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Article

Directions for Developing the Introduction of New Insurance Services Into the Financial Market

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Abstract: The article examines the principal directions for introducing and expanding new insurance services in the financial market, with particular attention to the current development of the insurance sector of Uzbekistan. The study considers insurance innovation not merely as the creation of additional insurance products, but as a systemic process involving market segmentation, actuarial assessment, digital distribution, data-based underwriting, consumer protection and integration between insurance companies and other financial-market institutions. Official indicators of the insurance market of Uzbekistan for 2024–2025 are analysed to identify structural tendencies and potential areas for product diversification.

Keywords: insurance services, financial market, insurance market, InsurTech, digital insurance, financial innovation, insurance premiums

1. Introduction

Insurance performs a dual function within the financial system. On the one hand, it protects households and enterprises against financial consequences of uncertain events; on the other hand, insurance companies accumulate premiums, create technical reserves and transform these resources into investments [1]. For this reason, the development of new insurance services cannot be considered solely as an internal issue of insurance companies. The diversification of insurance products directly affects financial inclusion, household resilience, business continuity, institutional investment and the depth of the national financial market [2]. International experience demonstrates that technological development, changing consumer behaviour, the emergence of new risks and the increasing availability of data are modifying both the traditional insurance value chain and the boundaries of insurability. OECD studies emphasise that technology can improve risk assessment and prevention while creating new requirements concerning data protection, algorithmic governance and fair treatment of policyholders [3].

2. Maerials and Methods

A favourable starting condition for product innovation is the expanding scale of the Uzbek insurance market. According to the National Agency for Prospective Projects, total insurance premiums increased from UZS 9.77 trillion in 2024 to UZS 13.46 trillion in 2025, representing growth of 37.8%. Insurance claims paid increased from UZS 2.20 trillion to UZS 2.99 trillion, or by 35.4%. The number of insurance organizations increased from 33 to 36, while the number of concluded insurance contracts rose from

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approximately 9.69 million to 12.08 million, an increase of 24.7%. Active contracts increased by 24.5%, from 10.49 million to 13.06 million. These figures indicate that the insurance market is expanding not only in monetary terms but also in terms of contractual coverage.

Table 1. Structure and dynamics of insurance premiums in Uzbekistan, 2024–2025

Indicator	2024, trillion UZS	2025, trillion UZS	Change, %
Total insurance premiums	9.770	13.463	+37.8
General insurance	9.484	12.877	+35.8
Compulsory insurance within general insurance	0.665	0.893	+34.4
Voluntary insurance within general insurance	8.819	11.984	+35.9
Life insurance	0.286	0.586	+104.8

Source: compiled on the basis of the National Agency for Prospective Projects of the Republic of Uzbekistan.

The table reveals two important tendencies. First, voluntary general insurance forms the dominant part of premium income, increasing from approximately UZS 8.82 trillion to almost UZS 11.98 trillion. This means that further growth cannot rely exclusively on the expansion of compulsory forms; insurers need to create products for which consumers and enterprises perceive independent economic value. Second, life insurance premiums more than doubled, although the segment still represented only about 4% of total premiums in 2025. This combination high growth from a relatively low base indicates significant potential for long-term life, savings-linked, family protection and health-related products. The National Statistics Committee had similarly reported that life insurance represented only 3.3% of insurance-service volume in January–February 2024, while accident, medical, motor, property and other insurance services accounted for 89.5%.

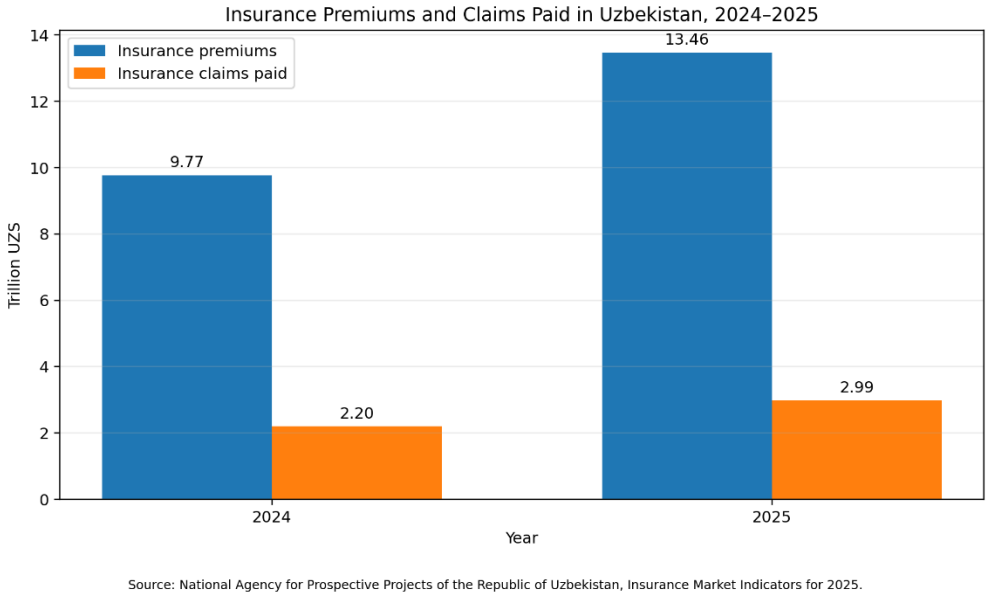

Figure 1. Insurance premiums and claims paid in Uzbekistan, 2024–2025

Source: National Agency for Prospective Projects of the Republic of Uzbekistan.

The graph demonstrates that premium growth was accompanied by a substantial rise in claims rather than by premium accumulation alone. Premiums increased by 37.8%, whereas claims grew by 35.4%. The relatively parallel movement of these

indicators is important because market development should be evaluated not only by premium collection but also by the actual fulfilment of insurance obligations. In addition, the simultaneous increase in the number of contracts suggests widening demand. Interestingly, the official report records a decrease in the number of insurance agents from 4,804 to 3,684 between the beginning of 2025 and the beginning of 2026, while contract numbers increased. This does not by itself prove digital substitution of agents, but it is consistent with a market in which centralized, partnership-based and digital distribution channels can acquire greater importance.

3. Results and Discussion

One of the most important directions for introducing new insurance services is therefore the development of fully digital insurance products. Digital insurance should not be interpreted simply as converting a paper policy into an electronic document [4]. A genuinely digital product includes remote identification, automated calculation of premiums, electronic contracting, online payment, digital claims notification and, where appropriate, automated claims settlement [5],[6]. Studies of insurance digitalization identify artificial intelligence, big data, cloud technologies, the Internet of Things and distributed-ledger technologies as interconnected instruments that can modify underwriting, customer interaction, claims handling and fraud detection. The IAIS also identifies digital platforms, telematics, machine learning, artificial intelligence and usage-based or on-demand business models as important forms of InsurTech development [7].

A second direction is the introduction of usage-based and on-demand insurance. Traditional insurance prices risk primarily using relatively stable characteristics of the insured person or object. Digital technologies allow risk to be measured more dynamically [8]. In motor insurance, telematic devices or mobile applications may record distance travelled, driving patterns and other relevant variables; in property insurance, connected sensors may provide information on technical conditions; in selected health products, voluntary digital monitoring may support preventive services [9]. Artificial intelligence can improve segmentation, claims processing and predictive risk modelling, although it also produces challenges associated with explainability, discrimination and data privacy. Consequently, such products should be introduced only where the data used are relevant, legally obtained, sufficiently reliable and understandable to the policyholder [10].

A third direction is embedded insurance, in which insurance protection is integrated into another financial or commercial transaction. Insurance may, for example, be offered together with consumer financing, digital payments, travel services, e-commerce purchases, vehicle sales or business loans [11]. The advantage of this model is that insurance is provided at the moment when the underlying risk arises rather than requiring the customer to search for a separate policy [12]. Research on InsurTech demonstrates that digital intermediaries are able to restructure relationships between customers, risk carriers and service providers and thereby change traditional insurance value creation. For Uzbekistan, partnerships among insurers, banks, fintech companies, payment organizations and electronic-commerce platforms could reduce distribution costs and increase the accessibility of low-premium products. However, embedded insurance should preserve transparency: customers must clearly understand whether insurance is compulsory or optional, who the insurer is, what risks are covered and how a claim can be submitted [13].

Another strategically important field is microinsurance. Conventional policies may remain economically unattractive to households with irregular income, self-employed individuals, microenterprises and small agricultural producers because premiums, documentation requirements and transaction costs can be disproportionate to the value of coverage. A microinsurance product should therefore be characterized by a limited but clearly defined insured amount, affordable premiums, simplified wording,

straightforward claims procedures and low-cost distribution [14]. Digital payments and mobile channels can reduce administrative costs, making small-ticket insurance commercially more viable. From the financial-market perspective, microinsurance is important not because each policy generates a large premium, but because it broadens the population participating in formal risk-transfer mechanisms.

For Uzbekistan, agricultural and climate-related risks create additional scope for parametric and index-based insurance. Traditional agricultural insurance normally requires assessment of actual damage on each insured farm, which may be expensive and time-consuming. Under parametric insurance, payment is triggered when a predetermined measurable indicator such as rainfall, temperature, wind speed or another independently verifiable index crosses a contractual threshold. Such products can accelerate compensation and reduce loss-adjustment costs, but they introduce basis risk: the index may trigger differently from the actual economic loss. Consequently, successful implementation requires reliable meteorological data, transparent calculation methodologies, geographical calibration and extensive explanation to farmers. The product should complement rather than mechanically replace traditional indemnity insurance [15].

4. Conclusion

The expansion of new insurance services in Uzbekistan's financial market should be understood as a transition from predominantly standardized risk-transfer products toward a diversified, technology-enabled and customer-oriented insurance ecosystem. The official statistics for 2024–2025 demonstrate a strong quantitative basis for this transformation: insurance premiums increased from UZS 9.77 trillion to UZS 13.46 trillion, claims rose to almost UZS 3 trillion, the number of concluded contracts exceeded 12 million, and insurers' aggregate investments reached UZS 9.55 trillion. At the same time, the continued dominance of general and voluntary insurance and the relatively modest share of life insurance indicate that the structure of the market still contains substantial opportunities for diversification. The most promising directions include fully digital insurance, usage-based and on-demand products, embedded insurance, affordable microinsurance, agricultural and parametric coverage, cyber insurance, and more flexible life and health products. Their introduction should not be based on technological novelty alone. Each new service must solve an identifiable protection problem, have an actuarially measurable risk base, use transparent contractual conditions and operate within an effective framework of consumer and data protection. Artificial intelligence, telematics and digital platforms should therefore be treated as instruments for improving insurance economics rather than as independent objectives.

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