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Article

Theoretical Basis of Classification of Insurance Products

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Abstract: Insurance products, services, and protection constitute the core categories of the insurance market, serving as instruments for managing risks and providing economic security. Existing literature and practice reveal varied interpretations and classifications of these concepts, with approaches differing across domestic and international contexts. While prior research has contributed to understanding the structure of insurance products, comprehensive classifications that balance the interests of both insurers and policyholders remain limited. Current classifications often prioritize either the insurer's or the policyholder's perspective, lacking an integrated framework that reflects mutual benefits, consumer demand patterns, and market strategies. This study seeks to comparatively analyze theoretical and practical foundations of "insurance product," "insurance service," and "insurance protection," evaluate existing classification approaches, and propose a systematic model accommodating both stakeholders' interests. The analysis identified overlapping and distinct features of related terms, assessed their operational use in Uzbekistan's insurance sector, and examined classifications based on product type, consumer demand, sales method, and attractiveness for insurers. The findings reveal a structured yet adaptable classification framework that aligns with market realities and strategic development needs. The proposed model integrates insurer and policyholder perspectives, introducing classification criteria that simultaneously address market competitiveness, consumer preferences, and operational feasibility. The research provides a theoretically grounded and practically applicable system for classifying insurance products, which can enhance product development strategies, improve market efficiency, and foster equitable relationships between insurers and policyholders in Uzbekistan's evolving insurance market.

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1. Introduction

The formation of an effective and fully satisfying insurance services market involves the classification of insurance products. Determining the criteria for classifying insurance products and their types is considered one of the main issues in the theory of insurance business. It is natural that the incorrect approach to this issue will cause a number of problems in the insurance market. Research conducted in recent years by foreign and domestic scientists has made a significant contribution to the study of the insurance market and its insurance products, while trying to develop generalized standards for their sector, industry, insurance terms and forms of implementation. At the same time, a comprehensive analysis has not been carried out, taking into account the equal attractiveness of insurance products or insurance services for the insured and the insurer [1].

Literature review

The research being conducted requires clarification of the “insurance product”, “insurance service” and “insurance commodity”, which are the basis of the insurance market, and this is logically correct. In the empirical literature, many concepts and explanations are given to these economic categories. Let us consider some of them.

Leading scientists in the field of insurance, Gomel and Tulenta, approach the product from a marketing point of view when interpreting “insurance product” and “insurance service”. According to the authors, “insurance product”, “insurance service” and “insurance commodity” are economically close to each other, but at the same time they differ from each other and it is possible to identify a hierarchical relationship between them [2].

The primary and general concept is that this “insurance product”, that is, the result of providing economic protection of a person from the consequences of various random and probable (usually accidents) natural and social events. An insurance product is represented as insurance protection or “insurance service”. If an “insurance service” is not sold or purchased, it cannot be an “insurance product”, and it can only be an “insurance product” if it is manufactured for sale by insurers and is sold regularly. Thus, the concept that accurately describes modern insurance products and services is represented as an “insurance product” [3].

A similar idea about the relationship between the concepts of “product” and “service” was expressed by F. Kotler. In his opinion, in essence, any product is a service packaged to solve any problem [4].

According to Zubets, “a product is anything that can be offered for consumption in a free market and is intended to satisfy certain needs. An insurance product is a set of services provided by the company to the client to prevent and eliminate the consequences of a specific list of adverse events specified in the insurance contract. It includes basic and additional products.”

Trofimova believes that “an insurance product is anything that an insurance company produces to satisfy the needs of its clients and make a profit” [5].

Haik and Tikhonov argue that the object of an insurance product is a set of documents or an idea that has undergone several stages of processing by a specialist working in an insurance company and is transformed into an insurance service [6].

According to Shcherbakova, the object of purchase and sale in the insurance market is an insurance service, the time of its implementation is the time of conclusion of the insurance contract, and the insured person satisfies the need for insurance protection [7].

Also, researcher Abdurakhmonov emphasizes the sale of insurance products as an object of purchase and sale in the insurance market. He emphasizes that the emergence of such an insurance product is accompanied by the development of its branches, as well as the digitization of the industry that has created the basis for the creation of new insurance products, and the types of insurance are the basis for their control and licensing [8].

2. Materials and Methods

The methodology of this study is grounded in a comprehensive comparative analysis of theoretical and practical approaches to defining and classifying “insurance product,” “insurance service,” and “insurance protection” as core economic categories in the insurance market. The research integrates a range of qualitative methods, including comparative examination of domestic and foreign scholarly perspectives, logical reasoning, scientific abstraction, as well as inductive and deductive analysis. Empirical insights are drawn from reviewing existing classifications of insurance products in Uzbekistan and internationally, enabling identification of conceptual similarities and divergences. The process involved systematic evaluation of literature to clarify overlapping and distinct attributes of related terms, followed by critical synthesis to propose a more inclusive classification model that balances the interests of both insurers and policyholders. The study further employed analytical generalization to assess how classification criteria align with consumer demand patterns, product attractiveness for insurance companies, and market development strategies. Data from existing insurance practices, regulatory classifications, and product types were examined to understand the operational context and the role of innovation in product development. The methodological approach ensured that findings are both theoretically substantiated and practically applicable, reflecting the dynamics of the insurance market and the mutual benefit principle between stakeholders. This combination of methods allowed for the formulation of a classification framework that is not only aligned with current market realities but also adaptable to evolving consumer needs and industry innovations.

3. Result and discussion

The purpose of purchasing any product is to satisfy the needs of the buyer. The peculiarity of an insurance product is that it cannot be seen or felt. In this case, the insurer's promise is sold, and the object of insurance is the insured event that causes material or physical damage to the life or health of the insured person, and in this case the insurance company reflects the obligation to compensate for the damage in accordance with the terms of the contract. At the same time, when concluding a contract, the insured undertakes to pay the insurance premium (insurance premium) on time. This is one of the main differences between an insurance product and an ordinary consumer product [9]. By purchasing an insurance product, the insured acts as a consumer of the product and treats it as a product that he needs. By purchasing an insurance product, the insured acquires a protection factor, which reflects not physical, but economic protection. Based on the above, we can distinguish the main types of insurance products, taking into account the ability of the insured to satisfy his insurance interests (Table 1) [10].

Table 1. Insurance products taking into account the interests of the insured[1]

Insurance product	Insurance risk	Insurance interest
Personal Insurance		
individual insurance against accidents; collective insurance against accidents; insurance of children against accidents;	temporary incapacity for work as a result of an accident; complete or partial loss of working capacity; disability as a result of an accident; death of the insured person as a result of an accident, etc	Receiving payments from the insurance fund in case of temporary or permanent loss of working capacity due to an accident
mandatory medical insurance; voluntary medical insurance	specific illnesses and medical expenses	financing the costs of mandatory medical and pharmaceutical care for illness financing the costs of providing additional medical care for the disease
term life insurance	death of the insured person as a result of an accident, etc	Financial support of relatives in case of death of the insured person during the period specified in the insurance contract
mixed life insurance	death of the insured during the term of the insurance contract	Financial support of relatives when the insured person dies. Funding

[1] Эмперик адабиётлар таҳлили натижасида муаллиф томонидан тайёрланди.

	and survival until the end of the term	payments when the insured survives to a certain age
old age pension insurance	survival to retirement age	Funding of old-age pension payments from the insurance fund
disability pension insurance, etc	total or partial loss of working capacity	Providing financial support after receiving disability
Property insurance		
insurance of means of transport (air and sea transport, etc.)	theft; damage; loss of commodity value; civil liability; accidents	Financial assistance as a result of car damage and other insurance events
cargo insurance	fire; theft etc	Compensation for damages in transit
agricultural insurance (crops and animals)	drought; flood; illness; death etc	Reimbursement of damages in the case of an insurance event
Property insurance of legal entities and individuals	Risks transferred to the insured	Compensation of losses in the event of an insurance event
Liability insurance		
Third party civil liability insurance	Losses caused by the insured	Compensation for damages caused by the insured

The above is provided in our national insurance market, where it originated, through insurance types (classes) under insurance products (Table 2) [11].

Table 2. Classification of insurance sectors in the insurance market of Uzbekistan[2]

Life insurance industry		**General insurance industry**	
Class order number	Class name	Class order number	Class name
Class I	Life and Annuities	Class 1	Provisional insurance against accidents
Class II	Marriage and birth	Class 2	Preventive health insurance
Class III	Long term life insurance	Class 3	Land vehicle insurance
		Class 4	Insurance of rolling stock
Class IV	Health insurance	Class 5	Aviation insurance
Class V	Life insurance to cover liabilities	Class 6	Marine insurance
		Class 7	Road property insurance
		Class 8	Property insurance against fire and natural disasters
Class VI	Long-term voluntary pension insurance	Class 9	Property damage insurance
		Class 10	Auto liability insurance
Class VII	Life insurance with return of capital	Class 11	Liability insurance under aviation insurance
		Class 12	Liability insurance under marine insurance
		Class 13	General liability insurance
		Class 14	Credit insurance
		Class 15	Insurance of guarantee(s).
		Class 16	Insurance against other financial risks
		Class 17	Insurance for legal expenses
		Class 18	Medical insurance

The main task of each insurance company is to expand the range of insurance products by introducing new insurance products and updating existing ones in order to retain regular customers. In some cases, insurance companies develop rules for the type of

[2] Қонунчилик хужжатлари асосида муаллиф томонидан тайёрланди.

insurance in order to expand the range of insurance products, license them and put them into circulation. The process of creating a new insurance product is quite difficult and time-consuming. As a rule, the creation of an insurance product is determined by the development of the insurance company's near-term development strategy [12].

Almost all departments of the insurance company are actively involved in the creation of a new insurance product. Existing proposals are systematized, studied by marketers taking into account the novelty of the product, implementation techniques, material, financial and labor resources. Naturally, the marketing service, and subsequently specialists from the branch department that will work with this product, directly participate in the development of insurance rules for a new or modernized product. In this case, calculations are made of possible costs associated with the creation, licensing and sale of the product and the cost recovery. The recommendations of the claims review service on the possible frequency of occurrence of events and the magnitude of the damage are important [13].

As a result of the independent decision to purchase by the insured, the products of the insurance company form the turnover and cause the company to receive income, therefore, it is possible to classify them taking into account the motives for purchasing insurance products by the insured (Figure 1).

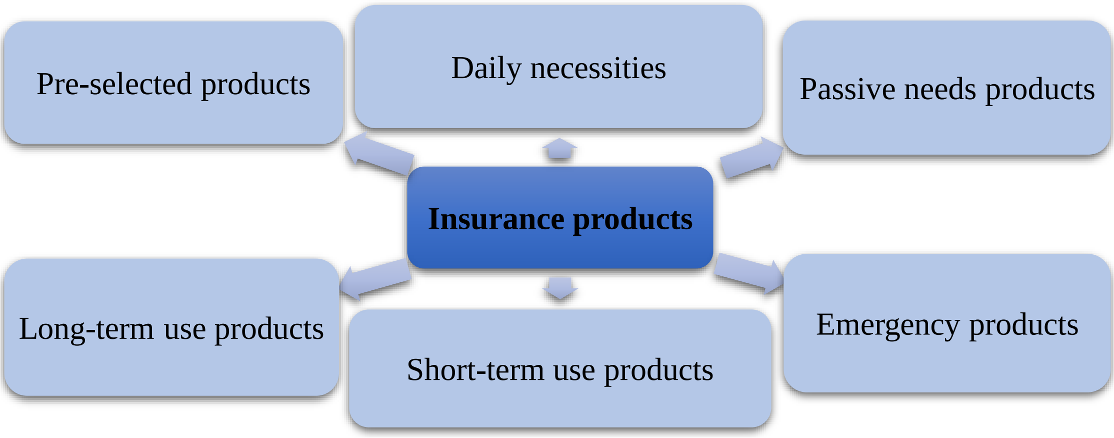

Figure 1. Insurance products on consumer demand[3]

Depending on consumer demand, insurance products can be divided into the following:

- daily necessities - insurance products that the consumer buys without much thought (for example, mandatory insurance products, etc.);

- initial choice insurance products that the consumer compares in terms of the level of suitability, quality, and price of insurance products when choosing and purchasing (there may be various insurance products);

- passive necessities - insurance products that the consumer does not know about or knows about but does not think about buying (for example, liability insurance and life insurance products);

- emergency products - insurance products that are purchased in case of an emergency (for example, travel insurance, liability insurance, etc.);

[3] Таҳлиллар натижасида муаллиф томонидан тайёрланди.

- short-term use products - insurance products that are consumed by the consumer in a short period of time, including voluntary insurance products with an insurance period of less than one year;

- long-term use products - insurance products that are usually used for a long time (these are life insurance products, etc.).

According to the sales method, insurance products can be:

- traditional - these are natural insurance products of the insurance organization;

- non-traditional - products that can be sold by other financial intermediaries.

Taking into account the wishes of insured consumers and the scope of responsibility of the insurance company, the following types of insurance products can be distinguished, including:

- standard insurance products (inclusive, ready-made products) - these are standard versions of insurance contracts;

- personalized products - an individual insurance product that takes into account the needs of a specific client;

- complex products - combine several types of insurance in one contract or may be aimed at satisfying several needs;

- simple products - these are products of one type and one need combined in one contract [14].

Competition in the insurance market encourages insurance companies to offer new and modernized types of traditional insurance products. At the same time, the relationship between the insurance company and its client should be equal and mutually beneficial. Based on the equality of relations, the client, that is, the insured, is required to be as professional as the insurance company. We should also not forget that the qualifications of the insurance company are always higher than those of the insured, and this is a natural state of affairs [15].

Therefore, the principle of equality of the client is replaced by the principle of social protection of the insured. In this case, the insurance company appears as the main defender of the client. Such a principle is consistent with standard insurance products (inclusive, ready-made products), which, on the one hand, helps to protect the insured, and on the other hand, allows the insurer to simplify the sales process [16].

As noted above, an insurance product represents a relationship arising from the satisfaction of the interests of the insured and the insurance company. Taking into account this situation, it is appropriate to separate the types of insurance products according to the level of attractiveness from the point of view of the insurance company (Figure 2).

Figure 2. Attractive insurance products for the insurance company[4]

Leading products make up the bulk of contracts concluded with an insurance company (transport insurance, accident insurance, compulsory motor vehicle liability insurance, etc.).

Magnet products are products aimed at attracting the consumer's attention to a particular insurance company and making the first purchase (compulsory insurance, accident insurance, health insurance, etc.).

Future products are insurance products that are not currently in demand in the market, but have great prospects according to the strategy of the insurance company (life insurance, pension insurance, etc.).

Tactical products are aimed at resisting the pressure and attacks of competitors or responding more quickly to their actions, as well as to market conjuncture (modernized insurance products, etc.).

Quick and easy-to-sell products are liquid products that are currently in demand in the market (compulsory insurance types, accident insurance, etc.).

4. Conclusion

The conducted research shows that the market does not have a sufficient range of insurance products, which are mainly offered by insurance companies and are capable of attracting policyholders. Therefore, it would be advisable to classify insurance products not only from the point of view of the insurance company, but also taking into account the interests of the policyholders. In our opinion, the proposed criteria will help to form a more complete and systematic system of classifying insurance products, taking into account the compatibility of the economic interests of both insurance companies and policyholders, which will provide an opportunity to satisfy their conflicting interests in organizing insurance protection.

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