

DIGITALIZATION OF INSURANCE CASES IS THE MAIN MECHANISM FOR THE DEVELOPMENT OF THE INSURANCE INDUSTRY

Uzakova Kamola Bekhzodovna

Assistant at the Department of Finance, Samarkand Institute of Economics and Service

uzakovakamola5@gmail.com

Abstract: *The article deals with the problems associated with the traditional process of payment of damages in insurance, a description of the advantages and possibilities of digitalization of the insurance claims review process, an overview of possible risks and difficulties associated with the use of digital technologies in insurance.*

Keywords: *digitalization, risk, digital technologies, digital insurance, digitalization, insurance market, digital technologies, digital economy.*

INTRODUCTION:

The purpose of the article is to discuss the importance of digital transformation for modern insurance companies, provide opportunities to digitize the insurance claims process, and identify issues that need to be considered when implementing these technologies.

Literature review. The main goal of digitalization of the economy is the transition to a new level of technical and technological development of economic systems and the development of industrial relations based on the active use of digital means of communication and technology to ensure a new level of socio-economic development.

Digitalization has covered all sectors of the economy, including having a significant impact on the insurance industry. Policyholders today are invited to conclude an insurance contract online ; insurers sell insurance products based on the use of digital technologies, using mobile applications, websites, personal accounts, etc. in their activities. Insurance activities of insurance companies using digital technologies are defined as digitalization of the insurance market.

Today, the topic of digitalization of insurance and its various aspects is devoted to the works of many scientists, including D.V. Bryzgalov, A.A. Tsyganov, R.T. Yuldashev, I.L. Logvinova , Yu.V. Gryzenkova , Yu.A. Spletukhov , N.D. Kuzuleva , S.A. Kalaida , N.F. Kuzovleva and others.

The insurance market is a close object of ongoing research. Theoretical and practical aspects of the development of the insurance market were studied by E.V. Kravchenko and A.A. Sukhoveeva , M.A. Loskutova, S.V. Aksyutina and others.

Rapid changes in society associated with digitalization require insurance organizations to introduce new technical solutions both to expand the share of customers purchasing insurance services via the Internet and to reduce the cost of customer service.

For many years, the traditional business insurance model has been one of the most resilient. With the advent of digital technology in many sectors of the modern world, insurance has begun to



change. Insurance companies can take advantage of new opportunities to improve their financial performance through digitalization. Digital insurance began to develop about 10 years ago, while in other developed economies this type of insurance appeared about 30 years ago. Currently, the share of sales of insurance services via the Internet in Uzbekistan is growing rapidly. One example is the growth in sales of electronic compulsory car insurance policies.

Considering the global experience in solving insurance issues using digital technologies, one can see that this area is developing to the greatest extent. According to McKinsey & Co experts, through the use of digital channels in conflict resolution, customer satisfaction with the quality of insurance services can be increased by 20-30%. At the same time, the costs of conflict resolution are reduced by 25-30%. It is worth noting that the digital capabilities of claims settlement in the world's largest insurance companies are much wider than in our national organizations. Companies can use several advanced tools to evaluate their car or home insurance policy: statistical methods (generalized linear models or generalized additive models), telematics data, or OCR (optical character recognition). Thus, we analyzed articles related to the digitalization of the insurance market. They provide a comprehensive understanding of the basic terms, reveal the features of each method used, and show different approaches to covering this topic. However, the information in the articles is general in nature and may not apply to every company. It is important to consider competitive advantages, market conditions and consumer expectations individually.

Research methodology. When writing the article, methods of comparative (spatial) analysis were used, including horizontal analysis, vertical analysis, observation and others.

Analysis and results (main part). The traditional insurance claims process is often plagued by a number of challenges that can slow or complicate the process and increase costs for insurance companies. Some of these problems are:

1. Paperwork and process inefficiency. The traditional claims settlement process involves a lot of paperwork, questionnaires, forms and other materials. This can lead to delays in claims processing and reduced efficiency. In addition, paperwork can lead to errors and increase the cost of data processing.

2. Low speed and complexity of the process for clients. The process of calculating traditional damages can be complex and inconvenient for clients. Clients may have trouble completing forms and other paperwork and may need to attend claims in person. This can lead to dissatisfaction and negative customer experiences.

3. Restrictions on the use of information. The traditional claims process can limit customers' access to information about the status of a claim. Customers may not receive sufficient information about the status of their claim and the time required to resolve it. This can cause customer anxiety and dissatisfaction.

4. High costs of paying losses. The traditional claims process can be costly for insurance companies. This may involve costs associated with processing paperwork, employees, and other claims. Additionally, the traditional process can be time consuming, increasing the cost of damage control.

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

- Speeding up the compensation process. Digitizing the claims process can significantly reduce the time it takes to review and resolve claims. This can improve the customer experience and make processes more efficient for insurance companies.



- **Reduced claims processing costs.** Digitizing the claims process can reduce paperwork and employee costs, resulting in savings for insurance companies. In addition, digital processes can improve accuracy and reduce errors, which can reduce the cost of claims processing.
- **Improve your customer experience.** Digitizing the claims calculation process can make the process more convenient and simpler for customers. This can improve the customer experience and increase customer satisfaction. Digital processes also give customers better access to information about the status of their claims.
- **Increase process transparency.** Digitalizing the claims process can improve transparency for insurance companies and customers. Customers can receive more accurate and complete information about the status of their claims, while insurance companies can receive more accurate information about the claims process.
- **Use of new technologies.** Digitizing the damage calculation process can provide opportunities to leverage new technologies such as machine learning and artificial intelligence. This helps insurance companies process large volumes of data and improves the accuracy and speed of the loss calculation process.

While digitizing the insurance process can bring many benefits, it can come with risks and challenges. Some of them include:

- *Cybersecurity.* The use of digital technologies can compromise data security and increase the risk of cyber attacks. This could lead to leakage of confidential customer information and affect the reputation of insurance companies.

- *Insufficient automation.* Some companies may struggle with insufficient automation, which can lead to additional errors and delays in the loss remediation process.

- *Imperfection of technology.* Insurance digitization technologies may not have been sufficiently developed, which may lead to errors and inefficient use of resources.

- *Lack of human factor.* Digitization can lead to human involvement, especially in cases where there is a large emotional component required, which can lead to a lack of empathy and understanding among customers.

- *Insufficient staff training.* Digitalization requires the ability to work with new technologies, so insufficient training of employees can lead to errors and inefficient use of resources.

- *Limitations of technology.* Digitization may not be available to some clients, especially those without internet access or digital skills.

- *The need to improve legal regulation.* The digitalization of insurance may require improved legal regulation to ensure data security and confidentiality, as well as to protect the rights of clients.

Conclusion. The following practical solutions can be recommended for insurance companies to improve the claims process using digital technologies:

1. *Machine learning and the use of data analytics.* Insurance companies can use machine learning and data analytics to automate the process of calculating claims and determining the probability of loss. This can improve the accuracy and efficiency of the process.

2. *Use of robotic processes.* Robotic process automation can improve waste elimination by automating previously manual tasks. This can reduce errors and speed up the process.

3. *Introduction of cloud technologies.* Cloud technologies help insurance companies improve the availability and security of information, as well as increase the efficiency of the claims settlement process. Cloud technology can also reduce infrastructure and maintenance costs.

4. *Use of digital communication channels.* The use of digital communication channels such as email and instant messaging can improve communication between the insurance company and the client, as well as reduce the time required to process and record claims.



5. *Staff training*. Training employees in digital technologies will help insurance companies use new tools more effectively and improve the customer experience.

6. *Increased cybersecurity*. Cybersecurity should be given great attention to protect customers' confidential information from leaks and cyber attacks. This can be achieved by regularly updating security systems, backing up data and increasing employee awareness.

This has many benefits such as digitizing the insurance claims process, including speeding up the process, increasing accuracy and efficiency, and improving the user experience. However, using digital technology can also come with risks such as cybersecurity and lack of human interaction.

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

Literature:

1. Law of the Republic of Uzbekistan “On Insurance Activities” dated November 23, 2021, No. ZRU-730
2. Resolution of the President of the Republic of Uzbekistan “On additional measures for digitalization of the insurance market and development of the life insurance industry” dated October 23, 2021. No. PP-5265
3. Resolution of the President of the Republic of Uzbekistan, dated 08/02/2019 No. PP-4412
4. Tsyganov A.A., Gryzenkova Yu.V., Bystrov A.V. Organization of Internet insurance: training manual. manual, Moscow: Publishing House. publishing house of the State University of Management, 2004.
5. Denuit, M. & Hainaut, D. & Trufn, J. (2019). Effective statistical learning methods for actuaries III. Berlin : Springer International Publishing .

