

WAYS TO USE GREEN INSURANCE SERVICES IN THE TRANSITION TO A GREEN ECONOMY

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Abstract: This article covers the scientific and theoretical aspects of green insurance. Also, the experiences of developed countries in the development of green insurance services and the current situation in Uzbekistan were analyzed. At the same time, the problems that hinder the development of green insurance in our country were systematized and proposals and recommendations were developed to eliminate them.

Keywords: green insurance, environmental risk, global concern, financial security, long-term stability, continuity, environmental risk.

Introduction

As a result of the intensification of globalization in our modern life, various environmental problems affect human life. The increasing number of natural disasters that threaten sustainable economic development has further increased global concern. Climate change can be seen worldwide, accompanied by air pollution and depletion of water resources. Therefore, many countries are working on the transition to green economic models. The organization of international seminars, intergovernmental agreements, and meetings are aimed at raising human awareness. One of such meetings is the Abu Dhabi Sustainable Development Week, where the Head of our state also participated and in his speech, with special emphasis, spoke about Uzbekistan's achievements in the field of green energy and future plans. Our esteemed President also made proposals to strengthen international cooperation and ensure environmental sustainability.[1]

Green insurance is one of the main tools to ensure the prospects of these strategies and achieve large-scale results. Green insurance is an insurance service aimed at protecting green infrastructures by financing environmental risks. It is considered an important tool in ensuring stability against natural threats, supporting and improving the continuity of agriculture and industry. In addition, it is inextricably linked with the concept of a green economy, serves as a basis for its development, creating a basis for new technologies, reliability of projects and their continuity in any situation. Of course, in our country, as a result of such efforts to develop Green Insurance, important tasks such as managing environmental risks, encouraging enterprises to be environmentally responsible, and increasing investment attractiveness will be carried out in the future.

Literature review

Despite the fact that the field of green insurance is a new direction, many researchers and scholars are conducting extensive research. We are discovering its importance, ways of using it, its effectiveness and possibilities. Researchers consider insurance to be the main financial security mechanism in the process of reducing the losses from climate change and transitioning

to a sustainable economy. In this regard, the American economist and researcher Kousky says: "Green insurance is one of the most effective market tools for reducing the risk of natural disasters resulting from climate change".[2] There are also international and domestic scientific articles on the global experience of environmental insurance, its impact on economic stability and its role in public policy. Among them, Michael Faure analyzes the issue of financial guarantees for environmental damage in his article.[3] The possibilities of private law in compensation for damage, the role of tort law in preventing it and its relationship with regulation are discussed. The conditions for insurance of environmental damage and compensation funds for environmental damage are also considered.

Eric Orts, an American scholar and researcher in environmental responsibility, sustainable business models and corporate law, analyzes the importance of green insurance and its role in the activities of enterprises in his article "Environmental Liability and Insurance".[4] He believes that: "Green insurance not only alleviates environmental risks financially, but also encourages enterprises to feel environmentally responsible. This mechanism forces companies to reduce pollution and develop environmentally prudent policies."

Xiaowan Xu, Rui Li Shandong Yingcai University, Jinan City, Shandong Province, 250104, China[5]. This research paper examines how green insurance can be a solution to climate change while promoting economic growth. It emphasizes that the integration of green insurance into the broader financial system can stimulate investment in sustainable projects. The authors note that as one of the largest carbon emitters in the world, China has recognized the importance of developing green insurance products to provide the necessary risk protection for green industries.

Thus, it not only helps to reduce the negative effects of climate change, but also serves as an important factor in promoting sustainable development and increasing environmental awareness in various sectors.

Research methodology

This scientific article, based on world experience in the development of green insurance, sets out tasks for expanding it in Uzbekistan, considering the benefits, benefits and advantages that it will bring to our country's economy, as well as the difficulties and problems that can be expected. In the research process, methods of observation of empirical research, induction, deduction, summarization and identification of connections between data sources, and methods of analysis and synthesis of theoretical research were used.

Analysis and results

The fact that the effective start and high continuation of this process in the transition to a green economy are associated with the expansion of green insurance increases its importance even more. This area, which is currently being intensively implemented in developed countries, is now being taken up in developing countries, in particular in Uzbekistan. This issue has already been included in the state program, and various practices are being carried out to raise the awareness of entrepreneurs and residents of the entire country and familiarize them with its benefits. Indeed, the Republic of Uzbekistan has set the transition to a green economy as a national strategic goal. A number of state decisions, including the "Strategy of the Republic of Uzbekistan for the Transition to a Green Economy in 2021–2030", are important steps in this direction. This strategy identifies energy, agriculture, transport, and the use of water resources as key sectors for the development of a green economy.[6] However, the development of an

environmental insurance system is an important factor for the successful implementation of a green economy, which serves as a key mechanism for protecting against risks and ensuring sustainable development. Within the framework of this strategy, several projects have been implemented to build solar and wind power plants by 2023. For example, Nur Navoi Solar, the largest solar power plant in Central Asia, has been built and commissioned. Contracts for large "green energy" projects have been concluded with companies from Saudi Arabia and the UAE.[7]

It is precisely in the implementation of these projects that green insurance becomes a tool of trust and guarantee:

- environmental safety of projects;
- compliance with international requirements;
- guarantees stable income for investors.

Also, to support the green economy, environmental technologies, especially in industry and agriculture, are being introduced:

- technology that saves resources and reduces waste in production;
- use of sustainable water resources in agriculture and "smart" irrigation systems are being gradually expanded.

Reforms in the transport sector:

- the share of environmentally friendly vehicles running on electricity and gas is being increased;
- the goal is to create an infrastructure for electric vehicles by 2030.

The result is, of course, the use of green insurance products, which is growing day by day, and the responsible task of preserving the environment and passing it on to future generations in a healthy way.

Table 1

Current status of environmental insurance

Yil	Growth rate of environmental insurance %	Number of users of insurance services	Economic losses due to natural disasters (trillion soums)
2020	-	10.000	2.5
2021	2	12.000	3.0
2022	5	13.500	3.5
2023	7	15.000	3.8
2024	10	20.000	4.0
2025(expected)	15	25.000	4.5

Source: Tashkent, S. (2019). "The Importance of Insurance Against Natural Disasters". "Insurance" Magazine, Issue 3, pp. 45-52

From the data in the table, it can be seen that all categories of green insurance in Uzbekistan have a positive growth trend. In 2023, the growth rate of environmental insurance was 7%, and today it is gratifying that this indicator has increased equally. Natural disasters, which are also increasing in terms of losses, are increasing in order to maintain economic stability, and this is useful in ensuring continuity.

In this regard, if we look at international experience, in the case of the USA, although green insurance has a low share compared to traditional insurance, rapid growth is observed in some areas.

Table 2

Segmental distribution of green insurance in the US

Segment	Application level
Green building insurance	40-45% of new commercial buildings
Parametric insurance (agriculture)	~20% of farms
Electric vehicle insurance	Electric car owners ~80%
Renewable energy insurance	~75% of projects

Source: U.S. Green Building Council (2023); USDA Risk Management Agency (2024); Insurance Information Institute (2024); Swiss Re Institute (2024).

From the data provided, it can be said that, despite the increasing share of green insurance in the United States, it still operates in a “specialized and segment-oriented” manner. It is mainly popular among large businesses, farmers, and car owners.

The results of the research show that, as a result of the reforms being carried out in our country, the prospects for the green economy and green insurance are being analyzed highly. That is, if we compare it with the international trend, the green insurance market in the European Union is showing a growth rate of 7-10% per year. In Uzbekistan, given the newness of the segment and the incentives provided by our government, there is a possibility of annual growth of 15-20% by 2030.[8]

Conclusion and recommendations

Green insurance, which provides support for the green economy and guarantees financial relief, not only ensures the economic stability of humanity, but also positively supports our duty to responsibly bring ecology to the future. In Uzbekistan, “green” insurance products also provide speed in the transition to a green economy. For this, we can make the following proposals that can be presented by our government:

- since ecological insurance is a new concept in our country, we can draw up new draft laws and create legal opportunities for representatives of the industry;
- if regions, enterprises, entrepreneurs and families that have achieved the most results through monitoring and evaluation systems are adequately encouraged;
- create conditions for young personnel of insurance companies and students studying in this direction to study international experience;
- provide state compensation for paying insurance premiums for expensive eco-products;

For insurance companies:

-Developing different types of environmental insurance products for different regions, taking into account local problems;

-At the initial stage, paying special attention to advertising the insurance product until full understanding and trust are formed among the population, and maintaining price stability.

Green insurance products not only support environmentally beneficial industries, but also help maintain their long-term sustainability, manage environmental risks, and provide financial relief.

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