Smart Insurance as a Factor in the Sustainable Development of the Industry

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ABSTRACT

The article is devoted to the impact of digitalization on the formation modern insurance infrastructure. Attention drawn on such aspects as: integration of digital technologies into insurance operations, elements of successful digital transformation of the settlement process claims, digitization of Frontline and Back-office processes, ensuring innovative ways to interact with customers.

KEYWORDS: *digitalization of the insurance industry, loss and claims settlement, digital processing of claims, digitization of Frontline and Back-office processes, innovative ways of interacting with clients of an insurance company.*

Introduction. The insurance industry is undergoing a radical digital revolution. **Smart insurance** is the calculation of **insurance rates** using modern technologies, based on data received from various sensors and devices installed at the insured object or in its immediate vicinity.

Customers are using digital channels, and technologies such as the connected car, smart home solutions, and artificial intelligence (AI) have ushered in an era of new products, based on data and analytics. Insurers with purely digital business models, such as Lemonade 's United States, youse in Latin America or Nexible in Europe - use digital applications, such as chatbots to turn the buying process policy or filing a claim in a fast, simple and pleasant way. This approach is far from the similar and often frustrating methods of traditional insurers. Insurance companies must act quickly to integrate digital technologies into their operations. For property and casualty insurance (P&C) digitization of the claims handling function has great potential. To appreciate the value digital technology claims service P&C must undergo a transformation to become focused on customer by a digital organization that improves in three main areas of claim: quality of service customers, efficiency and effectiveness. Function digital applications can improve performance across all three key performance indicators and bring significant benefits Digital Claims Refining Unites relentless focus on the customer with a value-driven approach. Insurers should adopt a customer-centric mindset and conduct end-to-end reassessment of their customer interactions, starting with the most relevant customer journeys. For maximum impact claims services should first develop a digital value proposition and a promising future for the claims handling function, and then prioritize the transformation roadmap. This article discusses the five main elements required for digitization and conversion requirements.

Literature Review.

In the scientific literature, the study of the development of the insurance market in the digital economy is still episodic. Foreign analytical literature describes the results of regular market research and practical conclusions. Published studies prepared by Deloitte , Accenture , PwC [1-6] show the problems and prospects of digitalization of the insurance business in the developed countries of the world, highlight the main trends, risks and threats to the traditional insurance business, changes in the labor market in the insurance industry

In the works of Shcherbakov L.N., Khalturin E.N. Yakushina A.B. an analysis is made of the use of digital technologies, in particular telematics, in the segment of voluntary auto insurance [7, 8].

It should be noted that the term digital insurance is not completely new. Since the late 1990s - early 2000s, digital insurance has been applied to insurance programs for electronic devices, assuming insurance of not only traditional, but also specific property risks, such as power outages, failure of air conditioning systems [9]

Research methodology. Successful digital transformation of claims begins with the development of a new value proposal that sets a high level of desire and end-to-end digitization of the client's path through claims. Development of a truly innovative path to the customer can be achieved through integration with three other areas - AI and digital technologies, digital integration of the insurance claims ecosystem and a new digital operating model. Together, these five elements give management a strategy and tools to digitize requirements and improve efficiency across all three key performance indicators.

In the digital age, value claims offer, that is, the value that the insurer can provide its customers in the claims process, should go beyond traditional claims management after the fact. valuable The proposal sets itself an ambitious goal - offer customers a superior Omni channel experience supported by intuitive digital processes. Insurers should aim to adopt a faster, analytics-driven approach to claims processing and fully automate claims processing processes for clear and simple cases. For example, Lemonade is working to redefine the customer experience with its innovative chatbot-based FNOL system that creates automated claims payouts in seconds. First Notice of Loss (The First Notice of Loss , FNOL) is the first notification to the insurance company after the loss, theft or injury of the insured asset. FNOL, also known as first notice of loss, is usually the first step in life. cycle of the structured claims process. First notice of loss is usually filed prior to filing any formal claim. Consumers and businesses typically apply a procedure when creating an FNOL. In addition to actively working with customers to prevent claims, insurers must provide services that add value and delight to customers, and rely on customer feedback to continuously improve service offerings, usability and performance. Implementing this updated value proposition in an organization is an often underestimated element digital transformation. Heads of higher and middle management in applications should become champions of the new value proposition; otherwise they are at risk of being halfway through digital transformation without the necessary support from the entire company to stay on course.

Analysis and results.

Offer valid innovative ways to interact with customers requires a combination of artificial intelligence and technology platform upgrades, as well as the digital integration of partners into the claims settlement industry ecosystem. A deeper understanding of these elements and the digital operating model required to bring them to life can help managers on settlement of losses to improve business processes . Digital interaction with customers requires only automating decisions using AI traditionally made by claims handlers, but also an IT architecture that supports digital interaction with clients in real time. Although ideally, AI should support the entire cycle of interaction with the client, it can bring significant benefit by automating claims management. For example, Ageas UK is working with Tractable to integrate the latest AI applications. and image recognition for real-time claims segmentation. The following three modules lay the foundation for real-world interaction time:

Prediction of claims characteristics. AI can help draw conclusions about as-yet unknown characteristics of a claim, such as the likelihood of fraud, total loss, or litigation, in order to speed up its subsequent processing. A European insurance company, for example, has significantly improved the accuracy of fraud detection by implementing a fraud detection system on based on artificial

intelligence, resulting in an 18 percent increase in fraud prevention, as well as increased productivity in fraud investigation. And the leading players in the auto in the automotive industry, FNOL can estimate the amount of damage to a car in real time based on customer photos or damage descriptions, using the latest advances in artificial intelligence and image recognition.

Claim segmentation. AI algorithms can help segment claims cases by complexity, using actual and predicted claims characteristics. Based on this claim segmentation can be assigned to specific downstream processes - either one of the fully digital self-service options (e.g. choosing a self-service direct repair shop) or a claims handler for more complex cases (for example, with a high judicial risk).

Supported claims handling. going out for scope of the first two modules, AI can help in finding optimal claims handling process for a particular claim: for example, a global insurance the company used AI to derive business rules to identify clear and simple claims cases suitable for an automated process. An Italian insurance company has gone one step further and developed a "best fit" routing approach to find the most experienced handler. claims for a specific case, which significantly increased the accuracy of claims processing Integration of interaction with customers in the mode real-time and analytical data from AI modules in the customer journey places very different demands on the IT architecture. Whereas in the past, interactive customer interaction was only one way (for example, storing online FNOL details in a claims database), interactive digital customer journeys required real-time bi-directional interaction. A new IT architecture concept, commonly referred to as a two-speed architecture, is needed to supplement the stability of the main claims database with fast front-end features. The middle layer connects the traditional slow claims database with customer-facing interfaces and runs the AI modules. This feature links the information the user submits with real-time AI insights to fill out online forms and provide direct feedback to the customer.

Conclusion and suggestions .

A successful digital transformation is radically reimagining the customer claims journey with the help of AI, digital technologies and the claims ecosystem. To support these efforts, the Claims Department must develop deep cross -functional collaboration with other departments such as Marketing and IT. Bringing transformation to life requires new roles, including data scientists, customer journey "owners," and user experience designers, as well as the digital way of working that organizations need to instill. This approach involves learning by doing, which takes time to implement, but can be implemented in the following ways: The digitization of each customer action process should begin with a short design phase. Ideally, design thinking techniques are used to iteratively develop the best possible end-to-end path to purchase. This process directly integrates consumer feedback on ideas and concepts. Successful players move quickly from design to prototype development. Progress is best achieved through agile development methods, such as creating and improving a minimum viable product at ten-day intervals, and then rapid prototype development. Early customer testing and feedback received is continuously incorporated into the development of digital channels and solutions to ensure that the customer experience in the evolving digital claims process consistently exceeds expectations. Since this new approach may represent represents a significant change, success depends on the deep integration of the digital way of working into all business processes of the organization. For example, Allianz Global Digital Factory has launched a digital delivery center to bring about change through digital projects, such as claim management solutions, in its international operations. Successful organizations use collaborative cross -functional management teams to lead the way, train experts in all digital practices, and provide intensive training to all relevant employees. Insurers that rapidly and decisively transform their claims handling function will be able to prepare to meet new, higher customer expectations while improving the efficiency and accuracy of their data processing.

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