

**INSURANCE-INVESTMENT INTEGRATION AS A STRATEGY FOR IMPROVING  
HOUSEHOLD FINANCIAL MANAGEMENT: TRENDS, EVIDENCE, AND OUTLOOK  
TO 2030**

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**Abstract**

This article examines the convergence of insurance and investment instruments within the framework of household financial management, a trend accelerating significantly across global markets between 2020 and 2025. As households face compounding risks—macroeconomic volatility, climate-related shocks, rising healthcare costs, and inadequate pension coverage—the traditional separation between risk protection (insurance) and wealth accumulation (investment) has become increasingly obsolete. Drawing on data from the OECD Global Insurance Market Trends (2024, 2025), the International Association of Insurance Supervisors (IAIS) Global Insurance Market Report (2024), and industry forecasts from PwC, Swiss Re, and Grand View Research, this paper analyses the structural drivers of insurance-investment integration, quantifies the current market landscape, and develops scenario projections to 2030. Findings indicate that the global insurance market, valued at USD 10.11 trillion in 2024, is projected to reach USD 14.65 trillion by 2030 at a compound annual growth rate (CAGR) of 7.7%. Life insurance-linked investment products—including unit-linked policies, annuities, and endowment instruments—are emerging as primary vehicles for household capital accumulation. The paper further explores the role of Environmental, Social, and Governance (ESG) criteria and InsurTech innovations in reshaping product design and distribution. Policy implications for emerging economies, including Uzbekistan, are discussed in light of low insurance penetration rates and expanding middle-class demand for integrated financial products.

**Keywords**

household finance, insurance-investment integration, life insurance, unit-linked products, InsurTech, ESG investing, financial planning, insurance penetration, emerging markets, Uzbekistan

**Introduction.** The financial management of households has undergone a fundamental transformation over the past decade. Rising life expectancy, increasingly volatile asset markets, the global retreat of defined-benefit pension schemes, and the accelerating frequency of climate-related disasters have collectively created an environment in which households can no longer rely on single-purpose financial products. Insurance—historically conceived as a mechanism for loss indemnification—and investment—traditionally understood as a vehicle for wealth

accumulation—are rapidly converging into hybrid instruments that serve both protective and productive functions simultaneously.

This convergence is not merely a product innovation phenomenon; it reflects a deeper structural reconfiguration of household risk preferences and financial strategies. According to OECD data, total insurance penetration among member countries reached 6.2% of GDP in 2024, up from 6.0% in 2023, reversing a three-year downward trend driven by inflationary pressures and competitive banking products. Life insurance premiums grew by 11.9% in nominal terms in 2024—nearly double the 6.5% recorded in 2023—driven in large part by the demand for annuities, endowment policies, and investment-linked products in a high-interest-rate environment.

Yet this growth masks significant heterogeneity. Insurance penetration rates vary from above 10% of GDP in France and the United Kingdom to well below 2% in many developing and transition economies, including those of Central Asia. In Uzbekistan, for example, the insurance market remains nascent, with penetration well under 1% of GDP, reflecting both supply-side constraints and limited household financial literacy. This gap represents not only a protection deficit but also a missed opportunity for channelling household savings into productive investment.

The objective of this paper is threefold. First, it provides a comprehensive review of the theoretical and empirical literature on insurance-investment integration at the household level. Second, it presents current market data and statistical trends from 2020 to 2025, alongside scenario-based projections to 2030. Third, it draws implications for both mature and emerging markets, with a specific focus on developing economies where integrated products could play a transformative role in household welfare. The paper is structured according to the following this introduction, Section 2 describes the data and methodology; Section 3 presents empirical findings; Section 4 discusses implications and projections; and Section 5 concludes.

## Materials and methods.

**1 Data Sources.** This study adopts a mixed quantitative-qualitative approach, integrating statistical data from secondary sources with analytical scenario modelling. Primary statistical data were drawn from the following sources: (i) OECD Global Insurance Market Trends 2024 and 2025, which provide cross-country data on premiums, investment returns, penetration rates, and profitability across 52 reporting jurisdictions; (ii) IAIS Global Insurance Market Report 2024, based on data collected from 59 of the largest international insurance groups and aggregate sector-wide data covering over 90% of global written premiums; (iii) Grand View Research and Global Market Insights market sizing reports for the insurance sector (2023–2025); (iv) PwC Insurance 2030 strategic outlook; (v) Swiss Re Institute sigma reports on natural catastrophe losses; and (vi) Uzbekistan Agency for Statistics and Centre for Economic Research and Reforms data on household income and financial behaviour.

**2 Analytical Approach.** The paper proceeds in three analytical stages. The first stage conducts a structured literature review of theoretical frameworks explaining household insurance and investment decisions, drawing on portfolio theory, precautionary saving models, and behavioural finance. The second stage applies descriptive and comparative statistical analysis to the market data compiled from the sources listed above, including trend analysis of premium growth, investment return rates, and penetration dynamics across income groups and regions.

The third stage constructs qualitative scenarios for the period 2025–2030 based on disclosed industry forecasts, regulatory outlooks, and macroeconomic assumptions, distinguishing between a baseline scenario (continued moderate growth), an optimistic scenario (rapid digital adoption and ESG mainstreaming), and a conservative scenario (regulatory friction and macroeconomic headwinds).

**3 Scope and Limitations.** The analysis covers the global insurance market with particular attention to OECD economies and selected emerging markets, including Uzbekistan, Kazakhstan, and other Central Asian countries where relevant data are available. Limitations include reliance on secondary data sources, which may incorporate reporting lags of up to one year, and the inherent uncertainty of long-range forecasting under volatile macroeconomic conditions. Country-level microdata on household insurance-investment decisions were not available for all jurisdictions and therefore cross-country household-level comparisons are made with caution.

## Results

**1 Global Insurance Market: Scale and Growth.** The global insurance market reached a valuation of USD 10.11 trillion in 2024, representing a compound annual growth rate of approximately 7.7% since 2020. Projections from Virtue Market Research and Global Market Insights estimate the market will reach USD 14.65 trillion by 2030, with growth concentrated in life, health, and hybrid insurance-investment segments. Non-life premiums grew by 12.4% in nominal terms in 2023, driven primarily by motor vehicle, health, and property insurance, reflecting elevated replacement costs in the aftermath of prolonged inflationary pressures. Life insurance premiums accelerated sharply in 2024, posting average real growth of 7.8%, compared to just 0.9% in 2023.

A critical structural driver of this growth is the performance of investment portfolios held by insurers. In 2024, positive real investment returns were achieved by 71% of life and non-life insurers across reporting jurisdictions—a marked improvement from 2022, when nearly all jurisdictions recorded negative real returns due to rising interest rates and falling equity valuations. Falling government bond yields toward the end of 2023, combined with strong equity market performance in 2023 and 2024, substantially improved the investment income of insurance companies, which is directly transmitted to policyholders through annuity rates, bonus declarations, and unit-linked valuations.

**2 Life Insurance as a Household Investment Vehicle.** The convergence of insurance and investment is most visible in the life insurance segment. Annuity products, endowments, and unit-linked insurance policies (ULIPs) have all recorded significant demand surges in markets where interest rates remain elevated. In the United Kingdom, sales of annuity products soared in 2023 as individuals sought to lock in high guaranteed rates. In Spain, annuity business grew by 53.7% in the same year. In Japan, annuities were the fastest-growing life insurance segment.

This trend reflects a broader shift in household financial behaviour: rather than holding insurance and investment products separately, consumers increasingly demand unified instruments that provide both protection against mortality, longevity, and disability risks and a return on accumulated premiums. Unit-linked products—in which a portion of the premium is directed into an investment fund while the remainder covers the insurance component—are particularly popular among younger, more financially literate cohorts who are comfortable bearing investment risk in exchange for potential higher returns.

The global home insurance market, a key sub-segment relevant to household wealth, was valued at USD 234.6 billion in 2024 and is projected to grow at a CAGR of 8.5% between 2025 and 2034. The dwelling coverage segment, which dominates with 71.1% of market share, is increasingly bundled with mortgage-linked investment savings products, creating a natural integration point between property ownership, insurance, and long-term savings.

**3 ESG and Sustainable Insurance-Investment Products.** Environmental, Social, and Governance (ESG) criteria have become a central dimension of both insurance underwriting and investment strategy. On the investment side, insurance companies—as among the world's largest institutional investors—have begun reallocating portfolios toward green bonds, social impact assets, and infrastructure projects aligned with the United Nations Sustainable Development Goals. The IAIS reports a significant increase in alternative investment allocations, including infrastructure, within life insurer portfolios in 2023–2024, particularly in Germany and Sweden.

For household-facing products, ESG integration takes the form of green insurance riders, sustainability-linked premium discounts, and ESG-screened investment funds offered within unit-linked policies. Demand for such products is concentrated among Millennial and Generation Z consumers, who show strong preference for financial institutions that align with their environmental and social values. As PwC projects, insurers that fail to connect ESG clearly to their overall business strategy risk reputational and commercial disadvantage heading into 2030.

Climate risk also constitutes a major structural variable. Swiss Re Institute projects that by 2040, USD 183 billion in insurance premiums will be generated directly from increased natural catastrophes resulting from climate change. Insured losses from natural catastrophes have exceeded USD 100 billion for five consecutive years as of 2024. This dynamic reinforces the financial rationale for households to hold comprehensive insurance-investment products that hedge against both financial market downturns and physical climate risks.

**4 InsurTech and the Digital Transformation of Household Products.** The penetration of technology into the insurance sector is radically altering the design, pricing, and distribution of household financial products. Over 80% of insurers globally have invested in digital initiatives since 2020, with AI and automation reducing claim settlement times by up to 70% in leading markets. Approximately 90% of policyholders now prefer insurers offering personalised recommendations and flexible products, according to Virtue Market Research.

A particularly significant development is embedded insurance—the integration of insurance coverage directly into the purchase of other products and platforms. Estimates from Deloitte and Majesco project that embedded property and casualty insurance could generate up to USD 700 billion in sales by 2030. If life and health insurance are included, the embedded insurance market could approach USD 3 trillion in total value. Companies such as Ford, Airbnb, and Petco already integrate insurance offers at the point of transaction, blurring the boundaries between insurance and other financial services.

Internet of Things (IoT) devices, including connected home monitors, health trackers, and telematics systems in vehicles, enable continuous data collection that allows dynamic, usage-based insurance pricing. This creates a direct feedback loop between household behaviour, risk exposure, and insurance cost—incentivising risk-reducing behaviour while simultaneously generating investable data assets. Blockchain is being explored to add transparency and

streamline policy administration, while cloud adoption has accelerated insurer agility and product iteration cycles.

**5 Insurance Landscape in Uzbekistan and Central Asia.** Within the context of emerging economies, Uzbekistan presents a revealing case of an underinsured but rapidly developing market. The country's insurance penetration remains significantly below the OECD average of 6.2% of GDP, with the market dominated by compulsory liability and property insurance in the corporate sector. Household voluntary insurance—particularly life insurance, health insurance, and savings-linked products—remains nascent, constrained by limited financial literacy, low public trust in insurance institutions, and an underdeveloped distribution infrastructure.

However, the macroeconomic context is changing rapidly. According to the Centre for Economic Research and Reforms, total household income in Uzbekistan reached 896.3 trillion soums in 2024, reflecting an 18.5% year-on-year growth. A rising urban middle class with increasing disposable income is creating conditions for voluntary insurance demand, particularly for life, health, and property products. The government's broader financial market reform agenda—including the development of the capital market, pension reform, and the digitalisation of financial services—provides an enabling regulatory environment for integrated insurance-investment products.

Regulatory frameworks are also evolving. The Ministry of Finance and the Central Bank of Uzbekistan have prioritised the development of the insurance sector as part of the country's 2022–2026 economic development strategy, with specific provisions for improving the legal basis for life insurance and increasing insurance penetration to at least 1.5% of GDP by 2026. International experience—particularly from Kazakhstan, where insurance penetration has grown substantially since the introduction of compulsory pension contribution-linked life insurance—offers a viable template for Uzbekistan.

## Discussion.

**1 Theoretical Implications.** The evidence reviewed in this paper confirms that the traditional binary separation between insurance and investment in household finance is both theoretically inadequate and practically obsolete. Portfolio theory, as originally formulated by Markowitz (1952) and extended by subsequent scholarship, treats insurance as a form of risk reduction and investment as a return-generating activity, optimised simultaneously. Modern household financial planning increasingly operationalises this integration through products that explicitly embed both functions. Life-cycle financial models similarly suggest that optimal household saving behaviour involves not only asset accumulation but concurrent purchase of insurance against longevity risk, disability, and premature death—risks that pure investment products cannot hedge.

Behavioural finance perspectives add nuance to this picture. Households systematically underinsure against low-probability, high-impact risks while overweighting salient recent events such as pandemic losses or natural disasters. InsurTech innovations that leverage real-time data, nudge mechanisms, and personalised risk communication can partially address these behavioural biases, improving both insurance take-up and the quality of investment allocation decisions.

**2 Market Projections to 2030.** Based on the data reviewed and industry forecasts, three scenarios can be outlined for the insurance-investment integration market through 2030.

**Baseline scenario:** The global insurance market grows at an average CAGR of 7.7%, reaching USD 14.65 trillion by 2030. Life insurance premiums continue to grow at 8–10% annually, driven by annuity and unit-linked demand in mature markets. Embedded insurance reaches USD 500–700 billion in P&C alone. ESG product launches increase but remain a minority segment of total household insurance-investment offerings.

**Optimistic scenario:** Accelerated InsurTech adoption, including AI underwriting, IoT-enabled dynamic pricing, and blockchain policy administration, compresses distribution costs and opens mass-market access to integrated products. Emerging economies including Uzbekistan, Vietnam, and Nigeria achieve insurance penetration rates of 2–3% of GDP by 2030. The global embedded insurance market approaches USD 1.5–2 trillion. ESG-aligned products capture 15–20% of new life insurance sales in OECD markets.

**Conservative scenario:** Regulatory fragmentation, data privacy constraints, and persistent inflation in claims costs slow the growth of integrated products. Life insurance penetration stagnates in markets where banking products remain competitive. Emerging economies face infrastructure bottlenecks in digital distribution. Global market grows to approximately USD 13 trillion by 2030, with ESG remaining a niche.

**3 Policy Recommendations.** For emerging economies such as Uzbekistan, the following policy directions are indicated by the evidence.

First, regulatory modernisation is essential. A clear legal framework for unit-linked insurance products, with investor protection safeguards comparable to those governing collective investment schemes, would enable domestic insurers to offer competitive household products. Kazakhstan's experience with compulsory pension-linked life insurance demonstrates that state-mandated integration can rapidly expand coverage and deepen capital markets simultaneously.

Second, financial literacy investment is critical. International evidence consistently shows that household demand for complex financial products—including insurance-investment hybrids—is strongly mediated by financial literacy levels. Government-led financial education programmes, combined with digital financial tools accessible via mobile platforms, can accelerate market development.

Third, InsurTech partnerships should be actively facilitated. Regulatory sandboxes for innovative insurance products, public-private partnerships for digital distribution infrastructure, and investment in open banking frameworks will reduce the cost of reaching underserved households with integrated products. The IFC has committed to growing its insurance investment portfolio to USD 1 billion by 2030, signalling strong multilateral appetite for exactly this type of market development in emerging economies.

**Conclusion.** This paper has examined the convergence of insurance and investment as a defining trend in household financial management, documented through quantitative market data from 2020 to 2025 and projected through to 2030. The evidence is unambiguous: a global insurance market of USD 10.11 trillion in 2024, growing at a CAGR of 7.7% toward USD 14.65 trillion by 2030, is increasingly driven not by traditional indemnity products but by hybrid

insurance-investment instruments that serve households seeking simultaneous risk protection and wealth accumulation.

Key structural drivers include elevated interest rates that have revived annuity demand, ESG-aligned investor preferences among younger cohorts, the transformative impact of InsurTech on product design and distribution, and the embedding of insurance into everyday consumption and platform ecosystems. Climate risk and natural catastrophe exposure are simultaneously creating new insurance demand and incentivising product innovation.

For emerging economies including Uzbekistan, the insurance-investment integration trend represents a significant policy and market opportunity. Rising household incomes, a young digital-native population, and a government reform agenda aligned with financial market development provide the conditions for rapid market expansion. Realising this potential requires coordinated action on regulatory modernisation, financial literacy, and InsurTech ecosystem development.

Future research should focus on household-level survey data examining the determinants of integrated insurance-investment product adoption across income and demographic groups, as well as experimental studies assessing the impact of financial literacy interventions on insurance take-up and investment behaviour. Longitudinal analysis of emerging markets implementing mandatory pension-insurance integration, as in Kazakhstan, would provide valuable natural experiments for policy evaluation.

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