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INNOVATIONS IN THE INSURANCE MARKET OF A DEVELOPING COUNTRY : CASE OF UKRAINE

Author – Bohdan Zymohliad¹, Postgrad. Stud. og gr. 22a

Scientific supervisor – Cand. Sc. (Econom.), Assoc. Prof. Svetlana Maschenko²

Language consultant – Cand. Sc(Philol.), Assoc. Prof. Natalia Shashkina³

¹zymohliad.bohdan@365.pdaba.edu.ua, ²mashchenko.svitlana@pdaba.edu.ua,

³natashashkina2018@gmail.com

Prydniprovsk State Academy of Civil Engineering and Architecture

In today's ever-changing economic and social landscape, insurance is becoming increasingly important as a financial service. Customers expect insurance companies to provide services that meet their needs and are accessible, quick and affordable. Therefore, the successful development of insurance companies now relies on the implementation of innovative approaches.

Financial innovations, of which insurance innovation is a part, are unique in the service sector. This means that the factors of their emergence, creation and diffusion processes, as well as their results, have their own specificities. The conservative insurance industry has recently been influenced by many trends that create conditions for the emergence of various innovations that meet the dynamic needs of customers and increase the efficiency and competitiveness of insurance companies.

Research has shown that the study of innovation in the financial sector has received much less attention than innovation in other sectors of the economy (Mention & Torkkeli, 2014). This is due to the intangible nature of these innovations, the complexity of their visualization, and the lack of a formalized innovation process and innovation development units in financial institutions (e. g. OECD/Eurostat, 2018)

Marketing innovations of insurance companies are also being actively analyzed. Epetimehin suggests that they are essential for organizational success, and Hilker explores different views on social media marketing in the insurance sector. Prymostka evaluates internet marketing strategies of life insurance companies in Ukraine [2].

With the transition to digital technologies in the insurance market, they are being incorporated into the online component of the marketing strategy. Some scientists investigate the types of financial risks arising in the stock market using the method of their equalization (insurance, hedging, diversification, etc.) and determine the risk factors of investors in the stock market. Prokopchuk et al. (2019) show the principle of structural formation and functional characteristics

of the agricultural insurance market in Ukraine, while Kneysler et al. (2019) identify problematic trends in the development of the health insurance market in Ukraine and the competitive positions of leading insurance companies in it.

It is worth noting that official statistics provide very limited and vague data on innovation activity in the insurance sector of the Ukrainian economy. According to the results of the relevant statistical surveys, in 2016–2018, only 67 institutions (30,2 %) implemented product and/or process innovations, and 155 institutions (69,8 %) implemented marketing and/or organizational innovations. In 2018, products that were new to the market were absent in the total amount of services' sales of innovative organizations in the field of finance and insurance, and products new to the company made up only 4,2 %.

The provided information gives only a general understanding of the state of the insurance industry in Ukraine, without specific details on the types of innovative services and processes implemented. The analysis shows that leading companies are innovating, but their innovations are mostly incremental and they are not fully utilizing alternative customer interaction channels. To improve innovation potential, companies should use third-party experience through open innovation, especially since the InsurTech sector is growing. Several indicators have been proposed to assess innovation objectively, which can be calculated from managerial accounting information. Government statistical observations are not useful for analyzing innovation due to the lack of accurate understanding of financial innovations in insurance. The new regulator of the Ukrainian insurance market, the National Bank of Ukraine, needs to provide adequate support and regulation for innovation. Further research should focus on studying the impact of the FinTech development strategy on domestic insurance companies and their entry into European and international markets.

References

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