On Some Issues of Optimizing the Business Process in Insurance Activities in Relation to Global Trends

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Abstract – In an innovative economy, the degree to which the functions assigned to the risk transfer in insurance activities, as an institution for leveling the negative consequences of exogenous factors, are determined by the specifics of the business process in a particular area, both at the level of the insurance entity and the insurance institution, as well as financially-economic system as a whole. At the same time, the multidimensional nature of the risk transfer category, which determines various approaches to interpreting the economic nature of the insurance market and the activities of its subjects, actualizes the need for a search in terms of identifying a business process conceptually reflecting its definitions. In this article, the context of adapting the tools of a systematic approach to identifying trends in the development of the insurance institution, the values of insurance activity and the business process mediating it, reveals the institutional interdependencies of structural components that ensure the reduction of effects of the volatility of economic development in accordance with the multifaceted stages of the cycles of a single integral process.


I. INTRODUCTION

National competitiveness is the ability of an individual country and its institutions to ensure sustainable rates of economic growth in the medium term.

Since 2018, Uzbekistan has been implementing the "road map" of the Strategy for the country's innovative development for 2019 - 2021 [1], aimed at improving the country's position in international rankings. Also, President Shavkat Mirziyoyev approved a resolution on February 25, 2019 № PD-4210 "On measures to improve the position of the Republic of Uzbekistan in international ratings and indices" [2] and appointed departments responsible for improving positions in world indices.

However, all these measures did not contribute to Uzbekistan's entry into the list of 141 countries, marked by the Global Competitiveness Index at the end of 2019.

It should be noted that the Migration and Brain Drain report speaks of a trend towards economic growth in the country due to increased investment in infrastructure. Thus, in the first half of 2019, real GDP growth in Uzbekistan amounted to 5.8% y/y (compared to 4.9% in 2018), and annual consumer price inflation decreased to 13.6% in June 2019 (from 17.7% in June 2018). It also notes that stronger economic growth in the country has led to a decrease in the official poverty level from 11.9% in 2017 to 11.4% in 2018. The official unemployment rate was 9.1% in the first half of 2019 (up from 9.3% in the same period in 2018), the minimum wages, wages, pensions and benefits were increased by 10% from 1 August 2019. It is also expected that...
gross external debt will decline slightly by 2020 to 34% of GDP [3].

In Uzbekistan, a concept has been developed for the country's exit from medium-sized ones to a number of developed states until 2030.

Within the framework of the concept, priority areas of economic development, in particular, financial potential, were identified and a program of basic measures was developed, which provides for [4]:

- Ensuring macroeconomic stability;
- Accelerating the transformation to a market economy and improving the role of the state in these conditions;
- Strengthening social protection and services for citizens, transforming the growth of the demographic factor into effective economic growth;
- Efficient use of the regional factor and increasing the efficiency of the use of the environment;
- Pursuing a targeted investment policy while ensuring economic growth and structural transformations.

As a result of the implementation of the priority directions of the Concept, economic growth is forecasted - 6.4% per annum, capital investments - 9.9%, exports - 9.6%, the real sector will become the main new driver of economic growth [5].

In Uzbekistan, measures are being consistently implemented to create favorable conditions for the further development of the financial market, expanding the coverage of the population with high-quality financial services, supporting the activities of insurance organizations, as well as protecting the rights and legitimate interests of consumers in this area. At the same time, at the present stage of reforms, the active development of financial services aimed at ensuring stable economic growth, improving the quality and standard of living of the population, determines the strengthening of the role of the insurance market and the widespread use of risk transfer instruments in insurance activities in the country.

As the most perfect mechanism for minimizing the risks of transfer in insurance activities, and the business processes that mediate it, they allow to reveal the interdependencies between the structural components of the organization, through which, in the event of adverse events, the interests of the subjects of insurance relations are protected and their competitiveness in general.

II. LITERATURE ANALYSIS

The developed program in Uzbekistan within the framework of the concept, carried out on an ongoing basis, predictive and foresight studies, allow us to highlight global trends (reindustrialization [6] countries, digitalization (from English - digitalisation) [7] of the economic sphere, localization (from English - localization) [8] and customization (English customization) [9] of production), influencing development in the horizon until 2030.

Today, foresight research is used as a systematic tool for shaping the future, which allows one to take into account changes in all spheres of public life: science and technology, economics, social relations, and culture.

Foresight is considered a technology of long-term forecasting - it is a set of methods for expert assessment of strategic directions of economic development, detection of technological breakthroughs that can affect the infrastructure provision of the economy in the long term.

The problem of identification and choice, priority technological areas (critical technologies) and the associated “designing the future” (Foresight) has long been studied by many researchers who are constantly improving forecasting methods and expanding the range of factors taken into account. One of the first fundamental works on technological foresight can be considered a study by British scientists Ben Martin and John Irvine, published in 1984 [10]. They formulated the principles of technological foresight, including the need to link promising areas of scientific research with the development of approaches to identifying strategic priorities.

An important part of defining technological priorities is researching the mechanisms for changing key technologies. Among foreign experts, the most famous are the works of Carlota Perez [11]. Industry and corporate forecasts (Foresight) are gaining popularity and are actively developing. It should be noted that forecasts and foresights are not equally popular in different countries. For example, in the United States, they are conducted primarily to identify critical technologies [12].

As noted by J. Glenn and T. Gordon, the methodological component of the unreliability of the forecast decreases due to the extended description of alternative options for the future possible states of the organization [13]. Therefore, foresight has good prospects for active use in many countries,
including Uzbekistan [14].

Using foresight as a systematic tool for shaping the future, scenarios were formulated to achieve the priority goal - the prosperity of Uzbekistan through the transition to the path of innovative development, and a range of priority tasks was identified: development drivers and potential risks, raising awareness and developing alternative scenarios[15].

The purpose of the foresight is not only the development of an “analytical forecast” on problematic aspects that require priority solutions, detailed scenarios or sound economic models, but also the tendency to unite the efforts of key actors in the process, organize their working conditions proactively, dynamism. P. Becker notes in his work [16] that foresights can be classified according to the degree of coverage of the topics under study:

- Holistic, i.e. Forecast covering the entire range of changes;
- At the macro level, i.e., a forecast with a systemic coverage of directions;
- At the meso-level, i.e., a forecast covering a specific area of research;
- At the micro level, i.e., a forecast of the development of a specific research product (project) is carried out.

The transformation of traditional forecasting into a foresight procedure occurs in accordance with the following actions (Figure -1).

Foresight aims to establish certain future alternatives. The basis for the analysis of options is the received expert assessments. The main direction in the development of foresight technology consists in more active and purposeful application of the knowledge of the experts involved in this process.

The methodological foresight toolkit includes currently available methods of knowledge formation in various sciences and applied fields, both traditional methods of forecasting, analysis and development of ideas, and creative methods formed in the course of foresight actions.

The main methods that are actively used when conducting foresights reflect its different functions:

- Analytical (research of conditions);
- Predictable (forecasting trends);
- Creative (identifying new ideas for the future).

Based on the analysis of the existing experience in the implementation of successful foresights, it can be stated that the most effective were those studies where the main attention was paid to the key mechanisms of the functioning of the system itself, within which the foresight is carried out,
in fact, refers to:

firstly, the presence of a permanent infrastructure for receiving, processing, analyzing and disseminating relevant information. These are specialized centers for monitoring and collecting new data, public Internet resources, and analytical centers (think-tanks);

secondly, the implementation of confidence-building measures between the participants in the “state - business - scientific community” foresight, as well as between interest groups competing within each of these entities [18].

III. RESULTS

In the context of integration, the above global trends are also characteristic of Uzbekistan and they are specifically refracted in modern conditions, manifesting themselves as derivative financial instruments in the following forms:

- Strengthening of administrative supervision (in fact, strengthening control over the business);
- Concentration of production, works, services (develops with the direct support of the state);
- Consolidation of the industry (the catalyst for this trend is the strengthening of supervision, but unlike concentration, the consolidation process occurs in spite of it);
- Digitalization (introduction of new technologies such as ai, big data, etc.).

It should be noted that Uzbekistan intends to achieve 2.1 times GDP growth by 2030, per capita GDP growth by 3 times, and increase life expectancy to 78-80 years.

In this context, the development of risk transfer in the field of life insurance, in particular, the introduction of new innovative types of insurance services, especially insurance against cancer and critical diseases with the possibility of organizing treatment of the insured person abroad, cumulative life insurance for higher education for a child with a system of indexation and hedging monetary funds, long-term life insurance, providing for the payment of the insurance amount at the birth of a child and the insured person's survival to adulthood, investment life insurance (UnitLinked), taking into account the needs of the market, etc.

In Uzbekistan, a targeted program has been developed and systematic monitoring has been established for the implementation of targets for the development of the insurance market of the Republic of Uzbekistan for 2019 - 2022, in particular, the volume of insurance premiums per capita by 2022 compared to 2018 is expected to grow from 50.0 thousand to 148,0 thousand sums or 3 times [19].

Creation of foresight centers in leading higher educational institutions as a separate link in the forecasting system for the development of innovative activities in order to develop proposals for scenarios of the industrial and regional economy in order to ensure the formation of a thought factory, organization of a training system and training of interdisciplinary analytical groups engaged in forecasting, searching for new areas using innovative technologies [20].

Foresight (from the English) [21] - a look into the future, foresight), and foresight research - the advantage of this technology is the ability to adjust the results obtained depending on the conditions of changes in the external environment in the field of finance, development of service infrastructure, including insurance business, their projections in Uzbekistan have their own specifics. In this context, insurance activity acts as an objectified form of expression of economic relations that have developed in society and are of particular importance and economic nature due to the specifics of the risk transfer service created and consumed through implementation.

As a system of relations for the protection of the property interests of economic entities and the state, it is assumed that insurance payments will be made from the funds formed at the expense of insurance premiums of trust funds upon the occurrence of insurance events specified by law. The motivation of the interests of the parties involved in the transfer of risk is expressed in the implementation of a system of institutional and distribution relations regarding compensation for damage in accordance with the amount of liability that is due to the very economic nature of insurance activities and consists in a joint and closed distribution of damage.

It should be noted that in the conditions of innovative development of the economy, the insurance institution, which could not fully fulfill the role of a financial stabilizer. This was partly due to the prevailing rate in 2010-2022 in the market by a business model of building financial potential by insurance companies based on dumping and manifested in underreservation (diagram-1).
Aggregate authorized capital of insurance organizations for the period 2010-2015 increased 2.1 times, i.e., from 0.2 to 0.42 billion sums, and for 2020 - 2022, according to the forecast, the volume is expected to increase by 1.3 times, i.e., from 0.9 billion to 1.2 trillion sum. To achieve such results will help, in particular, a gradual increase in the minimum values of the total amount of the authorized capital of insurers (reinsurers).

In the context of globalization, the development of the insurance business associated with the launch of competition mechanisms, as well as the growing uncertainty of the market environment, deterioration of the financial stability of insurance companies, suggests the need to identify the strategic coordinates of the sustainable development of the entire system of insurance relations, which has been formed to date.

In the long term, in the context of growing uncertainty and volatility of the economic environment, it is extremely important to monitor the effects produced by various risks, as well as to investigate the causes of their emergence and increasing complexity.

In the theory and methodology of assessing the financial condition of insurance companies, more and more tools of a risk-oriented approach began to be used, which, to a certain extent, allows for the transition to a sustainable development trajectory that meets the criteria for the effectiveness of an insurance institution.

It is important to note that for all insurers in the interests of combating fraud, accounting for policies and losses, and preparing reports, a common information database is required. It will contribute to the accumulation of the necessary statistical data to improve the quality of underwriting in the market, which will gradually bring the market closer to a more mature civilized state, as close as possible to perfect competition (standardization).

The growing interest of researchers in the problem of increasing competitiveness in the insurance industry is quite obvious: if a certain idea has already formed with the priority areas of development of the insurance institution as a whole, then the issues related to the optimization of the business process in insurance organizations are still under development.

There are various approaches to the meaningful interpretation of a business process, according to which it is logically connected together, repeated actions to involve resources in the production process of goods, works and services designed to meet the needs of external and / or internal consumers, as well as the achievement of others specific expected results[23].

Thus, business processes (BP) in insurance can be identified as a system of coordination mechanisms, as well as the corresponding management technologies, which gradually reproduce on an extended basis the financial results of the provision of insurance services (Fig. 2).

In adjusting the business process in insurance activities,
the following actions can also be distinguished:

- Changes in the strategic guidelines for the development of the insurance organization;
- Restructuring;
- Changes in the staff;
- Formation of the transport system of the business process;
- Reorientation of technology business process.

For each specific organization, the business process will have its own specifics. Nevertheless, in order to develop standard criteria for assessing their quality, it is possible to create a benchmark, comparison / comparison, with the parameters of which it will be possible to identify deviations, negative trends, negative effects in the development of an insurance organization, as well as to develop an algorithm to overcome them and entering the trajectory of sustainable development.

The realism of the described process can be ensured by comparing the unified system with the functional structural components of the divisions of the insurance organization.

For any organization, including an insurance one, such a situation is quite possible when functional units will not fully ensure the solution of the tasks assigned to them, then its structure will not be optimal for business purposes [24]. Of course, in this case, you can ensure the achievement of the set goals through reengineering, redesign, etc.

В любом случае необходимо определиться с тем, каким образом будут идентифицированы и при необходимости, сгруппированы этапы, составляющие целостную систему бизнес-процесса.

- Traditionally, these process groups include the following subprocesses:
- Cross-functional, i.e., end-to-end processes that pass through the divisions or the entire insurance organization, crossing the structural and functional boundaries of divisions;
- Sub-processes or intra-functional processes, their
activities are carried out within the boundaries of any functional unit of the insurance organization;

- Functions or operations at the lowest level of an organization's activities, i.e. Operations performed by each specific employee.

The study of different levels of detailing of insurance activities allows us to identify not only imperatives, but also possible trends in the overall development strategy, correlate them with the given coordinates and parameters of sustainability and efficiency. In this aspect, it is possible to identify the activity of the entire insurance organization as a process, but at the same time, the provision of a certain insurance service is also a process. It is important to realize that the insurance organization is studied through the prism of processes that determine the use of system technologies in relation to resources and all of its activities, taken in a single mutual link.

In insurance activities, the business process may differ depending on the strategies implemented. The best strategy for an insurance company may be the one that ensures synergy between its business processes. The so-called synergy of processes is that the results of one process will contribute to the improvement of the results of another or other processes. As a result, a positive effect can be provided in the form of a more perfect coordination mechanism for the management of an insurance organization, an increase in the motivation and professionalism of employees, an optimization of the costs of insurance activities, an increase in the operational and economic efficiency of the use of resources involved in the process of creating an insurance service / product that ensures the maximum level of loyalty. client, including potential.

The reorientation of an insurance organization to the interests of consumers can be represented in the form of a customer-oriented strategy - CRM (Customer Relationship Management). The volume of the global market for customer relationship management systems in 2018 reached $ 48.2 billion, an increase of 15.6% compared to 2017. Such data were published on June 17, 2019 in the analytical company Gartner [26]. It should be noted that CRM remains the largest and fastest growing segment of the enterprise software market, with a volume of $ 193.6 billion in 2018 and up 12.5% from a year ago of $ 172.1 billion.

In this context, the advantage of CRM is that objectification on the interests of consumers is of a stable and constant nature, since, provided that insurance services of the expected quality are provided (for both the seller and the buyer), the customer base will grow on an ongoing basis. Such a strategy can potentially solve another problem associated with the organization of the business process in insurance organizations created in the form of corporations - "principal-agent". In fact, the transfer of supervisory powers to the consumer of the insurance service or the client of the insurance organization will provide its managerial function of integration, through coordination, of the business process in the interests of the former.

Decomposition analysis of the business process in insurance activities can be considered a necessary, but not sufficient condition for their optimization. Of course, it allows you to determine the resources "at the entrance" to the business process, the relationship between the functions of structural - constituent units of insurance organizations, but all this can be of a technological nature, while strategic guidelines fade into the background.

IV. CONCLUSION

Thus, based on the study and analysis of scientific developments, practical data on some issues of optimization of the business process in insurance activities in conjunction with global trends, one can come to the following conclusions:

One of the tools adapted to modern conditions for achieving the set goals is becoming a "road map" for the accelerated development of the insurance market, which is formed at the level of the organization, its structural components of functional units and individual employees, taking into account such components as: financial, client, internal business learning and growth process. Differentiation of the "road map" involves identifying the specifics of its formation and implementation in insurance activities in the following types: industry, corporate, product - technological, competence - research, etc.

Insurance organizations, when optimizing the business process in conjunction with global trends in the country, should revise their tariff policy, pay close attention to improving the internal business process in accordance with the main directions of reforming and accelerated development of the insurance market of the Republic of Uzbekistan as a whole.

In particular, it is necessary to ensure the institutional development of the insurance regulation system, aimed at ensuring the reliability of the subjects of the insurance
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- The analysis of scientific and theoretical developments and the study of the accumulated practical experience, which makes it possible to assess the business process of an insurance organization in accordance with the main directions of reforming the economy as a whole, served as the basis for the formation of the following proposals:

- The presence of a public need for insurance services and for insurers capable of satisfying these needs in accordance with the quality of services expected from the insured;

- Realization of the creative potential of competition between professional entities, in terms of ensuring the interests of participants in the system of insurance relations;

- Monitoring and audit of the insurance regulatory framework and its observance by all participants in the insurance business in harmonious combination with the development of the institution of the insurance ombudsman in the future;

- Transparency of the insurance business, as well as its constituent processes;

- Strengthening the contribution of the institution of insurance to the realization of economic and social potential in the context of innovative development of the economy;

- Flexible adaptation to changes in the insurance industry and the introduction of new technologies, in particular foresight, technologies in insurance activities in the following areas: digitalization, mobile online insurance service, development of insurance e-commerce, customization, i.e., ensuring perfect interaction lines "service provider - client", "smart" insurance; a modular system of personalized insurance services and insurance products (based on the principle of atomic modularity), a "service factory", i.e. Insurance management and insurance marketing "new generation", etc.;

- Creation of a competitive national educational insurance cluster formed by the scientific community at the levels of higher and postgraduate education, development of business models in insurance activities with a qualitatively new client service.

Thus, in the presence of the above imperatives and conditions for optimizing the business process, it is possible to ensure the growth of the value of the insurance organization, the regulation and optimization of activities, the improvement of the coordination mechanism of activities, information transparency, the expansion of spheres of influence (for example, through the creation of a network of branches, the conquest of new sales regions etc.), to ensure the sustainable development of the insurance industry and the insurance institution as a whole.

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