

INSTITUTIONAL AND ECONOMIC ASPECTS OF TOURISM INSURANCE DEVELOPMENT IN UZBEKISTAN

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Abstract - This article emphasizes the necessity of tourism insurance to bolster the growth of the nation's burgeoning tourism sector. Individuals traveling abroad consistently acquire insurance, whereas those traveling domestically often lack awareness or sufficient use of it. Employing qualitative descriptive approaches along with document and case analyses, the research examines official statistics, governmental policies, and industry reports to understand the current state of the tourism insurance market. The evidence shows that despite the variety of insurance products on the market, only a limited number of travelers in the country utilize insurance due to insufficient public awareness, limited options, and intense competition among tour operators. The information indicates that enhancing understanding of insurance, expanding the variety of insurance options, and revising regulations are essential measures for improved risk management and ongoing development of the Uzbek tourism sector. The researchers discovered that addressing these risks will safeguard travelers and contribute to the establishment of a strong national tourism sector, allowing for future solutions through additional research and advancements.

Key words: tourism insurance, domestic tourism, international travel, risk management, insurance awareness, tourism development, insurance market, regulatory framework.

INTRODUCTION

Modern tourism is an economic sector resistant to downturns, influencing the development and stabilization of various local economies. Tourism represents a key element of the economy in many developed and developing countries around the world. A visitor is generally more vulnerable to negative risk factors than local inhabitants when traveling to various countries. Typically, one out of fifty travelers experiences an insured event [1]. The expansion of the tourism services sector is fueled by workers' paid leave, business travel, increasing living standards, and retirement benefits for citizens in multiple countries, as well as various demographic factors [2]. Uzbekistan, known for its abundant cultural heritage, historical landmarks, and beautiful natural scenery, focuses on promoting tourism. To boost Uzbekistan's attractiveness to global travelers, practical measures are being implemented, such as streamlining the visa process, creating new travel routes, upgrading tourism service insurance systems, funding sector-related projects, and hosting major events. In 2023, 80.7% of international tourists to Uzbekistan came from nearby nations, 11.5% from other CIS countries, and 7.8% from various other countries [3]. The typical length of tourist visits

was 4-5 days, signifying a 1.5 times rise from 2022, which noted an average of 3 days. This results from the wide range of facilities created for visitors in the nation. Each year, the amount of tourist spots both domestically and internationally is increasing rapidly, with new contemporary hotels and leisure facilities being established. Travelers can find cost-effective flights with new private airlines and journeys on contemporary high-speed trains. A crucial element of a secure and pleasurable vacation is acquiring an insurance policy [4]. The advancement of the tourism sector is currently a key focus in Uzbekistan. In recent years, Uzbekistan has identified tourism as a strategic priority for economic diversification and sustainable development. Large-scale reforms aimed at liberalizing the tourism market, improving infrastructure, and enhancing international visibility have led to steady growth in both inbound and domestic tourism flows. However, the rapid development of the tourism sector has also highlighted structural weaknesses, particularly in the field of tourism insurance. While insurance coverage is generally perceived as an essential requirement for outbound travel, its role and importance in domestic tourism remain insufficiently recognized by travelers and, in some cases, by market participants.

The limited use of tourism insurance within the domestic tourism segment raises concerns regarding risk management, consumer protection, and the resilience of the tourism system as a whole. Insufficient public awareness, a narrow range of tailored insurance products, and regulatory and competitive challenges within the tourism services market constrain the effective integration of insurance mechanisms into tourism activities. These issues become especially critical in the context of increasing travel volumes, diversification of tourism products, and growing expectations for service quality and safety.

Against this background, the present study aims to examine the current state of the tourism insurance market, identify key barriers to its wider adoption, and assess its role in supporting sustainable tourism development. By analyzing official statistics, policy documents, and industry reports, the article seeks to contribute to the academic discourse on tourism risk management and provide practical insights for policymakers, insurers, and tourism stakeholders. Strengthening tourism insurance is not only essential for safeguarding travelers but also for fostering trust, competitiveness, and long-term growth of the national tourism sector.

LITERATURE REVIEW

Tourism insurance is extensively acknowledged in scholarly works as a crucial tool for managing risks in the tourism sector, offering financial security to travelers and improving the robustness of tourism markets. Researchers highlight that tourism, due to its inherent characteristics, is extremely susceptible to numerous risks such as health emergencies, natural calamities, political unrest, and interruptions in services. Insurance solutions alleviate these risks and boost tourists' confidence, thereby promoting sustainable tourism growth.

Multiple research works emphasize the theoretical basis and classification of tourism insurance. Bakalo et al. contend that tourism insurance consists of a complex

range of products, such as medical insurance, trip cancellation coverage, liability insurance, and baggage insurance, each targeting distinct types of travel-related risks. Their study emphasizes that robust insurance systems enhance tourist satisfaction and the resilience of tourism destinations, especially in times of crises like global pandemics[5]. The topic of risk insurance in tourism has also been explored regarding transition and developing economies. Azimov, Mirsadikova, and Abdullaev examine the difficulties of establishing efficient tourism insurance systems in nations experiencing economic change, with Uzbekistan as their case study. They recognize inadequate insurance knowledge, institutional deficiencies, and lack of regulatory backing as significant obstacles to the extensive uptake of tourism insurance. Their results indicate that insufficient insurance coverage may lead to heightened susceptibility for both tourists and service providers alongside tourism growth[6].

In recent years, tourism insurance focused on health-related issues has received significant attention. Glušac highlights the increasing significance of travel health insurance, pointing out that the availability of medical services overseas and coverage for emergencies have become critical elements influencing tourists' destination selections. The author emphasizes that legislative structures and collaboration between insurers and tourism stakeholders are vital for providing effective health insurance coverage for travelers[7].

METHODOLOGY

This research utilizes a qualitative design to analyze the existing status and future potential of tourism insurance and its contribution to fostering sustainable tourism development. Qualitative approaches are especially suitable for examining the institutional, regulatory, and behavioral dimensions of insurance markets, where quantitative information alone might not adequately reflect structural constraints and stakeholder viewpoints.

The study employs a descriptive-analytical framework, integrating document analysis with case study techniques. Statistical data, policy documents, legal texts, and analytical reports from government bodies, insurance firms, and tourism organizations were thoroughly examined. Regulatory frameworks overseeing tourism and insurance activities in Uzbekistan were carefully examined, along with strategic development programs connected to tourism and financial services. An analysis of documents was performed to evaluate the range, framework, and accessibility of tourism insurance offerings, such as medical coverage, trip cancellation protection, and liability coverage. This approach allowed for the recognition of discrepancies between available insurance products and the real requirements of both domestic and international travelers. Additionally, comparative insights from global academic literature were utilized to place national practices within wider international trends in tourism risk management. A case study method was utilized to examine standard trends in insurance usage among domestic and outbound travelers. This involved analyzing documented instances of insurance claims, collaboration processes between tour operators and insurance companies, and recorded difficulties encountered by travelers in securing sufficient

coverage. The methodological framework additionally includes analytical synthesis, enabling the combination of empirical observations with theoretical ideas on tourism risk and insurance behavior (Glušac, 2021; Liu et al., 2023). The study's reliability is guaranteed by triangulating various data sources, such as scholarly articles, government statistics, and industry analyses.

After picking up freedom, Uzbekistan pointed to reinforce international cooperation in this region, changing tourism into a competitive, export-oriented division of the national economy, in line with universal standards. A noteworthy turning point within the history of household tourism was the republic's promotion to the World Tourism Organization (UNWTO) in 1993. As portion of this participation, the Samarkand Affirmation on Tourism along the Silk Street was embraced by 19 nations in 1994. In 1999, the Khiva Affirmation on Tourism and Social Legacy Conservation was embraced, bolstered by UNWTO, UNESCO, and the Committee of Europe. In 2002, the Bukhara Announcement on Silk Street Tourism was acknowledged, emphasizing the benefits of economical tourism and sketching out particular steps to advance social and environmental tourism along this route. Uzbekistan's tourism potential is illustrated by over 7,000 substantial social legacy locales from different times and civilizations, counting the UNESCO World Heritage-listed notable centers of Bukhara, Khiva, Samarkand, and Shakhrisabz. In later years, new sorts of travel have been effectively presented in Uzbekistan, counting environmental tourism and journey tourism (ziyarat tourism). The nearness of saves, national parks, nurseries, natural life asylums, normal landmarks, and a biosphere save makes ecotourism a highly promising direction. Gastronomic tourism is additionally gaining popularity in Uzbekistan, with its improvement making a difference to set up plov and other national dishes as recognizable brands of the country. The "Uzbekistan 2030" Technique sets a objective to extend the number of visitors by making favorable conditions for the improvement of worldwide and residential tourism. Uzbekistan has come to 98% of the pre-pandemic level in terms of remote sightseers. In 2019, 6.748 million remote sightseers gone by the nation, whereas in 2023, this number was 6.626 million, showing a fast recuperation of the tourism industry in Uzbekistan.

RESULTS AND ANALYSIS

The study's findings indicate numerous structural and behavioral obstacles obstructing the efficient growth of tourism insurance. Even with a broad selection of insurance products formally offered, the real extent of insurance use—especially in domestic tourism continues to be minimal. The analysis reveals a marked difference between outbound tourists, who typically view insurance as an essential requirement for travel, and domestic tourists, who frequently regard insurance as optional or unnecessary.

A significant discovery is the limited awareness of insurance among domestic travelers. The analyzed documents reveal that numerous travelers possess insufficient understanding of the risks encompassed by tourism insurance and the advantages of obtaining a policy. This finding corresponds with earlier research highlighting the

impact of information asymmetry and restricted risk communication on diminishing insurance demand [8].

Another important finding relates to the restricted variety and adaptability of insurance offerings designed specifically for domestic travel. Although standard medical and travel insurance options are available, they are typically tailored for international travel and fail to properly consider the nature of domestic tourism activities. Khan and Podkolzina (2017) came to comparable conclusions, asserting that inadequate product adaptation diminishes the efficacy of insurance coverage in the tourism industry. The examination also underscores institutional and regulatory limitations. Fierce rivalry among tour operators, along with poor collaboration between tourism companies and insurance firms, results in disjointed service provision. Often, tour packages exclude insurance as a regular part, placing the responsibility for risk management solely on travelers. This behavior weakens consumer safety and heightens susceptibility to unexpected occurrences[9].

The main areas where risks arise in tourism activities for tourism organizations and tourists are shown in Fig. 1.

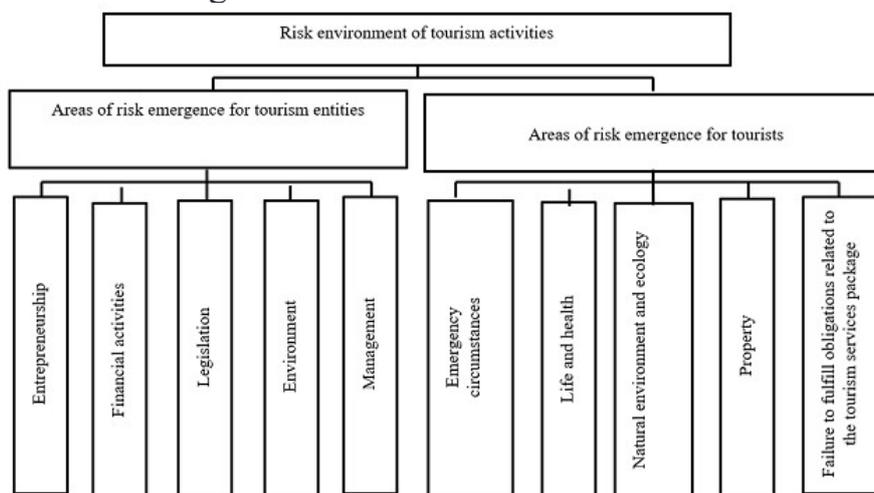


Fig 1: Risk environment of tourism activities

From a wider viewpoint, the results validate that the insufficient advancement of tourism insurance adversely impacts the resilience and sustainability of the tourism industry. According to Azimov et al. (2025), inadequate insurance protection in transition economies can increase economic losses during emergencies and diminish confidence in tourism services. On the other hand, boosting insurance awareness, increasing product diversity, and enhancing regulatory collaboration can improve risk management and promote sustainable tourism growth[6]. It is advisable to carry out the identification and analysis of tourism activity risks based on a systematic analysis of the spheres where risks manifest for both tourism entities and tourists themselves.

The areas of risk for tourism entities include:

- entrepreneurship (instability in demand for tourism services, improper fulfillment of obligations by contractors involved in creating the tourism product, risk of interruption in production and commercial activities, the possible emergence of

dumping due to unfair competition, risks of reduced sales, additional costs and losses to the enterprise, the overall economic situation both in the tourist's home country and in destination countries, and others);

- financial activities of tourism business entities (non-payment or delayed payment, penalties imposed by contractors when they do not recognize force majeure circumstances as grounds for contract violations, bankruptcy of the organization, changes in customs legislation, currency regulations, passport control, and other customs formalities, unforeseen costs for tourism organizations caused by a tourist's refusal to fulfill contractual obligations for tourism services, political risks, etc.);

- legislation (insufficient development of specific legal norms, contradictions between different legal norms, legal illiteracy of tourists, etc.);

- environment (tense natural and ecological conditions, political instability in tourist destination countries, unfavorable weather conditions);

- management (risks associated with production or management processes, the absence or inadequacy of performance indicators, the inability to regulate and measure performance, low staff competence, high staff turnover, low labor productivity and performance, risks related to document management and handling, etc.).

The risks that tourists are exposed to are categorized by their areas of occurrence:

- emergency circumstances (revolutions, warfare, epidemics, quarantines, natural disasters, etc.);

- life and health (medical assistance due to an accident or acute illness, injury, loss of working capacity, death from an accident or acute illness, medical transportation costs);

- natural environment and ecology (influencing factors may include climatic conditions, time zone changes, temperature regimes, intolerance to weather conditions, ecological requirements, and more);

- property (theft or loss of personal belongings, documents, baggage due to reasons beyond the tourist's control);

- failure to fulfill obligations related to the tourist services package[6].

The findings indicate that tourism insurance ought to be considered not just a financial product but also a strategic tool for protecting tourists, enhancing service quality, and building trust in the national tourism framework.

CONCLUSION

This research emphasizes the vital importance of tourism insurance in facilitating efficient risk management and aiding the sustainable growth of the tourism industry. The results indicate that although insurance products are available, their use especially in domestic tourism stays constrained due to a lack of public awareness, inadequately customized insurance options, and deficiencies in institutions and regulations. The study indicates that improving insurance literacy, tailoring insurance products to the needs of domestic tourism, and strengthening collaboration between tourism and insurance stakeholders are crucial measures for enhancing consumer protection. In general, creating a robust tourism insurance framework will not only

protect travelers but also enhance the resilience, competitiveness, and sustainable growth of the country's tourism sector.

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