



INSURANCE TARIFF POLICY

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Abstract

The insurance tariff or the tariff rate is the monetary payment of the insured in relation to the sum insured or the unit of the insurance object, or the interest rate in relation to the sum of the sums insured. The main goal in determining insurance rates is related to determining and covering the amount of damage that can be incurred by each insured and per unit of insurance sum. If the tariff rate is a true reflection of the loss that can be seen, then joint coverage of the loss is ensured among the insured.

Keywords: Tariff policy, Insurance tariff or tariff rate, Actuarial calculations, Voluntary insurance, License, Compulsory insurance, Special authorized state body, Policy, Insurance, Insurance premium (premium), Insurance market, Mortality index table, Insurance (actuarial) calculation, Insurance portfolio, Insurance amount, Insurance status.

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The basis for dividing the Brutto-rate by the netto-rate and the load is that the netto-rate is intended to fulfill the obligations of insurers to the insureds, and the load is intended to finance the activities of the insurance organization.

The process of developing and justifying the tariff rate is called tariff policy. Under it is understood the activities of the insurer on the establishment, clarification and



regulation of insurance tariffs for the purpose of successful and harmless development of insurance.

This policy relies on the following basic principles:

1. Equivalence of the parties (insurer and insured) Insurance relations. This indicates the need for netto-rates to maximally match the probability of loss. At the same time, it is ensured that the funds of the tariff-period Insurance Fund are returned to the sum of insureds of the scale on which the insurance tariff is built. Thus it is necessary that the equivalence principle corresponds to the essence of the redistribution of insurance.
2. The principle of the convenience of insurance tariffs for a wide range of insureds. Too high tariff rates can be an obstacle and futility to the development path of insurance.
3. Stability of the volume of insurance tariffs for a long time. Both insureds and insurance workers get used to constant tariffs. With this, the trust of insureds in the insurance business and the solvency of insurance companies will begin to strengthen.
4. Expanding the volume of insurance liability. Based on this principle, insureds must expand their limits of responsibility. (E.g., life insurance insurance against additional adverse events, reduced life levels insurance as a result of various causes, etc.).
5. Self-coverage and profitability of insurance operations. These financial principles apply to insureds who make insurance payments and other expenses at the expense of insurance contributions received in payment. Based on this principle, insurance tariffs should be built in such a way that the contributions received are based on the costs of the insurer (compensation for damages, taxes, remuneration of employees, etc.) should not only cover but also ensure that income (profit) exceeds expenses. This makes it possible to expand and develop the next activities of the insurer.

In Uzbekistan, tariffs on the mandatory form of insurance in accordance with insurance legislation are determined by the Cabinet of Ministers, and on voluntary insurance, insurance organizations themselves determine. However, the definition and justification of insurance tariffs and, in general, control over insurance activities in the country is carried out by a specially authorized state body, which is determined by the Cabinet of Ministers of the Republic of Uzbekistan. As such an authorized state body, the state insurance supervision



Inspectorate under the Ministry of Finance of the Republic of Uzbekistan was established on July 8, 1998.

The calculation of insurance tariffs on any type of insurance reflects the insurance process in its reflection. In this case, the costs of insurance for the corresponding object are determined. With the help of actuarial calculations, the cost and value of the insurance service are determined.

Actuarial calculations are the sum of economic-mathematical and probable-statistical methods for calculating tariff rates. Also, with the help of actuarial calculations, the share of each insured in the formation of the Insurance Fund and other values are determined. Determining the insurance costs of the insured object is one of the very responsible tasks of the insurer's activities. The form of accounting for the costs of the implementation of insurance is called insurance(actuarial) calculus. Considering the role of actuarial calculus in different aspects: on the one hand, it allows you to determine the cost of the service that the insurer provides, and on the other hand, through it, it creates conditions for a comprehensive analysis and disclosure of economic, financial and organizational achievements or shortcomings in the activities of the insurer. Actuarial calculus allows you to determine the insurance payments specified in the contract.

Structure of the tariff rate

Brutto-rate or insurance tariff ←			
Netto-rate	OOT	IYUX	F
Download			

- OOT** – prevention measures;
- IYUX** – running costs;
- F** – planned profit.

Actuarial calculations have a number of characteristics related to the practice of insurance work. The main of these is the following:

- the events to be assessed have a probabilistic nature. This is reflected in the volume of insurance payments that must be paid;



- in individual years, the general law is manifested through many based random phenomena. Their presence leads to a significant fluctuation in insurance payments due;

- the calculation of the cost of service provided by the insurer is developed in connection with all insurance work;

- it is necessary to allocate insurance reserves at the disposal of the insurer, determine the optimal volumes of reserves;

- a quick assessment of its size when predicting an insurance contract, etc.

The main tasks of actuarial calculations:

- research and grouping of risks within the insurance aggregate, that is, compliance with the requirements of scientific categorization of risks;

- calculation of the mathematical probability of the occurrence of an insurance situation, determination of the frequent recurrence (frequency) and levels of the consequences of damage in separately obtained risk groups and the sum of insurance in full;

- mathematical justification of the insurer's necessary costs for conducting business and predicting trends in their development;

- mathematical justification of the necessary reserve funds for the insurer, offering specific methods and sources of formation of these funds.

The death rate table is an ordered series of interrelated magnitudes that indicate that some sums of births as a result of the death rate decrease by age. It is a system of age indicators that measures the recurrence (frequency) of deaths at different periods of life, the proportion of those who live to any age, the duration of life, etc.

The figures of the death rate table are built with the initial number taken into account as an image of the process of living at certain ages and the occurrence of deaths. The structure of the death rate table is as follows:

x	l_x	d_x	q_x	p_x	e_x
0	100000	4060	0,04060	0,09540	68,59
1	95940	860	0,00840	0,99160	70,48
...
20	92917	150	0,00161	0,99839	53,57
...
40	88565	319	0,00360	0,99640	35,65
41	88246	336	0,00381	0,99619	34,78
42	87910	352	0,00400	0,99600	33,91
43	87558	369	0,00421	0,99579	33,05
44	87189	384	0,00440	0,99560	32,18
45	86805	400	0,00461	0,99539	31,32
...



In the table x – age groups of the population; l_x – the number of people living to each age in question is just a few of the 100,000 people who were born at the same time 1, 2, ..., 20, ..., 50 and shows that he lived to another age; d_x - x age $x=1$ is the number of people who died in the transition to age, which indicates the number of people who lived to any age group and did not live to the next age;

$q_x = \frac{d_x}{l_x}$ - $x=1$ probability of dying at age x without reaching age; $p_x = \frac{l_x + 1}{l_x}$ - the

likelihood of living to the next age; e_x – there is an average life expectancy, which indicates how many more years a person who has lived to this age will live on average.

The methodology developed by E.Galle is still used today in the calculation of life and pension insurance rates. Today, the latest advances in mathematics and statistics are used in the theory of actuarial calculations

Another feature of actuarial calculations for individual types of insurance is connected with the fact that due to the presence of large fluctuations of risks in the property group, a special supplement for risk is determined. Such additional personal insurance is usually not calculated in actuarial calculations (but it can be), but the size of the sum insured is large enough, and the sums insured are relatively small.

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