice, in 2010 from 16, 8% up to 33, 9% in 2013. And also in this numbers has both mobile internet users and desktop internet users' penetration.

The phrase mobile commerce was originally coined in 1997 to mean "the delivery of electronic commerce capabilities directly into the consumer's hand, anywhere, via wireless technology." Many choose to think of Mobile Commerce as meaning "a retail outlet in your customer's pocket."

According to recent survey, in January 2013, 29% of mobile users have now made a purchase with their phones through internet and 40% of all visits to the internet shopping site in December 2012 were from a mobile device. Bank of America predicts \$67.1 billion in purchases will be made from mobile devices by European and U.S. shoppers in 2015.

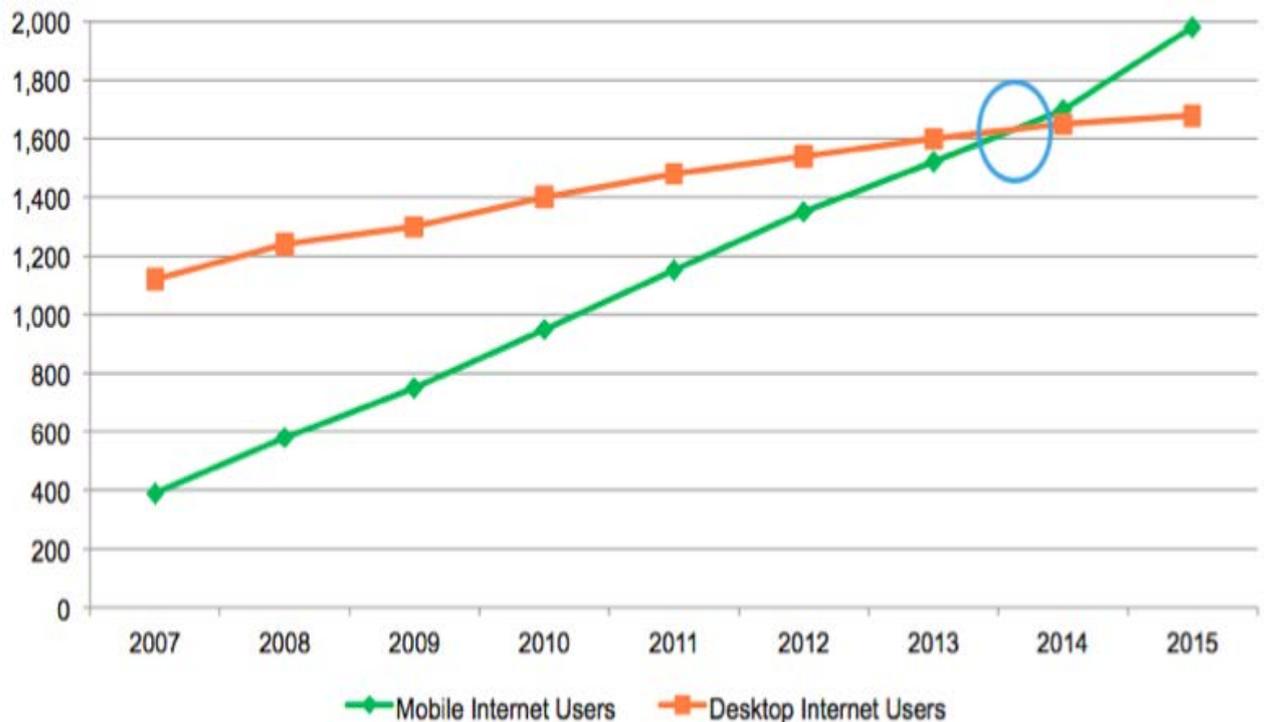
As content delivery over wireless devices becomes faster, more secure and scalable, there is wide speculation that m-commerce will surpass wire line e-commerce as the method of choice for digital commerce transactions. The industries affected by m-commerce include:

- ✓ Financial services, which includes mobile banking as well as brokerage services, in which stock quotes can be displayed and trading conducted from the same handheld device;
- ✓ Telecommunications, in which service changes, bill payment and account reviews can all be conducted from the same handheld device;
- ✓ Service/retail, as consumers are given the ability to place and pay for orders on-the-fly;
- ✓ Information services, which include the delivery of financial news, sports figures and traffic updates to a single mobile device.

There are three main preconditions for m-commerce development:

- Explosive growth in number of mobile phones: extensive growth in quantity at the expense of developing countries, first of all India and China and replacement of ordinary phones with smartphones in the developed countries;
- Improvement of infrastructure of mobile networks: reduction in cost of unlimited plans, increase of speed connection in developed countries, in developing the mobile Internet often becomes the only possibility of access to a network;
- Development of interfaces. Emergence of iPad – a huge step to branches, mobile users start using 10times more mobile devices in an everyday life.

**Drawing – 12. Mobile web usage growing in the World
(2007 - 2015)**



Apparently from the table on rates of mobile web usage growing, there is no fluctuations or stable changes during the periods. That is to say that desktop and mobile internet rates are regularly in progress together. According to the diagram, the number of mobile internet users is growing faster than desktop internet users amount. Meanwhile, predictions say that during the year of 2013-2014, the rates of mobile and desktop internet users reaches the equilibrium, than again the percentage of mobile internet users continues to increase nonstop.

The mobile Internet, the popularity of which is evident in the buzz generated around every new mobile phone or tablet, is close to being a mass market. An average of 69 percent of Internet users connected to the Web with a mobile device in the past 12 months. Of these, 61 percent used smartphones for accessing the Internet. Among non-mobile Internet users, 46 percent expressed interested in buying a Web-enabled mobile device in the future. This as an increasing number of

innovative touchscreen models with great image resolution, faster Internet access and attractive built-in social media and mobile payment apps are hitting the market every day.

All in all, internet network plays the titanic role in insurance sphere operating the business, to attract the clients fast and to sell the retails in short time duration. Besides, using the desktop or mobile internet in order to sell some services also can manage time and fewer outcomes. Moreover, insurers could invest little amount of money for selling the services to individuals.

Chapter3. The performing and improving prospects of the internet insurance

3.1. The experience of insurance services trade on the web in well-developed countries

Increased competition and noticeable changes in customer behavior and preferences paved the way for the growth of newer channels for policy sales. Many of these channels evolved as a result of insurers' efforts to improve their operational efficiencies, aided by technological advancements. These channels now help insurers directly reach their target customers, bypassing traditional intermediary channels. Initially these channels were used to provide only product- or policy related information and to advertise, however insurers now leverage these channels to directly communicate with customers and sell suitable insurance products. With these new developments, customers' methods of researching and buying insurance products also changed over time. With the increased penetration of the internet and smartphones, customers now prefer to gather information on various products and services offered by multiple insurers and tend to compare before making a final decision. The internet has developed into an important channel to gather information on insurance products, and the increased popularity of social media is also expected to affect how customers buy insurance products. Many customers now seek feedback on insurance products on social media sites and include the feedback in their decision-making process. Easy access to the

internet via computers, mobiles, and other hand-held devices has made it a part of people's everyday lives. Customers now use these devices to easily obtain information and updates on insurance products and services—a trend that is expected to continue to grow in the near future. While penetration of these devices is higher in the developed western economies, it is rising at a rapid pace in developing economies such as India and China. In fact, lack of proper distribution networks in the developing economies have forced insurers to come up with innovative ways to leverage the mobile and internet channels to sell their products and also to better attract the millennial generation customers. Enhanced capabilities of browsers and websites help create better product illustrations and help in easy retrieval of policy information. Also, making insurance product information available online increases transparency of the costs associated with each policy. The online channel is attracting both insurers and customers and is expected to have a long-term impact on how information is gathered and how products are sold. Even agents are now demanding better internet and mobile channel functionalities from insurers to increase their ease of doing business. Insurers are thus leveraging the online channel to help increase direct sales opportunities.

With the rise in penetration of the internet, there has been a gradual change in customer preferences around buying insurance products. This change has been both behavioral and attitudinal in nature, and is more prominent among younger customers. Customers currently use the internet primarily to research and compare various policies, view policy details, make policy changes, pay premium bills, and contact agents/brokers. Most of their activities are focused towards interacting, communicating, and transacting with insurance providers. Such behavior signifies tremendous growth opportunities ahead for this channel as customer penetration increases and as more insurance-related activities is carried out via this channel. The internet also helps insurers provide a robust self-service portal for its customers, which serves the dual purpose of increasing customer satisfaction while reducing operational workload. However, trends in internet usage vary across life and non-life insurance products.

While customers still value agents' advice when buying life insurance products, they are increasingly using online channels to buy non-life products. Market segments like motor and home insurance have become commoditized and require less advice when buying these products, making them more suitable to be sold over the internet. While sales via online channels have been slower than initial expectations, they are still expected to continue growing in the future.

The online sale of insurance products has tremendous potential for distributing policies while keeping overall costs low. Insurers should focus on increased adoption of this channel to generate new product sales and also to provide related services to their customers. They should also use it to provide customer service and collect customer feedback. The online channel can also be leveraged to provide claims management and related services to customers.

Products that have achieved high market penetration and for which there is intense competition within the industry—leading to lower profitability—are more likely to be the ones that can be sold online. Insurers should identify these products and develop the necessary systems to sell them online. Insurers also need to study the typical profile of a customer who is more likely to use the internet to get information on insurance products, and then create targeted online sales strategies.

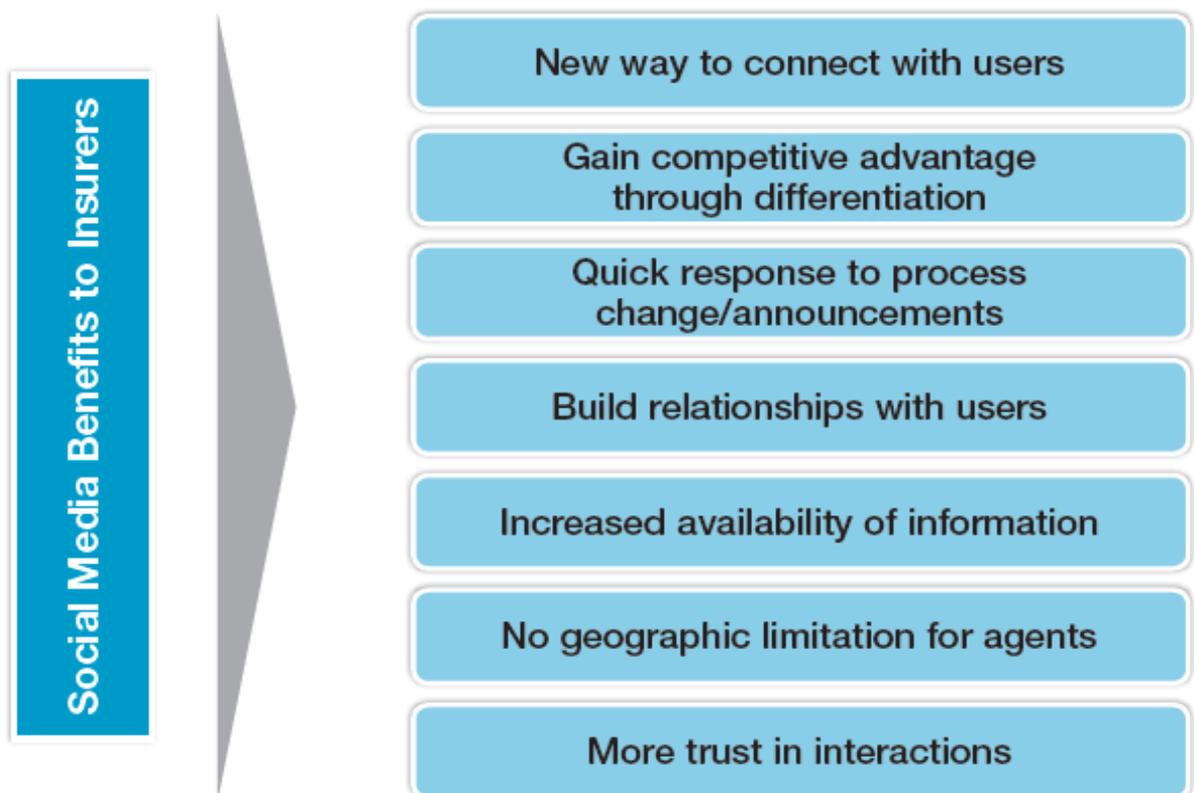
While developing an online portal, insurers should make sure that the portal works as an integrated part of the whole multi-channel distribution network.

Social media platforms such as Facebook, LinkedIn, and Twitter have witnessed rapid growth over the last few years. Many of these platforms have matured, and feature embedded functionalities that better help businesses to reach out and interact with their target audience base. At the same time, many other new social media platforms, such as Google+, are also trying to establish themselves in the marketplace. With the rise in penetration of smartphones with enhanced social media applications, more customers now carry these platforms with them wherever they go. Social media is now acknowledged as a growing phenomenon for the insurance industry. Customers increasingly use social media platforms to obtain sales-related advice from their friends, family and other contacts, and gain feedback on various products and services, including those in the insurance

domain. They also expect insurance companies to have a presence on social networking sites. Customers are also having some of their insurance related queries resolved by sharing their concerns publically on these platforms, pushing companies to respond.

The initial focus of insurers' social media strategies has been aimed at low-level communication and marketing of new products and services. While many insurers now relate social media to a mass marketing tool, there are many other applications as well including: gaining customer feedback; resolving queries in real-time; providing product updates; and as an information source for insight generation and fraud investigation. Social media platforms along with the online channels can also help remove geographical limitations that agents face when serving their clients.

Drawing – 13. Social Media Benefits to Insurers



For decades up to the present time English insurance market is dictating terms and conditions of insurance. British insurance rules form the basis of national insurance conditions in many countries.

On some indicators English insurance market still has no equal in the world. So, with a relatively small size of purely domestic insurance market of its share in the operations of the international character of almost equals 20% of the world's insurance business. British insurance companies operate in 43 countries. Almost one tenth part of all insurance premiums in the world comes to the accounts of British insurance companies.

The most famous in the world of insurance agency syndicate "Lloyd" brings together:

- More than 23.5 million individual insurers;
- 2181 foreign party (including the USA in 1370.)

"Lloyd" operates on 5 major markets independent - the sea (40% of all insurance premiums), the total property, aviation, automotive market and short-term life insurance.

Also, a high level of development of the insurance business differs insurance market in Switzerland. A characteristic feature of the Swiss insurance market is closely intertwined national and foreign capital. Insurance companies often are multinational corporations with extensive overseas interests.

The largest general insurance company is "Zurich ferzihe - rungegezelschaft." The company is headed by a powerful insurance group, which in turn has 34 subsidiary companies in the country and abroad.

The strongest position in the global insurance market, Swiss companies are involved in the field of reinsurance. It accounts for more than half of all premiums received from abroad. Inside the country, more than half of gross premiums give private insurance.

In Switzerland, the highest rate in the collection of insurance premiums per capita. Insurance policies Swiss Family absorb up to 15% of the average household

budget and are the largest item of expenditure. The average Swiss household spends more money on insurance than on food.

The insurance market in France is notable for extremely rapid development in the post-war period. Since the mid-50th century before the 80th of its turnover increased by 25 times, while the gross domestic product of the country - 15 times.

The main types of insurance in France are car insurance and life insurance. In 1983-1984 in connection with the regular commercial launches of satellites using missiles "Arian" has created a new industry of insurance - insurance of space risks. French reinsurance market is ranked 5th in the world.

The insurance market in Japan has a number of features. One of them is the fact that the insurance business is dominated by life insurance companies.

Life insurance companies - the largest holders of the shares and bonds of private companies and public corporations. They play an important role in lending. In recent years they have actively penetrate the insurance market of the United States, Canada and other countries. The cause of the dominant position of the life insurance companies is the lack of in Japan for a long time, the system of social security and welfare, and therefore the majority of the population had to use the services of insurance companies.

The government strictly regulates the activity of insurance companies. Without the consent of the Ministry of Finance cannot change the rate of insurance premiums. The competition between insurance companies is limited due to the lack of insurance brokers. The insurance industry is composed of a large number of offices and their agents, the number of large companies which reaches several tens of thousands.

Thus, a brief analysis of the insurance market in foreign countries shows that the insurance system of each of them is an integral part of the international insurance market. However, it is an important sector of national economies, providing a redistribution of 8-12% of the gross national product. Accumulated by the insurance companies are the sources of funds of large investments. State regulation of insurance activities abroad mainly aimed at control of the financial side of the

insurance companies. Let us hope that the Russian insurance market in the coming years also will join an integral part of the global system of insurance.

The Growth of Insurance Services Online

Between 2001 and today, the number of Americans with Internet access grew from nearly half the U.S. population to roughly 80%. Today, over 347 million Americans are online. This massive growth has bolstered the sale of goods and services online. Web-based bookstores like Amazon.com easily outsell their real world competitors, evidenced by the recent closure of Borders Books. Online travel services like Orbitz and Expedia may do the same to bricks and mortar travel agencies in the near future. Consumers aren't just buying books and flights, either. More and more Americans are now turning to the web for essential services like banking and insurance. The online insurance sector, including auto and property insurance, may soon dwarf traditional insurance carriers.

Auto Insurance

eSurance, launched in 1999, offered a convenient option to consumers who were tired of the traditional way of applying for car insurance. By 2005, they had passed \$350 million in revenues with over a quarter of a million policyholders. eSurance grew from there rapidly each year until they were purchased by Allstate for \$1 billion in May of 2011. The rise of eSurance, to the point where they got the attention of the big traditional carriers, is a testament to the popularity and convenience of online auto insurance companies. From 2006 to 2007 alone, the overall number of auto insurance policies purchased online grew almost 40% as consumers purchased almost two million policies. In 2010, 20.2 million auto quote requests were submitted online. Just as we've seen in many other industries, large car insurers like Geico have increased their online presence to stay relevant in this online world.

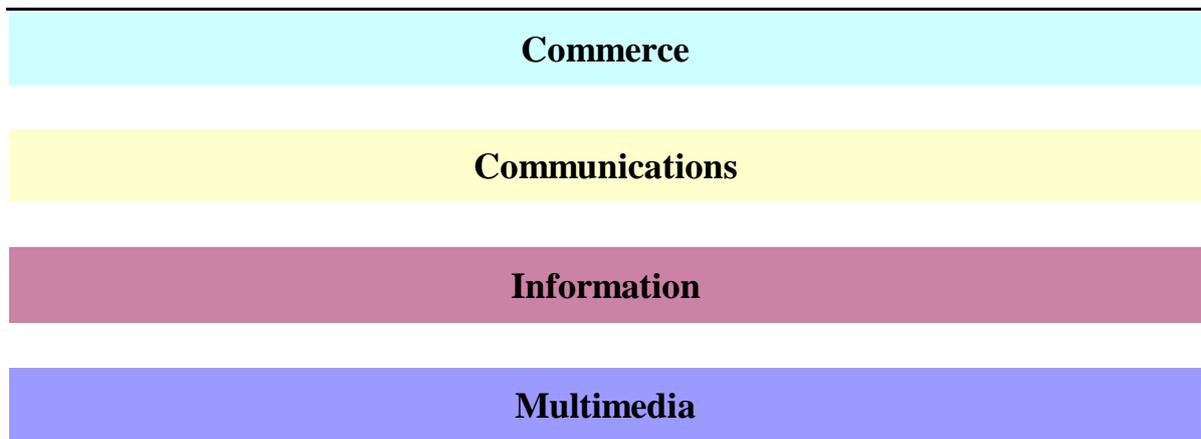
Property Insurance

Compared to the booming online auto insurance industry, the property insurance sector is rather modest. It is set for growth, though, according to market analytics firm Comscore. They report that a half million quotes for property insurance were submitted online in 2010, comparable to more than 20 million auto

quotes. 400,000 requests for renter's insurance were also submitted by the Internet. auto insurance industry has changed consumer buying habits by getting them used to purchasing insurance online. This new infrastructure, they conclude, will lead to increased online insurance quote requests and purchase in the property insurance industry.

Online auto insurance companies make the task of getting quotes and purchasing insurance much easier than it has been in the past. Instead of calling and insurance company or visiting an agent in person and getting the "hard sell", consumers get the ease, convenience and flexibility of requesting quotes online. The online insurance industry is growing rapidly and it doesn't appear to be slowing in the future. A survey by media firm Accenture noted that 70% of consumers plan to buy or renew insurance online in the next two years.

Drawing – 13. Cost-effectiveness of the Internet



With the rise in penetration of the internet, there has been a gradual change in customer preferences around buying insurance products. This change has been both behavioral and attitudinal in nature, and is more prominent among younger customers. Customers currently use the internet primarily to research and compare various policies, view policy details, make policy changes, pay premium bills, and contact agents/brokers. Most of their activities are focused towards interacting, communicating, and transacting with insurance providers.

3.2. The problems of implementing internet insurance and the prospects for the development of the internet insurance in Uzbekistan

The online channel is attracting both insurers and customers and is expected to have a long-term impact on how information is gathered and how products are sold. Even agents are now demanding better internet and mobile channel functionalities from insurers to increase their ease of doing business. Insurers are thus leveraging the online channel to help increase direct sales opportunities.

Why customers are going to the Internet

From the point of view, the consumer first and obvious advantage of online insurance is the simplicity, accessibility and convenience. No need to find time and wasting time on a visit to the insurer, it is enough to get online - and for half an hour you can enter virtual offices of several insurance companies. In this modern web technologies can implement a set of forms of interaction: Skype, ICQ, e-mail, social networks, feedback form and a forum with experts, integrated online consultant on the site. In addition to consulting directly to the network, the client can make an inquiry and request a call back, or to specify a convenient way to communicate - with him promptly contact a specialist in charge of the desired type of insurance, and will answer all your questions.

Second, but perhaps even more significant advantage is the possibility of obtaining objective information, the lack of which is recognized as one of the key problems in the agency business. Online, the user will be able to independently calculate the various insurance options, compare the cost of the policy of several companies to form an idea about the reputation of the insurer by reviewing customer feedback and studying the industry rankings. In addition, the web-representation can be acquainted with the conditions of insurance for an unlimited time, cancel the policy and make changes in a matter of seconds, and choose the most familiar and convenient way to pay.

Why insurers are going to the Internet

Engine of progress in the insurance market, as in any market is competition. It was a struggle for the client makes the insurance companies to improve the quality of customer service, look for alternative channels of promotion, trying out new methods of sales. Today, the consumer used to choose, and to attract new and retain existing customers, insurers need to follow modern trends, introduce innovative technologies to demonstrate in practice customer-oriented approach. IT-tools open up limitless possibilities of this: from making the customer the right of self-insurance product to remotely monitor the status of the account or the promotion of the insurance business.

First of all, it is the spread of information influence over a vast area outside the geographical scope. In this case, through contextual advertising, specialized resources, social networks can be precisely targeted to allocate their target audience. In addition, the use of the Internet as the platform - it saves resources by reducing the costs of the office, reducing the time spent on communication with the client, improve the efficiency of document management and operations, etc.

The difficulties in the way of insurance in the global network

However, despite all these convincing arguments, online insurance remains on the periphery of the domestic insurance market. The reasons for this are both objective and subjective. Let's talk first about the past - and this is logical, as the first necessary to dispel stereotypes, and then fight the real obstacles will be much easier.

The first is the fear of fraud. Fears total fraud in the sale of online connected with the illusion of anonymity that the Internet provides, allowing opening an infinite number of mailboxes and accounts. But this is an illusion. Besides, we must take into account the current trend of socialization users: Facebook, VKontakte, Twitter, Google+ - it's not just a social network and community of people. Here becomes a brand name, and the fact of fraud can receive the widest publicity. Therefore, it can be argued that the threat of fraud in the sale of insurance products through the Internet will be exactly the same in the proportions

as in the classic sales channels, and eventually may become lower than the "offline".

The next argument "against" is: "No one can replace a live insurance agent." Yes, perhaps, the task to advise the client and effectively market policy can best solve agent. However, the insurance culture in Russian society is gradually increasing, the insurers and the media are informational work, finally, and there is the mandatory insurance. But even if a person decides to hedge, then do it "right now" is often problematic (far is the office / representative of the insurer, not enough time). In this case, nothing prevents insurance store to be next to the man at the right time, right place - literally in his pocket or on the desktop online.

Another problem is more real. The insurance program is a specific financial product, to understand which alone can be difficult person who is not associated with this area. Therefore, the development of Internet security is on the way "from simple to complex" - in the initial stages are sold through a network of standard products that can be "intuitive" inexperienced user, for which it is possible to create standardized forms and automatically calculate the risks. It is such things as car insurance (for new cars), liability insurance, and travel insurance, packaged foods. For web implementation of more complex programs really need to make an effort. The problem of having to advise solves the use of interactive communication services to users and consultants. However, much of the conclusion of the contract of insurance programs currently impossible without full-time interaction: the case of insurance used car inspection is required, expensive housing - assessment and inventory, life - a medical examination.

The greatest and undeniable complexity is the absence in Russia of the statutory mechanism for the use of digital signatures. While this situation does not change, the Internet insurance will be a hybrid, using a network for communication and preliminary work on the design of insurance, but with the need to policy delivery by courier services.

As the Western practice, most of these challenges can be solved. As technology of the Web security will grow, the range of online stores to expand, and browsing the Internet will become common practice for Russian insurance reality.

In Uzbekistan, how it could be implementing online insurance, also there are enough issues to set the web commerce:

- **Customers often don't believe even real insurance clerks, so they don't believe in virtual communication;**

The customers have no belief in live insurers, so it is natural that the clients are more likely not to trust in virtual insurers.

- **The little number of internet users;**

In order to sell products or any service, we have to determine to whom we and for which part of population have to create them. To put it simply, in insurance services to create online services, directly depends on the number of internet users in that region. In particular, there is no use for insurers to run the online insurance services in regions which there is not internet users enough. On the other hand, among people there should be knowledge or interest for online interactive services and for online trade. In that case, it is beneficial to create online internet trading in insurance and improving internet interactive services on web pages. In Uzbekistan the penetration of internet users equals to 33, 9% according to the last survey. Perhaps that rate is the relevant to create the e-commerce but most of these users spend their time sitting only on social sites. Majority of the users are not likely to try the business trade sites.

- **The most of the insurers use the traditional way;**

Traditional way means that the majority of insurance companies have only live brokers, agents and the other clerks in the offices. Even director use simple technologies to run their business operations. In particular, even an accounting system has not been automatized yet.

- **The advertising system;**

It is known that the advertising is the key of the trading in any business sphere. The businessmen must realize the importance of advertisement. In insurance sphere, the advertising is not satisfied. People could remember about the insurance while

getting the compulsory policy for cars or if some enormous events happen. But they cannot see even the brochures or news about insurance unless they enter the only insurance companies' web-pages.

As can be seen the problems are enough for implementing the online insurance in Uzbekistan. The main object is that we have to find solutions to that innovation in Uzbekistan in spite of some critiqued issues. To consider all of the issues of this sphere we could make some suggestions to be offered:

- **To convince the customers to reliable service;**

The belief of customers is necessary for both sides. If the insurers cannot get the customers believe in the services, they do not get any income. In Uzbekistan, most people even don't have interest for insurance service, even they don't know how they could protect themselves and reduce the probability of loss with the help of insurance policies. In particular, if the insured people with compulsory insurance for car are asked for the question about the reason for buying the policy, most of them, just over 80% of them have an opinion that the getting policies is compulsory by the government. It means that the people have not realized the motive of insurance system.

- **To create the web-sites for “customer”;**

First of all, the insurers have to create the web-sites for “customer”, but not for need or status. Some companies have an opinion like, if they have a web-site on the internet network so it is status for them and it is important to be more popular among competitive market. However, after creating the web pages, they must keep control of adding news regularly and to create any comfort for customers.

- **To create the mobile versions of all sites as well as desktop versions;**

The share of mobile internet users among the whole internet users is considerable. In Uzbekistan, just over just over 60% of internet users equals to the mobile internet share. So it is time the creating the mobile software for android programmed phones and mobile versions of all insurance web sites.

- **To provide interactive services to attract and encourage internet users;**

In order to attract the clients, insurers have to create interesting and effective interactive services for the customers. Looking around the sites of the insurance companies, we could see a few interactive services such as “CALCULATOR”, “SMS-ALERT” and “ORDERING ONLINE POLICY”. Companies must work on other types of interactive services.

- To create advertising environment

It is not enough to understanding the meaning of the notion about advertising, but also companies have to create wide advertising environment through internet. For instance, as can be seen that the most internet users spend their time sitting on social sites such as Facebook, Twitter or Google+. It would be more effective, if the issues or any news about insurance activity are discussed and spread through these social sites.

Chapter 1. Life activity safe

4.1. Interaction between humans and the techno sphere

A man and his environment habitat form a permanent system "man - environment" in which a person decides continuously for at least two major problems:-sufficient in food, water and air, creates and uses protection from the negative effects of the environment habitat.

The sources of natural negative impacts include natural phenomena in the biosphere: climate change, storms, earthquakes, etc. The constant struggle for existence has forced people to find and improve the means of protection against the adverse effects of natural habitats. However, the appearance of the home, the use of fire and other means of protection, improvement of methods of producing food not only protect people from the adverse effects of natural, but also affect the habitat.

Until the middle of the XIX century. human environment slowly changed his appearance and little varied types and levels of negative impacts. In the XX century. increased active human impact on the environment, any area in the world

increased contamination of the biosphere, which led to a partial, but in several cases a full regional degradation. Biosphere gradually lost its dominant importance in the regions inhabited by people began to turn in the technosphere.

These changes have greatly contributed to: the high rate of population growth in the world (population explosion) and its urbanization, the growth of consumption and the concentration of energy resources, intensive development of industrial and agricultural production, the massive use of public transport; rising costs for military purposes and a number of other processes. The real world there are new conditions of interaction of living and non-living matter: human interaction with the technosphere, the interaction of the technosphere and the biosphere (nature), etc.

Life safety - the science of comfortable and safe interaction of man with the technosphere. Its main purpose - to protect people in the technosphere from the negative effects of anthropogenic and natural origin and achieving a comfortable living environment. The means of achieving this goal is the realization of a knowledge society and knowledge to reduce the technosphere in physical, chemical, biological and other

Life safety - the science of comfortable and safe interaction of man with the technosphere. Its main purpose - to protect people in the technosphere from the negative effects of anthropogenic and natural origin and achieving a comfortable living environment. The means of achieving this goal is the realization of a knowledge society and knowledge to reduce the technosphere in physical, chemical, biological and other negative impacts to acceptable values. This defines the body of knowledge within the science of life safety, as well as BC Place in the general area of knowledge - Ecology technosphere.

The most important concepts in scientific theory BC are: habitat, activity, danger, safety and risk:

- Habitat - environment at the moment human environment determined (caused) a combination of factors (physical, chemical, biological, social) that could have an impact on human activity, his health and offspring (direct or indirect, immediate or remote). Work environment (zone) - consists of the elements of objects and means of labor, the products of labor, etc.

- Activity - conscious (active) human interaction with the environment. The result of the activities should be its usefulness to human existence in this environment. Contents of activity includes the goal, the means, the result and the process activity. Various forms of activity. Ability to live - is a daily activity and rest, way of being human.
- Hazard (a central concept in life safety) - these are phenomena, processes, objects, having a negative impact on human life and health (negative property of living and non-living matter capable of causing damage to the fabric of: people, environment, material things).
- Security - a state of activity in which a certain rate excludes potential hazards affecting human health.
- Risk - a quantitative characterization of the action of hazards related to a certain number of employees (residents) for a specific period of time. The implication is that these dangers are formed concrete human activity, that is, The number of deaths, number of cases, the number of temporary and permanent disability (disability) are caused by human action on a specific hazard (electric current, harmful substance, move objects, criminal elements of society, etc.).
- Human interaction with the environment can be a positive or negative nature of the interaction determine the flows of matter, energy and information.

A man and his environment harmoniously interact and develop only under conditions where the flow of energy, matter and information are within favorably perceived by man and the natural environment. Any excess of the usual levels of flow accompanied by negative effects on both humans and the environment. Under natural conditions, these effects are observed at climate change and natural phenomena. Under the technosphere negative impact caused by the elements of the technosphere (machinery, buildings, etc.) and human actions.

By varying the value of any significant flow from the minimum to the maximum, you can pass a number of characteristic states of interaction in the system "man - environment":

Comfortable (optimal) when the flows correspond to the optimum conditions of interaction:

- Create optimal conditions for work and rest; provide the prerequisites for the manifestation of the highest efficiency and productivity as a result of activities; guarantee the preservation of human health and the integrity of the components of the environment.
- Permissible when the tides, affecting humans and environment, not have a negative impact on health, but lead to discomfort, reducing the effectiveness of human activity. In this case, compliance with the permissible interactions ensures that the person in the environment are not possible occurrence of irreversible negative processes and their development.

- Dangerous when flows exceed the permissible levels and have a negative impact on human health, causing prolonged exposure to the disease, and lead to the degradation of the natural environment.

Extremely dangerous when the tides high levels in a short period of time can cause injury, cause a person to death, to cause the destruction of the natural environment.

Of the four characteristic states of human interaction with the environment, only the first two (comfortable and acceptable) correspond to the positive conditions of everyday life, and the other two (dangerous and extremely dangerous) - are unacceptable for the processes of human life, the preservation and development of the natural environment.

Negative impact on the human environment and, unfortunately, is not limited to natural hazards. Man, solving the problem of their financial support, continually affects the habitat of its operations and products of (technical facilities, emissions of various industries, etc.), generating a man-made environment and man-made hazards.

Technological hazards pose elements technosphere - machines, structures, materials, etc., and man-made hazards are the result of erroneous or not authorized by human actions or groups of people. The higher the transforming activity of the person, the higher the level and number of hazards - harmful and traumatic factors that negatively affect a person and his environment. Harmful factor - the negative impact on a person, which leads to the deterioration of health or disease.

Significant man-made hazards exposed persons when released into the acting area of technical systems: highways, the radiation zone of radio and television broadcasting systems, industrial zones, etc. The levels of risk of human exposure in this case determined by the characteristics of technical systems and the duration of stay of the person in the danger zone . Likely to occur when using hazards and human technical devices at work and at home: electrical networks and devices, machine tools, hand tools, gas cylinders and networks, weapons, etc. The occurrence of such hazards associated with the presence of faults in technical devices, and with the wrong actions of people using them. Levels of emerging

dangers have determined energy performance of technical devices. At present, the list of negative factors really significant and has more than 100 species.

4.2. Fire safety

Fires cause enormous material damage and, in some cases accompanied by the loss of life. Therefore, the protection against fire is the most important duty of every member of society and is conducted on a national scale.

Fire protection is aimed at finding the most efficient, cost-effective and technically sound ways and means of fire prevention and response with minimal damage in the most rational use of forces and means fire.

The highest burning rate is observed in pure oxygen. By reducing the oxygen content of combustion air is stopped. Burning at a reasonable and over dimensional oxidant concentration is complete and in its lack - incomplete.

There are three main types of self accelerate chemical reactions during combustion: heat, chain and chain-thermal. Insulation mechanism involves oxidation exo thermals and increasing reaction rate with increasing temperature. Chain due to the acceleration of the reaction catalyzed transformations, which carry intermediates transformations. The actual combustion processes are carried out, as a rule, the combined (chain-thermal) mechanism.

The process of a combustion is divided into several types:

- Flash rapid combustion of the combustible mixture is not accompanied by the formation of the compressed gases.
- The occurrence of a fire burning under the influence of the source of ignition.
- Inflammation fire, accompanied by the appearance of the flame.

There are several types of spontaneous combustion:

- Chemical - from affecting the combustible oxygen, air, water or substances interact;
- Microbiological - occurs at a certain temperature and humidity in vegetable products (ignition grain);
- Self-ignition spontaneous combustion, accompanied by the appearance of the flame.
- explosion extremely fast (explosive) conversion, accompanied by the release of energy to produce compressed gases.

The main indicators of fire danger are the self-ignition temperature and concentration limits of ignition.

Auto ignition temperature of the material has a minimum, whereby there is a sharp increase in the rate of exothermic reactions ending appearance flaming.

Flash lowest (in special tests), the temperature of combustible material in which are formed over the surface of vapors and gases capable of flashing in the air from the ignition source, but the rate of their formation is still insufficient for subsequent combustion.

Low temperature combustion ignition substance, which it allocates fumes and gases at a rate such that, after ignition of the ignition source from the stable combustion occurs.

Ignition temperature limits the temperature at which the saturated vapor substances form in the concentration of the oxidizing environment, equal respectively to the lower and upper explosion limit fluids.

By flammability substances are divided into: combustible (flammable), it is difficult - flammable (hard - combustible) and non-flammable (non-combustible). To fuel these are substances which, when ignited, extraneous source and continue to burn after its removal.

It is hard - fuel are those substances which are not capable of spreading fire and burn only in the impact of an ignition source.

Non-combustible materials are not flammable, even when exposed to sufficiently intense sources of ignition (pulses).

Flammable substances may be in three states: solid, liquid and gaseous. Most of combustibles irrespective of the state of aggregation by heating forms gaseous products which, when mixed with air containing a certain amount of oxygen to form a combustible environment. Flammable fluid may be formed by spraying fine particulate solids and liquids.

From combustion gases and dust generated flammable mixtures at any temperature, while solids and liquids can form combustible mixtures only at certain temperatures.

In a production environment may be a formation of mixtures of flammable gases or vapors in any proportions. However, these explosive mixtures may be only when the concentration of combustible gas or vapor is ignited between the boundaries concentrations.

The minimum concentration of combustible gases and vapors in the air, where they can catch fire and spread flames called the lower explosion limit.

Measures for fire prevention. The fire at the plant has caused great damage to the national economy and is often accompanied by accidents with people.

The main reasons contributing to the emergence and development of the fire are:

- Violation of the rules for use and maintenance of instruments and equipment with low fire protection.
- Use of the construction materials in a number of cases that do not meet the requirements for fire safety.
- Lack of facilities at many of the national economy and in the divisions of fire protection effective means of fighting the fire.

Measures for fire prevention are divided into organizational and technical.

Organizational measures: provide for proper operation of machines and internal transport, proper maintenance of buildings, areas, fire drill and the like.

Regime activities banning smoking in prohibited places, prohibition of welding and other hot work in fire facilities and the like.

Operational activities timely prevention, inspections, repairs and testing of process equipment.

Building and planning are defined fire resistance of buildings and structures (choice of structural materials: combustible, non-combustible, it is difficult - combustible) and fire resistance - this is the amount of time within which under the influence of fire is not broken bearing capacity of building structures until the appearance of the first crack.

All types of construction limit of fire resistance divided by 8 degrees from the seventh h to 2 h. Depending on the degree of fire resistance of the greatest distance from the additional outputs for fire evacuation.

In the practice of extinguishing the most widely used flame out the following principles:

- 1) The center of burning insulation from the air or decrease the oxygen concentration by diluting the air with non-combustible gases (CO₂ carbohydrates).
- 2) cooling of the combustion chamber below the specified temperature;
- 3) extensive inhibition (inhibition) of chemical reaction in the flame;
- 4) mechanical flame-jet of gas or water;
- 5) open the fire - shut out (conditions where the flame propagates through the narrow canals).

Substances that create conditions under which stops burning, called the fire extinguishing. They should be cheaper and safer to operate do not damage the materials and objects.

Water is a good extinguishing agent with the following advantages: the cooling effect of diluting the gas mixture with steam (by evaporation of water, its volume increases in 1700), the mechanical impact on the flame, availability and low cost, chemical neutrality.

Disadvantages: petroleum products emerge and continue to burn on the surface of the water, the water has a high electrical conductivity, so it can not be used to extinguish fires on electric powered.

Putting out a fire with water produce a water-sprinkler, fire engines and water barrels. Water supply in these units use water pipes.

By the installation of fire extinguishing sprinkler and deluge include installation. Sprinkler system is a complex system of pipes filled with water and equipped with sprinkler heads. The outlets are closed sprinkler heads fusible locks that soldered when exposed to certain temperatures. Water from a pressurized system comes out of the hole and the head waters the design space and equipment.

Deluge installation is a system of pipelines, which are special head drenchers open outlets of 8, 10 and 12.7 mm blade or female connector, designed for irrigation of up to 12 m² of floor area. Deluge systems can be manual or automatic operation. After actuating the water fills the system and flows through the holes in the heads deluge.

The steam is used in confined air, and in closed rooms with the most dangerous process. Quenching the fire with steam made by isolating the burning surface of the environment. Foams are used for quenching the solid and liquid substances not reacting with the water. Extinction effect thus achieved by insulating the surface of combustible material from the surrounding air. Extinguishing foam properties are determined by its multiplicity ratio of the volume of foam to the volume of its liquid phase dispersion stability, viscosity. Depending on the method of preparation are divided into chemical foams and mechanical air.

Chemical foam is formed by reacting acids and alkalis in the presence of a blowing agent and is a concentrated emulsion of carbon dioxide in reactor aqueous mineral salts. Application of chemical salts is difficult and expensive, therefore their use is reduced.

Conclusion

Step by step almost all organizations are trying to use the internet network in order to operate their works in our country. Widely the internet system is involving all spheres such as e-commerce, advertising, sending data and so on. Similarly, the internet can provide the intensiveness of the insurance services. So implementing the internet insurance leads to not only the intensiveness for insurance companies operation, but also it serves to increase the rate of information communication sphere in our economy. In the system of economic relations, an important element is insurance. On the nature and development of the theory of insurance attached great importance at different stages of economic thought and the development of society. Broadly speaking, the insurance market is a set of economic relations on the sale of an insurance product. The basic economic law of the operation of the insurance market is the law of value and the law of supply and demand. Condition for the occurrence of the insurance market is the social division of labor, the availability of the commodity economy, marginalized producers.

The special advantage which is offered in the insurance market, considered as insurance service. Its shopping quantity becomes insurance expression of the form of the form, and it is estimated as the supplier of the insurance defender. The price of insurance service reflects at a rate of an insurance premium. It is generated in the return to exchange an inquiry and offer basis. It has been established to develop special ways of various economic areas with developing communications of the market in Uzbekistan. New economic communications, orders of the market power were approaching noted. While market communications developed the aspiration and was meant by the insurance, has been changed completely. Namely, old governmental activity of the insurance company has been finished.

The Internet plays a major role for insurance companies all over the world. The use of the internet can be both an advantage and a disadvantage to most insurance companies, but for most insurance companies, the disadvantages of the internet to their business can be ignored, as it has more significant advantages. One of the most obvious disadvantages of the internet to insurance businesses is the fact that it has given insurance seekers the ability to view and clearly see the rates given by many insurance companies, thus allowing them to compare each quotation to determine which offers the best deal. This forced insurance companies to lower their prices in order to withstand the growing competition between them. Presently, almost all individuals know that there is no effective results and development without internet network. In order to get considerable achievements of economic rates, the best way is using web pages on the internet network. Sending data through this network is very comfortable and especially in short time duration people can exchange information.

With the rise in penetration of the internet, there has been a gradual change in customer preferences around buying insurance products. This change has been both behavioral and attitudinal in nature, and is more prominent among younger customers. Customers currently use the internet primarily to research and compare various policies, view policy details, make policy changes, pay premium bills, and contact agents/brokers. Most of their activities are focused towards interacting, communicating, and transacting with insurance providers. Such behavior signifies

tremendous growth opportunities ahead for this channel as customer penetration increases and as more insurance-related activities is carried out via this channel. The internet also helps insurers provide a robust self-service portal for its customers, which serves the dual purpose of increasing customer satisfaction while reducing operational workload. However, trends in internet usage vary across life and non-life insurance products.

While customers still value agents' advice when buying life insurance products, they are increasingly using online channels to buy non-life products. Market segments like motor and home insurance have become commoditized and require less advice when buying these products, making them more suitable to be sold over the internet. While sales via online channels have been slower than initial expectations, they are still expected to continue growing in the future.

In Uzbekistan insurance sphere on the internet is developing step by step. In order to reach bright perspective of this in the future, we have to improve nation knowledge from IT and implement various interactive services on the internet in any sphere.

Insurers should take into account not only internet users number but also the share of mobile internet users. The reason is that presently it is common to enter the websites through mobile phones. In 2012 made great strides in mobile offering its customers not only a mobile version of their backend to be on top of their ecommerce store on the go but the ability to turn their ecommerce storefront for mobile optimization at the click of a button.

Internet network plays the titanic role in insurance sphere operating the business, to attract the clients fast and to sell the retails in short time duration. Besides, using the desktop or mobile internet in order to sell some services also can manage time and fewer outcomes. Moreover, insurers could invest little amount of money for selling the services to individuals.

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