

## **Digitization or Digital Transformation? Alternatives for Uzbekistan's Insurance Market: A Theoretical Analysis**

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**Abstract.** This article provides a theoretical analysis of digitization and digital transformation processes in the context of Uzbekistan's insurance market. It examines the distinctions between the concepts of "digitization" and "digital transformation," their impact on the insurance industry, and potential alternatives for its further development. The study is based on an analysis of regulatory acts, statistical data, and scientific literature. Particular attention is paid to state policy, including the "Digital Uzbekistan-2030" Strategy, and its influence on the digitization of the insurance sector. The findings indicate that Uzbekistan's insurance market is in the early stages of digitization, while digital transformation requires deeper changes in business models and organizational culture. The article includes analytical and comparative tables to illustrate differences and the current state of the market. In conclusion, recommendations are proposed for selecting an optimal strategy for the sustainable development of the insurance market.

**Keywords:** digitization, digital transformation, insurance market, Uzbekistan, information technologies, fintech, "Digital Uzbekistan-2030" Strategy.

### **1. Introduction**

The modern development of the global economy is driven by the accelerated adoption of digital technologies, which are radically transforming the principles of business operations, management, customer interaction, and service delivery. The insurance sector, as an integral part of the financial system, is not immune to these changes. Digitization is becoming not only a tool for improving efficiency but also a strategic direction to ensure the sustainability and competitiveness of insurance companies.

In Uzbekistan, the insurance market has shown steady positive growth in recent years. According to data from the National Agency for Perspective Projects of Uzbekistan (NAPPU), the volume of collected insurance premiums in 2024 increased by 20% compared to the previous year, reaching over 9.6 trillion UZS, equivalent to 0.7% of the country's gross domestic product. This growth reflects both an increasing insurance culture among the population and an expansion of the product offerings of insurance organizations.

One of the key drivers of the insurance sector's transformation is the reforms under the "Digital Uzbekistan-2030" Strategy, aimed at building a digital economy and introducing modern ICT into strategically important sectors. Insurance is part of this agenda: since September 2024, all insurance policies in Uzbekistan are issued

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exclusively in electronic form, enabling process automation, increased transparency, reduced risk of fraud, and improved real-time statistical data collection.

However, despite these achievements, a critical question remains: is the current level of digitization sufficient to ensure the sustainable development of the insurance industry, or is a deeper digital transformation required? Specifically, this involves the need for integrated digital platforms, the use of big data, blockchain, artificial intelligence, and machine learning for risk management, personalization of insurance products, and automated claims settlement.

This study aims to comprehensively analyze the state and prospects of digital transformation in Uzbekistan's insurance sector. It employs statistical analysis, comparative tables, and expert assessments to identify key development directions, risks, and barriers, and to formulate evidence-based recommendations for further digital modernization of the industry.

## **2. Relevance of the Topic**

The relevance of this study is driven by both global and national trends related to the accelerated digitization of economic processes and the need for structural transformation of traditional industries, including insurance. Globally, the insurance sector is undergoing a period of intensive change driven by the adoption of digital technologies—from automating routine operations to integrating artificial intelligence, big data analytics, and blockchain-based decentralized platforms. These changes are driven not only by technological progress but also by evolving consumer expectations, increasing competition, and the need to enhance business model resilience in the face of global instability.

In the context of Uzbekistan, the digital transformation of the insurance industry is particularly significant. Despite recent achievements, the country's insurance market remains in the early stages of digital development. According to NAPPU, in 2024, the share of insurance premiums in GDP stabilized at 0.7%, significantly lower than the global average of 6–7% in developed countries and 2–3% in emerging economies, as reported by the World Bank and the International Association of Insurance Supervisors (IAIS). This indicates untapped potential in the sector and the need for strategic steps toward modernization.

The implementation of the “Digital Uzbekistan-2030” Strategy, which promotes the widespread adoption of digital solutions in the economy and services, has created the foundation for digitizing the insurance market. A key milestone was the mandatory transition to electronic insurance policies starting in September 2024, which simplified interactions between insurers and clients and improved transparency, accessibility, and accountability in the sector.

However, significant institutional and infrastructural constraints remain, including the lack of an adapted regulatory framework for digital activities of insurance organizations, low digital literacy among staff and end-users, weak integration of information systems among market participants, and the low technological maturity of

most insurance companies. These factors hinder the transition from basic digitization to comprehensive digital transformation.

In this context, there is a growing need for scientific and practical exploration of the differences between “digitization” and “digital transformation.” The former involves adopting digital tools in specific business processes (e.g., online policy issuance), while the latter entails a comprehensive rethinking of business models, organizational structures, and customer experiences based on data and technology. Analyzing these distinctions and their applicability to Uzbekistan’s insurance industry, using analytical and comparative tools, is crucial for formulating an effective sectoral development strategy.

### **3. Statement of the Research Problem**

The development of the insurance industry in the context of the digital economy presents both a challenge and an opportunity for traditional financial sectors. In Uzbekistan, the research problem is formulated as follows: which of the two approaches—digitization or digital transformation—is the most effective and rational for ensuring the sustainable and dynamic development of the insurance market, given the country’s existing economic and technological constraints?

This problem stems from the fact that, despite the clear advantages of adopting digital technologies, the terms “digitization” and “digital transformation” are often conflated and interpreted ambiguously in applied practice. Digitization is traditionally seen as the adoption of ICT to automate and optimize existing processes, while digital transformation implies a fundamental rethinking of business models, creating new products and services, and implementing profound organizational changes to gain a competitive edge in a digital environment. In Uzbekistan, with its limited resources, weak technological infrastructure, and legislative barriers, the choice between gradual digital improvement and a strategic shift to comprehensive transformation is critical.

The goal of this study is to identify the theoretical and practical differences between digitization and digital transformation, analyze their applicability to the specifics of Uzbekistan’s insurance market, and propose an optimal strategy for the industry’s development within the current economic and technological landscape.

To achieve this goal, the study addresses the following objectives:

1. Conduct a systematic theoretical analysis of the concepts of “digitization” and “digital transformation” with a focus on the insurance industry, including a review of existing models, approaches, and methodologies in scientific literature and industry practice.

2. Examine the current state of Uzbekistan’s insurance market, analyze the dynamics of key indicators, and assess the role of state policy, including the impact of the “Digital Uzbekistan-2030” Strategy and legislative initiatives supporting digitization in insurance.

3. Evaluate the potential, opportunities, and limitations of implementing digital transformation in Uzbekistan’s insurance sector, considering technological, organizational, human resource, and regulatory factors, and identify key barriers and risks.

4. Develop practice-oriented recommendations and strategic directions for selecting and implementing an optimal approach to the digital development of Uzbekistan's insurance market, ensuring enhanced competitiveness, operational efficiency, and customer satisfaction.

Addressing these objectives will deepen the scientific understanding of key concepts and processes in the digital development of the insurance industry and provide a robust methodological foundation for managerial decision-making to foster sustainable growth and innovation in the sector within a digital economy.

#### **4. Research Methodology**

This study is primarily theoretical and relies on a comprehensive qualitative analysis of secondary data, enabling a thorough and systematic examination of the specifics of digitization and digital transformation in Uzbekistan's insurance sector. A wide range of complementary methods was employed to ensure the reliability and validity of the findings.

The primary tool was a detailed review of domestic and international scientific publications, specialized industry reports, and regulatory acts governing digitization and the development of the insurance market. Particular attention was given to works distinguishing the concepts of "digitization" and "digital transformation" and their practical application in the insurance industry. This approach established the theoretical foundation of the study, identified key trends, and highlighted gaps in existing research.

To assess the specifics and practical effects of digitization and digital transformation, a comparative analysis was conducted, focusing on three main aspects: their impact on insurance companies' business processes, changes in customer experience, and transformations in organizational culture. This analysis systematized the differences and similarities between these processes, identifying their opportunities and limitations in the context of Uzbekistan's insurance market development.

The study also examined successful examples of digital technology adoption and transformation strategies in the insurance markets of neighboring countries, such as Kazakhstan, and regions with similar economic conditions. This approach identified best practices adaptable to Uzbekistan's national context and evaluated the feasibility of applying international experience to the domestic insurance industry.

Significant attention was devoted to a detailed analysis of the "Digital Uzbekistan-2030" Strategy and relevant legislation regulating the activities of insurance organizations and digitization in the financial sector. This analysis assessed the institutional environment's readiness for digital transformation and identified legislative barriers requiring adjustment for effective industry development.

To structure the collected data and ensure transparency in the comparative analysis, specialized analytical tables were developed. These tables include indicators of the current state of Uzbekistan's insurance market, the dynamics of key financial and operational metrics, and comparative characteristics of digitization and digital trans-

formation approaches. This tool facilitated the systematization of information and deepened the understanding of the studied processes.

The study utilized data from official reports of the National Agency for Perspective Projects of Uzbekistan (NAPPU), as well as international studies and analytical materials, such as reports from the TAdviser platform (2025) and other reputable organizations studying digital transformation in the financial sector. Additionally, peer-reviewed scientific publications, journals, and conference materials were used to ensure the high quality and relevance of the source information.

This comprehensive set of methods and data sources provided a thorough and objective approach to addressing the research objectives, enabling a holistic understanding of the issue and the development of practical recommendations for the digital development of Uzbekistan's insurance market.

## 5. Research Findings

### 5.1. Theoretical and Methodological Context: Distinguishing Digitization and Digital Transformation

Despite the widespread use of the terms “digitization” and “digital transformation” in scientific and applied literature, there remains terminological ambiguity and even conflation of these concepts. They are often used interchangeably, leading to methodological errors in analyzing digital development processes across various industries, including insurance.

For the purposes of this study, it is necessary to clearly distinguish these categories based on existing theoretical approaches and empirical examples.

- **Digitization** is primarily a technical process involving the conversion of analog information into digital formats, automation of existing operations, and the adoption of information and communication technologies within an established business operating model. The main goal of digitization is to enhance efficiency, accelerate processes, and reduce transactional costs. This is typically an incremental approach that does not involve a fundamental overhaul of an organization's business logic. Examples of digitization in the insurance industry include implementing CRM systems for customer relationship management, transitioning to electronic document management, and creating online portals and mobile applications for policy issuance and renewals.

- **Digital transformation**, in contrast, is a strategic and systemic process focused not on improving existing processes but on fundamentally rethinking the business model, organizational structure, customer interaction logic, product offerings, and the source of created value. It is primarily a business and cultural transformation where technologies serve not as an end but as a means to achieve new levels of competitiveness. Examples of digital transformation include shifting from one-time policy sales to a service-based model using IoT data (e.g., telematics in auto insurance) and developing digital ecosystems that integrate insurance, financial, medical, and other related services into a unified digital space.

Table 1.

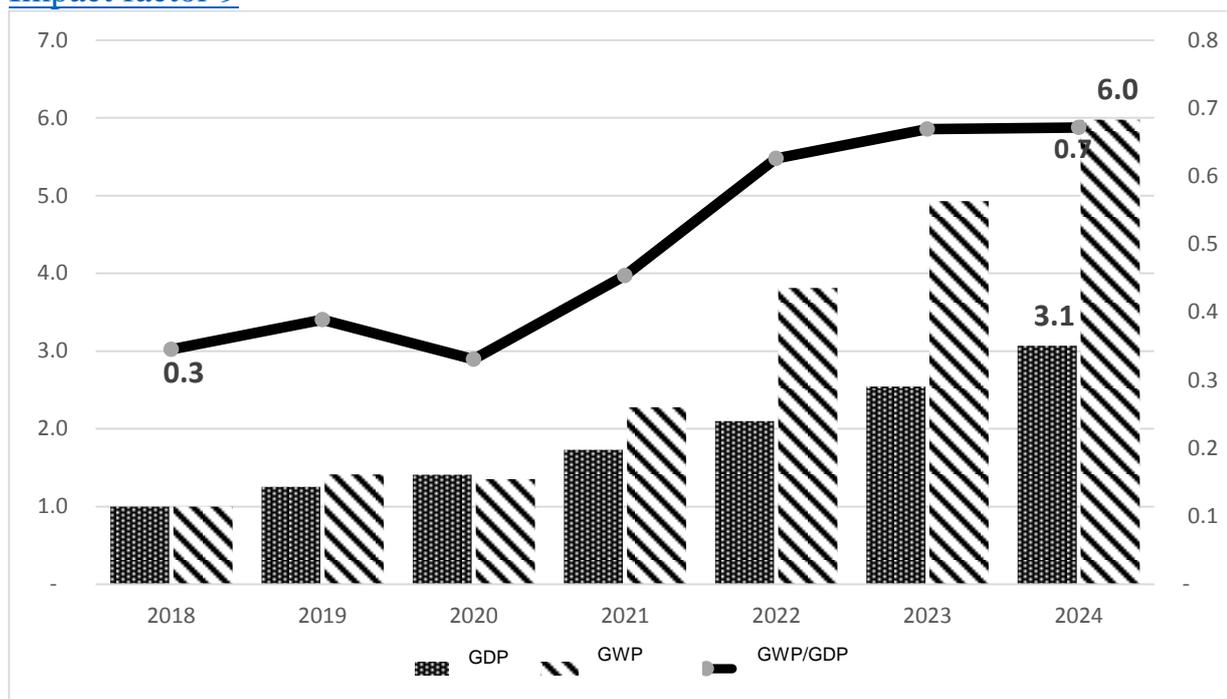
**Comparative Characteristics of Digitization and Digital Transformation in the Insurance Industry**

<b>Criterion</b>	<b>Digitization</b>	<b>Digital Transformation</b>
Definition	Technical process of converting analog processes to digital and automating them.	Strategic overhaul of the business model, organizational structure, and customer experience.
Main Goal	Improve efficiency, reduce costs, automate routine operations.	Create new value for customers, adapt to market changes, foster innovation.
Focus of Changes	Specific processes, interfaces, tools.	Entire organization: processes, products, structure, culture.
Approach	Incremental (gradual technology adoption).	Radical (holistic business model transformation).
Impact on Customers	Improved service convenience, online access to services.	Changed interaction format, personalization, ecosystem experience.
Examples in Insurance	CRM systems, online policy sales, electronic document management.	IoT in auto insurance (telematics), subscription models, ecosystems.
Institutional Requirements	Minimal changes to legislation and regulatory mechanisms.	Need for adapted regulations, new licensing forms, cyber-regulation.
Need for Corporate Culture Change	Minimal or absent.	High: requires flexibility, innovation focus, and cross-functional approach.
Risk and Investment Level	Relatively low.	Medium to high, requiring strategic investments and institutional support.
Role of Technology	Tool for automation.	Catalyst for business model and new value creation.

Digitization and digital transformation represent different levels of maturity and strategic depth in digital development. Digitization is essentially a tactical tool that can serve as a starting point for digital transformation but is not synonymous with it. In this context, it is critical to emphasize that digitization without transformation may lead to localized efficiency but cannot ensure a company’s adaptation to market changes or long-term sustainability.

**5.2. Current State of Uzbekistan’s Insurance Market: Readiness for Digital Transformation**

Thanks to reforms initiated by President Sh.M. Mirziyoyev, Uzbekistan’s insurance market has experienced significant growth in recent years.



**Figure 1. Dynamics of Gross Written Premiums (GWP) and Insurance Penetration Rate (2018–2024)**

*Note:* 2018 GWP level is conditionally set to 1. The nominal value of gross written premiums (GWP) increased sixfold from 2018 to 2024 (see Figure 1). GDP

Uzbekistan’s insurance market is undergoing active transformation, driven by government reforms, digitization, and growing demand for insurance services. The structure of Uzbekistan’s insurance market from 2018 to 2024 is presented in Table 1, and the dynamics of key financial indicators from 2020 to 2024 are shown in Table 2.

Currently, Uzbekistan’s insurance market demonstrates steady growth. Digitization in insurance is not just a trend but a critical step toward sector modernization, contributing to economic growth and improving citizens’ quality of life. This process requires active participation from both insurance companies and the state.

Table 1.

**Structure of Uzbekistan’s Insurance Market (2018–2024)**

Year	Number of Insurance Companies	Life Including Insurance	Total Authorized Capital (USD million)	Number of Insurance Brokers	Number of Certified Actuaries	Number of Insurance Agents	Number of Surveyors and Adjusters	Number of Assistance Services
2018	30	6	112.1	4	4	8,700	18	6
2019	36	8	119.9	5	5	8,657	18	6
2020	40	8	137.4	5	5	8,900	18	6
2021	42	8	146.7	5	5	9,581	18	6

Year	Number of Insurance Companies	Life Insurance Including	Total Authorized Capital (USD million)	Number of Insurance Brokers	Number of Certified Actuaries	Number of Insurance Agents	Number of Surveyors and Adjusters	Number of Assistance Services
2022	41	8	167.8	5	5	9,155	18	6
2023	38	7	187.0	8	5	4,736	18	6
2024	33	5	229.0	11	5	4,804	18	6

Table 2.

### Financial Indicators of Uzbekistan's Insurance Market (billion UZS)

Indicator	2020	2021	2022	2023	2024
Collected Insurance Premiums	2,313.9	2,213.7	6,231.7	8,059.7	9,770.1
General Insurance Premiums	1,727.5	1,879.3	4,707.0	7,737.2	9,483.7
- Mandatory Insurance	298.1	338.0	491.3	632.4	664.7
- Voluntary Insurance	1,429.4	1,541.3	4,215.7	7,104.8	8,819.0
Life Insurance Premiums	586.4	334.4	1,524.7	322.5	286.4
Total Insurance Payouts	831.5	737.6	2,596.9	2,022.1	2,204.5
General Insurance Payouts	284.1	419.6	1,098.8	1,568.5	2,073.1
- Mandatory Insurance	90.2	128.0	232.8	236.7	358.6
- Voluntary Insurance	193.9	291.6	866.0	1,331.8	1,714.5
Life Insurance Payouts	529.4	318.0	1,498.1	453.6	131.4

In Uzbekistan, digitization is supported by regulatory acts, including Presidential Decree No. PP-5265 of October 23, 2021, "On Additional Measures for the Digitization of the Insurance Market and the Development of Life Insurance," which, starting in 2022, allowed insurance companies to offer all types (classes) of insurance in electronic form.

Additionally, Presidential Decree of March 1, 2024, "On Comprehensive Measures for the Further Development of the Insurance Services Market" (mandating electronic contract registration and e-policy issuance; integration with E-Government Portal databases; and creating a unified information system for insurer monitoring) introduced the following measures:

- Mandatory transition to electronic registration of insurance contracts and issuance of e-policies through a unified information system;
- Simplification of contract execution procedures through integration of departmental databases;
- Automation and phased transition to generating insurance reports in a unified information system managed by NAPPU;

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- Online monitoring of market participants' activities with minimal state intervention.

A Unified Automated Information System for the Registration and Control of Insurance Policy Circulation has been implemented. Since 2023, all insurance companies are connected to this system, through which over 4.8 million e-policies for mandatory insurance types have been issued. Citizens can use the E-Government Portal to verify whether a traffic accident participant is insured and receive payout instructions.

Insurance companies are actively developing online sales, chatbots for consultations, and mobile applications. However, an analysis of these solutions' functionality shows they primarily replicate offline processes, offering standard packaged products (e.g., auto insurance, property insurance, savings-type life insurance). Personalization, big data for actuarial calculations and predictive analytics, and AI-based interactive services remain in their infancy.

Notably, the technological leader in Uzbekistan's insurance market, JSC "Uzbekinvest," has been actively adopting digital technologies since 2018 under its Digital Transformation Strategy, which included:

- Development and launch in 2021 of the online sales platform *insurance.uz*, including a mobile app for clients and insurance agents. By 2024, 848,540 online policies were sold through these platforms, accounting for 84% of total insurance policies sold;

- Implementation in 2022, in collaboration with Vision Labs, of one of Uzbekistan's first modern digital technologies—Face ID—across all information systems and mobile apps, reducing e-policy issuance time from 7–8 minutes to 30 seconds;

- Launch in January 2024, with international IT partner GlowByte, of the innovative Talis.SDE decision-making system for pre-insurance checks using AI technologies. This project, the first of its kind in Uzbekistan's insurance sector, uses decision-making systems and machine learning models to assess loss probabilities under insurance contracts, with 90% of clients processed through the AI-based scoring system since January 2024;

- Launch in May 2024 of a project to automate incoming reinsurance risk assessment using AI functions, including automated data collection and structuring from online sources to gather additional risk information. This project automated risk underwriting, contract analysis, and database population;

- Implementation in December 2024 of the "Corporate Data Warehouse and Business Analytics for Automated Management Decisions" project, establishing a comprehensive business analytics system for real-time, accurate data-driven management decisions.

At present, Uzbekistan's insurance market is in the early phase of active digitization, primarily affecting infrastructural elements such as distribution channels, client interfaces, and back-office operations. Key changes involve automating sales, policy processing, and claims settlement, leading to improved operational efficiency and customer interaction convenience. However, these transformations are largely

technological and do not yet affect the fundamental nature of insurance products, their structure, or the core business logic focused on risk redistribution (see Table 3).

Table 3.

**Digitization of Uzbekistan’s Insurance Market**

Category	State (2025)	Examples/Comments
E-Policies	Fully implemented and mandatory	Paper policies discontinued in 2023; mandatory e-registration in the state system since September 2024.
Online Insurance Sales	Actively used	Online issuance available at most companies (websites, mobile apps, Telegram bots).
Mobile Applications	Widely adopted	Example: TBC Sug’urta issued 140,000 policies via its app in 3 months.
AI and Automation	Early-stage implementation	AI used for claim processing, risk assessment, and fraud prevention.
Big Data/Analytics/IoT	Pilot projects in development	Telematics in auto insurance, client behavior analysis.
Cloud Technologies	Used by most major companies	Client data storage, remote servicing, integration with state registries.
Cybersecurity	Strengthened during digital transition	Focus on protecting client data and integration with state databases.

Further development of digital initiatives in the insurance market is largely driven by state support, particularly through the “Digital Uzbekistan-2030” Strategy, aimed at widespread adoption of digital solutions in key economic sectors, including the financial and insurance sectors. In this context, the strategic choice for insurance organizations is critical: whether to continue limited digitization, adapting existing business processes to new technologies, or to transition to deep digital transformation, involving a rethinking of business models, the introduction of innovative insurance products (InsurTech), and the use of big data, AI, and other advanced solutions.

The depth and comprehensiveness of digital transformations will be the defining factor in the competitiveness of insurance companies over the next decade. Players that adapt to new technological and behavioral trends in a timely manner will not only maintain but also expand their market positions amid growing competition, changing consumer preferences, and tightening regulatory requirements.

**5.3. Strategic Risks of Digitization** Despite the clear benefits of digital transformation in the insurance industry, focusing solely on digitization without a systemic rethinking of business models and client interaction structures can lead to several strategic risks. For developing insurance markets like Uzbekistan’s, these risks are particularly critical in the context of increasing global competition, evolving consumer expectations, and uneven digital competency distribution.

**1. Increased Competition from Non-Traditional Market Players** A key challenge of digital transformation is the growing competitive pressure from InsurTech companies, fintech startups, and transnational IT corporations. With access to vast user behavior data, advanced analytics, machine learning platforms, and nearly unlimited investment resources, these players can enter the market with innovative, highly personalized products and services. They often target high-margin niches (e.g., auto insurance, life, and health insurance), displacing traditional insurers and reducing their market share. Additionally, their activities undermine the competitive advantages of traditional players, which rely on scale, brand recognition, and regulation.

**2. Widening Gap Between Digital Channels and Actual Client Needs** A significant strategic threat is the common mistake of limiting digitization to digitizing outdated insurance products and implementing superficial online sales channels. Such superficial transformation fails to address fundamental industry challenges, such as low public trust in insurance institutions, weak financial literacy, and limited understanding of insurance's value as a risk protection tool. Modern consumers, particularly younger generations, demand transparency, personalization, and continuous 24/7 service. They expect insurance products to be not only digitally accessible but also tailored to their individual needs and lifestyles. Companies unable to provide this level of service risk losing relevance to key target audiences.

**3. Underutilization of Data and Analytics Potential** Modern insurance companies possess vast structured datasets from client interactions and claims processing. However, in most cases, unstructured data from social media, telematics, wearable devices, mobile apps, and IoT devices remain untapped. Failure to integrate these data sources significantly limits the ability to build predictive analytics models for risk prevention and minimization, rather than just post-factum assessment. As a result, digitization falls short of its full transformative potential, maintaining a reactive, traditional approach instead of transitioning to a proactive risk management model.

In Uzbekistan's context, these risks are particularly significant. The country has a young, technologically active population rapidly adopting digital services and high mobile penetration rates. However, without a targeted strategy for deep digital transformation, the insurance industry risks not only missing growth opportunities but also becoming marginalized in the global insurance market—with outdated product offerings, low consumer trust, and a vulnerable position in competitive battles. In the face of growing globalization and cross-border expansion of digital platforms, this situation threatens the loss of sovereignty in key financial and service sectors.

**5.4. Recommendations for Transitioning to Digital Transformation** Transitioning from fragmented digitization to comprehensive digital transformation in the insurance industry requires systemic, coordinated, and institutionalized efforts from all key stakeholders—government, regulators, insurance companies, technology partners, and consumers. Digital transformation should not be seen as the adoption of isolated IT solutions but as a holistic change in business logic based on new technologies, data, and customer value models.

**Role of the State and Regulator: Fostering Innovation and Creating an Enabling Environment** The National Agency for Perspective Projects of Uzbekistan (NAPPU), as the sector's regulator, plays a critical role in creating conditions for digital transformation. The following directions are proposed for a successful transition to an innovative insurance model:

1. **Establishing a Regulatory Sandbox:** Institutionalize mechanisms allowing InsurTech startups and insurance companies to test innovative products, services, and business models in a controlled legal and market environment. Regulatory sandboxes minimize entry barriers, accelerate technology adoption cycles, and ensure monitoring of risks associated with new technologies. Global experience shows that such sandboxes catalyze technological activity, especially in countries with developing financial systems.

2. **Promoting Open APIs and Developing Digital Ecosystems:** Encouraging standardization and the use of open application programming interfaces (APIs) will enable the integration of insurance services into banking, e-commerce, fintech, and government service ecosystems. This will facilitate embedded insurance models, where insurance becomes an integral part of the user experience in other digital services, ultimately overcoming the insurance sector's isolation and significantly expanding client reach.

3. **Enhancing the Regulatory Framework for Data and Actuarial Analytics:** With the growing importance of big data, developing a balanced legal framework for personal data processing, storage, and use for insurance purposes is critical. The regulator must ensure both the protection of citizens' rights and opportunities for legitimate data use in predictive modeling, actuarial calculations, and pricing.

**Role of Insurance Companies: A Strategic Approach to Transformation** For insurers, digital transformation should not be limited to technological upgrades of individual units or processes. It involves a shift in management paradigms, organizational culture, and the overall business model. The following key steps are recommended:

1. **Institutionalizing Digital Strategy at the Corporate Governance Level:** Digital transformation is a strategic challenge that should be prioritized by top management and boards of directors, not treated as an IT department task. A unified digital strategy covering all aspects of operations—from customer experience to internal processes and partner interactions—is essential. Assigning responsibility for the digital agenda to C-level leadership (e.g., creating a Chief Digital Officer role) is critical.

2. **Investing in Data, Analytics, and Technological Expertise:** Effective data utilization is the core of competitiveness in insurance. Companies must invest in creating data science units, developing predictive analytics, machine learning, and AI tools to modernize key processes—scoring, underwriting, and fraud prevention—and transition to more accurate risk management.

3. **Developing Next-Generation Insurance Products:** Digital transformation enables moving beyond traditional product lines. Companies should actively develop and implement on-demand insurance, microinsurance, and products with dynamic

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pricing based on telematics, behavioral data, and IoT devices. This is particularly relevant in Uzbekistan, where high mobile penetration and digital engagement create favorable conditions for scaling such solutions.

**4. Forming Partnerships with InsurTech Startups:** Instead of developing all digital solutions in-house, adopting an open innovation model based on collaboration with local and international startups is advisable. This could include creating acceleration programs, corporate venture funds, and participation in startup hubs and industry alliances. Such an approach accelerates innovation adoption, reduces costs, and adapts best practices to the local context.

**Conclusion** This study allows for several conclusions regarding the strategic directions for developing Uzbekistan's insurance sector in the digital era. First, digitization, despite its necessity and technological inevitability, represents only the initial stage of the industry's evolution, providing the infrastructural and operational foundation for further transformations. It cannot fully address systemic distortions in the insurance market, such as low consumer trust, limited penetration of insurance products, and weak integration with other financial and social sectors.

In this context, it is evident that sustainable development of the insurance industry is possible only through deep digital transformation, which involves not merely transferring existing processes to a digital environment but reengineering the industry's entire logic. This transformation focuses on shifting from standardized insurance policies to personalized, preventive, and embedded insurance services integrated into clients' daily lives. The foundation for this transition lies in the intelligent use of data (including behavioral, telematics, and IoT sources), predictive analytics, and the creation of digital ecosystems based on open APIs and partnerships with other economic sectors.

Moreover, failing to pursue digital transformation risks not only technological lag but also the structural marginalization of traditional players. In the context of globalization and the increasing presence of transnational InsurTech companies, insurance organizations that do not adapt to new realities risk being displaced from the market or relegated to low-margin operators within others' ecosystems. This, in turn, would lead to the loss of insurance's strategic potential as a key mechanism for managing social and economic risks.

Uzbekistan has unique prerequisites for implementing large-scale digital transformation in the insurance industry. First, there is political will at the state level, reflected in the prioritization of the digital economy and innovation. Second, the country benefits from a significant demographic dividend: a young, digitally engaged population open to new financial service formats creates a favorable consumer environment for next-generation insurance solutions. Third, consistent development of digital infrastructure, including telecommunications networks, platform solutions, and fintech services, supports this transition.

Thus, Uzbekistan has a real window of opportunity to transition from a catch-up model to a regional leader in digital insurance. This requires comprehensive actions from all ecosystem participants: the state must act not only as a regulator but also as

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an innovation facilitator; insurers must embrace transformation as a strategic priority; and technology partners and startups must drive industry change. Only through this approach can insurance realize its potential as a modern, flexible, and socially significant institution in the economy of the future.

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*Note: Figure 1 and Tables 1–3 were developed by the author based on data from the National Agency for Perspective Projects of Uzbekistan.*