

# THE EFFECTIVENESS OF THE ORGANIZATION OF ACTIVITIES OF INSURANCE INTERMEDIARIES IN THE DEVELOPMENT OF INSURANCE NETWORKS

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**ABSTRACT**--*In this article, the organizational legal basis of insurance intermediaries in the market of Insurance Services was analyzed, the description of insurance intermediaries, as well as the foil of insurance intermediaries of a developed foreign state, their classification and classification, the views of economists on the subject, the tariffs and problems given to insurance intermediaries were analyzed. Based on the above analysis, scientific proposals and practical recommendations on further development and improvement of the activities of insurance intermediaries have been developed.*

**Keywords**--*insurance market, professional participants of the insurance market, insurance intermediaries, insurance agent, insurance broker, reinsurance broker, insurance industries, insurance companies, insurance supervision, insurance payments, insurance premiums, insurance product.*

## I. INTRODUCTION

String-like vine branches

The role of insurance intermediaries in the formation of the insurance market of any state, the introduction of modern types of insurance, the creation and sale of insurance products in accordance with the demand of customers is incomparable. Currently, the activities of insurance intermediaries in the national insurance market are facing a number of challenges, while efforts by bunda state and insurance companies to address the problems are sluggish. This in turn has a negative impact on the development of the insurance market, while the formation of the Institute of insurance intermediaries remains.

It is known that in the insurance market, a special, specific service – insurance service is sold by the insurer (manufacturer), an important participant of the insurance market. It is important that in the insurance market there are two main participants (the buyer-the insurer or the insured, and the insurer – the seller). The rest of the participants of the insurance market (insurance intermediaries (insurance agent, insurance and reinsurance broker), adjuster, actuarial, insurance surveyor, Assistant, etc.), will ensure a productive and efficient functioning of the insurance market with the sale, receipt, and maintenance of insurance services.

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Insurance intermediaries are an important structural element in the organization of an advanced insurance market.

In the end times, intermediaries who are not directly related to insurance intermediaries, that is, Activities whose main activities are not insurance intermediaries, are widely reported. To such intermediaries, we can include credit organizations, car dealerships, tkroperators and travel agencies, medical institutions, etc. Such intermediaries can be given a tariff as " non-intermediaries".

## II. INTERPRETATION OF THEORETICAL AND EMPIRICAL LITERATURE

David Bland (1998) stated that there are various intermediaries operating in the complex conditions of the insurance market. Intermediaries are divided into two large categories: brokers and agents (or insurance representatives) [1].

Itshenko N. G. (2015) insurance and reinsurance intermediaries – insurance agents and insurance brokers have a special place in the European Union Insurance Law on the control of activities tudadi. Insurance intermediaries on the one hand enter into an insurance contract with the last consumers of Insurance Services – insurers, on the other hand they do not receive obligations for the payment of insurance coverage and do not carry responsibility. In 1991, the European Union Commission adopted intermediary recommendations, which include basic requirements for brokers and agents:

Experience and professionalism in trading;

The obligation to insure the liability of their own fault;

Customers – the obligation to inform the insurers the principles of working with the insurer, the share in its own capital of the insurer's interest;

To have a good reputation (individuals who were previously found to have a good reputation as an insurance broker may not be involved) [2].

Petra Loerke and Andras Niedermayer (2018) in their research, it is very important that any intermediaries (insurance agent, insurance broker) are qualified specialists in their activities (certificate of qualification). The reason is that the quality of the product is a condition that is evident to the developer, while its qualities and advantages are conveyed to the consumers exactly by the intermediary. Also in foreign experience, the product is rarely presented or sold by the manufacturer himself. This has become a common phenomenon, which is widely observed in the development of e-commerce, especially in recent years [3].

In his scientific article zadorozhny and Itshenko (2014), the experience of the world market for irrigation shows that in countries where insurance intermediaries are actively using them as a sales channel, insurance relations are the most developed. In developed countries, insurance intermediaries are the main channel for the sale of insurance products. Recently, the leaders of insurance companies have begun to pay great attention to the current agency networks and their development, as a result of which more professional intermediaries have emerged, allabata management of agency networks brings out various difficulties [4].

Karlova (2014) in her research work, there are certain problems that need to be solved at different levels in spite of the need to develop insurance intermediation. This is the main companies of the reforms for the domestic market, emphasizing that it is necessary to improve the skills of insurance and insurance brokers, develop systems

and tokens to encourage them, to improve the legal framework of their activities, to improve the insurance culture of consumers of insurance products[5].

Kulakov (2013) in his article the insurance intermediaries of the Russian Federation studied the main aspects of institutions, identified its main problems, compared it with the activities of institutions of foreign countries[6]. Oberemko (2015) emphasizes that one of the main objectives of insurance intermediaries is to help the customer choose the insurance product that best suits them. At the same time, the insurance product is characterized by two factors: material (insurance tariffs) and insurance quality (insurance terms). The ratio of these two factors to determining the best insurance product for the client is in agreement with the fact that insurance intermediaries have a wide range of insurance products. At present, the problem of creating tools that allow to evaluate the quality and quality of insurance products has not been solved[7].

Filipenkova (2013) in her research work examines the fundamental problems of the separation of insurance intermediaries into separate types. The author classifies insurance intermediaries and determines the specific characteristics of intermediaries through insurance[8].

Fomin (2007) in his article titled professional Standards for insurance intermediaries, he added that insurance intermediaries also include accident Commissioner, dispatchers, surveyors to intermediaries by introducing common functions in insurance, and asked the opinion that the insurance market could not function fully without the services they perform[9].

In the article Shaposhnikova (2014) states that there are only two real intermediaries in the insurance market, these are the insurance agent and the insurance broker. Insurance agents and insurance brokers can also be divided into individuals and legal entities. It is also possible for insurance agents to operate in or out of the state in insurance companies, both as a legal entity and as an individual.

So historically when insurance intermediaries say insurance agent and insurance brokers are understood.

In the insurance market, the legal status of insurance agents plays an important role. This determines its special position as a seller of insurance products in the Society of insurance agents. Thus, an insurance agent is a special seller of insured products.

### **III. METHODOLOGY**

Proceeding from the above points, Shaposhnikova will have all insurance agents in three groups.

1. Horizontal agents – these agents provide their services to the insurance organization and can not give their rights to other persons;
2. Pyramidal agents are agents who can give their powers to other agents. Bunda they are signing a general agency agreement with insurance organizations and on the basis of this agreement agents will be able to give their powers to subagents;
3. Multi-tier insurance agents – these agents are considered insurers and buy insurance packages from pre-insurance companies and then sell them to customers.

Along with insurance agents, the insurance broker also plays an important role in the activities of insurance intermediaries. In this case, the insurance broker should be regarded as a legal or natural person, who specializes in finding the optimal insurance package for the insurer or providing consulting services to the insurer in finding the insurer.

Unlike the insurance agent, the insurance broker may provide services to both the insured and the insured [10]. Khalidov and Klishina (2014) published articles on the practice of insurance brokers acting on behalf of the insured as part of international insurance. Its main purpose is to assist the insurer in selecting the most appropriate insurance services from a wide range of insurance services [11].

Thus, there is a significant increase in the coverage of insurance intermediaries and the number of representatives of this sector is increasing year by year. Traditional intermediaries are obviously insurance agents and insurance brokers. In addition, there are insurance actuaries, emergency commissioners, dispatchers and similar insurance agents. Mediators in this category do not directly participate in the process of contracting, but are indirectly involved in the performance of the insurance contract and are the principal contributors.

#### **IV. ANALYSIS AND RESULTS**

In international practice, there are various forms and systems for regulating insurance intermediaries. For example, in the UK and in continental Europe, an insurance agent is usually acting on behalf of one insurance company. In the USA, the insurance agent is acting on behalf of one net company and they are independent insurance agents. Overseas insurance companies impose high demands on insurance agents.

Legal entities acting as insurance agents tour operators, travel agencies, legal counsel and notary offices often offer insurance contracts in addition to their activities. The relationship between them is regulated by insurance contracts, which can be concluded with employees of the legal entity. Insurance agents' wages, that is, intermediaries' fees, are paid in insurance contracts or paid at rates established as a percentage of insurance premiums. Insurance agents' salaries are not limited, and in some cases their salaries may be higher than that of the head of the insurance company.

In a number of foreign countries, insurance agents can join regional or regional insurance associations whose main purpose is to assist insurance agents in establishing legal relationships with insurers, monitoring their activities, training, deciding issues of professional training, and issuing certificates (professional permits). . One of the most important intermediaries of the insurance market is insurance brokers. Insurance brokers cooperate with many insurance companies, but they are tightly controlled.

Insurance brokers have strict control over the insurer's activities, as well as for the purpose of financial protection of clients, taking into account risk-taking activities. Large financial agreements of insurance brokers with insurance companies are constantly under the control of regulatory authorities. In addition, legal restrictions apply in a number of countries: insurance brokers cannot be founders of insurance companies, prohibit employees from simultaneously working in insurance companies and brokerage companies, and there are restrictions on insurance brokers attending board of insurance companies. In all EU countries, the law requires minimum special training for insurance intermediaries.

In almost all countries, insurance brokers and reinsurance brokers are required to register and be included in the public register. In some countries, insurance agents are also required to register. In Italy, for example, insurance agents are initially registered as entrepreneurs, and then they are included in a single register of insurance agents. However, in general, the activity of insurance brokers in all countries is strictly regulated by the supervisory authorities over insurance agents.

There are two main models for managing and regulating the activities of insurance intermediaries. Insurance brokers become increasingly dependent on their market presence (strict UK and Canadian standards are set). The activities of insurance intermediaries in the Continental European market (Germany, Italy, Spain, etc.) are minimal. In addition, insurance agents are the main agents of insurance intermediaries in these countries, and the activity of insurance brokers is of secondary importance.

There is a complex system of regulating insurance brokers in the UK. British insurance and reinsurance brokers must re-register and renew their licenses annually. At the same time, the brokers registration council, which was established in 1977, also has the authority to register and maintain insurance brokers by the government. In addition to this board, there are other organizations in the market that provide intermediate training and qualification development, standards development, etc., and are directly involved in regulating brokerage activities.

In the UK there are a number of rules that are not available in other countries to protect the rights of policy owners. Along with insurance companies, insurance brokers must also pass a mandatory audit. It is also known that insurance brokers insure their professional liability. In the event of the insurer's bankruptcy, part of the liability to insurers may also be covered by insurance brokers on the basis of an insurance contract with him. In addition, the Registrar's Office has a Disciplinary and Investigative Commission. They find out if the rights of owners of insurance policies are violated or not. The Registrar's Council may impose economic and financial sanctions on brokers, as well as can delete and cancel the broker's register.

In Germany, only insurance brokers can be registered with insurance supervision authorities. The activity of insurance agents is not controlled by the supervisory authorities, the insurance relations between them are regulated by the insurance contract or the agency agreement. Insurance Law Scope There are three types of insurance agents in Germany: insurance agents in the state of insurance companies, insurance agents working with one company and insurance agents working with several insurance companies.

In France, as in Germany, state involvement in the management and oversight of insurance intermediaries is minimal. The main insurance intermediaries are insurance agents whose activities are controlled by insurers. Approximately 20% of all insurance contracts on the market are not controlled by the state regulatory body, which is controlled by the self-government bodies.

In the USA, the institute of insurance intermediaries is the largest independent agency and sells large insurance policies. Insurance activities and activities of insurance intermediaries are regulated by the rules established by the state. There are also commonalities. In the US, insurance agents may have different levels of independence: insurance agents who are in the state of the insurance company, who usually work for the same company, conclude insurance contracts, and ensure their implementation even after the entry into force. Independent insurance agents work with several insurance companies at the same time and help them to optimize optimal insurance policies based on the client's interests.

Insurance brokers in Canada are regulated and controlled in two stages: by federal and federal entities (provinces). Insurance brokers are required to obtain a permit to carry out their activities. As in the UK, regulatory and supervisory powers are exercised by insurance brokers associations. Under the federal law regulating the activities of insurance brokers, since 1980 the Association of Insurance Brokers has the status of self-governing bodies.

The Eurasian Economic Union plays an important role in the formation of a unified financial market. Also, the role of insurance brokers (insurance brokers and insurance agents) is invaluable. However, there are some differences and commonalities between member states' rules governing their activities.

First of all, there are several differences in the concepts of insurance brokers. In Belarus and the Republic of Kazakhstan, insurance brokers act on behalf of insurers or insurance companies on their behalf. Currently, both insurance brokers and insurers in the Russian Federation can act on behalf of insurers.

In Armenia, insurance broker activity is carried out only on behalf of insurers, but reinsurance brokers carry out their activities on behalf and at the expense of insurers. Under the laws of Kazakhstan, the insurance broker enters into relations with the insurance companies on behalf of the insured and also participates in the reinsurance activities on its behalf.

There are also significant differences in the payment of insurance brokerage services. According to the laws of Kazakhstan and Armenia, insurance brokers charge fees for their activities from the insurer. In Russia, there is no such limitation for an insurance broker, but it does not have the right to charge the insurer and the insurer under one contract. In Belarus, there are no such restrictions.

There are also significant differences in the legal framework of insurance brokers. In Belarus and Armenia, an insurance broker is established exclusively as a commercial organization, while in Kazakhstan legal entities with limited liability and joint-stock companies are established. Only individuals and legal entities registered in Russia as commercial organizations or sole proprietors are allowed in Kyrgyzstan.

In member countries (except Kyrgyzstan), insurance brokers must be selected by regulatory authorities. At the same time, licensing is carried out in Russia, Kazakhstan and Armenia in the form of registration in Belarus. However, the requirements for insurance brokers are different.

First of all, these requirements cover the financial issues of insurance brokers. The minimum authorized capital requirements in Belarus and Kazakhstan, ie \$ 25,000 in Belarus, should not be less than 10 million tenge in Kazakhstan. In the Russian Federation, insurance brokers must have 3 million rubles or a bank guarantee to execute and execute insurance contracts. In addition, the civil liability of professional insurance brokers in Belarus and Armenia should be insured.

We also analyze the limitations of insurance brokers. For example, in the Republic of Belarus, insurance brokers can only carry out voluntary insurance and reinsurance activities, and it is prohibited to carry out compulsory insurance. In the Russian Federation, insurance brokers are not allowed to carry out insurance activities on compulsory insurance.

Under the laws of Russia, Kazakhstan and Kyrgyzstan foreign insurance brokers can carry out reinsurance brokerage activities in the country. In this case, a reinsurance broker in Kazakhstan must have a professional liability insurance policy. At the same time, Armenia is required a national license for this activity and in Belarus it is subject to state registration.

Unlike the activities of insurance brokers, insurance agents have the same position in the entire Eurasian Economic Union as insurance intermediaries acting on behalf of insurance companies. However, there are differences between the member countries in terms of who they can be, what kind of insurance agents they meet, and how they are supervised.

In all member states, insurance agents can be both legal entities and individuals. However, the number of individuals acting as insurance agents in Belarus is limited. They must be individuals, and sole proprietors and legal entities cannot carry out intermediary activities, even if the insurance intermediary is complementary to their core business. At the same time, legal entities that are not state-owned insurance agents are not entitled to undertake compulsory insurance.

Armenia has many requirements for insurance agents. First of all, the insurance agent should insure against the loss of 2 million dollars if the legal person, in the amount of 1 million dollars if the physical person is the insurer or the insurance company. In addition, the insurance agent must also have a guarantee issued by the central bank if he / she is to receive insurance premiums or carry out insurance activities. Finally, the insurance agent must have a certificate of professionalism or qualifications, or have the knowledge and skills required in the insurance industry from the insurance company he works with.

In order to obtain the right to work as an insurance agent in Kazakhstan and Belarus, an individual must have a secondary education, as well as an insurer in Kazakhstan (under the program of the National Bank of Kazakhstan) to test his knowledge of mediation. All this is not required in the Russian Federation.

A number of Eurasian Economic Union countries have introduced registration practices to monitor the activities of insurance agents. For example, all insurance agents in Armenia are required to register with the Central Bank, while in Belarus only legal entities are registered with the Ministry of Finance, and individuals can operate without registration.

Insurance agents in Kazakhstan are registered and submitted to the authorized body by insurance companies. As for the Russian Federation, the insurance agents are not registered here and the insurance companies control them.

## V. CONCLUSIONS

Analysis of the activities of insurance intermediaries in the national insurance market as a result of the analysis of our research shows that at present, insurance does not have a significant impact on the socio-economic development of our society to the extent that it is observed in countries with a market economy. The reason for this is that the factors that hinder the development of insurance intermediaries in our country are still strong. In spite of the fact that insurance supervision measures on the development of the insurance market in Uzbekistan have been developed, there are still serious problems in the activities of insurance intermediaries. Analyzing the main problems in the development of insurance intermediaries in Uzbekistan and their results can be summarized as follows.

Lack of qualified specialists Insurance market infrastructure, as well as the situation in the national insurance market as a whole, is negative and sad. Successful development of modern insurance system is stalled by the lack of qualified specialists who possess knowledge and experience in carrying out insurance activity in the Republic. The following proposals on development and improvement of activity of insurance intermediaries in the national insurance market have been developed and recommended:

1. Introduction of the practice of certification of insurance agents' activity based on the experience of foreign countries. This, in turn, will improve the skills of insurance agents and will provide reliable information about insurance products to the public.

2. Introduction of insurance intermediaries' professional liability insurance practices in the insurance services market. This will help intermediaries to avoid the adverse effects of insurance companies and insurers and policy holders in their activities, as well as increase the level of financial protection of consumers. Its implementation will have a positive impact on improving the efficiency of insurance intermediaries;

3. Establishment of insurance intermediaries, especially insurance agents. It will help to systematically solve the problems of insurance intermediaries and attract innovation in the sector, as well as legal improvement of insurance intermediaries.

4. Organization of special specialized master-classes, seminars and training courses for employees of national insurance companies on regular training and retraining of insurance intermediaries (insurance agents, insurance brokers and reinsurance brokers).

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