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INNOVATIONS IN INSURANCE: MAIN WORLD TRENDS

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Abstract

This article provides information on the introduction of innovations in insurance activities, the need for innovation and current trends in developed countries. Using the example of startups, global trends in insurance are analyzed, and the need for innovation in the insurance sector in the socio-economic development of the country is revealed.

Keywords Innovation, insurance, insurance brokers, startups, digital economy, technology.

INTRODUCTION

The study of modern directions of innovations in the field of insurance is an important scientific and practical task, which, on the one hand, allows to adapt the existing theoretical base to the reality of the economic environment, to determine promising directions of scientific research, contributes to the development of a specific branch of the economy, and on the other hand, serves to increase the quality of services provided in the insurance market, opens up prospects for concrete changes. The development of the insurance market of Uzbekistan affects the socio-economic development of the country in accordance with global trends. The Decree of the President of the Republic of Uzbekistan No. PF-60 "On the development strategy of New Uzbekistan for 2022-2026" approved on January 22, 2022 emphasizes that the insurance system has a special role in the development of New Uzbekistan: "Improvement of the quality of medical services provided to the population, efficient use of budget funds, centralization of medical services and implementation of the practice of medical insurance of the population" is indicated as the 56th goal. It can be seen that it is appropriate to introduce new types of insurance in the social

protection of the population, and it is inevitable that it will also be compatible with the program "Attention to people and quality education" in our country in 2023.

The desirability of studying the main trends of innovation in the insurance sector is undeniable and is confirmed by customer-oriented goals in the search for innovative solutions. Currently, the topic of ongoing research in this field is:

- general innovation processes taking place in the local insurance market;
- innovative development of some lines of insurance and its business processes;
- innovative products, their development and implementation;
- some types of technological innovations.

Unfortunately, there are very few works dedicated to studying the characteristics of innovation processes taking place abroad. At the same time, foreign insurance companies are a powerful generator of vital innovative ideas that determine the future directions of the development of the world insurance market. They are interesting as an object of study, because they allow to observe the

process of inevitable changes in the philosophy of insurance business and to form a clear vision of the future of insurance.

THE MAIN PART

Innovations are traditionally associated with certain changes that have value and can increase the effectiveness of activities and their results. Their main feature is the "improvement" of the innovation or change, which has a qualitatively positive effect on both the person who introduced the innovation and the person to whom it is directly directed. The main subjects of innovative activity in the insurance business are insurance companies, the main participants of the insurance market, which gradually begin to join insurance brokers.

Insurance agents are passive in the field of innovation because of the tasks they perform; insurance infrastructure entities are just starting to master the insurance market, so there is still enough traditionality within the functions performed for them; small mutual insurance companies do not feel a special need for innovation due to the historical features of the organization of this form of insurance.

In contrast to this layer of the insurance market, it is precisely the insurance companies that, on the one hand, have a stronger and completely justified motivation to look for new solutions that can meet the changing needs of risk takers, and on the other hand, the value orientations are completely natural and at the same time necessary financial, corresponding to the expectations of users of insurance services. is to ensure the reputation of the institute. The need for such contingency is increasingly being discussed in the international insurance community, which suggests that it is time to move insurance value propositions beyond the scope of indemnity to the realm of insurance event prevention. As Peter Manchester points out, "By rethinking how insurance value is actually delivered to customers, it has the opportunity to ride the growing waves of innovation that are beginning to reshape the course of insurance".

The need for innovation, on the one hand, coincided with the beginning of a new stage of the

development of the insurance industry, which was predetermined by the next stage of the world economic crisis, and on the other hand, the revision of the insurance industry, the policy of insurers in relation to the characteristics of the services provided, mainly not focused on compensation, but minimizing risks, defines the need to manage customer losses in a radically new format. The latter is clearly determined by structural changes in customer demographics: the new generation is gradually becoming the dominant consumer group. Digital technologies are evolving so fast that even within the same potential insurance industry, different ways of working have to be chosen: "digital immigrants", "digital natives" and "neo-digital natives" have similar characteristics, but they still define the insurance needs of the population. requires a different approach to satisfy.

In any case, the main idea of innovation in the modern format is related to the need to direct the efforts and resources of the insurance company to create a profitable business that can satisfy the changing opportunities and needs of customers. Due to competitive pressure, the motivation becomes the need to meet the expectations and preferences of insurance buyers. The modern economic environment means that there is little choice other than a customer-centric approach, and this is especially necessary in an insurance business that produces services that are "sold, not bought". Therefore, the main direction of innovation in the insurance sector is the creation and promotion of products:

- a) interest for the client;
- b) have value for the customer;
- c) having "convenient" consumer characteristics, including their purchase.

Accepting this will force insurance managers of the largest corporations to change their innovation strategy and tactics, whose structure is based on the simple rule of "seeing from the inside". Its essence is very simple: to be in the place of a potential buyer of insurance services, to understand what the customer needs, why the currently offered opportunities are not enough,

what is stopping him, to live with his fears, hopes, problems, reduces his desire to buy or apply for insurance protection again. . According to some authors, this is the essence of expressing the marketing approach to management, which seems to be an absolutely necessary condition for the development of every company. There is a very simple, but at the same time very relevant point of view, which can be formulated as follows: "The best ideas come from a conversation with the customer." Thus, an important task of insurance management - understanding the problem - is solved.

Thus, each innovation should solve a specific problem of a specific group of consumers or be aimed at satisfying a very specific need. Such a rejection of abstraction guarantees demand for innovation, but at the same time works in the target segment of those who have experience in the insurance industry and are interested in extending the insurance relationship. At the same time, the sector of potential insurances is less interesting, the range of tasks in working with them will change a little, but the main thing - reliable representation of the importance and value of existing insurance products will remain unchanged. In this case, innovation is renewed, which turns the idea of selling into a task of promotion. "Innovation in finance ... creates new needs and, subsequently, value for customers." In any case, every user of insurance services (real and potential) should be interested in the creation of innovative ideas - every insured or expressed desire should be an incentive for the innovator.

Another trend observed in large insurance companies and often described in various sources is to create a culture of innovative thinking. Its origin is the active stimulation of learning, seeking new information, creative thinking with a broad worldview among middle-level employees who perform very specific tasks that are not related to the development of insurance development strategies and tactics, but at the same time perform their tasks in an unconventional way or show significant readiness.

At the same time, the economic space is increasingly filled with its participants, for whom

innovation is not an additional element of business development, but its goal. At the moment, a completely new trend in the field of insurance is taking shape abroad - start-ups, which in itself is a novelty in the insurance market. They fundamentally change the traditional concept of insurance that everyone is used to, because they offer to the market completely new products and solutions that are distinguished by the uniqueness of the formation of insurance products, their sale and even individual operational processes. Great Britain and the USA are the leading countries in the world in terms of offering, distributing and implementing advanced innovative ideas, which determine the main trends in the development of the insurance services market. In our opinion, it is very useful to study their experience, because it is very easy to forecast the near future of the insurance market based on it:

- "Bought by many" ("Majority Purchased"), United Kingdom (<https://bought-bymany.com>) - in 2017 began to apply its innovative products in the pet insurance segment under the slogan "We change what people don't like about insurance". By "Many" company in 2018 Wired Bought was recognized as the most popular startup in Europe and in 2019 in the nomination "The most reliable pet insurer Money wise has received the award and is successfully operating. Also for "customer friendly insurance terms and conditions". "Fairer Finance Clear & Simple Mark" is the first company to receive the award. This is a vivid example of how the recipient of insurance services becomes the main source of innovative ideas: before developing such demanding insurance terms, the wishes of several thousand pet owners were studied by the insurance company. Based on them, it was possible to create products that are as close as possible to the requirements and needs of customers: paperless online submission of claims, 24/7 video calls to leading veterinarians through a specially developed application, fast customer service and support .

- "So-sure", United Kingdom (<https://wearesosure.com>), an insurance company that implements the new concept of "social" insurance, but not in the usual interpretation for the practice of our country, but

in the format of uniting several participants for insurance purposes on the principles of combining direct sales and network marketing opportunities - the paid insurance premium - attracting customers to the insurance fund allows insurers to return up to 80%. If there is no demand by the person who earned the bonus amount, it can be distributed among all participants of the group for which it was created or directed to reduce the next year's payment. Another distinctive feature of such an insurer is the use of a "mobile phone-insurance" link called "mobile insurance" by the company. Here, the mobile phone is both an object of insurance and its means, because the main communication between the insurer and the client is the technical means of communication that provides communication on the phone: mobile application, e-mail, social networks, SMS messages.

- "Trov Insurance Solutions", United Kingdom (<https://www.trov.com>) is an insurance company that presents itself as a "world leader in insurance technology". In the segment of auto insurance and multimodal transportation, the insurer offers to operate on the basis of a platform that allows the risk level to be monitored in real time, adapting the insurance coverage to the risk environment. In addition to risk analysis, fully digital claims management is also available. "at Trov Insurance Solutions developed cloud-based enterprise applications that enable the creation of a protection portfolio in an "insurance-on-demand" format, even by choosing the right digital insurance product.

"Broly", Great Britain (<https://heybroly.com>) is a service operating in the format of personal insurance. Its idea is expressed in a very simple phrase: "Broly simplifies insurance". Its main goal is to provide users with an automated way to manage their existing insurance policies, monitor their personal insurance portfolio, report on insurance products with more interesting terms or optimize existing insurance coverage, renew and provide them with information about upcoming insurance policies.

- "Sover", USA (<https://cover.com>) is a company that has chosen innovation as its core

value. BrolylikeSoverHe set a very clear goal: "We want to simplify insurance in every way." Acts like an insurance broker, but also provides the right combination of expert valuations using mobile technology and automation.

- "lemonade", USA (<https://www.lemonade.com>) is an insurer that presents itself as a company that is "completely changing the traditional insurance model." It is based on two aspects: 1) the fastest selection of insurance coverage for home insurance (up to 90 seconds on average for reviewing one insurance request and forming a ready offer, 3 minutes for policy payment); 2) quick full satisfaction of claims due to the fact that it is different from the traditional mechanism of financial support of payments (the company is left with only a fixed payment, the risks are almost completely reinsured and the received premium is redistributed among the insured).

- "Oscar Insurance Corporation", USA (<https://www.hioscar.com>) is a company in the medical insurance segment, which is based on a combination of mobile insurance formats, which made it possible to quickly provide the most optimal and best insurance for a complex service - a medical and insurance conglomerate. NewAs the generation likes, everything is here - 24/7 access to the service online. The insured person is provided with advice, treatment plan and medicines through contact using personal office, application, video calls, without leaving the usual comfort zone. In addition, the company has its own medical center, which not only provides primary health care, but also provides free services aimed at preventing diseases and creating a healthy lifestyle ecosystem.

- "BetterView", USA (<https://www.betterview.com>) - founded in 2014 by David Tobias, a representative of the family insurance business; stands out for its innovations in real estate appraisal and underwriting. The company mainly offers services for the collection, processing and analysis of real estate data obtained with the help of unmanned aerial vehicles (drones) and satellite geospatial images. Betterview's geospatial predictive analytics platform enables insurers to improve property risk management at

both the underwriting stage and the claims process by providing the most accurate forecast of changes in property ownership and operations.

"Zeguro", USA (<https://zeguro.com>) is a company that offers a comprehensive solution for mitigating risks arising in cyberspace with the possibility of insurance. If cyber risk management is a situation in which the business community is already involved, then appropriate risk insurance, including coverage for data loss, business interruption, lawsuits, and other costs associated with cyberattacks and cybercrime, is a segment. It is just beginning to be mastered. Zeguro - information and capabilities of activities in one area can be examples of innovations that provide the basis for underwriting and prevention for another area, indicating the possibility of optimal cross-industry interactions.

Carpe Data, USA (<https://carpe.io>) is a team of software and insurance professionals "focused on changing the world of insurance" united by the common goal of innovation in the insurance industry of the US market. InsureTech as a leader provides insurers with "automated data collection and forecasting solutions that enable them to better understand risk and significantly improve many aspects of the insurance lifecycle, from prospect identification to acquisition, approval, underwriting, claims and product evaluation." Carpe Data products, including predictive scoring, now provide insurance companies with a new way to use online data as a tool to detect insurance fraud. The company's share allows you to receive data from publicly available sources and use them in real time, including converting them into scores and indices, to conduct comparative measurements and create predictive scenarios for risk management.

The presented examples of startups allow us to conclude that modern global insurance trends include:

- a) simplification of the client stage of the insurance process;
- b) cheaper insurance products;
- c) full use of opportunities related to digitization of technological processes and development of

technical tools.

This direction is becoming more and more obvious and perhaps the most promising. Automation of organizational and business processes allows better analysis of risks, the fastest and most flexible response to their changes; development of modern trade channels and expansion of the trade market contribute to increasing customer loyalty.

There are also examples of promising start-ups that can fundamentally change the perception of the insurance services market in the local insurance market and the opportunities that insurance companies can provide in the formation of current insurance coverage. However, in Uzbekistan they have a slightly different format compared to foreign countries: often they are not newcomers from the insurance business to the market with new ideas, but technological start-ups capable of offering mutually beneficial InsureTech solutions to brand insurers.

The proposed InsureTech solutions can be conditionally grouped into several main categories:

- services based on "big data" analysis;
 - -Internet of Things (IoT) use of opportunities;
 - work with aggregators;
 - -Peer-to-peer insurance (co-insurance);
 - directly (direct) carry out insurance.
- As ideas implemented on the basis of such solutions, the following options are offered to the end user:
- purchasing insurance products on financial online supermarket platforms, websites and mobile applications of insurance organizations;
 - increasing financial literacy by facilitating access to specialized information and diversity of online advertising;
 - -lead generation converting potential customers through

At first glance, the seemingly simple connection "technology-innovation-insurance" should

become an important trend waiting for changes in the insurance market of Uzbekistan. However, unfortunately, the influence of the insurance community is not as high as the time required:

a) not all subjects of the insurance business adopted the electronic business format and did not offer electronic insurance to clients;

b) away from all insurance products, even from the retail insurance segment, brought online;

c) offered on-line insurance solutions do not always provide full automation of the entire life cycle of the insurance service (often the settlement of insurance claims is not included in the on-line cycle);

d) the issue of ensuring the information security of the operations and reducing the relevant risks remains open.

Apart from "on-line insurance", the market is not completely saturated with implemented innovative ideas and is mostly filled with new insurance products, which are characterized by the inclusion of previously uninsured risks into the scope of coverage or by combining insurance services with insurance. A set of services or financial services - their characteristics are presented in a separate study.

Summary. The conclusions reached in the study are as follows:

1) Initial conditions for innovation in the insurance sector:

- specific features of the industry, which many potential customers consider difficult and not always necessary;

- the desire of foreign insurers to make insurance easier and cheaper;

- the passivity of most of the country's insurers in efforts to unite efforts to achieve common goals by developing and implementing a common strategy for the development of the insurance market (lack of the possibility to fully unite efforts).

2) The need for innovations in insurance is determined by:

- diversity and complexity of external threats

operating under the direct influence of megatrends;

- development of information technologies;

- increased competition not by domestic market participants, but by global participants;

- the variability of customer requests, relying on real-time service delivery rather than delayed waiting.

3) Innovation trends:

- development of new formats and channels of communication with recipients of insurance services;

- development of information-analysis systems, monitoring systems;

- automation of organizational and business processes of insurance companies;

- use of smart contracts in the insurance sector;

- development of new products adapted to the needs of the "digital" generation;

- development of management decision-making, planning and forecasting support systems in the insurance sector;

- improvement of the process of mutual cooperation between insurance activity subjects and insurance market infrastructure subjects.

Innovations called "large", "medium" and "small" are carried out in foreign insurance companies; often they follow the path of "simplification" of insurance, which makes it more convenient, understandable, "paperless", and at the same time demonstrates a desire to create a reliable environment in the insurance sector. They have a policy of maximum attention around the interests, requests and expectations of customers; demonstrates a refocusing on risk reduction and customer loss management, which makes a significant contribution to the formation of a successful innovative development strategy.

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