
Digitalization of Insurance Activities in the Aspect of Modern Economy

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Abstract: The article considers digitalization of insurance activities in the context of modern economics. The results of the work were definitions of such concepts as "digital insurance" and "digitalization of insurance activities", formulation of problems and prospects for further use of digital technologies in the insurance market. The article concludes that the introduction of new technologies of the digital economy will affect insurance technology, but will not change its economic essence.

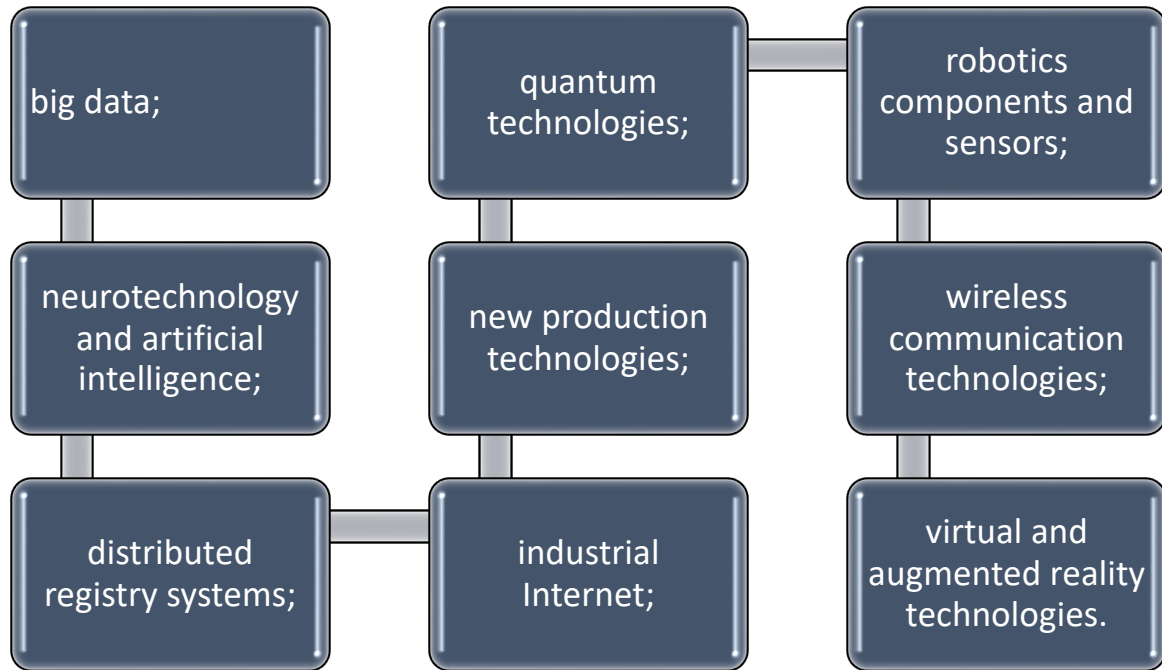
Key words: digital technologies, digitalization in insurance, efficiency, digital economy, insurance activities.

Digitalization has penetrated many areas of human life, from shopping and travel to education and banking. However, insurance is one of the least "digitized" industries. Its technological backwardness is characteristic not only of the Uzbek market, but also of other developing countries. Within the framework of this topic, in foreign developed countries and in the insurance market of Uzbekistan, the study of applied "smart technologies" is the main goal.

Smart insurance is one of the widely used methods in the world, which is carried out in Big data, the Internet of things, data collection devices, wireless technologies, data collection in virtual reality. This type of car insurance is widely used in developed countries. Telematics or "smart" insurance allows motorists to save on insurance, and insurers to better manage their risks. Using special equipment, the insurer monitors the driver's driving style, the actual mileage of the vehicle and other factors on the basis of which the price of the policy is determined. In Europe and the USA, this approach is called "utilization-based insurance". According to the Strategy Meets Action study, almost auto insurance companies in the United States use telematics systems (remote monitoring) to monitor the driving style of their customers. Selling insurance services via the Internet. This type includes offering and selling services on the Internet, monitoring insurance events on the Internet, obtaining information about insurers on the Internet, etc. This type of digital insurance is used in our country.

Throughout its history, insurance has undergone several fundamental technological innovations, in particular, the introduction of actuarial calculations, which became the basis of the modern insurance business; the use of insurance agents, which laid the foundation for mass insurance; the use of computers, which simplified the implementation of many business processes in insurance, etc. To determine the place and role of insurance in the digital economy [1-4], a theoretical justification of the concept of "digital insurance" is necessary, which can be considered from two sides.

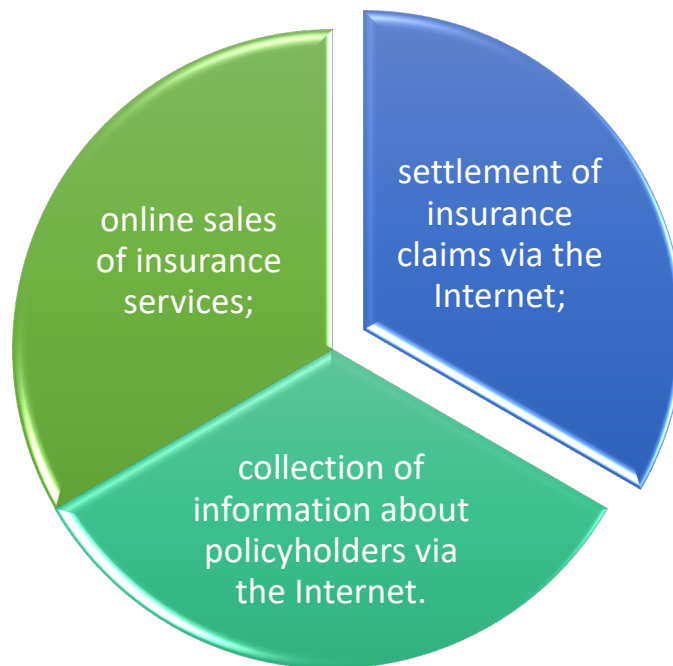
Firstly, digital insurance can mean a part of economic relations caused by the presence of insurance interests of organizations and citizens and their satisfaction through digital technologies. In other words, digital insurance is a way of implementing insurance coverage based on digital technologies, an open list of digital technologies is provided, which include:



Secondly, the active development of digital technologies in the context of the emerging digital economy is causing new risks, including a new interpretation of cyber risks [5], known since the 1990s, as well as other risks that may arise in the course of scientific research. Some of the risks of the digital economy are minimized through the use of insurance mechanisms. Therefore, digital insurance is understood as a way to meet the needs of policyholders for specific insurance coverage caused by random adverse events occurring mainly in the digital economy and associated with the use of technological equipment, which is the material basis for the implementation of economic relations. Previously, these insurance services were called e-commerce insurance [3], cyber risk insurance, insurance against electronic and computer crimes, etc., but the term "digital insurance" can combine them. Similar processes have already occurred in the insurance market, for example, telephone insurance became the basis for the subsequent development of electronic equipment insurance, which is now considered not as an independent insurance product, but an addition to property insurance.

Thus, the problem of determining digital insurance lies in its duality. On the one hand, digital insurance is generated by the digital economy, and on the other hand, it is its component through the implementation of digital technologies, organically implemented by the insurance institution.

Therefore, digital insurance is a way to satisfy a traditional or specific (generated by digitalization) need for insurance coverage through digital technologies. At the same time, the implementation of insurance activities by insurance companies using digital technologies is defined by us as the digitalization of the insurance market. At the moment, several phenomena act as the main directions of digitalization of the insurance market, which, within the framework of the already established terminology of the digital economy, can be defined as Internetization, digitalization and individualization of insurance activities. Internetization as a direction of digitalization of the insurance market is carried out through the use of the Internet in the business processes of the insurance company. The term "Internet insurance" is more common at the moment, which has a narrower meaning and implies the sale of insurance services via the Internet. Internetization of insurance activities is implemented in insurance companies in the following areas:



The increasing use of the Internet by households, businesses and governments is leading to the emergence of new segments of the insurance market, such as cyber risk insurance, Internet of Things insurance, etc.

But these processes relate to digital insurance in general and have nothing to do with the internetization of the insurance business.

The factors contributing to the development of the internetization of the insurance market are:

- an increase in the number of Internet users and persons carrying out Internet commerce transactions;
- the emergence of legislative norms regulating the interaction of the insurer and the policyholder via the Internet;
- higher profitability of online sales of insurance services and settlement of insurance claims via the Internet;
- a low basic level of online sales in the insurance market in the Republic of Uzbekistan;
- development of the concept of the Internet of Things in insurance (IoT);
- more active use by insurers of Big Data technologies aimed at personalization of insurance services, their offer and settlement of losses.

The factors hindering the development of Internet insurance are:

- a high level of insurance fraud;
- potential exposure of Internet insurance transactions to cybercrimes;
- the lack of full coverage of the territory of the Republic of Uzbekistan with high-quality Internet;
- lack of interest of insurers in mass types of insurance (primarily in car insurance), which could act as drivers of Internet insurance, due to the high level of unprofitability;
- general low level of trust in insurance institutions and insurance culture.

Despite more than ten years of history of Internet insurance in the Russian insurance market, discussions are still ongoing among experts about what should be taken into account in Internet

insurance as a special channel for sales of insurance services. Insurance companies attribute various stages of purchasing an insurance policy to Internet sales. Through the Internet on the website of the insurance company, the policyholder can carry out the following procedures for purchasing an insurance policy:

- selection of a specific insurance product (insurance service);
- familiarization with the insurance rules and legally significant confirmation of this fact;
- preparation of the necessary documents (insurance application, questionnaire, etc.);
- provision of documents required for registration of the insurance policy, for example, sending a copy of the vehicle registration certificate and others;
- receiving an estimate of the cost of the insurance service (on a calculator or during the underwriting process¹);
- payment of the insurance premium (or first insurance payment);
- receipt of the insurance policy (insurance contract);
- making changes to the insurance contract;
- filing an application for an insured event;
- receiving an insurance payment.

Some insurance companies classify the purchase of a policy as online sales if all stages of the insurance contract conclusion are carried out via the Internet (full-cycle or true online sales). Other insurers allow that only part of the purchase process (product selection, paperwork, payment) can be carried out via the Internet, while the remaining part (payment, delivery/receipt of the policy) can be carried out at the insurer's office or at a meeting with an agent/courier (incomplete or pseudo-sales via the Internet).

In many ways, the interest of insurance companies in the digitalization of the insurance business will be determined by the degree of development of blockchain technologies and the possibility of their use in various business processes.

Distributed databases in combination with smart contracts (contracts in "digital" in computer execution) can be used by insurers at the stage of concluding insurance contracts, including when selling policies related to other insurance services, as well as at the stage of settling an insurance claim.

The main problems of digitalization are:

- limitations and difficulties with scalability of the use of digital technologies due to the need to bear the costs of re-equipping / G-ensuring insurance activities and retraining employees;
- security, including access to personal data;
- competition of digital channels with other channels of insurance company services;
- the need to restructure the internal business processes of the insurance company;
- insufficient number of qualified specialists.

Thus, the development of the insurance market in Uzbekistan increasingly depends on the introduction of new technologies of the digital economy, which affect the insurance technology, but do not change its economic essence. As a result of using digital technologies in insurance activities:

- the efficiency and profitability of insurance activities will increase;
- mutual and commercial insurance will converge;
- insurance relations will be socialized;

- new insurance services and products will appear;
- the labor market in the insurance sector will change (replacement of some insurance agents, low- and mid-level specialists with automated control systems and robots).

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