

Obligations Of The Insurer And The Policyholder In An Insurance Contract Using The Example Of The Republic Of Uzbekistan)

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Abstract

This article in the insurance contract analyzes the parties and their rights and obligations. Unlike other insurance contracts in which the insurer, insurer and beneficiary participate, the rights and obligations of the parties to the insurance contract are not clearly defined in the legislation, based on the results of the study, the rights and obligations of the parties to the insurance contract are analyzed. When determining the rights and obligations of the parties to the insurance contract, the author entered into a scientific discussion with the opinion of a number of scientists.

The article contains the opinion that the payment of the insurance contribution as an obligation of the insured is some contradiction with the content of the insurance contract, that is, if the insurance contract comes into force after the entry into force of the first contribution.

In addition, in cases where the article establishes a difference between the amount of the insurance contract and the cost of the subject of insurance, the insurer always has sufficient legal knowledge to check the price of the subject of insurance before concluding the contract and concluding the insurance contract. In accordance with. Distribution of the difference between both parties in cases where the value of the insured object is higher than the insured amount; It was proposed to return half of the contribution paid for the insured amount exceeding the insured.

The article states that the verification of the invalidity of the insurance contract in order to improve the obligations of the insurer should not be determined in the process of paying insurance compensation, but as the main obligation of the insurer in the process of concluding an insurance contract.

Keywords: Insurance, insurer, policyholder, insurance contract, rights and obligations, insured object, insurance law.

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1. Introduction

Throughout the world, insurance services are given special attention as a supporting factor that creates

conditions for economic development. Timely ensuring the rights and obligations of the parties to an insurance contract serves to increase the reserve of insurance premiums. It should be noted that the quality of insurance

services worldwide is assessed based on the total amount of insurance premiums.

President of the Republic of Uzbekistan, Shavkat Mirziyoyev, has set forth tasks aimed at enhancing the quality of insurance services, including reducing the time and documents required for the review of insurance claims, introducing a fair assessment system for insured events, ensuring the prompt payment of claims, and developing a medium- and long-term strategy for the development of the insurance sector.¹

At the present stage of increasing the quality of insurance services globally, studies are being conducted to improve the rights and obligations of the parties to an insurance and to strengthen their accountability [12].

In this regard, a scientific analysis aimed at enhancing the responsibilities of participants in insurance activities, determining the rights and obligations of the insured and the insurer, refining the implementation mechanisms for tourist, environmental, and medical insurance, as well as seeking theoretical and practical solutions to the obligations of parties across different types of insurance agreements, and addressing the legal consequences of civil liabilities for breach of obligations, is of great significance.

The insurance market in the Republic of Uzbekistan is developed primarily through mandatory insurance, and the low demand for voluntary insurance among the population indicates the need for a deep and thorough improvement of the insurance legislation [6].

Theoretical analysis of civil-legal regulation of providing insurance services

Research studies on the civil-legal regulation of providing insurance services and the improvement of the institution of insurance are conducted in leading scientific centers and higher education institutions around the world, including Thompson Rivers University (Canada), the University of Vienna (Austria), the University of Pennsylvania (USA), the University of Miami (USA), the University of Hamburg (Germany), Bournemouth University (England, Dorset), the Academy of European Law (Hungary), The Centre for Environmental Law at Macquarie (Australia), Kyoto University (Japan), the National University of Seoul (Republic of Korea), and Moscow State University (Russia) [20].

According to the results of scientific studies on the civil-legal regulation of insurance services and the improvement of the rights and obligations of the parties to an insurance contract, a number of outcomes have been achieved. In particular, the civil-legal regulation of tourist insurance against various risks has been substantiated (University of Cambridge, United Kingdom), a mechanism for regulating insurance against damage caused during the use of information technology has been developed (National Institute of Justice, USA), new types of insurance have been introduced and proposed (National Institute of Justice, USA), the effectiveness of legal regulation of risks associated with the birth of a healthy child has been identified (Harvard University, USA), and it has been justified that insurance for damages caused by working with information technology is a factor that improves the efficiency of insurance (Oxford University, United Kingdom), (Heidelberg University, Germany), (Okinawa International University, Japan). In addition, ways to improve insurance activities have been developed (All-Russian Academy of Foreign Trade, Tomsk State University, Lomonosov Moscow State University, Russian State University of Tourism, St. Petersburg State University) [20].

Today, research across the world is being conducted in the following priority areas for improving the economic and legal mechanism of insurance services: civil-legal regulation of intellectual property insurance, improvement of mandatory insurance mechanisms, further development of the legislative foundations for insurance activities, introduction of sustainable development practices in the insurance sector, implementation of measures to incentivize voluntary insurance, establishment of privileged rights for policyholders with long-term insurance contracts, and comprehensive legal regulation of insurance relations [13].

In the literature, the rights and obligations of the insurer or the insured are not clearly expressed. According to M. I. Braginsky, the insured's primary obligation is the timely payment of the insurance premium. [1]

If, according to Braginsky, the insured's primary obligation under the insurance contract is the payment of the premium, then in this case, the insurer has the right to collect the unpaid premium by force under the contracts concluded with clients. Since liability for non-fulfillment of obligations is envisaged, the application of

this liability does not release the debtor from fulfilling the primary obligation, which is one of the fundamental principles of the contract. In other words, this concept means the insured's obligation arising before the insurance contract takes effect. The insurance contract takes effect from the moment the insured makes the first premium payment. Therefore, the issue of the insured's liability for the payment of the insurance premium is somewhat controversial.

2. Methodology

The research is based on an analysis of the legislation of the Republic of Uzbekistan and international experience in regulating the obligations of the insurer and the insured in an insurance contract.

Systematic analysis of legislative acts made it possible to identify inconsistencies and gaps in the legislation. The comparative-legal method was used to compare the regulatory approaches of the USA, Hungary [7], Germany [4], Macedonia [8], Albania [9], and Estonia.

The formal-legal method was applied to interpret legal norms and identify conflicts.

The logical method helped determine the relationships between elements of the regulatory system.

The modeling method was used to adapt international experience to the conditions of Uzbekistan. In particular, methods such as analysis and synthesis, observation, statistical and comparative analyses, generalization, sociological methods (questionnaires), as well as the logical and systemic statistical analysis methods, were applied.

3. Results

According to insurance legislation, the policyholder is obliged to pay the insurance premium in full or in installments, in the manner and within the timeframes established by the contract or the insurer's rules [17]. In the case of deferred payment, the policyholder must make subsequent payments on time. The form of payment (cash or non-cash) is determined by the insurer.

Payment of the first insurance premium is a necessary condition for the obligations of the parties to come into force. Unless otherwise specified in the contract, insurance coverage begins from the moment the premium or the first installment is paid and applies to

events occurring after this date or from the moment specified in the contract.

Failure to pay the insurance premium or part thereof entails consequences stipulated by the contract and the insurer's rules, such as termination of obligations, modification of their terms, reduction of the insurance compensation, or debt recovery through court proceedings. If the insurer does not exercise the right to terminate the contract due to late payment, it retains the right to demand payment for the period during which the contract remained in force.

In the event of an insured occurrence, the policyholder is required to promptly notify the insurer and provide supporting documentation [15]. The policyholder must also enable the insurer to verify the existence and condition of the insured property or the health status of the insured person, including undergoing medical examinations (in personal insurance) or inspections of property (in property insurance) for valuation purposes.

Providing false information regarding the insurable interest or the insured object constitutes grounds for denying the insurance payout or declaring the contract null and void. If the contract is declared invalid, the paid premium must be refunded, and the policyholder is entitled to claim compensation for the damages incurred.

If, at the time of contract conclusion, the policyholder provided inaccurate information without intent to commit fraud, the insurer has the right to demand that the contract be declared invalid based on the provisions of civil law.

After the contract is concluded, the policyholder is obliged to properly maintain the insured property — comply with operating rules, safety regulations, and other mandatory standards. In cases of liability insurance, the policyholder must adhere to established rules and take reasonable measures to mitigate risks [10].

If, during an inspection, the insurer discovers that the policyholder is violating property operation rules or engaging in actions (or omissions) that increase insurance risks, the insurer is entitled to demand that such violations be remedied or that the contract terms be revised.

The policyholder is also obliged, in the event of an insured occurrence, to take all possible measures to mitigate the damage. If the policyholder deliberately fails

to do so, the insurer is released from the obligation to compensate for the portion of the damage that resulted from the policyholder's inaction. If loss mitigation measures are agreed upon with the insurer, the policyholder is required to comply with them.

In addition, the policyholder is obliged to promptly notify the insurer of the occurrence of an insured event or of any increase in the likelihood of its occurrence. If the contract specifies the timeframe and form of notification, these requirements must be strictly observed. This obligation also applies to the beneficiary, provided that the beneficiary is aware of the insurance contract and intends to claim compensation.

Timely notification is essential for the insurer to determine the cause of the event and to recognize it as an insured occurrence. This is one of the key duties of the policyholder and has a direct impact on the fulfillment of obligations under the insurance contract.

In property insurance contracts, an insured event is defined as an event specified in the contract that obliges the insurer to pay insurance compensation. An insured event presumes the existence of a probability of occurrence, actual damage, a causal link between the event and the damage, as well as the fact of loss itself (such as damage, loss, or destruction of the insured property) [18].

The insured event must be accidental and characterized by uncertainty, meaning that at the time of contract conclusion, the parties did not know and could not have known whether it would occur or not [18].

Failure by the policyholder to notify the insurer of the occurrence of an insured event constitutes grounds for denial of compensation. However, if the insurer was timely informed through other means or if the lack of notification did not affect the insurer's obligation to pay, denial of compensation is not permitted.

If the insured event occurred during the term of the contract but the damage was discovered after its expiration, the policyholder (or the beneficiary) retains the right to compensation, provided that it can be proven that the damage occurred or began to occur during the contract period. If it is impossible to establish the exact date, the damage is deemed to have occurred at the moment it was discovered [18].

Throughout the validity of the contract, the policyholder

is obliged to notify the insurer of any changes that affect the insurance risk. This includes, for example, property upgrades, changes in storage conditions, or an expansion of the circle of individuals using the property. In such cases, the insurer has the right to demand an increase in the insurance premium. If the policyholder fails to report an increased risk, the insurer may refuse to pay compensation based on the terms of the contract [5].

According to Article 950 of the Civil Code of the Republic of Uzbekistan, the new owner of insured property is obliged to promptly and in writing notify the insurer of the change of ownership during the term of the insurance contract. At the same time, the former policyholder is required to inform the new owner of this obligation. The rights and obligations under the insurance contract are automatically transferred to the new owner without the insurer's consent. However, the insurer has the right to demand a revision of the contract terms or its termination if the level of risk has significantly increased.

In the case of insurance under a floating (general) policy, the policyholder is required to notify the insurer of each consignment of property within the established timeframe, or, if such a timeframe is not specified, immediately after obtaining the relevant information [5]. This notification obligation remains valid even if, at the time of notification, the risk has already ceased to exist.

The policyholder (or the beneficiary) is obliged to provide the insurer with all documents and information necessary to exercise the insurer's right of recourse against the party responsible for the loss. If the policyholder waives this right or renders it impossible (for example, by missing the deadline for filing a claim), the insurer has the right to refuse payment or demand reimbursement of any sums already paid.

The policyholder's obligations include not only the terms stipulated in the contract but also the legal requirements that apply from the moment the contract enters into force. These obligations include:

- notifying the insurer of each category of property subject to insurance under a general (floating) policy, in accordance with the terms of the policy;
- disclosing to the insurer all circumstances that are material for the assessment of the insurance risk at the time of concluding the contract;

- payment of the insurance premium;
- notifying the insurer of any significant changes in the circumstances known at the time of contract conclusion, throughout the entire term of the contract;
- notifying the insurer of the occurrence of an insured event or of an increased risk of its occurrence;
- taking all reasonable measures to mitigate possible damage, within feasible limits, while strictly following any instructions provided by the insurer, if such instructions were given;
- providing the insurer with all documents, evidence, and any information necessary to exercise the insurer's subrogation rights.

The policyholder is required to fulfill these obligations regardless of for whose benefit the contract was concluded, unless otherwise provided by agreement between the parties. Certain obligations also extend to the beneficiary, where stipulated by law.

The obligations of the policyholder arise from the moment the insurance contract enters into force and are fulfilled through actions or omissions, depending on the content of the insurance legal relationship. The rights and obligations under the contract apply to both parties — the policyholder and the insurer [2].

Violation of these obligations entails legal consequences established by the Civil Code. However, for certain breaches, such as incomplete disclosure of information about the insured object, the consequences are not explicitly defined.

According to Part 4 of Article 235 of the Civil Code, contractual obligations do not extend to third parties, including the beneficiary. Nevertheless, the risk of adverse consequences resulting from the policyholder's breach of obligations falls on the beneficiary.

However, in accordance with Part 1 of Article 926 of the Civil Code of the Republic of Uzbekistan, the policyholder may, by agreement with the insurer, assign the performance of their obligations to the beneficiary. It should be emphasized that the assignment of obligations to the beneficiary is possible not only based on Part 1 of Article 926 but also in cases provided by law. This assignment differs from the general transfer of obligations to a third party under Part 5 of Article 235 of the Civil Code of the Republic of Uzbekistan. In the case

of a general transfer of obligations under this provision, liability may remain with the original obligor or be transferred to the person performing the obligation. However, when obligations are assigned to the beneficiary under Article 926, the policyholder is released both from the obligation itself and from any liability for its non-performance, as liability cannot exist where the obligation itself no longer exists.

The performance of the policyholder's obligations is a prerequisite for the insurer's duty to the beneficiary to arise. In the event of a breach of contractual terms, the risk of adverse consequences lies with the policyholder.

The right to assign obligations to the beneficiary under Article 926 does not preclude the possibility of doing so under Part 5 of Article 235 of the Civil Code. However, in the latter case, the risk of liability remains with the policyholder.

It is important to note that the obligations of the policyholder arise only after the contract has entered into force. For instance, the payment of the insurance premium prior to the contract taking effect is not considered an obligation of the policyholder, and the provisions of Article 926 do not apply to it.

This provision does not contain a list of possible consequences (types) of non-performance or improper performance of the policyholder's obligations. In practice, this leads to a single consequence — the beneficiary does not receive the insurance payout they would have been entitled to if the obligations had been properly fulfilled.

Upon the occurrence of an insured event, the policyholder has the right to claim insurance compensation. The policyholder also retains the right to terminate the contract at any time, provided the insured risk persists. In this case, pursuant to Part 5 of Article 948 of the Civil Code, the insurance premium is non-refundable.

The obligations of the policyholder arise not only after the conclusion of the contract but also prior to it — particularly in cases of compulsory insurance. Such obligations are established by law. For example, vehicle owners are required to insure their liability towards passengers. The number of types of mandatory insurance continues to grow.

One of the primary obligations of the insurer is to inform

the policyholder about the terms of the contract, including the insurance rules, tariffs, legal requirements, and the rights and obligations of both parties. The contract is confirmed by an insurance policy and the attached insurance terms and conditions.

When concluding the contract, the insurer determines the insured amount and the insurance premium based on the value of the property and the level of risk. The insurer applies its own tariff rates, taking into account the characteristics of the insured object and the associated risk. However, the insured value specified in the contract cannot be contested, except in cases where the insurer failed to inspect the property or the policyholder provided false information.

The insurer's main obligation is to pay the insurance compensation in a timely manner based on the insurance report. Upon receiving a claim and all the required documents, the insurer prepares the insurance report and pays the compensation within the timeframe specified by the contract or the insurance rules.

The insurer's obligation arises only upon the occurrence of the events specified in the contract. If the insured event does not occur, the insurer is released from the obligation to make any payment.

The insurer is obliged to promptly determine whether the insured event has occurred and verify the following:

- whether the contract is valid;
- whether there are grounds for denial of compensation (such as force majeure, intentional acts, or gross negligence on the part of the policyholder, beneficiary, or the insured person).

The insurer must establish any circumstances that may serve as grounds for denying the insurance payout. These include force majeure events, intentional actions, or gross negligence by the policyholder, beneficiary, or insured person that led to the insured event, as well as other similar circumstances.

As E. Vedenev rightly notes, the existence or absence of such circumstances directly affects the insurer's decision on whether to pay compensation [3]. However, this raises an important question — why does the insurer verify the validity of the contract only at the stage of reviewing the insurance claim?

Ensuring the legality of the contract is the insurer's

responsibility. The insurer must verify all documents, the legitimacy of the insured object, and the insurance conditions at the time of concluding the contract, not merely when an insured event occurs. The right to check the contract only after the occurrence of an insured event allows the insurer to include provisions that could later serve as grounds for declaring the contract invalid. This creates both legal and ethical risks: the policyholder conscientiously pays premiums, but when an insured event occurs, the insurer may deny payment on the grounds that the contract is allegedly invalid, while retaining the premiums already paid.

Therefore, verification of the contract's validity must be a mandatory procedure at the stage of its conclusion. If the contract is declared invalid, it is necessary to identify the party at fault and assign responsibility for compensating the resulting losses. This approach ensures a fair balance of interests between the parties.

If the insured event occurs before the overdue premium is paid, the insurer has the right to deduct the outstanding amount from the insurance compensation.

In the event of a denial of compensation, the insurer is obligated to issue a written notification specifying the reasons for the refusal.

In addition to paying the insurance compensation, the insurer is also required to reimburse the policyholder for expenses incurred in preventing or mitigating damage, even if such measures ultimately proved unsuccessful, provided that they were reasonable or carried out in accordance with the insurer's instructions [11].

If, during the term of the contract, the policyholder takes measures to reduce the risk or the value of the insured property increases, the policyholder has the right to demand a revision of the contract terms. Conversely, if the risk increases, the insurer has the right to demand an adjustment of the contract terms or to terminate the contract if the policyholder failed to notify the insurer of the increased risk.

The insurer is prohibited from disclosing any information about the policyholder, the insured person, or the beneficiary — including their health status or financial standing — obtained in the course of professional activities. Disclosure is permitted only in cases expressly provided for by the legislation of the Republic of Uzbekistan.

The insurer bears liability for the disclosure of insurance secrets, depending on the nature of the violation. This obligation is aimed at protecting confidentiality and ensuring the preservation of insurance secrecy.

The Civil Code of the Republic of Uzbekistan establishes liability for insurers who include contract terms that unlawfully exempt them from fulfilling their obligations. In this regard, it is advisable to supplement the Civil Code with the following provision:

"If the insurer deliberately includes in the contract illegal terms that exempt it from fulfilling its obligations, the insurer must not only perform its obligations but also compensate the policyholder for all losses caused by such terms."

This provision is intended to uphold the principles of good faith in insurance and to ensure the proper formulation of the insurer's obligations.

Additionally, upon the written request of the policyholder, the insurer is obliged to allow the replacement of the beneficiary with another person. However, in personal insurance, such a replacement is permitted only with the consent of the insured person [19].

Beyond these obligations, the insurance contract and the applicable insurance rules may establish additional rights and obligations for the parties, depending on the specific type of insurance.

4. Discussion

An analysis of the legislation has revealed that the current legal norms, including the Law of the Republic of Uzbekistan "On Insurance Activities," insufficiently regulate insurance legal relations, particularly concerning the liability of the parties for non-performance of their obligations.

Based on an analysis of both national and international practices, it is proposed to introduce the legal definition of "policyholder" into the Law. In many countries, the development of mandatory (state) insurance norms is actively progressing, which also requires proper reflection in national legislation.

An important question arises: What happens to the insurer's obligations in the event of its reorganization or liquidation?

According to Article 50 of the Civil Code of the Republic of Uzbekistan:

- in the case of a merger, rights and obligations are transferred to the newly created legal entity based on a transfer deed;

- in the case of accession, to the company that the other organization has joined;

- in the case of a division, they are distributed among the new companies based on the separation balance sheet;

- in the case of a spin-off, they are also distributed among the newly created legal entities according to the balance sheet.

Thus, improving the norms governing the rights and obligations of insurance companies aims to ensure the reliable protection of the interests of all participants in insurance relations.

A scientific analysis of the measures of liability for violation of an insurance contract has shown that the Code of Administrative Liability of the Republic of Uzbekistan provides liability only for failure to fulfill the obligation to conclude a mandatory insurance contract. At the same time, the Criminal Code of the Republic of Uzbekistan does not contain specific provisions establishing liability for offenses in the insurance sector. In contrast, several CIS countries have introduced serious measures of liability for offenses related to insurance activities.

For example, the Code of Administrative Offenses of the Republic of Belarus:

Article 11.64 establishes fines for violations related to the conduct of insurance activities;

Clause 7 of this article provides for liability for violations related to the payment of insurance compensation or the determination of the amount of the insurance premium;

Article 11.65 — for violation of mandatory insurance requirements;

Article 11.66 — for offenses related to the activities of professional participants in the insurance market.

In the legislation of the Republic of Moldova, specific provisions on offenses in the insurance sphere are contained in several articles of the Code of Offenses:

Article 266 — liability for violations in the field of mandatory health insurance;

Article 305 — liability for offenses in insurance activities;

Article 306 — liability for unlawful increase or decrease of the insurer's authorized capital;

Article 307 — liability for offenses committed by professional participants in the insurance market.

The Code of Administrative Offenses of the Republic of Kazakhstan also contains extensive measures of liability for offenses in the field of insurance activities:

Article 173 (and the Law of the Republic of Kazakhstan "On Insurance and Insurance Activities") establishes liability for violations of insurance legislation;

Article 174 — liability for violations in the conclusion and performance of insurance contracts;

Article 175 — liability for violating mandatory insurance requirements.

Similar provisions are contained in Articles 310–311 of the Code of Administrative Offenses of Turkmenistan. These codes provide measures of liability for insurers and other professional participants in the insurance market to ensure compliance with legal requirements.

Meanwhile, the legislation of the Republic of Uzbekistan — both the Code of Administrative Liability and the Criminal Code — lacks such provisions aimed at regulating the liability of insurers. Currently, liability is provided only for policyholders and employers for evading the conclusion of mandatory insurance contracts.

Given the rapid growth of the insurance market and the increasing number of violations committed by insurers, it is necessary to amend the Code of Administrative Liability and the Criminal Code of the Republic of Uzbekistan to establish liability for insurers for breach of their obligations.

A comparative legal analysis has shown that Article 159.5 of the Criminal Code of the Russian Federation establishes liability for insurance fraud. Similar provisions exist in the criminal codes of Hungary, Germany, North Macedonia, Albania, and Estonia. However, the Criminal Code of the Republic of

Uzbekistan does not provide for liability for offenses related to insurance activities.

Some sources cite the opinions of certain American scholars, who argue that restoring the violated rights of the creditor should be considered solely as a form of liability in the form of compensation for damages. However, applying such an approach as the only form of liability is impractical since compensation for damages should not be viewed as the sole form of holding parties accountable.

Scientific Significance

The scientific significance of the obtained results lies in conducting research in this field, developing draft laws, providing legal interpretation of legislative norms, and improving national legislation. Furthermore, the scientific significance includes the development of medium- and long-term strategies for the development of the insurance sector in the Republic of Uzbekistan, enhancement of the legal regulation of insurance activities, strengthening the obligations and liabilities of the parties to an insurance contract, as well as the training of qualified specialists in the field of insurance services.

The results of the research, based on scientific and theoretical analysis of modern insurance practices, will contribute to improving methodological approaches in this area.

Practical Significance

The practical significance of the proposed amendments to the Civil Code of the Republic of Uzbekistan, the Law "On Insurance Activities," the Code of Administrative Liability, and the Law "On Mandatory (State) Insurance" lies in ensuring the principle of equality in the obligations of the parties to the insurance contract.

Implementation of these proposals will allow for the following:

- improvement of national insurance legislation;
- enhancement of the quality of insurance services and the accountability of participants in the insurance market;
- improvement of the qualifications of judges and prosecutors;
- ensuring the effective resolution of insurance

disputes;

- strengthening prosecutorial oversight over compliance with insurance legislation;
- granting prosecutors the necessary powers when handling such cases.

Incorporating the definitions of “insurance contract,” “policyholder,” “insurer,” and “insurance compensation” into the Civil Code will eliminate legal gaps, clearly define the rights and obligations of the parties, distinguish between mandatory and voluntary insurance, and differentiate between insurance payouts, contributions, and premiums.

Establishing liability for insurers for including unlawful terms in contracts will prevent unjustified refusals to pay insurance compensation. Imposing liability for damages resulting from improper contract execution will improve insurers’ discipline.

Granting branches of insurance companies, the authority to make decisions on payouts will expedite the claims settlement process. Introducing a legal provision requiring the return of insurance amounts exceeding the insured value, along with compensation for related losses, will ensure a more equitable fulfillment of the insurer’s obligations.

Thus, the proposed amendments will create a solid foundation for the further development and improvement of the legal regulation of insurance obligations.

Recommendations

Based on the conducted research, it is proposed to introduce new types of insurance that would meet the growing needs of the population and contribute to increasing trust in insurance services. In particular, it is proposed to introduce insurance against financial crises and unemployment. In this regard, it is recommended to supplement the Law of the Republic of Uzbekistan “On Employment” with a new article granting citizens the right to conclude an insurance contract in the event of job loss.

Furthermore, considering that the insurance contract is unique in its subject matter, parties, and purpose, and that such concepts as “insurance contract,” “policyholder,” “mandatory and voluntary insurance” are not clearly defined in any regulatory legal act, it is proposed to include their definitions in Chapter 52 of the Civil Code

of the Republic of Uzbekistan. This is justified by the fact that these concepts are clearly formulated in the legislation of several developed countries and CIS states, and their inclusion in national legislation will allow the parties to an insurance contract to clearly understand their rights and obligations.

Additionally, taking into account the higher level of professional knowledge and competence of the insurer compared to the policyholder, it is proposed to impose on the insurer, as a primary obligation, the duty to explain the terms of the insurance contract and the terminology used to the policyholder at the time of concluding the contract. In other words, liability for damage resulting from the policyholder’s misunderstanding of the contract terms should be borne by the insurer.

The legal establishment of liability for violation of obligations depends on the legal status of the policyholder within the framework of the contract. The results of the scientific analysis of obligations under the insurance contract show that the existing legal mechanisms for securing contractual obligations have a positive effect. In this regard, it is proposed to include insurance as one of the methods of securing obligations in civil legislation.

It is considered reasonable to remove the following words from the last paragraph of Article 953 of the Civil Code:

“The insurer shall not be released from payment of the insurance amount due in the event of the insured person’s death if the death resulted from suicide and the insurance contract was valid for at least two years.”

The purpose of this proposal is to prevent insurance from turning into a means of generating unjust enrichment, in accordance with the principles of insurance.

It is proposed to supplement Article 938 of the Civil Code of the Republic of Uzbekistan with a new part 5, worded as follows:

“If the insurer concludes an insurance contract with the intent to subsequently increase the insurance premium by deliberately overstating the insured amount, the insurer, in addition to refunding the overpaid premium, must fully compensate the policyholder for any damages caused by such actions.”

This provision will strengthen the insurer’s responsibility

for the accurate assessment of the insured object prior to concluding the contract and reduce the risk of disputes related to its value.

Given that most offenses in the insurance sector are committed by insurers themselves, while the current Code of Administrative Liability provides liability only for policyholders and employers for failure to conclude mandatory insurance contracts, it is proposed to supplement Chapter XIII “Administrative Offenses in the Field of Trade, Entrepreneurship, and Finance” with a new article titled:

“Violation by insurance organizations of the requirements of legislation in the conclusion and execution of insurance contracts.”

The reliability of professional participants in the insurance market plays an important role in its development. To ensure their good-faith performance of duties and strict compliance with the law, it is proposed to add a new article to the Code of Administrative Liability titled:

“Violation by professional participants of the insurance market of the requirements of legislation in the course of their activities.”

To ensure the effective implementation of all types of mandatory and state insurance, it is proposed to introduce a new article:

“Violation of the requirements of legislation on mandatory insurance,”

with the following wording:

“Given the high level of responsibility borne by insurance agents when concluding insurance contracts, the Regulation on Insurance Agents should, in addition to providing compensation for damages caused to the policyholder or insured person as a result of the agent’s bad faith in concluding the insurance contract, also establish civil liability for such agents.”

Particular attention in this study is devoted to the institution of subrogation within insurance contracts. The emergence of the right of subrogation imposes certain rights and obligations on the parties to the insurance contract. Subrogation does not create a new obligation; rather, it involves the transfer of the right of claim within the framework of an existing obligation after the insurer has fulfilled its obligation to pay insurance

compensation. The obligation itself remains in force, with only the creditor changing — instead of the insured person, the insurer receives the right of claim within the amount paid. The emergence of this right does not require the conclusion of a separate contract or the signing of additional documents — subrogation occurs by virtue of law.

Based on the foregoing, it can be concluded that the mechanism of subrogation is the most effective solution, as it takes into account the interests of all three parties. Thus, the insurer acquires a legal right to recover from the party responsible for the damage the amount paid to the policyholder as insurance compensation. At the same time, the insured person is obliged to provide the insurer with all available information related to the insured event.

“Proper execution of the insurance contract and related documents” should be established as a primary obligation of the insurer, since, in practice, improper documentation of the insurance contract is one of the most common grounds for denying insurance payouts. Assigning this obligation to the insurer will ensure the legality of insurance contracts and related documents and, most importantly, will prevent violations of the rights of the policyholder and the insured person.

5. Conclusion

The centralized management system of insurance company branches does not align with the principles of a market economy and hinders their effective operation. Therefore, it is proposed to grant branches the authority to independently make decisions regarding the payment of insurance compensation and to operate with greater flexibility and creativity.

Based on the analysis of theoretical views of scholars such as J. Ruziyev, M. Khodjaeva, N. Narmatov, V. I. Serebrevskiy, and G. F. Shershenevich, this dissertation elaborates on the concept of “insurance.”

Given the fragmented nature and excessive volume of the insurance legislation of the Republic of Uzbekistan, as well as the fact that insurance relations in developed countries such as France and Canada are governed by specialized Insurance Codes, it is proposed to develop and adopt the Insurance Code of the Republic of Uzbekistan. This approach is supported by a number of scholars, including N. Abdullaeva, K. Sabirov, and D. Makhmudov.

In conclusion, it should be emphasized that the improvement of the rights and obligations of insurance organizations in the legislation contributes to the more reliable protection of the rights and legitimate interests of the parties to an insurance contract.

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