

**COMPULSORY MOTOR INSURANCE IN UZBEKISTAN AS A  
TOOL OF HOUSEHOLD FINANCIAL RESILIENCE AND  
REGULATED COMPENSATION**

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**Abstract**

This thesis examines compulsory motor third-party liability insurance in Uzbekistan as a mechanism of household financial resilience, regulated compensation, and public trust in the insurance market. Unlike approaches that evaluate this insurance line mainly through premium growth or market share, this study interprets compulsory motor insurance as an institutional bridge between road-traffic risk, household financial protection, and formal claims settlement. The relevance of the topic is increasing because household motorization has grown considerably: in 2025, Uzbekistan had 61 passenger cars per 100 households, compared with 49 in 2020 and 21 in 2010 [3]. In parallel, the official insurance market data show that in 2025 motor third-party liability insurance generated UZS 406.165 billion in premiums, UZS 245.224 billion in claims payments, 6,221,221 active contracts, and 6,141,455 newly concluded contracts [2, pp. 6–7]. These figures indicate that compulsory motor insurance is not only a legal obligation for vehicle owners, but also a mass financial instrument through which accident-related losses can be transferred from individuals to a regulated insurance system. The thesis concludes that the future development of compulsory motor insurance in Uzbekistan should be assessed not only by contract volume, but also by claims transparency, adequacy of coverage, digital administration, and public confidence in the compensation process.

**Keywords:** compulsory motor insurance, motor third-party liability, household resilience, regulated compensation, claims governance, financial protection, Uzbekistan.

**Introduction.** The expansion of private vehicle ownership changes the structure of everyday financial risks in society. A car is not only a mobility asset; it is also a source of potential civil liability. When a road accident occurs, the financial consequences may affect several parties at once: the driver, the vehicle owner, the injured person, the family of the victim, and in some cases the broader public system. In this context, compulsory motor third-party liability insurance performs a stabilizing function because it transfers accident-related civil liability from an individual household to a regulated risk-pooling mechanism. In Uzbekistan, the legal basis of this mechanism is the Law “On Compulsory Insurance of Civil Liability of Vehicle Owners.” The law defines the purpose of compulsory motor insurance as regulation of relations in the field of compulsory insurance of vehicle owners’ civil liability. It also defines the victim, the insured event, compensation payments, the insurer, the policyholder, the insurance amount, and the obligation of vehicle owners to insure their civil liability [1]. In particular, the law states that vehicle owners must insure their civil liability for damage caused to the life, health, or property of other persons when using motor vehicles [1].

The topic is especially important because Uzbekistan’s level of household motorization has been increasing. According to the National Statistics Committee, the average number of passenger cars per 100 households reached 61 in 2025; the same indicator was 49 in 2020, 42 in 2015, and 21 in 2010 [3]. This means that motor-vehicle ownership has become more widespread, and road-related liability risk has also become more socially significant.

The purpose of this thesis is to analyze compulsory motor insurance in Uzbekistan not simply as a mandatory policy, but as a mechanism of financial resilience and regulated compensation. The main research question is: **how does compulsory motor insurance transform individual road-traffic liability into a formal financial protection mechanism in Uzbekistan?**

## **Main Body**

### **1. Institutional meaning of compulsory motor insurance**

Compulsory motor insurance differs from many voluntary insurance products because its central beneficiary is not always the policyholder. The vehicle owner purchases the policy, but the actual protection is often directed toward the injured third party. This makes the product socially important. It prevents road-traffic damage from being handled only through personal negotiations, informal settlements, or court disputes, and instead channels compensation through a legally regulated system.

The institutional value of compulsory motor insurance lies in three functions. First, it creates a predictable source of compensation for victims. Second, it disciplines vehicle owners by transforming civil liability into a measurable financial obligation. Third, it supports the insurance market by bringing a large number of households into formal contact with insurance services.

This is particularly relevant for countries where insurance culture is still developing. When a person buys compulsory motor insurance, this may be the first practical experience with an insurance contract, a premium, a policy, and a claim. Therefore, the quality of this experience directly affects public trust in the broader insurance market. If claims are handled fairly and transparently, compulsory motor insurance can become a gateway to wider insurance participation. If claims are delayed or unclear, it can weaken public confidence in insurance as a whole.

### **2. Statistical evidence of scale and compensation**

Official data confirm that compulsory motor insurance is a mass product in Uzbekistan. In 2025, total insurance premiums in the country reached UZS 13,463.491 billion, while total insurance claims payments amounted to UZS 2,985.534 billion. Within this market, compulsory insurance generated UZS 959.082 billion in premiums and UZS 405.304 billion in claims payments [2, p. 6].

Within the compulsory insurance segment, motor third-party liability insurance played the most important role. In 2025, this line produced UZS 406.165 billion in premiums and UZS 245.224 billion in claims payments [2, p. 6]. Based on these official figures, motor third-party liability insurance accounted for about **42.3% of compulsory insurance premiums** and about **60.5% of compulsory insurance claims payments**. This means that the line is not only large in terms of premiums; it is even more significant in terms of actual compensation.

The contract data also demonstrate the mass character of the product. In 2025, compulsory motor insurance had 6,221,221 active contracts and 6,141,455 newly concluded contracts [2, p. 7]. These figures represented almost the entire compulsory insurance contract base, because motor third-party liability insurance accounted for about **98.7% of active compulsory contracts** and **98.5% of newly concluded compulsory contracts** in 2025.

**Table 1. Main indicators of compulsory motor insurance in Uzbekistan, 2025**

<b>Indicator</b>	<b>Official figure</b>	<b>Analytical meaning</b>
Motor third-party liability premiums	UZS 406.165 billion	Mass premium inflow into the insurance system
Motor third-party liability claims payments	UZS 245.224 billion	Direct compensation channel for accident-related losses
Active contracts	6,221,221	Broad household and vehicle-owner participation
Newly concluded contracts	6,141,455	High annual renewal and market turnover

Share in compulsory insurance premiums	42.3%	Core premium-generating line in compulsory insurance
Share in compulsory insurance claims	60.5%	Main claims-bearing line in compulsory insurance

**Source:** Compiled by the author based on NAPP 2025 year-end insurance market data [2, pp. 6–7].

These figures show that compulsory motor insurance has two different forms of importance. Its first importance is quantitative: it covers millions of contracts. Its second importance is functional: it is one of the main tools through which accident-related financial losses are compensated. For this reason, the product should be evaluated not only as a source of premiums for insurers, but also as a social compensation mechanism.

### **3. Household financial resilience and accident-related risk**

Household financial resilience means the ability of a family to absorb financial shocks without falling into deeper economic stress. A road accident may create exactly such a shock. Repair costs, medical expenses, loss of working time, and possible legal disputes can become a serious financial burden, especially for middle- and low-income households.

Compulsory motor insurance helps reduce this burden by replacing unpredictable personal liability with pre-arranged insurance coverage. This does not eliminate the accident itself, but it changes the way the financial consequences are handled. Instead of relying only on the personal resources of the responsible driver, the injured person receives a formal channel for compensation.

This function is especially important in a motorizing society. When the number of vehicles per household increases, exposure to road-related liability becomes more widespread. Uzbekistan's rise from 21 passenger cars per 100 households in 2010 to 61

in 2025 indicates that motorization is no longer a narrow urban phenomenon; it is becoming part of ordinary household life [3]. Therefore, compulsory motor insurance should be seen as a household-risk management instrument, not only as a traffic-related legal requirement.

#### **4. Digital administration and trust in claims settlement**

The effectiveness of compulsory motor insurance depends not only on the existence of policies but also on the quality of administration. A policy has real value only when it can be verified, when the claim procedure is clear, and when the injured party can reasonably expect compensation. For this reason, digitalization has become a central reform direction in Uzbekistan's insurance market.

Presidential Resolution No. PQ-108 of 1 March 2024 established that from 1 September 2024 insurance and reinsurance contracts for all types of insurance must be registered through the Unified Automated Information System, and insurance policies must be issued through this system [4]. The same legal framework states that failure to issue policies through the Unified Automated Information System may serve as a basis for declaring them invalid and may be considered a serious violation of licensing requirements [4].

For compulsory motor insurance, this reform is important for several reasons. First, it reduces the possibility of fake or unverifiable policies. Second, it helps create a unified database of insurance contracts. Third, it can improve monitoring of claims and payments. Fourth, it opens the way for better integration between insurance data, vehicle registration systems, and other public digital services.

However, digitalization should not be treated as a complete solution by itself. A digital policy can still be ineffective if the claims process is slow, policy wording is unclear, or compensation is not paid in a predictable manner. Therefore, digital reform must be accompanied by claims governance, transparent service standards, consumer

communication, and systematic publication of settlement indicators.

### **5. Adequacy of coverage and the new insurance amount**

A key question in compulsory motor insurance is whether the insurance amount is sufficient to cover real losses. If the coverage limit is too low, the product may formally exist but fail to provide meaningful protection. This issue has become especially important in Uzbekistan because the legal framework has recently been updated.

The Cabinet of Ministers Resolution No. 458 of 23 July 2025 amended the earlier rules by replacing the phrase “insurance amount — UZS 40 million” with “insurance sum — UZS 80 million,” with the relevant clause entering into force from 1 January 2026 [5]. This change doubles the formal coverage limit and represents an important step toward improving the adequacy of compensation.

The increase in the insurance amount may have several consequences. For victims, it can improve the probability that actual damage will be compensated within the insurance framework. For insurers, it may require more careful underwriting, reserving, and pricing. For regulators, it creates the need to monitor whether higher limits lead to better compensation outcomes or only to higher premiums. Therefore, the reform should be evaluated not only by the amount of coverage, but also by the quality and speed of claims settlement after the new limit is implemented.

### **6. Macroeconomic context and insurance penetration**

Although compulsory motor insurance is highly important inside the compulsory insurance segment, Uzbekistan’s overall insurance market remains relatively shallow in macroeconomic terms. The country’s total insurance premiums were UZS 13.463 trillion in 2025, while GDP at current prices reached UZS 1,849.7 trillion in the same year [2; 6]. Based on these figures, total insurance premiums amounted to approximately **0.73% of GDP**.

For comparison, OECD data show that average insurance penetration among

OECD countries was **6.2%** in 2024 [7]. This comparison does not mean that Uzbekistan should mechanically copy OECD insurance structures. However, it does show that the Uzbek insurance market has substantial room for deepening.

Compulsory motor insurance can support this deepening process because it is already familiar to millions of vehicle owners. If this product becomes more transparent, claims-oriented, and digitally convenient, it can strengthen public understanding of insurance and encourage demand for other forms of voluntary protection. In this sense, compulsory motor insurance may serve as a practical entry point for broader insurance culture.

**Conclusion.** Compulsory motor insurance in Uzbekistan should not be interpreted merely as a mandatory legal requirement. It is a financial institution that transforms road-traffic liability into a regulated system of compensation. Its economic and social importance comes from the fact that it operates at the household level, the market level, and the institutional level at the same time.

At the household level, it protects families from sudden accident-related liabilities. At the market level, it creates stable premium inflows and a large contract base for insurers. At the institutional level, it supports formal claims settlement, digital registration, and public trust in insurance.

The 2025 data confirm the scale of the product: UZS 406.165 billion in premiums, UZS 245.224 billion in claims payments, more than 6.2 million active contracts, and more than 6.1 million newly concluded contracts [2, pp. 6–7]. These indicators show that compulsory motor insurance is the practical core of Uzbekistan’s compulsory insurance system.

The next stage of development should focus on five priorities. First, claims settlement should become more transparent and measurable. Second, digital policy registration must be linked with real service quality. Third, the new UZS 80 million

insurance sum should be monitored in terms of actual compensation adequacy. Fourth, public communication should explain not only the obligation to buy insurance, but also the rights of victims and policyholders. Fifth, risk-based pricing and stronger data systems should gradually improve fairness and financial stability.

In conclusion, compulsory motor insurance is one of the most practical instruments for building trust in Uzbekistan's insurance market. Its future success will depend less on the formal number of policies and more on whether citizens perceive it as a fair, accessible, and reliable mechanism of financial protection.

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