



## Efficiency in Business Processes in Insurance Activities

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**Abstract:** Business processes in insurance activities are a set of interrelated activities (operations) aimed at producing insurance products or providing insurance services.

**Key words:** insurance, business, insurance management, information communication, insurance services.

The presence of these functions of business processes in insurance activity means that the scope of the research object is extremely wide. Therefore, in this study, the main attention was paid to the issues of structural and organizational aspects of business processes and improving their management.

The purpose of managing these processes is to ensure quality customer service. At the same time, it is necessary to consider the management of these processes as an interdependent system relationship of material, financial and information flows.

Taking into account that the specific characteristics of insurance activities are manifested in the implementation of certain separate activities (operations) and in integrated systematic business processes is a necessary condition for its improvement.

Business processes of insurance activities are an interrelated complex aimed at eliminating problems that arise in the implementation of certain activities, and are a coherent, targeted and regulated activity consisting of entering, servicing and exiting the processes.

(operations) system.

Development of insurance services (product, program) and the processes of its implementation are as follows:

- ✓ implementation of marketing research based on supply and demand;
- ✓ creation of product(s);
- ✓ strategy and tactics of activity are developed and a certain decision is made based on them;
- ✓ monitoring and control;
- ✓ consisting of steps such as activity reengineering.

The following functional business processes are usually observed in insurance activities:

- ✓ main (strategic) processes;
- ✓ tactical processes;
- ✓ development process;
- ✓ management process.

The goal of any business process is customer satisfaction. Conversely, business processes cannot exist without a customer. In this case, the logical sequence of all systematic activities (operations) described in business processes is directed to a specific goal in the field of a specific mission.

However, it is also worth noting that any activity (operations) processes are not perfect in terms of absolute expected result. Therefore, it is necessary to make corrections in the implementation of these processes. Of course, the modernization of business processes requires the use of certain resources.

Insurance organizations, as economic entities, carry out insurance business processes under risk conditions. This evidence shows that the insurance activity is different from the activities of other sectors of the economy, and the main results of this activity are inextricably linked with the probability of the reality (event).

The economic essence of insurance determines the characteristics of the system of business processes of this activity. From this point of view, business processes are necessary measures that effectively reflect the point of entry (beginning of processes) and the point of exit (final result), that is, the end of processes.

In this case, in order to achieve the set goal(s), the necessary activity(operations) is a factor in ensuring the expected result, and the output results are achieved through the input to the processes of the cross-functionality of accounting, control and management, i.e., the quality and quantity of the spent resources. Accordingly, business processes of insurance activities consist of a number of sub-processes, and the performance of each of them is a factor in achieving specific results.

In this case, the final result of the processes may differ/not differ from the expected one. In particular, the fact that different results have been achieved in the functionality of business processes is explained by the fact that they were affected by different risks. For example, it is also possible that such a source of influence has arisen at the expense of the external environment.

The effectiveness of business processes in insurance activity is determined according to the level of correlation between the planned parameters and the obtained results. It is appropriate to determine the effect of financial and economic activity in the section of business processes.

Insurance activity as a whole system of a number of interrelated processes is as follows:

- ✓ risk transfer;
- ✓ risk transformation;
- ✓ investment;
- ✓ is carried out in directions related to other activities.

Technologically, the main business processes of insurance activities are as follows:

- ✓ tariff policy;
- ✓ drawing up, formalizing and managing insurance contracts;
- ✓ it consists of the calculation of insurance reserves.

Investment activities (operations) of insurance entities are the processes that take place in connection with its objects, and are a source of additional income through the effective placement of insurance reserves and own funds in certain directions. Risk minimization is also required in such activities.

Compensation for damages (losses) that may occur due to investment risks is covered by insurance reserves or the insurer's own assets. performed at the expense of lags. Investment risks can also be observed as a result of changes in legislation, market instability, and credit risk.

Investment risk processes in insurance activities are reflected in the accounting and reporting system.

Formation of insurance portfolio, reserve system and financial results in the accounting system of insurance activity is the basis for risk analysis of each stage of the process. In particular, the

processes of forming the insurance portfolio include the tariff policy, collection of premiums under the insurance contract, as well as reinsurance operations.

Insurance portfolio formation is based on insurance, mutual insurance and reinsurance premium collections, cash flows and fund accounting.

The insurance tariff can be significantly differentiated and differentiated due to the specific characteristics of the life insurance and general insurance industries. It is worth noting that in order for insurance tariffs to be formed in the most optimal way, their accounting system must have a quality database.

Insurance risk management includes processes such as risk determination, identification, assessment, decision making on its transfer, contract terms, insurance codification.

Business processes in insurance activities are complex and functionally composed of the provision of insurance services in accordance with the client's requirements, the execution and support of contracts, underwriting, expanding the scope of services, provision of claims. In practice, these business processes are repeated continuously.

The insurance organization, as a subject of business processes, often faces internal organizational and technological problems that reduce efficiency, such as:

- ✓ the decision-making process is unreasonably periodic;
- ✓ that the organizational structure is not compatible with business processes;
- ✓ functions of business processes are not transparent for managers and executives;
- ✓ normative documents, instructions and rules are not processed at the required level;
- ✓ the management system is repeated in the cross-section of structural divisions;
- ✓ explained by lack of management skills.

These problems make it necessary to modernize the internal business processes in the insurance activity. An important factor that ensures the financial stability of an insurance organization is the priority in its relations with its customers, in order to achieve its own interest and customer trust.

Using the strengths of Porter's model, eight and multi-process models, as well as the activities of insurance organizations regulatory requirements and specific business processes A description of the characteristics was developed (Fig. 1)<sup>1</sup>.

<b>SUCCESS DESCRIBED IN SYSTEMATIC BUSINESS PROCESSES</b>	
<b>factors</b>	<b>indicators</b>
<b>INDICATORS THAT CHARACTERIZE CUSTOMER RELATIONSHIPS</b>	
Customer base.	Indicators of customer base expansion
Customer Engagement Indicator	Customer service and satisfaction index
Quality improvement	Customer metrics
<b>EFFICIENCY OF CUSTOMER ACTIVITIES (BY REGION)</b>	
Availability of activity (operations).	Market position and share indicators
Selling insurance products	Amount of insurance premiums collected
Earning of profit/income	Performance indicator
Investment activity	Investment performance indicator
<b>INDICATORS OF INTERNAL PROCESSES</b>	
Types of service	Effectiveness of implementation of procedures
Service costs	Creating and selling new products
Scope of activity (operations).	Effectiveness of the contract
Sales volume	Purposeful development of activity (operations).

<sup>1</sup> Yagunova, N. A. Assessment of the competitive environment of an enterprise using the five forces model of Michael Porter. / N. A. Yagunova. [Electronic resource] - Access mode: <http://cyberleninka.ru/article/n/otsenka-konkurentnogo-okruzeniya-predpriyatiya-s-ispolzovaniem-modeli-pyati-sil-maykla-portera>.

PERSONNEL AND INFORMATION SYSTEMS TRAINING AND DEVELOPMENT INDICATORS	
Application of digital technologies in the main processes	Technological improvement in the sale of services and its support
Servicing of insurance contracts	Digital Technology Application Index Information Storage

**Figure 1. Described in systematic business processes success factors and indicators<sup>2</sup>**

After determining the cause of the difference between the expected quality (result) and the existing quality in the development of business processes, it is necessary to create a mechanism that ensures the elimination of its factors.

Based on this goal, the business processes are as follows:

- ✓ Restructuring of business processes with a principled approach (create);
- ✓ changed by improving and redesigning existing business processes.

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<sup>2</sup> Five Competitive Forces Analysis Model by Michael Porter. [Electronic resource] / Access mode: <http://powerbranding.ru/biznes-analiz/porter-model/>.

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