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Prospects for The Development of Tourism Insurance in Uzbekistan

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Abstract

This article focuses on how tourism insurance is needed to support the country's expanding tourism industry. People traveling overseas always use insurance, yet those who travel within their country do not know or utilize it enough. Through the use of qualitative descriptive methods and document and case studies, the study looks at official statistics, government policy and industry reports to find out what the tourism insurance market looks like today. It is clear from the evidence that even with many types of insurance products available, only a small number of travelers in the country use insurance because of lacking public awareness, fewer choices and tough rivalry among tour operators. The data suggests that improving knowledge about insurance, broadening the range of insurance plans and updating the rules are key steps for better risk handling and the continued progress of the Uzbek tourism industry. The researchers found that managing these risks will protect travelers and help build a strong and robust national tourism sector, so that future solutions can be found through further research and developments.

Keywords: modern tourism, domestic tourism, tourism industry, tourism services, insurance of tourists in Uzbekistan

Introduction

Contemporary tourism is an economic industry impervious to recession, impacting the growth and stabilisation of numerous regional economies. Tourism constitutes a primary component of the economy in numerous developed and developing nations globally. A visitor is typically more susceptible to adverse risk factors than local residents when visiting different countries. On average, one in every fifty tourists encounters an insured occurrence [1]. The growth of the tourism services market is driven by employee paid vacations, corporate travel, rising living standards, and pension provisions for individuals across various nations, along with several demographic reasons [2].

Uzbekistan, distinguished by its rich cultural legacy, historical sites, and stunning natural landscapes, prioritises the advancement of tourism. To enhance the appeal of Uzbekistan to international tourists, practical initiatives are underway, including the simplification of the visa regime, the development of new routes, the modernisation of tourist service insurance systems, investment in sector-related projects, and the organisation of significant events. In 2023, 80.7% of foreign tourists visiting Uzbekistan originated from neighbouring countries, 11.5% from other CIS nations, and 7.8% from additional countries [3]. The average duration of tourist stays was 4-5 days, representing a 1.5-fold increase compared to 2022, which recorded an average of 3 days. This is a consequence of the extensive amenities established for tourists in the country.

Every year, the number of tourist destinations within and outside the country is growing exponentially, new modern hotels and recreation areas are opening. Travelers are offered affordable flights on new private airlines and trips on modern high-speed trains. An important component of a safe and enjoyable holiday is the purchase of an insurance policy [4].

The development of the tourism industry is one of the priority areas in Uzbekistan today. Improving infrastructure, creating favorable conditions for foreign investment and providing the necessary support to local entrepreneurs is what takes the tourism industry to a new level. Every year, the hotel business in Uzbekistan grows by 15-20% [5].

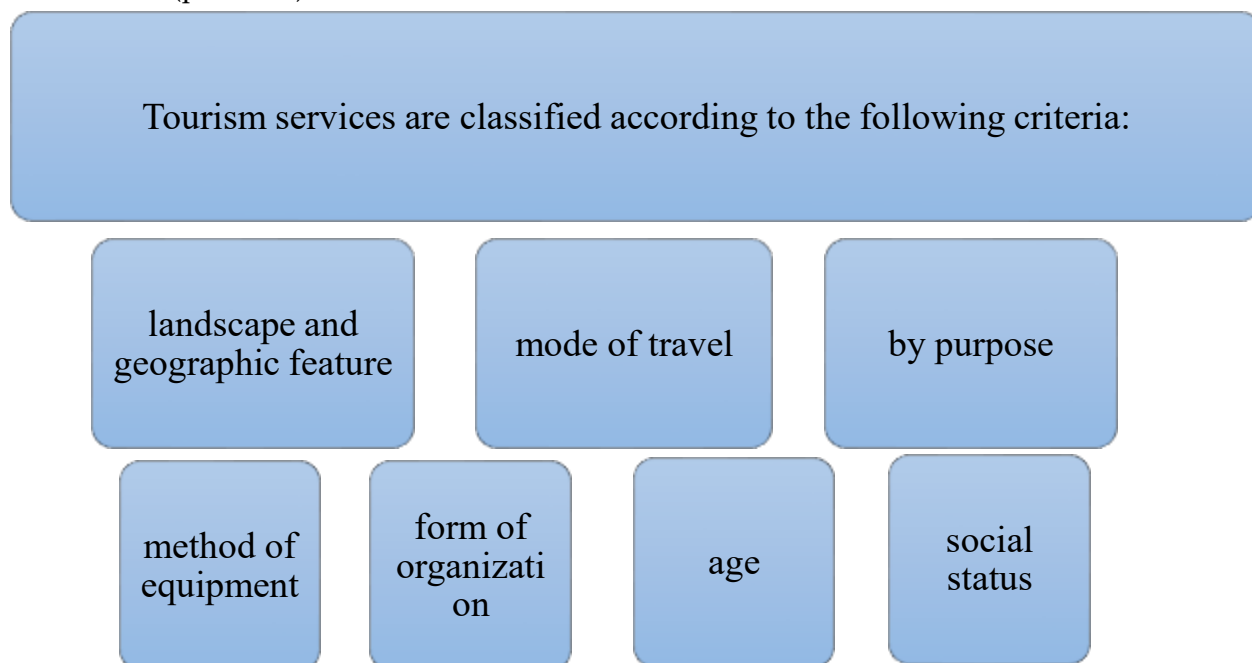
Methodology

This study uses a mix of descriptive methods, comparisons and document inspection to analyze how tourism insurance is developing in Uzbekistan. Statistical databases from the Statistics Agency under the President of Uzbekistan, reports from the Tourism Committee and academic articles about insurance and tourism are consulted for the research. Comparative analysis is used to identify any weaknesses, inefficiencies or chances for improvement in tourism insurance inside and outside the country. Additionally, existing policies, laws and insurance provides were reviewed using document analysis, focusing on how tourism and insurance interact. What the research assumes is that more effective tourism insurance and more informed Uzbekistan tourists will strengthen and increase the appeal of the country's tourism industry. It looks into whether not taking up domestic tourism insurance is caused by not being aware of it, lack of types of plans or if it is tied to unbalanced competition among tourism companies. With these blended ways of data analysis, the study can reveal the status of tourism insurance, notice key trends and offer practical options for improvement. On the whole, this approach gives a strong structure for examining how insurance mechanisms can help both tourists and businesses in Uzbekistan, making sure that financial and risk tools are ready as the tourism sector grows.

Results and Discussion

The dynamic evolution of the economy and social sector has established the foundation for the advancement of Uzbekistan's insurance market, particularly in the realm of life insurance [6].

In turn, the government's support has encouraged local entrepreneurs to invest in the development of the hotel business, both on a large-scale project scale and at the family business level, by providing tax incentives, subsidies and other financial support tools (picture 1).



Picture 1. Classification of tourism services.

Today, leading international hotel brands are entering the local market, launching and building world-class hotels together with local entrepreneurs in Tashkent, Samarkand, Bukhara and Khiva. These partnerships have not only improved the quality of services provided in the sector, but also increased the authority of Uzbekistan on the world tourism map, which has attracted and continues to attract travelers from all over the world [7].

In Uzbekistan there are a number of insurance companies that can offer insurance products which protect business owners from unexpected expenses. Insurance helps to preserve investments, and the company has vast experience in insuring both large investment projects and small businesses.

The country's insurance companies offer the following types of insurance:

1. insurance of construction and installation risks;
2. insurance of hotel complexes and restaurant businesses;
3. insurance of civil liability of hotel complexes;
4. insurance of civil liability of hotel complex tenants;
5. insurance of employer's liability;
6. insurance of directors' liability;
7. insurance of losses from business interruption and other financial risks.

Insurance providers in the Republic of Uzbekistan offer the following primary categories of travel insurance:

- a. elective health insurance. An insured occurrence refers to an abrupt illness, demise, or physical injury resulting from an accident while travelling. The insurance amount encompasses expenses for inpatient treatment, medication charges, transportation of the insured to a medical institution, and transportation expenses necessitated by inpatient treatment
- b. property insurance. An insured occurrence refers to the damage, destruction, or

- loss of personal property and baggage while travelling. The insurance amount is assessed on an individual basis, however it is constrained by the insurer's limit;
- c. liability insurance for civil matters. An insured incident refers to property or physical damage inflicted onto other parties, or damage to the environment. The insurer imposes a restriction on the insurance amount. The extent of damage must be validated by documentation and assessments from authoritative entities (hydrometeorological services, law enforcement agencies, medical institutions, social security agencies). Besides the primary categories, insurance firms provide coverage for supplementary risks, including:
 - d. hazards linked to extreme sports. An insured event is an occurrence resulting from participation in sports.
 - e. coverage for expenses incurred due to trip cancellation. An insured event is defined as an illness that hinders travel, death, emergency hospitalisation of the insured individual, their spouse, or close relative, damage to the insured's property, legal proceedings involving the insured during the insurance period, or a summons to military service [8].

In the realm of property and liability insurance, insurers provide:

- a. document insurance;
- b. insurance for a tourist's property in a hotel;
- c. apartment insurance for the duration of a vacation or business trip;
- d. trip interruption insurance;
- e. civil liability insurance for the duration of the trip;
- f. civil liability insurance of the air carrier for flight delays, rerouting, and delays in delivering a passenger to the destination;
- g. liability insurance for damage to third-party property, such as hotels and restaurants [9].

The conclusion of the contract is formalized by issuing a policy. Its cost will depend on the insurance program (at the choice of the policyholder), the insured amount, the distance of the trip, the territory of stay, the age of the policyholder (insured), additional risks [10].

Insurance businesses offer their services for both international and domestic travel. The highest demand for insurance is noted among travellers travelling internationally. A tourist cannot travel to a holiday destination or embark on a work trip without an insurance policy. Trips to Uzbekistan present hazards comparable to those encountered during international travel. Tourist insurance in Uzbekistan has been established for an extended period. Nevertheless, domestic travellers infrequently get a policy for national travel. This is enabled by several factors. Certain insurers minimise the range of hazards and the extent of insurance coverage owing to inequitable competition among tour operators [12]. Travel agents also endeavour to save service costs by compromising on insurance policies. Furthermore, not all tourists will be able to utilise the mandatory health insurance policy due to certain challenges. Tourists exhibit a limited awareness of the hazards linked to travel and business visits, as well as the benefits and opportunities presented by insurance [13]. In domestic tourism insurance, legal and informative aid is almost unused, including support for travellers about administrative and civil offences, as well as information on optimal travel routes and attractions inside cities. Tour operators frequently provide an economy class insurance coverage, whereas superior and more varied insurance policies from most insurance firms remain mostly unutilized [15].

Conclusions

All in all, this study points out that while tourism in Uzbekistan has thrived in recent years, mainly due to new infrastructure and partnerships with foreigners, the

local tourism insurance business still lags behind due to little public knowledge, not many insurance choices and intense competition among tour organizers. Researchers have noticed that tourists at home do not make use of many insurance choices which results in weaker protection for travelers and unstable finances for the tourism sector. Since these findings highlight a need for change, authorities should support specific policies, try to better educate people and work on better teamwork between the insurance industry and tourism. More study is necessary to learn about how tourists feel about insurance, to judge if current laws are working well and to innovate policies that fit Uzbekistan's tourism sector. With such steps, tourism will be more resistant to shocks and help the country in diversifying its economy. To cultivate the domestic tourism insurance industry, it is essential to enhance initiatives that promote various insurance types for domestic visitors in Uzbekistan, categorise them into subtypes, and determine specific financial security volumes for each category. It is imperative to delineate the domain of tourist services to enhance the industry's appeal to major insurance firms, while simultaneously absolving insurance organisations of obligation for the intentional activities of tour operators.

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