

**ASSESSMENT OF THE FUNCTIONALITY OF USING VIRTUAL TECHNOLOGY BY
MARITIME INSURANCE COMPANIES**

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Marine insurance utilizes standard methods of insurance processes, which do not meet the challenges of modern Maritime Industry. The science is not intergrated well enough in the field of information technology to facilitate document management.

According to market participants, the existing system of marine cargo insurance is profoundly overloaded and inefficient, as it involves a large amount of paperwork that is exchanged between the shippers, insurance companies, ports, and so on. And the enterprises associated with cargo transportation take risks that could lead to exceedingly harmful consequences and immense losses.

The implementation of new technologies in maritime transport practice will significantly help the insurance industry to perform its functions at a highly competitive level.

Firstly, access to safe, decentralized transactions and accurate and timely notification of changes will improve aggregated risks and the ability to transfer large amounts of data based on more accessible and safe information about customer activity and the priorities of the third-party information services.

Secondly, the ability to integrate trustworthy third parties into the ecosystem will reduce the costs of their global platforms and implement more complex risk management of their products and services, including cyber insurance services.

As to innovative technologies development, business processes and activities, that are traditionally managed by insurance companies, they must be adapted to suit new digital models for insurance processes optimization.

Virtual automation is based on the principles of Blockchain technology - a distributed database that is shared among the nodes of a computer network in a way that makes it difficult or impossible to change, hack or override the system. This technology has many areas of application.

The main advantage of Blockchain in the marine realm is the capability of all parties to have a grasp of all financial facts and offers transparency based on their accounts. Members can track and record events and payments in any country associated with the insurance company [1].

A high level of transparency minimizes errors, attempted fraud and eliminates the necessity of additional essential data confirmation.

The application of virtual technology provides the insurance market with:

- 1) fraud detection and risk prevention;
- 2) digital claims management;
- 3) mobile, analytical system deployment;
- 4) the ability to monitor cyber liability.

To summarize, Blockchain technology reduces insurance processes risks, creates large decentralized databases with access to information for all participants in insurance transactions, acts as a guarantor of trust due to its properties.

The disadvantages of a decentralized database include the possibility of failure of the database or slowdown by reason of a significant increase in the number of executed transactions.

Analyzing the number of ships in the world fleet according to UNCTAD 2020, we can infer that this problem will not yet affect marine insurance companies and their customers, because now the number of world fleets is more than 50 thousand ships, that means that even if all vessels were insured simultaneously, the system would work in a proper and stable-way [2].

According to the research into feasibility assessment of using virtual technology by marine insurance companies, the approaches by insurance companies to optimize insurance processes are

justified, which will enhance the work of marine insurance companies and bolster their capabilities.

REFERENCES

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