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## Digitization of the Insurance Industry: Evidence from Uzbekistan

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**Abstract:** Digitalization of the loss settlement process in insurance is one of the most promising areas for the development of the insurance industry. Digital technologies can improve the efficiency and accuracy of the process, speed it up, and improve the user experience. However, the use of digital technologies can be associated with risks, such as cybersecurity and lack of human interaction. For successful implementation of digital technologies in the loss settlement process, insurance companies need to pay attention to training their personnel, improving cybersecurity, and using modern tools such as machine learning, process robotics, and cloud technologies.

**Key words:** digitalization, insurance, loss settlement, technology, cybersecurity, machine learning, robotics, cloud technologies, efficiency, user experience.

### Introduction

Digitalization of the insurance claim process is a hot topic in the modern world. It includes the use of various digital technologies to simplify the process of settling losses and improve the quality of customer service. Such technologies include electronic appeals, online applications, electronic document processing systems, automated damage calculation systems, and mobile applications.

The benefits of digitalizing the insurance claims process include speeding up the loss settlement process, reducing paper costs, increasing transparency of the process, and improving the quality of customer service.

However, there are challenges and risks associated with the digitalization of the insurance claim process, such as cybersecurity, human factor risks, and the need to train clients to use digital technologies.

There are also successful cases of digitalization of the insurance claim process, which can be used as a model for other insurance companies.

A general understanding of the digitalization of the insurance claims process is essential for modern insurance companies to be competitive and improve the experience of their customers.

### Main part

One of the main problems that need to be addressed when digitizing the insurance claims process is the existing bureaucracy and inefficiency in the process of settling losses. The traditional insurance process can involve a large amount of paper documentation, questionnaires, forms, and other materials, which requires a lot of time and resources. This can lead to delays and errors in processing claims.

In addition, the traditional loss settlement process may not be very convenient for customers. Clients may encounter problems filling out forms and other documents, as well as the need to be present in person when processing claims. This can cause dissatisfaction and negative experience for customers.

Another problem is the insufficient use of digital technologies in insurance. Many insurance companies may not be aware of new technologies or are not ready to implement them, which can reduce efficiency and competitiveness.

Finally, there are risks associated with the use of digital technologies in insurance, such as cybersecurity and human factors. Insufficient protection of customers' digital data and errors in the use of automated systems can lead to serious consequences for insurance companies and their customers.

In general, the digitalization of the insurance claims process can face many challenges and challenges that need to be addressed in order to ensure efficiency and convenience for customers, as well as ensure safety and competitiveness for insurance companies.

The purpose of the article on the topic "Digitalization of the insurance claim process" can be defined as follows:

- Consider the problems associated with the traditional loss settlement process in insurance.
- Describe the benefits and opportunities that digitalization of the insurance claims process provides.
- Consider possible risks and challenges associated with the use of digital technologies in insurance.
- Offer recommendations and practical solutions that can help insurance companies improve their digital loss resolution process.

The general purpose of the article is to discuss the importance of digital transformation for modern insurance companies, present the opportunities that digitalization of the insurance claims process provides, and identify challenges that need to be taken into account when implementing these technologies.

The traditional loss settlement process in insurance is often accompanied by a number of problems that can slow down or complicate the process and increase costs for insurance companies. Some of these issues include:

1. Paperwork and inefficiency of the process. The traditional loss settlement process involves a lot of paper documents, questionnaires, forms, and other materials. This can lead to delays in processing claims and reduce productivity. In addition, paperwork can lead to errors and increase the cost of data processing.
2. Low speed and complexity of the process for customers. The traditional loss settlement process can be difficult and inconvenient for clients. Clients may encounter problems filling out forms and other documents, as well as the need to be present in person when processing claims. This can cause dissatisfaction and negative experience for customers.
3. Restricted access to information. The traditional loss settlement process may limit access to claim status information for customers. Clients may not receive sufficient information about the status of their claim and the time required to resolve it. This can cause concern and dissatisfaction among customers.
4. High loss settlement costs. The traditional loss settlement process can be costly for insurance companies. This may be related to paperwork, staff, and other claims processing costs. In addition, the traditional process can take a long time, which increases the cost of settling losses.

In general, the traditional loss settlement process in insurance can be inefficient and inconvenient for customers, which can lead to negative consequences for insurance companies.

Digitalization of the insurance claims process can provide many benefits and opportunities for insurance companies and customers. Some of them include:

1. Speeding up the loss settlement process. Digitalization of the loss resolution process can significantly reduce the time required to process and resolve claims. This can improve the customer experience and improve the efficiency of the process for insurance companies.
2. Reduce the cost of processing claims. Digitalization of the loss settlement process can reduce the cost of paperwork and staff, which can lead to savings for insurance companies. In addition, digital processes can improve accuracy and reduce errors, which can also reduce the cost of processing claims.
3. Improve the customer experience. Digitalization of the loss settlement process can make the process more convenient and easier for customers. This can improve the customer experience and increase their level of satisfaction. In addition, digital processes can provide customers with better access to information about the status of their claim.
4. Improve process transparency. Digitalization of the loss settlement process can increase the level of transparency of the process for insurance companies and customers. Customers can get more accurate and complete information about the status of their claim, and insurance companies can get more accurate data about the loss settlement process.
5. Use of new technologies. Digitalization of the loss settlement process can provide opportunities for the use of new technologies, such as machine learning and artificial intelligence. This can help insurance companies process large amounts of data and improve the accuracy and speed of the loss settlement process.

While digitalization of the insurance process can provide many benefits, it can also be accompanied by risks and challenges. Some of them include:

1. Cybersecurity. The use of digital technologies can increase the risk of data security breaches and cyber-attacks. This can lead to the leakage of confidential customer information and affect the reputation of insurance companies.
2. Insufficient automation. Some companies may face the challenge of insufficient automation, which may lead to additional errors and delays in the loss resolution process.
3. Imperfection of technologies. Insurance digitalization technologies may not be sufficiently developed, which can lead to errors and inefficient use of resources.
4. Lack of human factors. Digitalization can lead to a lack of human input, which can lead to a lack of empathy and understanding for customers, especially in cases where a large emotional component is required.
5. Insufficient staff training. Digitalization requires the ability to work with new technologies, so insufficient training of staff can lead to mistakes and inefficient use of resources.
6. Limited availability of technologies. Digitalization may not be available to some customers, especially those who do not have access to the Internet or do not have the skills to use digital technologies.
7. The need to improve legal regulation. Digitalization of insurance may require improved legal regulation to ensure data security and confidentiality, as well as protection of customer rights.

In order for insurance companies to improve the process of settling losses using digital technologies, we can recommend the following practical solutions:

1. Using machine learning and data analytics. Insurance companies can use machine learning and data analytics to automate the loss settlement process and determine the probability of a loss occurring. This can improve the accuracy and efficiency of the process.
2. Using process robotization. Robotization of processes can improve the loss resolution process by automating tasks that were previously performed manually. This can reduce the number of errors and speed up the process.

3. Introduction of cloud technologies. Cloud technologies can help insurance companies improve the availability and security of data, as well as improve the efficiency of the loss resolution process. Cloud technologies can also reduce infrastructure and maintenance costs.
4. Use of digital communication channels. The use of digital communication channels, such as email and instant messengers, can improve communication between the insurance company and the client, as well as reduce the time required for processing and settling losses.
5. Staff training. Training staff in digital technologies can help insurance companies use new tools more effectively and improve the quality of customer service.
6. Improving cybersecurity. It is worth paying great attention to cybersecurity in order to protect confidential customer data from leaks and cyber-attacks. This can be achieved by regularly updating security systems, backing up data, and raising employee awareness.

### **Conclusions**

Digitalization of the insurance loss settlement process has many benefits, including speeding up the process, improving accuracy and efficiency, and improving the user experience. However, the use of digital technologies can also be associated with risks, such as cybersecurity and lack of human interaction.

In order to successfully implement digital technologies in the loss settlement process, insurance companies need to pay attention to training their personnel, improving cybersecurity, and introducing modern tools such as machine learning, process robotics, and cloud technologies.

Digitalization of insurance claims is an integral part of the innovative development of the insurance industry, which can improve the quality of customer service and increase business efficiency.

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