

## THE DEVELOPMENT OF SOCIAL INSURANCE IS AN IMPORTANT FACTOR OF SOCIAL PROTECTION OF THE POPULATION

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*The article examines the indicators of the development of social insurance and factors of social protection, the pension system and its impact on the economy, including the insurance system as an important element of the social sphere in developed and developing countries. Based on the results of the analysis, proposals and recommendations have been developed to improve the financial sustainability of social insurance.*

### **Keywords**

*social insurance, duration, population, factors, economy, element, developed and developing countries, financial system, pension provision, insurance contracts, health insurance.*

### **Introduction**

The state of social insurance, its duration, indicators of social insurance in the social protection of the population are analyzed. As world practice shows, social insurance, which affects the interests of citizens of each country, is an Institution of social protection of the population, the most important element of the financial system and the insurance industry and acts as the most important social guarantee of the socially unprotected population in countries with developed and dynamically developing economies. The state of security of the constitutional rights of citizens to their material security on the basis of social insurance in the event of old age, illness, partial or complete disability, absence of a breadwinner, unemployment determines the level of socio-economic, legal and cultural development of the state and society.

According to the United Nations (UN – United Nations) and its constituent Children's Fund (UNICEF – United Nations Children's Fund), the vast majority of the world's population does not have sufficient social protection. In particular,

"only 22% of all unemployed people receive unemployment benefits, only 28% of people with severe disabilities receive disability benefits, a third of all children are covered by the social security system, and cash payments related to the birth of a child (suyunchi puli) are paid only to 41% of mothers" [1]. In such conditions, issues of improving the social insurance system in social protection of the population acquire special relevance.

It should be noted that the essence of social insurance is still interpreted differently in various economic literature. However, in all definitions it is recognized that social insurance is an important area (form) of social protection of the population [2].

The specific content of social insurance is also contained in the legislation. For example, according to the Labor Code of the Republic of Uzbekistan, as types of provision provided at the expense of state social insurance, mainly temporary incapacity for work benefits, and women, in addition, pregnancy and childbirth benefits, child birth benefits, state-issued age pensions, disability and breadwinner loss pensions [3] are noted.

In our opinion, the first of the most important characteristic signs inherent in social insurance is that they are aimed, first of all, at the social protection of the population. Social insurance implies the material support of various layers of the population in need of social protection, and from this point of view it is necessary to have a special fund. The funds of this fund are formed at the expense of contributions from employers, as well as insured employees. Hence, social insurance is based on contributions. This is his second important characteristic sign. Social insurance is a form of protection of the population from various dangers, social risks. This is the third important characteristic sign belonging to social insurance. The fact that all employees must be socially insured through the state, that is, the obligation, can be called the fourth important characteristic sign of social insurance.

### **Analysis of literature on the topic**

Studies have been carried out by a number of Economist scientists on the development of the social insurance system and the directions of social protection of the population, factors affecting the pension system.

From Uzbek economists-scientists A.Vahobov believes that the system of pension provision of citizens in Uzbekistan is two-level, the first is "distributed" based on the unity of generations, and the second is a funded pension system, and recommended the development of a funded pension system in order to mitigate the negative impact of the pension provision system on the financial situation.

According to him,"it is argued that an effective pension system should take into account the mafia of the state, economy and workers [5].

From well-known economist scientists Ayushiev A. Based on the characteristic signs of social insurance in the scientific work of D, several types of material security on state social insurance can be distinguished separately. The first of them is Pension Insurance. Pension insurance. The pension system is one of the main directions of the state Social Protection Policy and provides for a set of measures in the organizational and legal, socio-economic description aimed at financially and socially supporting elderly, disabled and citizens who have lost their breadwinner [6].

From Russian economists-scientists Shikhov A. Medical insurance in the dissertation work K. The provision of medical services to the population is one of the components of social protection, and medical insurance deductions occupy an important place in its financial support. Health insurance is the focal point of the system of social protection of the population. In the economic literature, there are definitions that serve to express the essence of medical insurance: "medical insurance is a type of insurance that consists of expenses aimed at providing medical services [7].

From well-known economists-scientists V.M. Rodionova, Yu.Ya. In the scientific work of Vavilov, medical insurance. The provision of medical services to the population is one of the components of social protection and its financial

an important place in the supply of medical insurance deductions is occupied. Health insurance is the focal point of the system of social protection of the population. In the economic literature, there are definitions that serve to express the essence of medical insurance: "medical insurance is a form of social protection of the interests of the population in the process of health loss of various manifestations [8].

Of the Economist scientists, B.S. In the scientific work of boltaev, the medical insurance contract is assessed in our country as a means of self-financing of the health sector in accordance with market relations. Under this agreement, all segments of the population get access to medical services provided for a certain fee and provoke the economic development of the health care system. The mandatory appearance of the health insurance contract is a form of social protection of the population by the state [10] as recommended.

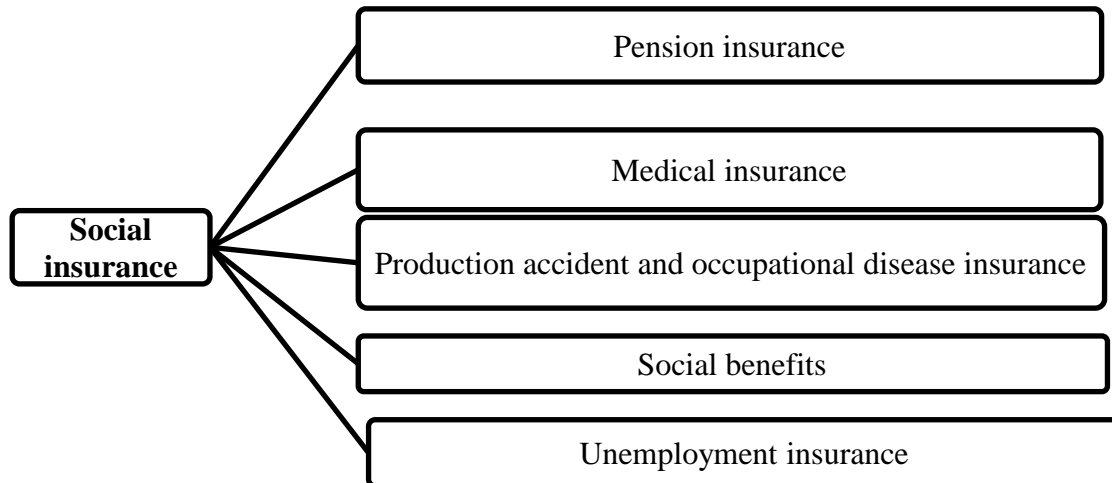
### **Research methodology**

Analysis, induction, deduction, systematic and complex approach methods

were used to cover this topic.

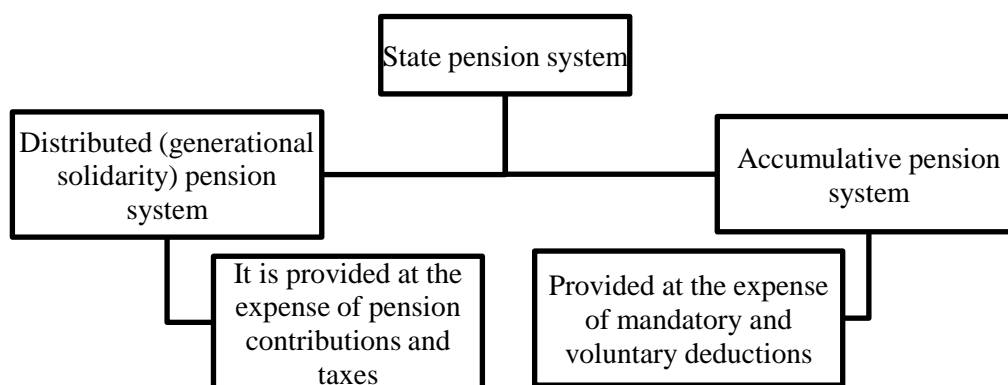
**Analysis and results**

On the improvement of pension provision systems-Pension Insurance - the pension provision system is one of the main directions of the state Social Protection Policy and provides for a set of measures in the organizational and legal, socio-economic description aimed at financially and socially supporting elderly, disabled and citizens who have lost their breadwinner.



**Figure 1. On state social insurance types of material supply<sup>33</sup>**

The system of pension provision of citizens in Uzbekistan is two-level, the first is a "distributed" system based on the unity of generations, and the second is a funded pension system (Figure 2)



<sup>33</sup> Compiled by the author on the basis of current legislation and various economic literature.

## Figure 2. Pension provision of citizens in Uzbekistan organizational structure of the system <sup>34</sup>

Medical insurance. The provision of medical services to the population is one of the components of social protection, and medical insurance deductions occupy an important place in its financial support. Health insurance is the focal point of the system of social protection of the population. In the economic literature, there are such definitions that serve to express the essence of medical insurance:

"medical insurance is a type of insurance that consists of expenses aimed at providing medical services" [6];

- "medical insurance is a separate organizational form of insurance activity" [7];

- "health insurance is a form of social protection of the interests of the population in the process of health loss of various manifestations [8]";

- "health insurance is a form of social protection of the interests of the population in healthcare" [9];

- "the health insurance contract is assessed in our country as a means of self-financing of the health sector in accordance with market relations. Under this agreement, all segments of the population get access to medical services provided for a certain fee and provoke the economic development of the health care system. Tibbiy sug'urta shartnomasining majburiy ko'inishi aholini davlat tomonidan ijtimoiy himoya qilishning shakli hisoblanadi» [10].

In our opinion, it is advisable to clarify the above definitions. In particular, health insurance is in most cases recognized as a form of social protection. In fact, the concept of social protection is comprehensive and embodies the concepts of social insurance, Social Security and social assistance. As analyzes show, medical insurance has a number of features. In particular, medical insurance is paid to the user of a paid medical service to a medical institution with a cooperation agreement with the insurance organization. In this case, insurance money is paid in cases where an insured event is provided for, taking into account the disease situation of the insured person. In short, health insurance is a type of social insurance that covers the additional costs associated with medical services included in the insurance program by the insurer in the event of an illness or accident, loss of Health.

<sup>34</sup> Vakhobov A.S. and others. Foreign experience in the development of the pension system. Textbook. - T.: Iqtisod-moliya 2018. - P. 14.

Health insurance is an important lever for increasing responsibility and economic interest in the ultimate results of the activities of health organizations and medical workers, a factor in the development of competition between medical organizations.

A total of 16.0 trillion in the period until December 29, 2020, thanks to the anti-Crisis Fund established in our country in the context of the coronavirus pandemic. sum funds received [11]. 4.0 trillion by the foundation. the sum was used to finance measures to combat the coronavirus, including 37.5 percent of these funds to provide medicines and medical supplies, protective equipment and test systems, and to cover the costs of quarantine storage, while 62.5 percent were directed to material incentives for medical workers, and the implementation of protective measures by the Republican sanitary and epidemiological service [12].

Treatment of Covid-19 patients differs depending on the level of development of economic growth of countries and the financing model of the health care system (Table 1).

World practice has shown that in some countries the costs of treating the disease are fully financed from the state budget, while in some, citizens use medical insurance, and in countries where medical insurance is not introduced, they carry out the costs associated with the treatment of patients at their own expense. In particular, the costs of treating each patient suffering from Covid-19 are covered by medical insurance. Its weight is 50 percent in the US, 96 percent in Germany and 80 percent in France. In most developed countries, health insurance and state budget expenditures have taken an important place in covering the costs of treating patients in the context of the Covid-19 pandemic.

**Table 1**

**The role of medical insurance in treatment costs in the context of the Covid-19 pandemic (as of 17.02.2021)<sup>35</sup>**

Countries	Number of people with the disease	Average costs of treatment of one patient, on account of US dollars	Covered part of the expense of medical insurance, in percent
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<sup>35</sup> <https://teyit.org/en/claims-about-treatment-expenses-of-covid-19-in-some-countries/> formed by the author based on his data.

<b>Countries with developed market relations</b>			
USA	28 319		
	964	34 000	50,0
Germany	2 348		
	748	32 000	96,0
Great Britain	4 047		
	843	30 000	50
France	3 469		
	539	25 000	80,0
Spain	3 086		
	286	20 000	50
<b>Market relations developing countries</b>			
China	89 788	12 250	66,6
India	10 931		
	492	4 150	-
Turkey	2 594		
	128	15 973	10
<b>Countries in which market relations are taking shape</b>			
Russian Federation	4 099		
	323	3 150	60,0
Uzbekistan	79 461	4 650	-
Kazakhstan	203 259	540	-
Kyrgyzstan	85564	734	30,0

In world practice, medical insurance is mandatory for all recruiters, and compulsory medical insurance forms the financial basis of the health care system. The world has developed a health insurance system, the leading source of its financing is health insurance funds. This is followed by the active participation of state and insurance companies.

An analysis of foreign experience showed that in the context of the Covid-19 pandemic, the development of Health Insurance has proven what advantages the population has in ensuring health. During the Covid-19 pandemic, the costs associated with the treatment of people with coronavirus and the preservation of Public Health are being implemented in various forms in countries. During the pandemic, great pressure is falling on the health system. This, in turn, indicates the need for the development of a health insurance system.

Social insurance against industrial accident and occupational disease. It is known that according to the law of the Republic of Uzbekistan dated September 10, 2008 No. 174 "on compulsory state social insurance against industrial accidents and occupational diseases", the insured person is obliged to carry out his duties under

an employment contract on the territory of the insured person or outside of it, which led to the fact that he was, an accident that caused a temporary or stagnant loss or death of his professional ability to work is an accident in production. An acute or chronic illness that caused the insured person to temporarily or permanently lose his professional working capacity as a result of the influence of a harmful or dangerous factor of production on him means a occupational disease.

The purpose of compulsory state social insurance against industrial accidents and occupational diseases is to ensure the payment of insurance compensation in connection with the harm to the life and health of the employee in connection with their social protection, industrial accident and occupational disease by establishing in the law the rights of citizens to compulsory state social insurance against industrial accidents and occupational, it consists in maintaining the health of employees. Financing of this type of social insurance is carried out mainly at the expense of insurance contributions from policyholders and funds from the extra-budgetary pension fund. The insurance compensation is paid in the form of a funeral allowance, disability and breadwinner-loss pensions.

In developed countries, in particular in Germany, the social protection system is organized on the basis of social insurance, and insurance protection of workers from such a type of risk is carried out by the institutions of the system of compulsory insurance against accidents in production. In the production of these institutions, not only, compensation is paid to the injured, but also assistance in the organization of treatment and rehabilitation services. In the UK, the protection of workers from such social risks is based on a corporate insurance system, which is organized on the basis of private insurance. Insurance compensation for occupational diseases is paid from the state budget through the health care system.

In our opinion, based on international experience, it is necessary that social insurance against an accident in production and occupational disease is covered by funds from the Social Insurance Fund, which is formed at the expense of social insurance deductions from the employer and employees.

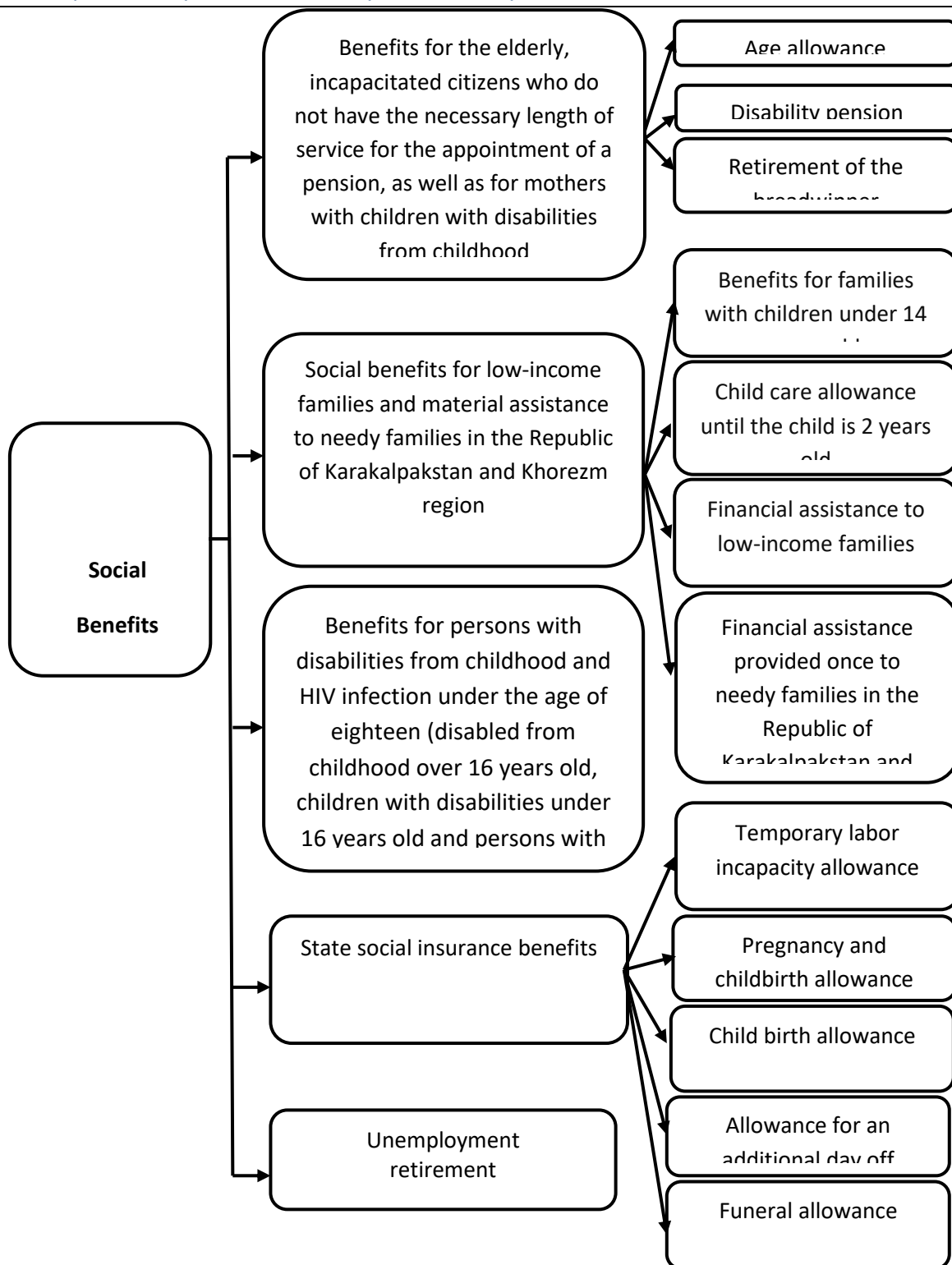
Social benefits. Social benefits, which are considered one of the most important forms of material support for the population, are provided by the state to Citizens for certain reasons, those who do not have the opportunity to work and constantly need help. For the first time, social benefits were introduced in Uzbekistan by the resolution of the Cabinet of Ministers of the Republic of Uzbekistan of June 24, 1994 "on the procedure for the appointment and payment of benefits for disabled people, elderly and incapacitated citizens from childhood." Currently, this decision has been canceled, and the provision of citizens with social benefits is regulated by a



number of legislative acts. In particular, the decree of the Cabinet of Ministers of the Republic of Uzbekistan dated April 7, 2011 "on the procedure for the appointment and payment of benefits to the elderly, incapacitated citizens and mothers with children with disabilities from childhood" and "on the procedure for the appointment and payment of benefits to persons with disabilities from childhood and HIV infection under the age, Regulation" on the procedure for the appointment and payment of social benefits and material assistance to low-income families", approved by Resolution No. 44 of February 15, 2013, The regulation "on the procedure for the appointment and payment of material assistance to needy families in the Republic of Karakalpakstan and Khorezm region", approved by the Resolution No. 165 of March 30, 2017, and the regulation "on the procedure for the appointment and payment of state social insurance benefits", registered by the Ministry of Justice of the Republic of Uzbekistan on May 8, 2002 among them is the Resolution No. 350 "on measures".

In our country, several types of social benefits are valid, aimed at strengthening the social protection of citizens, supporting families in need of material assistance and low-income families, providing material assistance to persons with disabilities.

Depending on the direction of social benefits in Uzbekistan, they can be classified as follows (fig.3)



**Figure 3. Classification of social benefits in the direction <sup>36</sup>**

From the classification of social benefits in the direction, it is known that some of them are permanent or paid once a month, others are aimed at social and material support of low-income families, the rest are characterized by the fact that

<sup>36</sup> Developed by the author based on the results of the study.

they do not have the resources necessary for living, and for good reasons they are paid for a certain period

Unemployment benefit. An unemployment benefit is assigned to a person who is recognized as unemployed from the date of registration with the local labor body as a person who is looking for a job. Unemployment benefits for an unemployed man under the age of thirty-five, with up to three people under his care, are assigned in the event that he participates in paid public works in the manner prescribed by the Cabinet of Ministers of the Republic of Uzbekistan. Unemployment benefits for persons deprived of work and wages (labor income) are determined in the percentage ratio of the average salary for the last year at the previous place of work. In other cases, unemployment benefits are determined in percentage terms to the amount of the base calculation established by law. The amount of benefits for unemployed persons with children under the age of sixteen and other people in their care is increased by ten percent. In case of deprivation of work and wages (labor income), persons entitled to unemployment benefits are paid unemployment benefits in the amount of fifty percent of the average salary at the previous place of work, but not less than the amount of the base calculation established by law and not more than the average salary that was composed in the Republic of Uzbekistan during

The results of Taxlil show that demographic factors, including a serious change in the age structure of the population, an increase in the life expectancy of the population, a distributed system of financing pension payments, necessitate the need to improve the National Pension model based on the reform of social insurance, health insurance system in critical countries.

### **Conclusions and suggestions.**

The recommendations of the World Bank for the reform of the pension system are widely included in the implementation of the multi-level pension system and the gradual increase in the retirement age, based on the socio-economic conditions and demographic factors of the country.

Such an approach has now gained significant practical importance in the context of drastic demographic changes and in further improving the living comfort of pensioners by achieving decent pension amounts.

Based on the results of the study and based on Advanced International experience, it is necessary to note that, in our opinion, some problems associated with social insurance in the system of social protection of the population today are as follows:

1. Still the non-existence of laws "on the social insurance system" and "on health insurance;
2. The non-existence of a single body responsible for the social protection of the population (now the issues of social protection of the population are divided between several ministries and departments, although each institution has a vertical organizational structure, interdepartmental cooperation between them is slow and, as a result, horizontal links between various social protection programs are not formed) prevents effective social policy;
3. Almost half of the total population in the country is not provided with social protection programs (this category of persons is located in a high-risk zone in the context of a pandemic);
4. Non-introduction of compulsory medical insurance in the country (in all UN member states, the introduction of compulsory medical insurance by 2030 is set as the goal);
5. In the age structure of the population, the weight of the elderly remains at a stable level, despite the fact that young people have a large weight. In particular, during 2010-2021, the growth rate of the number of recipients of pensions and social benefits was equal to 24.2%. In the same period, the rate of growth in the number of women over 55 ears old and men over 60 ears old was equal to 80.4%. This situation necessitates the need to take serious measures to ensure the financial stability of the extra-budgetary pension fund;
6. Lack of improvement of the mechanism for paying Social Insurance contributions from the income of individuals of the type of remuneration for Labor;
7. Non-formation of a non-state pension system in our country;
8. Insufficient transparency of the provision of social benefits, the lack of ensuring their purposefulness and location, etc.

In this regard, in the medium term:

- It is necessary to develop the law of the Republic of Uzbekistan " on social insurance;
- it is necessary to introduce a system of compulsory medical insurance;
- it is necessary to accelerate the digitalization of the system of social benefits;
- in order to provide social benefits and material assistance to certain categories of the population in need of social protection, as well as to reduce poverty, it is advisable to provide material support (cash, employment, vocational training) for the identification of the population in need of real social protection and their withdrawal from the poverty level.

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