



EXPERIENCE OF DEVELOPED COUNTRIES IN DEVELOPING GREEN INSURANCE PRODUCTS IN UZBEKISTAN: THEORY AND PRACTICE

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Abstract

This article discusses the wide implementation of green insurance services in Uzbekistan, and describes the scientific research of foreign and domestic scientists on this topic. The article also studies foreign experience in developing the green insurance market, and uses the analysis and results of the implementation of green insurance services in Uzbekistan. At the same time, theoretical recommendations and practical suggestions for the development of this area are presented.

Keywords: green insurance, insurance companies, insurance services, insurance premium, insurance payment, green investment projects.

Introduction

Today, at the stage of globalization and technological development in the world, as a result of the development of science, real production and technical and technological developments, the demand for green investment projects is increasing. The socio-economic situation of countries is improving due to the rapid introduction of the green economy into the practice of the world community.

At a time of increasing climate change and environmental risks, the Government of Uzbekistan is taking active steps towards sustainable development. One of the important initiatives in this regard is the introduction of a green insurance



system, which is a new mechanism aimed at preventing and compensating for damage caused to nature by economic entities. It was adopted in the Strategy “Uzbekistan — 2030” of the President of the Republic of Uzbekistan dated January 30, 2025 [1], based on our country’s international obligations under the Paris Agreement and the Kyoto Protocol. This document provides for the gradual introduction of a mandatory environmental insurance system for environmental damage, as well as support for environmentally friendly technologies by granting the status of a “green entrepreneur”. Environmental protection is one of the most pressing issues today. Therefore, in order to increase the environmental safety of the production process, a mandatory environmental insurance system is being introduced in Uzbekistan. This system encourages enterprises to reduce their negative impact on the environment and offers a mechanism for compensating for the damage caused by them.

This, in turn, is explained by the fact that the country can contribute to the popularization of environmental insurance services, as well as to taking an important position in the arsenal of the green economy. Also, green insurance is not a simple financial instrument, but an important system of environmental management. It ensures a stable balance between the environment and the economy, encouraging business to operate responsibly.

Research Methodology

This article widely uses research methods such as analysis, synthesis, selective observation, comparison, statistical analysis, induction, and deduction.

Review of literature on the topic.

A study by Hu Yucai and several scholars [2] examined the impact of green insurance on enterprise innovation. Based on data from Chinese companies from 2008 to 2020, they found that enterprises with green insurance increased the number of environmental patents. This insurance allowed enterprises to attract more resources, be more willing to take risks, and implement long-term strategies. Green insurance also played an important role in improving the environmental performance of enterprises.



Asian scholars Pu Chengyi, Mo Zhou, and Li Peihuan [3] studied the impact of green insurance and technology insurance on corporate green innovation. The results showed that these two types of insurance together significantly increased the green innovation of enterprises. This effect was especially strong in state-owned enterprises.

A study by foreign scholar Bo Wu [4] examined the impact of environmental liability insurance on industrial carbon emissions. The analysis, based on data from 2010–2020, found that environmental liability insurance was effective in reducing industrial carbon emissions. However, this effect was less pronounced in regions with a developed financial sector. The impact of insurance was also more pronounced in industrialized regions.

Howard Kunreuther, an American scholar and professor at the Wharton School of the University of Pennsylvania, is a leading researcher in the field of climate risks and insurance. In particular, he shows how the risks of floods and other natural disasters can be managed through insurance. He believes that insurance premiums should be set based on risk, which will encourage residents living in risky areas to take risk-reduction measures [5].

In her scientific treatise “Managing Environmental Risks Through Insurance: Legal and Economic Aspects [6]”, Polish professor Katarzyna Malinowska highlights the role of insurance in managing environmental risks. She analyzes the legal and economic aspects of insurance companies in identifying, assessing and covering environmental risks. She also indicates the factors that hinder the development of environmental insurance products.

According to Uzbek researcher A.A. Boboyev, “Green insurance” is insurance products and services aimed at protecting the environment and reducing the negative consequences of climate change. Green insurance plays an important role in achieving sustainable development goals, transforming environmental risk management and stimulating the green economy [7].

Economists H. Umarov, A. Bahodirov, A. Eshonkulov and H. Allataifehlar [8] reviewed the process of implementing ESG (Environmental, Social and Governance) principles in the insurance market of Uzbekistan. The authors analyzed the current state of the insurance market of Uzbekistan, identified the problems that arise in integrating ESG principles, and proposed the necessary



strategic steps to implement these principles in practice. In addition, they highlighted the place of ESG principles in the insurance market as a result of scientific studies and the role of these principles in market development, showed the importance of adopting ESG principles to ensure environmental sustainability, social responsibility and effective management of the insurance sector in Uzbekistan, and studied existing research in the field of green insurance, identified the main directions and trends, and noted the opportunities for further research in this area.

According to local scientist, Professor Kh.Boyev, in international insurance experience, insurance company managers pay great attention to underwriting recommendations when assessing risks, and underwriters mainly assess the risks posed by each insured, and underwriters operating in the underwriting system first of all predict the losses and benefits that the contract may bring to the company. In the field of green insurance services, the training of specialists in assessing environmental and ecological risks will have a significant impact on the development of the industry [9].

Analysis and discussion of results

Today, as environmental sustainability and the fight against climate change have become global issues, the concept of green insurance is becoming increasingly relevant. Green insurance is a set of insurance services aimed at protecting the environment, increasing energy efficiency, and supporting sustainable technologies.



Figure 1. Key aspects of green insurance services in global practice [10]



Based on the above information, the main segments of green insurance services in world practice are explained as follows:

1. Environmental risk insurance. One of the most important aspects of green insurance is insurance services that cover environmental risks. This includes financial coverage of risks arising from natural disasters, climate change and other environmental problems. This type of insurance is especially important in areas with high environmental uncertainty.
2. Sustainable energy projects. Green insurance supports projects based on renewable energy sources. For example, by insuring projects that rely on clean energy sources such as solar and wind energy, it contributes to the development of this sector. This is an important step towards energy independence and environmental protection.
3. Social responsibility. Green insurance assumes not only environmental, but also social responsibility. It advises clients on environmentally friendly practices and energy efficiency. This serves to raise the social and environmental awareness of enterprises or individuals.
4. Green certificates. Within the framework of green insurance, special insurance conditions and discounts are offered for buildings that meet energy efficiency and environmental standards. Such benefits are provided on the basis of green certificates. This, in turn, encourages compliance with environmental requirements.
5. Innovative technologies. Green insurance supports new technologies and monitoring systems. This allows for more accurate risk assessment and effective management. With the help of innovative technologies, insurance processes become faster, more accurate and more environmentally efficient.



Figure 2. Differences between green insurance and traditional insurance [11]

As we can see in the above figure, green insurance is a type of insurance that focuses on ensuring environmental sustainability, protecting the environment, and increasing social responsibility. It mainly includes insurance for renewable energy sources, energy-efficient buildings, and environmentally friendly projects. Green insurance aims to reduce environmental risks and support the principles of sustainability. This type of insurance encourages customers to adhere to environmental standards and provides discounts or bonuses to those who achieve this. For example, a customer with an environmentally friendly building may be able to receive lower insurance premiums. Customers are also provided with advice on environmental protection, waste reduction, and energy efficiency. Green insurance serves to create social awareness, encourage participation in environmental activities, and promote sustainable development. It aims to provide environmental and social benefits along with financial protection. Traditional insurance, on the other hand, is mainly focused on covering economic risks, covering property, health, life or financial losses. It does not pay much attention to environmental or sustainability criteria. While traditional insurance offers a wide range of products, environmental aspects are secondary. This type of insurance usually aims to protect the client from financial risks. Social responsibility and environmental sustainability issues are



not given much attention. Green insurance, on the other hand, sees these aspects as a key priority. Today, with climate change and environmental problems on the rise, green insurance is gaining relevance. It provides environmental security and also supports economic sustainability. For this reason, many companies and organizations prefer green insurance. Green insurance serves to manage not only financial risks, but also global environmental risks. This distinguishes it as a modern and responsible type of insurance.

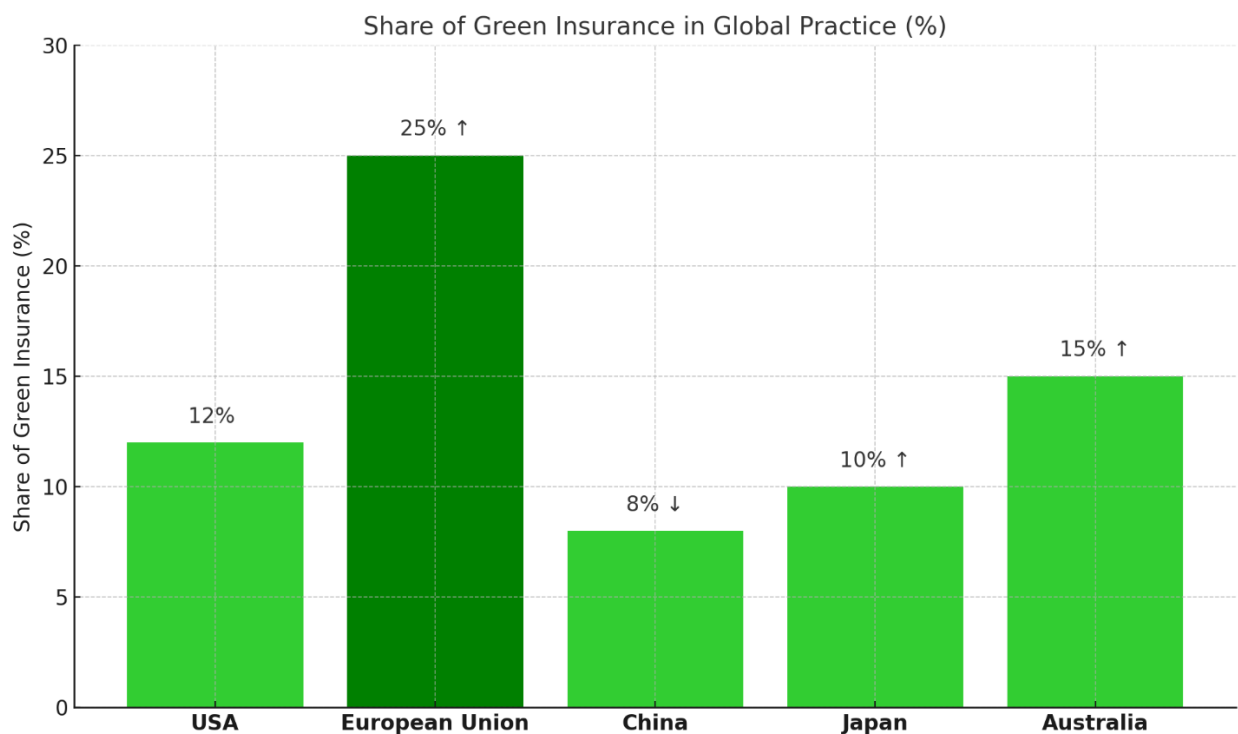


Figure 3. Share of green insurance services in the total insurance market (in percent) across developed countries [12]

The chart above shows the share of green insurance in the total insurance market in different countries, expressed in percentages. The highest share belongs to the European Union (25%), which indicates that great attention is paid to environmental insurance in this region. Australia (15%) and the United States (12%) are also considered advanced in this regard, while China and Japan have a relatively lower share.



Green insurance is a modern type of insurance that supports environmental sustainability and increases social responsibility. It serves to reduce environmental risks and promote sustainable development compared to traditional insurance.

Although its share in global practice is still low, there is a growth trend in regions such as Europe and the United States. Green insurance aims to protect the environment along with financial risks. In the future, this direction is expected to expand further and become an important part of a sustainable economy.

Conclusion and Suggestions

In conclusion, based on foreign experience and best practices, it is appropriate to make the following proposal for the development of green insurance services in Uzbekistan:

1. Development of regulatory frameworks: It is necessary to develop separate laws and regulatory documents regulating insurance products aimed at environmental protection.
2. Tax incentives and subsidies for environmental projects: The state should provide financial incentives (deductions, tax breaks) for energy-efficient devices or renewable energy projects with green insurance.
3. Strengthening cooperation with international organizations: Exchange of experience, training of personnel and obtaining technical assistance should be established in cooperation with organizations such as UNEP, OECD or PSI.
4. Grants for insurance companies to develop innovative products: Companies creating green insurance products can be provided with grants for innovation and other support mechanisms.
5. Raising social awareness and advocacy: It is necessary to conduct extensive advocacy among the population and business entities about the benefits and necessity of green insurance through the media, seminars and trainings.

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