

# **Problems and Prospects of Risk Insurance in Tourism Activities in Transition Economies (Based on the Experience of Uzbekistan)**

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## **ABSTRACT**

**In the context of globalization and interstate integration, the concept of advanced tourism development is becoming one of the key areas for ensuring the sustainable economic growth of a country. An important aspect of this concept is the introduction of effective and accessible insurance protection mechanisms for both tourists and tourism organizations. The growth of global and domestic tourism is accompanied by an increased level of economic, socio-political, and environmental risks, which can significantly affect tourism activity and participants in the tourism market. The issues and prospects of risk insurance in the tourism sector remain insufficiently studied in both domestic and global economic science. This study aims to identify key problems and development prospects for insurance in the tourism sector of the Republic of Uzbekistan, which will help to develop effective strategies for minimizing risks and supporting the sustainable development of the country's tourism sector.**

**Keywords:** tourism, insurance, insurance market, insurance companies, insurance risks, insurance products.

## **INTRODUCTION**

In the context of globalization and interstate integration, the concept of advanced tourism development is becoming one of the key areas for ensuring the economic growth of a country. An important aspect of this concept is the use of effective and accessible insurance protection mechanisms for both tourists and tourism organizations.

The tourism potential of a country, as well as the successful development of the tourism business, largely depends on natural resources and cultural heritage. Uzbekistan, with its diverse natural landscapes—from deserts and mountains to steppes and rivers—represents an attractive destination for tourists with a wide range of interests. This creates opportunities for the development of a broad spectrum of tourism, including ecological, extreme, mountain, and wellness tourism. The country's unique species of flora and fauna, some of which are listed in the Red Book, also play a significant role in attracting tourists interested in exploring wildlife. Uzbekistan's cultural heritage positions it as an important player on the global cultural stage. The country, traversed by the Great Silk Road, has left a deep imprint on the region's

architecture, culture, and traditions. Uzbekistan is home to many unique historical and cultural monuments, seven of which are included in the UNESCO World Heritage List. These include the historical centers of Samarkand, Ichan-Kala in Khiva, Bukhara, Shakhrisabz, and others. These sites attract thousands of tourists from around the world and serve as focal points for cultural tourism.

The development of tourism in Uzbekistan, based on its rich natural and cultural heritage, is a powerful engine for economic growth. The introduction of modern technologies and effective insurance mechanisms can significantly enhance the country's attractiveness to tourists, ensuring the sustainable development of the tourism sector and strengthening Uzbekistan's position as a unique cultural and tourist destination on the international stage.

However, the growth of global and domestic tourism is accompanied by an increased level of economic, socio-political, and environmental risks, which can significantly affect tourism activity and participants in the tourism market. The issues and prospects of risk insurance in the tourism sector remain insufficiently studied in both domestic and global economic science. This study aims to identify key problems and prospects for the development of insurance in the tourism sector of the Republic of Uzbekistan, which will help to develop effective strategies for minimizing risks and supporting the sustainable development of the country's tourism sector.

## RESEARCH METHODS

The theoretical and methodological foundation of this study is based on the works of scholars and specialists that explore specific aspects of the digitalization of small businesses and private entrepreneurship, as well as reflect the essence and patterns of the development of digital transformation in insurance to accelerate the digitalization of small businesses and private entrepreneurship in the Republic of Uzbekistan.

The reliability of the research results is ensured by the application of a comprehensive approach, which allows for the study of the main aspects of the research object in their interconnection; the use of a reliable and extensive informational base, including official state documents, regulatory and instructional materials, scientific and educational resources, articles from periodicals, and statistical data; and the selection of effective methods for analyzing information that correspond to the goals and objectives of the study.

To achieve the research objectives, the following methods were used: theoretical analysis of literary sources and periodicals, regulatory documents, internet resources, round tables, and conference materials; an assessment of prospects and a summary of the insurance market in table format based on statistical data processing, expert evaluations, and data visualization.

The informational base of this study includes: data from the specially authorized state body for regulation and supervision of insurance activities (since 2022, the National Agency for Perspective Projects of the Republic of Uzbekistan, and prior to 2022, the Agency for the Development of the Insurance Market under the Ministry of Finance of the Republic of Uzbekistan); review data and informational materials on tourism insurance presented in

periodicals and on the global Internet; as well as statistical and factual data collected and analyzed by the authors.

## **RESEARCH REVIEW**

Theoretical and methodological issues related to insurance services for tourism enterprises have been reflected in the scientific works of foreign scholars such as W. Sharpe, E. Altman, C. McConnell, S. Brue, S. Flynn, R. Dornbusch, S. Kravitz, L. Berinsky, J. Kinder, G. Kinder, M. Mishra, S. Mishra, R. Doff, and G. Stevic. In the CIS countries, these issues are addressed in the scientific works of M.A. Akimova, L.K. Valinurova, M.V. Gracheva, O.B. Kazakova, V.M. Serov, and others. The issues regarding the necessity of insuring tourists during travel have been addressed in the scientific works of foreign scholars such as V.I. Azar, E.I. Bogdanov, E.S. Bogomolova, V.P. Orlovskaya, V.S. Bogolyubov, M.A. Bokov, I.V. Zorin, V.A. Kvartalnov, and others.

The issues of tourism development in Uzbekistan are widely covered in the scientific works of M.T. Alimova, S.A. Rizieva, I.V. Rybkina, B.Sh. Safarov, N.T. Tukhliyev, and O.Kh. Khamidov.

The theoretical, methodological, and scientific issues of insurance policy, the activities of tourism enterprises, as well as the insurance of investment inflows in Uzbekistan, have been covered by domestic economists such as A.V. Vakhabova, S.S. Gulyaev, Kh.M. Shenaeva, K.T. Kholikulova, and others.

Certain issues and problems of insurance, including the insurance of tourists and tourism organizations, have already been addressed by scholars and practitioners such as V.B. Gomellya, E.V. Kolomin, L.I. Korchevskaya, I.V. Orlova, Y.B. Fogelson, V.V. Shakhov, and others.

The issues of insurance for tourists and travel companies are also addressed in the works of specialists in the fields of tourism and international relations, such as A.A. Gvozdenko, V.A. Chestnikova, Ann Brown, Charles R. Goeldner, Rodney Y. Cartwright, and others.

Scientific research on the study of approaches and practical aspects of the development of economic activities in the field of insurance services has been conducted by foreign scholars and scholars from CIS countries, such as D. Bland, N. Apergis, T. Pufina, Z. Badavi, V. Reicher, A. Manes, K. Vobliy, S.A. Osenko, O.N. Kozlova, I.S. Yaroshenko, N.B. Boltina, V.V. Shakhov, V.N. Grigoryeva, S.L. Yefimova, S.V. Ermasov, N.B. Ermasova, S.L. Yefimov, R.T. Yuldashev, and others. However, the aforementioned works have insufficiently explored the problematic aspects of risk insurance in tourism activities in the Republic of Uzbekistan.

## **PROBLEM STATEMENT**

### **Features of a Transition Economy**

A transition economy is a type of economy that is in the process of transforming from one economic system to another, typically from a centrally planned economy to a market economy. This process is often accompanied by significant changes in the country's politics, economy, social structure, and legal system. The period of a transition economy may be marked by economic instability, high inflation, unemployment, and inequality. However, successful

transitions can lead to sustainable economic growth and improved living standards for the population.

A transition economy has several specific features that distinguish it from other economic systems. These features include:

1. **Creation of Market Institutions:** A functioning market economy requires certain institutions, such as banks, stock exchanges, antitrust bodies, and legal frameworks to protect property rights. In a transition economy, these institutions are often underdeveloped or in the process of being established.
2. **Price Liberalization:** In planned economies, prices are often set by the state. During the transition period, price liberalization occurs, meaning that price regulation is left to the market. This can lead to significant increases in the prices of many goods and services.
3. **Privatization and the Development of the Private Sector:** In a transition economy, there is a shift from state ownership of the means of production to private ownership. Privatization can take various forms, such as the sale of state-owned enterprises to private investors or the distribution of shares among citizens.
4. **Reforming the Banking and Financial Systems:** A transition economy must create a financial system capable of providing credit to the private sector and managing cash flows. This includes the development of commercial banks, a central bank, stock markets, and insurance companies.
5. **Changes in the Economic Structure:** A transition economy is characterized by changes in the structure of production and consumption. In planned economies, heavy industry and the public sector are often prioritized, whereas in market economies, the focus shifts to services and small businesses.
6. **Social Changes and Financial Inequality:** Transition economies often experience significant social changes, including rising unemployment, increased social inequality, and a decline in living standards for certain groups. This is linked to the shift from a state employment system and social guarantees to more market-driven mechanisms.
7. **Legal Conflicts:** During the transition process, problems often arise with the legal system, including an underdeveloped legal framework for protecting businesses and private property. This can complicate attracting investment and developing the private sector.
8. **Gradual Integration into the Global Economy:** Transition economies often seek to integrate into the global economy through trade, foreign investment, and participation in international organizations such as the World Trade Organization (WTO).
9. **Transformation of the System of State Regulation of the Economy:** In a transition economy, the role of the state shifts from dominant fiscal policy and ownership to prudential regulation aimed at ensuring macroeconomic stability, balanced economic development, supporting the social sphere, the rule of law, and creating conditions for the accelerated development of market relations.
10. **Risks of Economic Instability:** A transition economy is often exposed to risks associated with economic instability, such as inflation, currency crises, and sharp changes in state revenues and expenditures.

Thus, in addition to the challenges specific to certain sectors of the economy, participants in the tourism and insurance industries must also take into account the aforementioned features of a transition economy.

### **Current State of the Tourism Industry in Uzbekistan**

The Hague Declaration on Tourism, adopted following the Inter-Parliamentary Conference on Tourism in 1989 in The Hague (Netherlands) with the participation of representatives from the parliaments of 51 countries, established that all governments should strive to strengthen peace and security at national, regional, and international levels, which is a vital condition for the development of domestic and international tourism.

After gaining independence, Uzbekistan aimed to strengthen international cooperation in this area, transforming tourism into a competitive, export-oriented sector of the national economy, in line with international standards.

A significant milestone in the history of domestic tourism was the republic's accession to the World Tourism Organization (UNWTO) in 1993. As part of this cooperation, the Samarkand Declaration on Tourism along the Silk Road was adopted by 19 countries in 1994. In 1999, the Khiva Declaration on Tourism and Cultural Heritage Preservation was adopted, supported by UNWTO, UNESCO, and the Council of Europe. In 2002, the Bukhara Declaration on Silk Road Tourism was accepted, emphasizing the benefits of sustainable tourism and outlining specific steps to promote cultural and ecological tourism along this route.

Uzbekistan's tourism potential is demonstrated by over 7,000 tangible cultural heritage sites from various eras and civilizations, including the UNESCO World Heritage-listed historic centers of Bukhara, Khiva, Samarkand, and Shakhrisabz.

In recent years, new types of travel have been actively introduced in Uzbekistan, including ecological tourism and pilgrimage tourism (ziyarat tourism). The presence of reserves, national parks, nurseries, wildlife sanctuaries, natural monuments, and a biosphere reserve makes ecotourism a highly promising direction.

Gastronomic tourism is also gaining popularity in Uzbekistan, with its development helping to establish plov and other national dishes as recognizable brands of the country.

The "Uzbekistan – 2030" Strategy sets a goal to increase the number of tourists by creating favorable conditions for the development of international and domestic tourism.

Uzbekistan has reached 98% of the pre-pandemic level in terms of foreign tourists. In 2019, 6.748 million foreign tourists visited the country, while in 2023, this number was 6.626 million, indicating a rapid recovery of the tourism industry in Uzbekistan.

To attract more foreign tourists, practical steps are being taken in Uzbekistan to simplify the visa regime, develop new destinations, attract investments in tourism-related projects, and hold major events. For instance, in 2023, 508 projects with a total value of 9.5 trillion sums

were implemented, creating 9,492 new jobs. Additionally, 183 new hotels and 232 hostels were opened, bringing the total number of accommodation facilities to 5,526. Furthermore, 452 new family guesthouses were created, bringing the total to 3,458. As a result of the opening of 810 new travel agencies, their total number has increased to 2,649.

From 2017 to 2023, the number of foreign tourists visiting Uzbekistan has significantly increased. In 2017, 2.7 million tourists visited the country, while in 2023, this figure reached 6.6 million, which is 2.5 times higher than in 2017 and 1.3 times higher than in 2022.

The number of tourists from Japan increased fivefold in 2023, while the number from India and Italy grew 3.5 times, and from the USA doubled. In 2023, tourists from neighboring countries accounted for 80.7%, while tourists from other CIS countries made up 11.5%, and tourists from other countries constituted 7.8%. The average length of stay for tourists increased to 4-5 days, which is 1.5 times higher than in 2022 (3 days), indicating that all necessary conditions for a comfortable stay have been created in the country.

Domestic tourism is also developing rapidly. Under the program "Travel Around Uzbekistan!", 15 million people traveled within the country, making 21 million visits to various regions. As part of social support, 1,100 people with disabilities and 570,000 young people were sent on trips.

In 2023, the export of tourism services amounted to 2.1 billion USD, 1.3 times higher than in 2022. Additionally, around 70,000 new jobs were created in tourism and related sectors, demonstrating that all necessary conditions for tourists have been established, contributing to economic growth and improved living standards.

Tourism development also supports the country's strong standing in international rankings. For example, in the Global Muslim Travel Index (GMTI-2023), Uzbekistan ranked 13th out of 140 countries for international pilgrimage tourism. At the Halal in Travel Awards 2023 ceremony, the city of Khiva was awarded "Islamic Heritage Destination of the Year." At the 25th session of the UNWTO General Assembly, held in 2023 in Samarkand, the village of Sentob in the Navoiy region won the "Best Tourism Village 2023" nomination. Furthermore, the international publisher Lonely Planet awarded Uzbekistan a special certificate in the "Best Tourism Destination 2024" category.

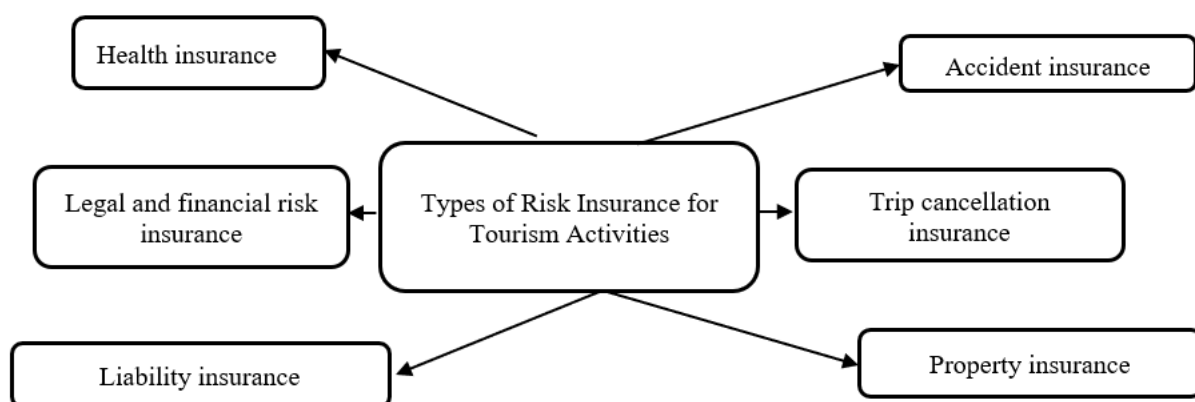
Overall, the current state and trends in the development of the tourism industry in Uzbekistan demonstrate positive results. The analysis of measures taken for further tourism development and future prospects confirms the strategic importance of this sector. Demand for tourism services in the republic continues to show stable growth, and in this regard, the issue of insurance protection for Uzbek citizens traveling both domestically and abroad remains relevant in terms of ensuring safe recreation and providing timely assistance in critical situations. It is important to note that the development of domestic tourism is accompanied by an increased level of economic, socio-political, and environmental risks, which can significantly impact tourism activity and market participants. Therefore, studying the problems and prospects of risk insurance in the tourism sector is a pressing task.

## Current State of Risk Insurance for Tourism Activities in Uzbekistan

One of the recommendations of the Hague Declaration on Tourism states that the government should take all necessary measures to ensure basic insurance coverage for tourists against the main risks they may face. Both international and domestic practices of risk insurance for tourism activities show a general trend toward providing comprehensive insurance protection for tourists during their travels, whether domestically or abroad, by insurance companies. In a transition economy, the system of risk insurance for tourism activities plays a key role in protecting against adverse factors and maintaining the reputation of the tourism industry.

The essence of risk insurance for tourism activities lies in transferring these risks, either partially or fully, from the tour operator to the insurance company based on a concluded insurance contract. Risk insurance for tourism activities is a relatively young, dynamically developing sector, making its study particularly relevant and of great interest. It should be noted that having a medical insurance policy has become a requirement of the consulates of certain countries when issuing visas. The visa issuance process is regulated by the legislation of the receiving country. For example, Regulation No. 810/2009 of the European Parliament and the Council of the European Union, which established the Community Code on Visas (Visa Code), dated July 13, 2009, mandates that tourists must have a medical insurance policy for the duration of their trip, with a minimum coverage of €30,000. Similar requirements for tourist medical insurance during travel exist in countries such as Israel, Canada, the United Kingdom, Australia, and others.

Assistance companies (partners of insurance companies) are responsible for providing help to tourists under the insurance contract. These companies have an extensive network around the world and operate 24/7, offering consultations and coordinating the actions of tourists who seek help. They make decisions jointly with insurance companies on the advisability of providing services under the insurance policy and ultimately cover the insured expenses of the tourist.



**Fig 1: Types of risk insurance in tourism activities**

The modern practice of domestic insurers includes the following key types of insurance in tourism activities (Fig. 1):

- personal insurance (accident insurance, health insurance);

- property insurance (baggage insurance, insurance of personal property of tourists or travel agencies);
- liability insurance (for carriers, travel agencies, hotels, and other tourism-related entities);
- legal and financial risk insurance.

Property insurance for tourists covers the insurance of personal-use items (phones, gadgets, cameras, etc.) that the policyholder and insured individuals carry with them or transport by vehicle, as well as the insurance of tourist equipment.

The most common insurance claims include loss of property, theft, destruction, and damage to property due to a vehicle accident or any illegal actions by third parties.

Baggage insurance covers the following risks:

- loss of registered baggage by the carrier (or authorized person) (loss, complete destruction);
- theft, robbery, intentional damage by third parties, or baggage loss.

Domestic insurers also offer insurance to cover the expenses of tourists for uncompleted trips. In such cases, compensation is paid if the trip could not take place for reasons such as:

- failure to obtain or delay in obtaining an entry visa by the insured or a person traveling with the insured;
- illness preventing the trip, death, or emergency hospitalization of the insured, their spouse(s), or close relative; – damage to insured property;
- legal proceedings during the insurance period in which the insured must participate by court order.

Tourism organizations are offered insurance for financial risks and liability for claims from tourists, their relatives, or third parties.

When insuring the liability of tourism entities and tourists traveling abroad, the object of insurance is the insured person's financial interest, related to the obligation to compensate for damage caused to the life, health, or property of a legal or physical entity as a result of illegal and culpable actions, according to the laws of the country where the damage occurred. This insurance benefits both tourists and the travel agency, as in the absence of funds from the user of the tourism product, the company itself would have to cover the losses on-site.

Domestic insurers also nominally offer the following types of insurance:

- insurance of historical and cultural heritage sites;
- “green” insurance (environmental risk insurance and responsible investment activities);
- liability insurance and insurance of business risks for tourism entities.



Thus, identifying the problems and determining the prospects for the development of risk insurance in the tourism sector in the context of a transitional economy is a pressing task.

The demand for insurance services in tourism depends primarily on the compulsory nature of a particular type of insurance, as well as the level of risk for potential policyholders. Unfortunately, as in many other types of insurance, the main priority when choosing an insurer today remains the low price, followed by the range of services, and only after that, financial reliability, experience, and partners. Therefore, current insurance prices are very low, and this type of insurance is highly risky. As always, a low price ensures low-quality service and minimal financial limits.

On the subject of insurance cost, it is important to note that it always directly depends on the range of insured risks, the sum insured, the insurance period, and the age category of the tourist. However, insurance companies also offer advantageous options in this regard. There are insurance products designed for an unlimited number of trips per year. As a rule, purchasing such an insurance product allows a travel enthusiast to save money, as buying one-time policies would cost several times more.

### **Research Aim and Objectives**

**The aim of the research** is to determine the role, significance, and restraining factors in the development of insurance in the tourism services sector in the Republic of Uzbekistan, and to develop practical methodological recommendations for the development of the national system of risk insurance in tourism activities during the reform of financial and economic relations amid increasing globalization processes.

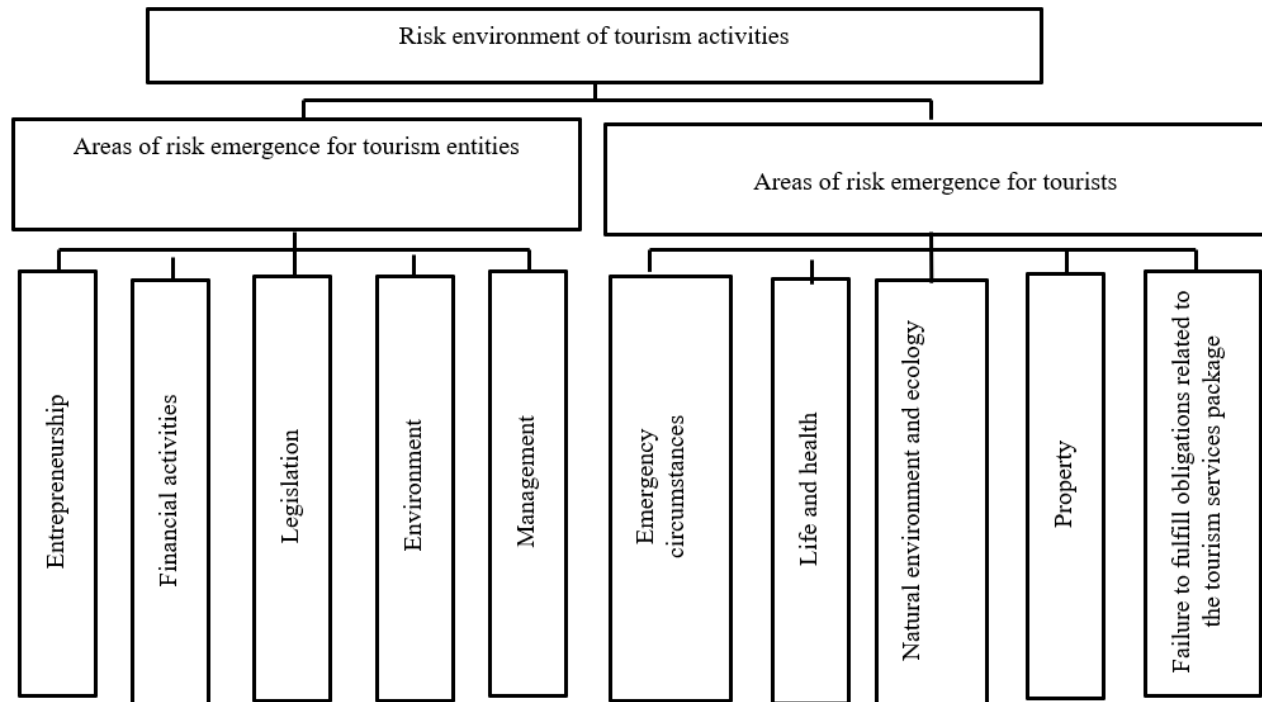
#### ***The objectives of the research are:***

- a comprehensive analysis of the risk environment in tourism activities in the context of a transitional economy;
- identification of the problems related to risk insurance in tourism activities in a transitional economy (using the Republic of Uzbekistan as an example);
- determination of the prospects for risk insurance in tourism activities in a transitional economy.

### **RESEARCH RESULTS**

As a complex socio-economic system, tourism activities are subject to the influence of numerous risk factors, the role of which can vary in terms of intensity and duration at any given moment, affecting the development of tourism. Therefore, their identification and analysis are objectively necessary for organizing effective tourism operations.

It is advisable to carry out the identification and analysis of tourism activity risks based on a systematic analysis of the spheres where risks manifest for both tourism entities and tourists themselves. The main areas where risks arise in tourism activities for tourism organizations and tourists are shown in Fig. 2.



**Fig 2: Risk environment of tourism activities**

The areas of risk for tourism entities include:

- entrepreneurship (instability in demand for tourism services, improper fulfillment of obligations by contractors involved in creating the tourism product, risk of interruption in production and commercial activities, the possible emergence of dumping due to unfair competition, risks of reduced sales, additional costs and losses to the enterprise, the overall economic situation both in the tourist's home country and in destination countries, and others);
- financial activities of tourism business entities (non-payment or delayed payment, penalties imposed by contractors when they do not recognize force majeure circumstances as grounds for contract violations, bankruptcy of the organization, changes in customs legislation, currency regulations, passport control, and other customs formalities, unforeseen costs for tourism organizations caused by a tourist's refusal to fulfill contractual obligations for tourism services, political risks, etc.);
- legislation (insufficient development of specific legal norms, contradictions between different legal norms, legal illiteracy of tourists, etc.);
- environment (tense natural and ecological conditions, political instability in tourist destination countries, unfavorable weather conditions);
- management (risks associated with production or management processes, the absence or inadequacy of performance indicators, the inability to regulate and measure performance, low staff competence, high staff turnover, low labor productivity and performance, risks related to document management and handling, etc.).

The risks that tourists are exposed to are categorized by their areas of occurrence:

- emergency circumstances (revolutions, warfare, epidemics, quarantines, natural disasters, etc.);
- life and health (medical assistance due to an accident or acute illness, injury, loss of working capacity, death from an accident or acute illness, medical transportation costs);
- natural environment and ecology (influencing factors may include climatic conditions, time zone changes, temperature regimes, intolerance to weather conditions, ecological requirements, and more);
- property (theft or loss of personal belongings, documents, baggage due to reasons beyond the tourist's control);
- failure to fulfill obligations related to the tourist services package.

The risks associated with the failure to fulfill obligations related to the tourism services package are significant in the tourism industry, as tour operators work with many partners (transport companies, insurance companies, travel agencies, hotels, etc.) when creating and delivering a tour.

Recently, the insurance of specific tourism risks has gained popularity. Along with a health insurance plan, tourists can choose additional programs: accident insurance, supplemental health insurance, baggage insurance, and others.

Insurance companies offer insurance for tourists in the event of cancellation of a prepaid trip. This is especially relevant for expensive tours booked in advance (several months in advance) and in cases where there is a possibility of visa denial by a foreign embassy.

Insurance claims under this type of insurance may include:

- the need to appear in court;
- the occurrence of force majeure circumstances (revolutions, warfare, epidemics, quarantines, unfavorable weather conditions);
- illness, accident, or death of the insured person, late arrival for the trip, and other circumstances.

The following are the key characteristics of tourism-related risks:

- these risks affect not only the entities involved in tourism activities (tour operators, travel agents, and other organizers of tourism) but also other businesses, the tourists themselves, as well as the flora, fauna, and cultural-historical heritage;
- economic damage from unfavorable events may manifest not only in the present but also in the future. This should be taken into account in both current and strategic planning for tourism enterprises, as well as in the development of tourism strategies and programs at federal and regional levels;
- in some cases, tourism risks include risks to the life and health of tourists. Therefore, recreational enterprises must meet especially strict requirements for risk levels;
- tourism risks are composed of both financial-economic risks, associated with the business activities of enterprises, and natural risks, independent of humans and tourism organizers. These sources of danger may also be interrelated;

- the assessment and management of tourism risks should be based on the use of specialized industry knowledge, interdisciplinary approaches to tourism economy management, and the findings of related fields (law, ecology, healthcare, information technology).

The most common instances of tourism risk realization are:

- receiving paid medical care due to an accident or sudden illness or exacerbation of a chronic illness, leading to a real threat to the insured's health or death;
- unforeseen, unintentional loss of working capacity by the insured (accident);
- unforeseen, unintentional loss of baggage, documents, or means of subsistence;
- unforeseen expenses related to general civil or auto civil liability;
- the inability to take the trip due to an accident, sudden illness, death of the insured's close relatives, or severe property damage;
- early termination of a trip due to an accident or illness;
- non-fulfillment or improper fulfillment of contractual obligations by tourism organizations towards tourists.

Given the current trends in international tourism activities and the increasing level of risks, the application of effective risk management methods, such as insurance, is a crucial task.

### **Problems of Risk Insurance in Tourism Activities in a Transitional Economy (Using the Republic of Uzbekistan as an Example)**

Currently, the problems in the development of risk insurance for tourism activities are caused by a number of both objective and subjective reasons.

At present, several key issues in the field of tourist insurance in the Republic of Uzbekistan negatively affect the quality of insurance services and the overall safety of tourism activities:

#### **Underdevelopment of Legislation in the Field of Risk Insurance for Tourism Activities:**

- The first part of Article 38 "Insurance in the field of tourism" of the Law of the Republic of Uzbekistan "On Tourism" states that insurance for tourists and excursionists is voluntary, except in cases where tour operators require tourists and excursionists to have an insurance policy depending on the specifics and form of the tourism product. However, the regulations and list of such types of insurance are not legally established.
- The third part of the same article stipulates that tour operators are required to insure their civil liability; however, the procedure for conducting this type of mandatory insurance is not legally established.

#### **Insufficient Development of Environmental and Social Infrastructure:**

- Environmental problems: Negative environmental factors, such as air and water pollution, as well as the effects of climate change, create additional risks for tourists. Poor environmental conditions increase the likelihood of incidents related to ecological disasters, making it difficult to assess and manage risks in insurance.

- Insufficient development of social infrastructure: the underdevelopment of medical facilities and social support complicates the provision of effective medical care to tourists. This also affects the quality of insurance services, as insurance companies face challenges in providing reliable medical coverage.
- Insurance is viewed only as a means of protecting property and health, rather than as part of the system of environmental management and conservation.
- Insurance relationships do not include environmental protection requirements, which will necessitate the development of new forms and standards of insurance in accordance with environmental protection regulations.

### **Poor Development of Tourism and Medical Infrastructure, Especially in the Regions**

- The lack of strategies for developing foreign economic and cultural ties limits the development of tourism infrastructure, negatively affecting the quality of insurance services.
- The absence of standards for providing first aid, as well as the slow restoration of historical monuments, creates additional challenges in the insurance sector.

### **Low Level of Insurance Culture Among Both Tourism Entities and the Population**

- In this context, insurance culture refers to the conscious perception of insurance expenses as reasonable and necessary.
- Insurance is not viewed by tourism entities as a mechanism to avoid financial losses and improve the resilience of tourism companies in conditions of economic instability.
- Given the current level of insurance culture and the solvent demand for voluntary types of insurance, mandatory types of insurance are prioritized for protecting the property interests of tourism entities and tourists.

When working with tourism entities and tourists, an insurance company representative must, in addition to professional knowledge, have basic practical psychology skills and effective communication techniques. They must, using reliable facts and arguments, convince potential clients of the necessity of insurance. Considering the insufficient level of practical training provided by the country's universities, the retraining and professional development of insurance company employees must be actively and systematically organized by the insurance companies themselves. However, little work is being done in this area, and even most of the insurance company managers have not undergone retraining or professional development in recent years.

Thus, it can be said that, due to several objective reasons, such as the underdevelopment of the tourism services market, weak legislative framework in tourism, imperfections in the insurance market, and the absence of protective mechanisms in tourism, there are factors that negatively impact the further development of tourism in the country. Moreover, this forces tourists to avoid using the services of travel agencies and to plan their vacations independently, which also has a negative effect on the development of the tourism market.

Solving the above-mentioned problems requires a comprehensive approach and active participation from both government bodies and the private sector. Effective development of the legislative framework, improvement of infrastructure, enhancement of insurance culture, and specialist qualifications will help create a stable and safe environment for tourism activities in the Republic of Uzbekistan.

### Prospects for Risk Insurance in Tourism Activities

Risk insurance in tourism activities is a rapidly developing type of insurance in Uzbekistan. The table provides the key indicators of this type of insurance as applied to the activities of the export-import insurance company "Uzbekinvest" JSC. Analysis of the data presented in the table shows an increase in total premiums from 2019 to 2023, with growth ranging from 1.2 to 2 times, and an average loss ratio of 14%.

The prospects for risk insurance in tourism activities in Uzbekistan can be assessed through the lens of current trends and upcoming changes in the tourism and insurance sectors. Given the unique characteristics of Uzbekistan as a country with a developing tourism industry and unique cultural and environmental conditions, the prospects may include the following key directions:

#### 1. Development and Improvement of Insurance Products

- Broad insurance coverage: Introduction of new insurance products that cover not only traditional risks (medical assistance, baggage loss) but also specific risks related to Uzbekistan's environmental and cultural features, such as the protection of historical monuments and environmental safety.
- Customization of policies: Development of individualized policies that take into account the specific needs of tourists, depending on the type of tourism (ecotourism, cultural tourism, adventure tourism).

**Table 1: Key indicators of risk insurance in tourism activities *thousand UZS***

Years	Number of insurance contracts, units	Insurance premium	Insurance compensation
2019	2 744	915 640	6 843
2020	3 548	1 113 143	188 033
2021	7 866	2 380 685	463 164
2022	12 947	3 879 823	579 774
2023	22 925	6 039 335	709 584

#### 2. Integration of Insurance into the Tourism Infrastructure

- Partnership with tour operators: Establishing partnerships between insurance companies and tour operators to integrate insurance into the tour booking process. This will allow tourists to automatically receive insurance coverage when purchasing a tour.
- Development of insurance based on digital technologies: Implementation of technologies for online insurance and mobile applications, which will simplify the process of purchasing and managing insurance policies for tourists.

### **3. Improving Access to Medical Care**

- Agreements with medical institutions: Establishing agreements with all key medical facilities in tourist areas to ensure transparency and quick access to medical care.
- Development of medical care standards: Introduction of unified medical care standards for tourists, which will improve the quality and accessibility of services.

### **4. Sustainable Development and Environmental Safety**

- Environmental risk insurance: Development of insurance programs that cover risks related to environmental issues, such as pollution and the impact on natural resources.
- Environmental protection programs: Introduction of programs that encourage sustainable tourism development and environmental conservation, possibly through reduced insurance premiums for tourists and companies actively participating in environmental initiatives.

### **5. Education and Awareness**

- Educating tourists and operators: Organizing educational programs for tourists and tour operators about the importance of insurance and the various risks associated with travel.
- Creation of informational resources: Development of accessible and understandable informational materials and resources about tourism risk insurance, available both in physical formats and online.

### **6. Development of the Legal Framework**

- Improving legislation: Working on enhancing the legal framework in the field of insurance and tourism to ensure the reliability and transparency of insurance operations.
- Implementation of international standards: Adapting international standards and practices in the field of tourism risk insurance, which will help improve the quality of insurance services and increase trust in them.

### **7. Increased Interaction Between Government and Private Sectors**

- Government support: Encouragement of government support and initiatives for the development of tourism risk insurance, including tax incentives or subsidies for insurance companies.
- International cooperation: Development of international cooperation in the field of insurance and tourism, which can facilitate the exchange of experiences and the implementation of best practices.

Global experience shows that one of the effective ways to accelerate the development of the tourism industry is through the collaboration of the government, private business, and the public, known as public-private partnerships (PPP). PPP becomes a necessary condition for the normal functioning of the tourism business through constructive interaction between businesses and government structures, each contributing to the implementation of the New Uzbekistan Development Strategy, including in the tourism sector.

These directions can help create a more effective and reliable system for risk insurance in tourism activities in Uzbekistan, which, in turn, will enhance the safety and attractiveness of the country as a tourist destination.

## CONCLUSION

The prospects for risk insurance in tourism activities in Uzbekistan are linked to the development of the insurance market, improvement of infrastructure, legal and regulatory initiatives, as well as increasing the level of education and awareness.

The implementation of the proposed measures will significantly enhance the safety of tourists, improve the quality of insurance services, and strengthen the country's tourism industry.

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