

**ANALYSIS OF THE FINANCIAL TECHNOLOGY MARKET SEGMENT
«INSHURTECH»**

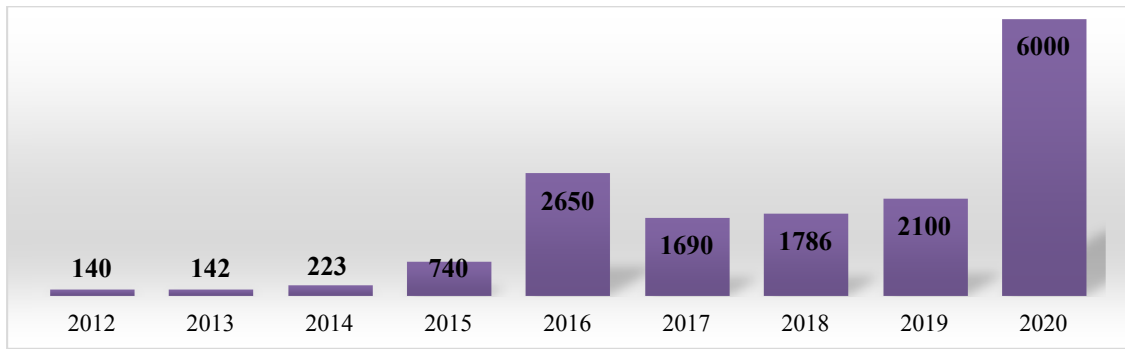
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Recently there has been a rapid development of digital technology and its active implementation in almost all areas of our lives, including the economy. The insurance industry, like many others, is adopting intelligent automated solutions that improve our quality of life, customer service, workforce efficiency and profits. With the worsening epidemiological situation in today's world due to the spread of coronavirus, these technologies are necessary to continue the operating without risk to the health of both employees and customers.

InsurTech has also provided much-needed flexibility to provide value at every stage of the claims lifecycle. However, the perspectives it offers go far beyond pandemic. When implemented, technology solutions such as field management software can transform quality of service and provide more than a 12-fold annual return on investment for property and emergency service insurers as well as third-party administrators.

Insurtech (Insurance Technology) refers to the use of innovative technology designed to squeeze benefits and efficiency out of the current insurance system. Insurtech is a combination of the words "insurance" and "technology," inspired by the term Fintech.

International investment in InsurTech is growing almost exponentially (pic. 1).



Pic. 1 – Dynamics of the global volume of investments in InsurTech over 2012-2020, millions of dollars

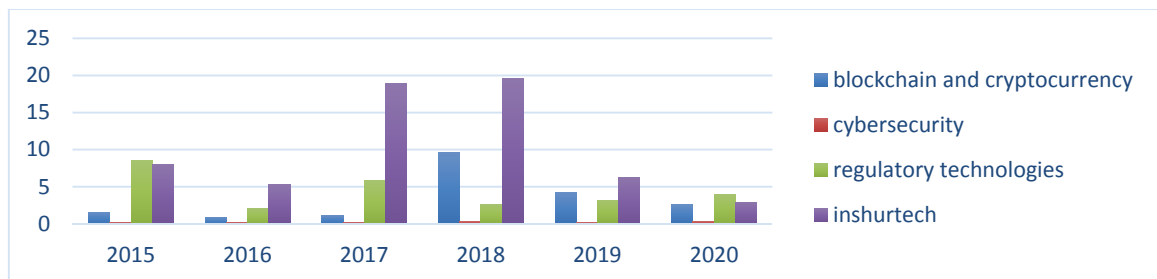
Analyzing the data from the chart, we can see that since 2012, the amount of investment in InsurTech activities has steadily increased, peaking first in 2016 (\$2,650 million) and then in 2020 (\$6,000 million), an increase of \$2,510 million (or 1793%) and \$5,860 million (or 4,186%) from 2011. This means that the funds that investors are pouring into the industry suggest that it is no longer seen as "impenetrable."

Now let's consider who the main investors and what kind of money they invest. Right now, the U.S. is the largest investor in InsurTech worldwide, investing about \$7,877 million from 2012 to 2020, which is 63% of total investment, due to the relative maturity of the country's startup market, large investment capacity, and ample opportunities, including the proximity of Silicon Valley, the hub of the fintech ecosystem [2].

At the same time, China has created far fewer InsurTech startups than many other countries, but it has managed to attract a much larger share of investment units in dollar terms. Because of its investment volume of \$1.1 billion, China ranked second after the United States, but it is worth noting that China managed to raise its first billion dollars from only 22 InsurTech companies, while the United States has a total of 770 companies.

InsurTech remains attractive to investors. The number of deals is growing, venture capital funds are building their strategies on the basis of insurance solutions, and large insurers and reinsurers are the "main fans" of technology. All this inspires confidence in the future of insurance startups and gives them an incentive to grow and develop. Experts emphasize the continued interest of investors in the insurance technology sector, which will be supported by insurance companies, startups and projects with high growth potential [2].

In order to analyze InsurTech's position in terms of investment volumes relative to other market segments, we looked at the volumes of investment in the fintech market itself, as well as in its main segments, such as blockchain and cryptocurrency, cybersecurity, regulatory technologies and insurtech (pic. 2).



Pic. 2 – Dynamics of the volume of investments in various segments of the fintech market from 2015 to 2020 (%)

By analyzing the chart data, we can conclude that InsurTech investments around the world continue to remain at a high level. The highest volume of investments in insurtech was in 2012 (\$12.1 billion), but the highest share of insurtech investments, compared to other segments of the fintech market, is in 2018 (19.6%).

The main difference between insurtech and traditional insurance companies is distribution channels and value propositions to customers. Insurtech companies tend to sell directly to consumers through Web sites and applications rather than through agents or brokers.

Insurtech in the Republic of Belarus is an underutilized niche, but investors and developers of fintech products are invited to pay attention to the insurance sector, as the insurance industry in many countries around the world is becoming increasingly interesting from the point of view of creating fintech solutions.

Let us highlight the factors that, in the authors' opinion, hinder the development of both InsureTech and other areas in the banking sector:

- Insufficiently developed legislation and the lack of a systematic program for the digitalization of the country;
- the high cost of technology;
- conservatism and lack of understanding of the role of digital technology in the transformation processes by officials, businessmen and the population.

An example of InsureTech direction is the insurance company "Imkliva Insurance", which operates in the Republic of Belarus. This company tries to introduce new technologies for convenience and efficiency.

Imkliva Insurance is one of the first private insurance companies on the market: the history of the closed joint-stock insurance company began in 1994 in Mozyr, and the main activity was risk insurance of large oil refineries.

Despite the existing success in the digital transformation of the banking sector, the potential of this direction in the financial market of the Republic of Belarus has not been enough realized. However, the National Bank is conducting research, the results of which will be used to propose solutions aimed at enhancing the potential of the financial sector and stimulating its innovative development.

At the end of our research we would like to say that this segment of the fintech market is still only at the beginning of its development, but we can already see excellent achievements. Every year, as digital technology penetrates our world, it will be even more and more confidently striving only upwards.

Список использованных источников

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