

Total Quality Management in an Insurance Company: Use of Balanced Scorecards to Meet the Interests of Stakeholders

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Abstract

The insurance company is a financial intermediary between stakeholders - a set of participants in the insurance process and those who have received the right to insurance payment, as well as insuring parties who purchase insurance coverage and shareholders whose capital is involved in its guarantee. Satisfaction of stakeholders creates a company's free access to exchanged resources, thereby optimizing operations and increasing the efficiency of capital use. The implementation of the Total Quality Management (TQM) system, which could help achieve the goal, is complicated in insurance companies by dividing the personnel who create the insurance service, by the factor of time, since it is possible to check the quality only after the client has used it, which does not always arise in insurance, and often by the factor of location of units at geographically different points, which makes it virtually impossible for the simultaneous and equal participation of personnel in production processes, that requires innovative management tools.

The purpose of this study is to study the effect of introducing a Total Quality Management (TQM) system and a balanced scorecard (BSC) on the activities of an insurance company, including the one aimed at achieving the satisfaction of its stakeholders.

Using the methods of induction and synthesis of freely available data of SOGAZ, Rosgosstrakh, and ROSNO companies, a complex of dependent corporate goals was identified that were ranked relative to the organizational level.

The results of the study allow concluding that the concept of balanced indicators allows to indicatively monitor the quality of meeting the interests of the main stakeholders of the company, which creates new effective tools for improving resource exchange and does not allow distortions in management. The integration of strategic planning and TQM opens up new market growth opportunities for insurance companies in the context of a limited portfolio of services for a strictly limited audience. The paper provides specific recommendations for organizations to resolve problems that impede the successful implementation of TQM.

The results of this study can be used by officials of insurance companies in developing strategies and tactics for their development, including the implementation of BSC and TQM, as well as scientists for a deeper study of the results of the implementation of BSC and TQM, both in the insurance industry and other sectors of the economy.

Key words: standardization and compatibility, information and product quality, insurance, insurance companies, competitiveness, stakeholders, quality management standards

JEL classification: G22, I13, L15

Introduction

Risk accompanies any human activities: personal, social and economic ones [1]. Insurance as a phenomenon performs several functions: it transfers financial risk from individual persons and legal entities to insurance companies, by means of insurance rates it indicates the risk level in various economy segments, it induces risk mitigation by developing the incentives of insurance premiums reduction and also it helps to accelerate recovery of destroyed and impaired assets and to return people to their usual activity and the companies – to routine operations by means of provision of financial resources [2].

The insurance market is the link between the government, private companies and individual persons [3]. Therefore, this market, as well as other financial markets such as banking and stock market is of vital importance for the sustainable economic growth of the country [4].

Operating in the complex and boundless business world modern insurance companies are focused on improvement of their competitive advantages in order to ensure growth of income and reduction in expenditures [5], at the same time dealing with risks requires that their operating results were maintained at a high level [6].

An insurance company is a financial intermediary between its main principals - a set of participants in the insurance process and those who have received the right to insurance payment, as well as insurers who purchase insurance coverage and shareholders whose capital is involved in its guarantee. The insurance company's income depends directly on concernment of the individuals or entities which resources participate in exchange and on including such resources in the insurance activities [7]. Satisfaction of stakeholders provides a company's free access to exchanged resources, thereby optimizing operations and increasing the efficiency of capital use. Therefore, interaction with stakeholders is the foundation stone of modern business although there are difficulties related to the absolute interaction [8]. Therein in all fairness it should be noted that recently the idea that organizations incur more obligations than just serving the interests of their stakeholders has been gaining popularity [9].

Stakeholders are concerned parties which exchange their resources into results of their including in the activity of an insurance company, consequently, it is the quality of commercial insurance activity which is the main criterion of satisfaction for each concerned group [10]. The stakeholders of an insurance company which influence its activity and are interested in its performance are the shareholders (owners), management, employees, clients, competitors (other insurance companies), partners and service providers (including contractors, medical treatment facilities and physicians, service stations), banks and financial institutions, investors – state authorities, local communities, consumer protection groups and organizations, special interest groups, mass media and trade union organizations. Besides the last four categories may be classified as minority stakeholders of the insurance company

[11–13]. This research is, first of all, focused on the issues of serving the interests of the four stakeholders' groups which are interested most of all in the insurer's performance: shareholders (owners), clients (insuring parties), top managers and employees.

It should be noted that the organizations which identify their stakeholders are more transparent and disclose non-financial information about themselves and their financial performance is often better than the one of the organizations which do not identify them. The companies which do not identify their concerned parties almost don't disclose non-financial information [14].

The company's degree of access to necessary resources may be a measure of correspondence of the implemented strategy to the interests of the concerned parties [15].

Thus, there arises the need among the goals of the insurance company management system to make the procedure and performance correspond to demands of all concerned parties. Therein management should approach the problem of stakeholders management and quality of relations with them in its entirety taking into consideration both the interests of the company and those of concerned parties [9]. This contemplates preliminary definition of interests of both the company and stakeholders in order to determine distinct goals depending on the company strategy [16].

Reduction of costs for search for effective solutions of creating such strategy and successfulness of its implementation is logically ensured on the basis of the principles of philosophy of the Total Quality Management.

The Total Quality Management (TQM) is a business strategy aimed at quality improvement of all organizational processes where "Total" means involvement of employees from all levels, production chains, corporate networks and product life cycle, "Quality" is a concern for providing to the client the goods which meet its requirements to the maximum extent, and "Management" is represented as a step by step organizing of corporate processes.

Improvement of the clients' satisfaction from the point of view of quality means that the organization may meet the clients' needs better by means of reducing the number of drawbacks in providing services by monitoring the process of the (insurance) product or service formation and also controlling the quality of the product or service [17]. Satisfaction of the consumers with the insurance company services is an important factor which defines further use of the company products [18].

The indicator of quality improvement is the consumers' satisfaction and getting benefit by all concerned parties (employees, owners, suppliers) and the company in general [19]. The Total Quality Management is a continuous process of revealing, reducing and elimination of errors in manufacturing, optimization of supply chain management, improvement of the quality of service. The Total Quality Management is aimed at making all the parties participating in the production process responsible for the total quality of the end product or service.

Implementation of this concept in insurance companies is complicated by dividing the personnel who create the insurance service, by the factor of time since it is possible to check the quality only after the client has used it, which does not always arise in insurance, and often by the factor of location of units at geographically different points, which makes it virtually impossible for the personnel to participate in the production processes simultaneously and equally. It requires innovative management tools.

Implementation of the system of balanced indicators in insurance companies will ensure not just a high-quality management of inner corporate processes, but also a complete taking into consideration of the company stakeholders' interests through their engagement in strategic programs of the corporate development. Engagement of the concerned parties is considered to be the best way of management and a more successful means of reaching a consensus among the stakeholders [20].

At the same time, it is necessary to remember that practice and strategy of stakeholders' engagement or non-engagement imply adaptation of the stakeholders management strategy to the changing circumstances. In other words, it is applying an adaptive and balanced approach to stakeholders management with the possibility to go from their engagement to non-engagement under the changing circumstances. Besides, both engagement and non-engagement may be used for the same stakeholder with added value at different time [8].

Research Methodology

In the research in order to determine the cause-and-effect relationships we used the induction method (stage of defining the related items complex) and Mind Meister program (state of defining the relation formation vector) and the data synthesis method when clusterizing the disconnected goals of units when creating the balanced goals tables using Smart Draw. The qualitative market specifics of insurance companies' activity in Russia was presented as a diagram on the basis of analysis of freely available data of insurance companies SOGAZ, Rosgosstrakh, and ROSNO where applying the deduction we defined a complex of dependent corporate goals and ranked them relative to the organizational level.

As long as access to the data and information of medium and small insurance companies is often limited significantly the research was focused on the data of the largest insurance companies. All necessary information about them is publicly available.

Literature Review and the Research Hypotheses

The goals of the Total Quality Management are consonant with the goals of ensuring the company competitiveness as a characteristic feature of its economic security and sustainability of development [21–23]. Quality is an aggregate of the item's characteristic features related to its

ability to satisfy the established and anticipated requirements of any party concerned with it [7].

In this context one can raise the issue of the requirements that should be met by the insurance company which determines its strategic guidelines as ensuring competitiveness by means of quality management.

This issue is of high relevance because each stakeholder understands quality through various indicators since the interests of the insurance company stakeholders are not homogeneous and often are opposite. The most widespread indicators of the main stakeholders are as follows [13; 24; 25]:

- the insurance company clients: the offered service meets the set of the insuring parties' requirements including the price and quality of the insurance product, servicing, payments, company procedures in engaging services of external companies and approving of payments, quality of providing services by contracting organizations (hospitals, physicians, service stations, etc.);
- the company management: the process of creation of insurance products and rendering of the service within the term of insurance meets the quality assurance requirements imposed by the management; each employee has been trained the skills of high-quality service of the insuring party and is oriented toward this standard. There are also financial indicators of the company performance (net profit, EBITDA, working capital indicators and capital expenditures (CAPEX)), availability of funds for investments in the company development and remuneration (bonuses), authority, power, prestige among the management's interests;
- stakeholders (owners): the financial standing of the company has a high quality from the point of view of stability and profitability which manifests itself in certain financial indicators: return on equity (ROE), return on assets (ROA), cashflow indicators (FCF), EBITDA, EBIT, net profit, working capital indicators and capital expenditures (CAPEX), economic value added (EVA), dividends per share (DPS) etc.;
- staff of the insurance company: decent and safe working conditions, fair labor compensation and rate of its growth, career and professional development, social guarantees and benefits, sustainable development of a company and social stability;
- partners (contractors): timely payment for the services, long-term partnership relations, stability of the insurance company's activity for planning of work, payments approval procedure, increase of the scope of rendered services and payment for them;
- competitors: equal opportunities when participating in a tender for the right to conclude insurance contracts (government-owned companies and institutions, corporations), fair and transparent rules of operating in the market (no price dumping), cooperation in mutually-beneficial spheres, reduction

of the scope of rendered services including exit from the market, offer of employment of high-potential and high-performance managers and specialists;

- government and state authorities: taxes, employment, reporting (including reports on vacancies), legal compliance, raising social responsibility of companies to the community etc.;
- banks and financial organizations (creditors): interest, repayment of credit resources, safety of investment;
- investors: sustainable development of an economic entity and its equilibrium growth, improving the profitability of operations, return of investments, safety of investment;
- community-based organizations: provision of legitimacy of manufacture and sale of goods, works and services, observing the equality of citizens when obtaining socially important services, assistance in development of business of community-based organizations and extensive, comprehensive cooperation of economic entities with community-based organizations, joint attainment of socially important results in order to maintain the citizens' social security.

All these requirements are fulfilled in corporations by establishing a unified consistent system. The basis for such system is assurance of quality of all processes related to making insurance products and their rendering as insurance services. The foundation of the system is analysis of information on all processes and procedures taking place in the company operations in order to provide for control of their quality. In accordance with GOST R ISO 9000-2015 P.3.4.1 the process is defined as "an aggregate of interrelated and interacting types of activity which transforms the company inlets and outlets" [26]. Besides, in accordance with this Standard not just processes but all procedures GOST R ISO 9000-2015 P.3.4.5 are subject to documenting as an "established means of carrying out activities or a process" [27]. Therein it is important to take into consideration each and every procedure performed by each employee of an insurance organization.

International standards of series ISO 9000 and corresponding national analogues developed on their basis present for the management general requirements of building the company accounting and management system which guarantee functioning of the production system in accordance with the requirements of the quality system [27]. The standards cannot ensure a guaranteed quality of insurance services but are intended to ensure elimination of drawbacks of the production process which influence significantly such quality, i.e. to ensure the "most probable quality" or the so called "expected quality" [28].

Applying the tools offered by the management standards one may reveal all processes which influence significantly the quality of produced insurance services and then, first, provide a documented description of the rules of execution for each process; second, appoint a person individu-

ally responsible for fulfillment of the rules; third, provide constant monitoring of conformance of the real processes to the documented requirements.

The importance of documenting of the processes consists in the fact that an effective interference with the production technology and its management is possible only if there is an opportunity to ascertain with exactitude on the basis of a formalized description of production processes how one or another process proceeds in real life. Such possibility may be called "traceability" of processes. However, the measures listed above related to establishing the quality parameters for controlled processes and procedures as well as their monitoring for conformance to the established parameters make sense only from the point of view of their target goal.

The advantage of use of the tools of the balanced scorecards system (BSC) in a company comes to the possibility of transfer of the corporate mission and strategy into the system of interrelated indicators [29]. As long as the development strategy in the insurance business comprises the key aspects of activity: finance, client interaction, business processes, staff training – implementation of BSC concept produces the effect of corporate rehabilitation.

The basic idea of BSC concept is to present to top managers the information for indication control of the company strategy implementation concisely and in a structured form [30]. Since the company development prospect is related to business continuity an effective implementation of BSC concept helps to achieve forecastability of the company state in future by means of integration of financial and non-financial issues into the integrated management system which links the goals of corporate stability with actions and operating results [31]. It is highly esteemed in the financial services market where customer confidence, hence the future market volume and its demand, depend on the company stability.

The performance measurement matrix gives an idea of the most important corporate success factors. BSC concept ensures the operational balance in two ways. First, it maintains the proper combination of productivity indicators for the whole company for achievement of operational excellence, i.e. it guarantees that none of the groups of indicators predominates in the assessment process. This may result in distortions in reporting of the company activity. Second, the balanced indicators system helps the companies to reduce the pressure on the production processes responsible for a product or service in the nearest periods focusing the operational attention on long-term corporate needs which may jeopardize the company future results unless they are accounted for properly [32].

Research Results

Providing links inside consistent goals of all levels of the insurance company business is an analytical process of immense complexity. Advantages of such tool of strategic analysis and planning as the balanced scorecards system are evident in terms of implementation of such process.

BSC concept ensures a transparent integration of subjective and objective strategic operations. By creating a cause-consequence network and forming on its basis of further company strategy the decision maker (director), “transformer” (manager) and each individual participant of the organization may monitor which operations are of strategic importance and how the strategy is implemented at individual stages. Using the scorecards system one may compare the past, present and future status of implementation where regular “BSC audits” organize planning of a continuous improvement process.

Expenses for ensuring of the processes’ correspondence to the conditions of adaptation to the balance of interests of the company owners and managers (business), insuring parties (civil society actors) to the environmental conditions (government), in our opinion, should be an indicator and criterion of regulation of the level of achievement by the company of the established goals. Consequently, such correspondence should be taken

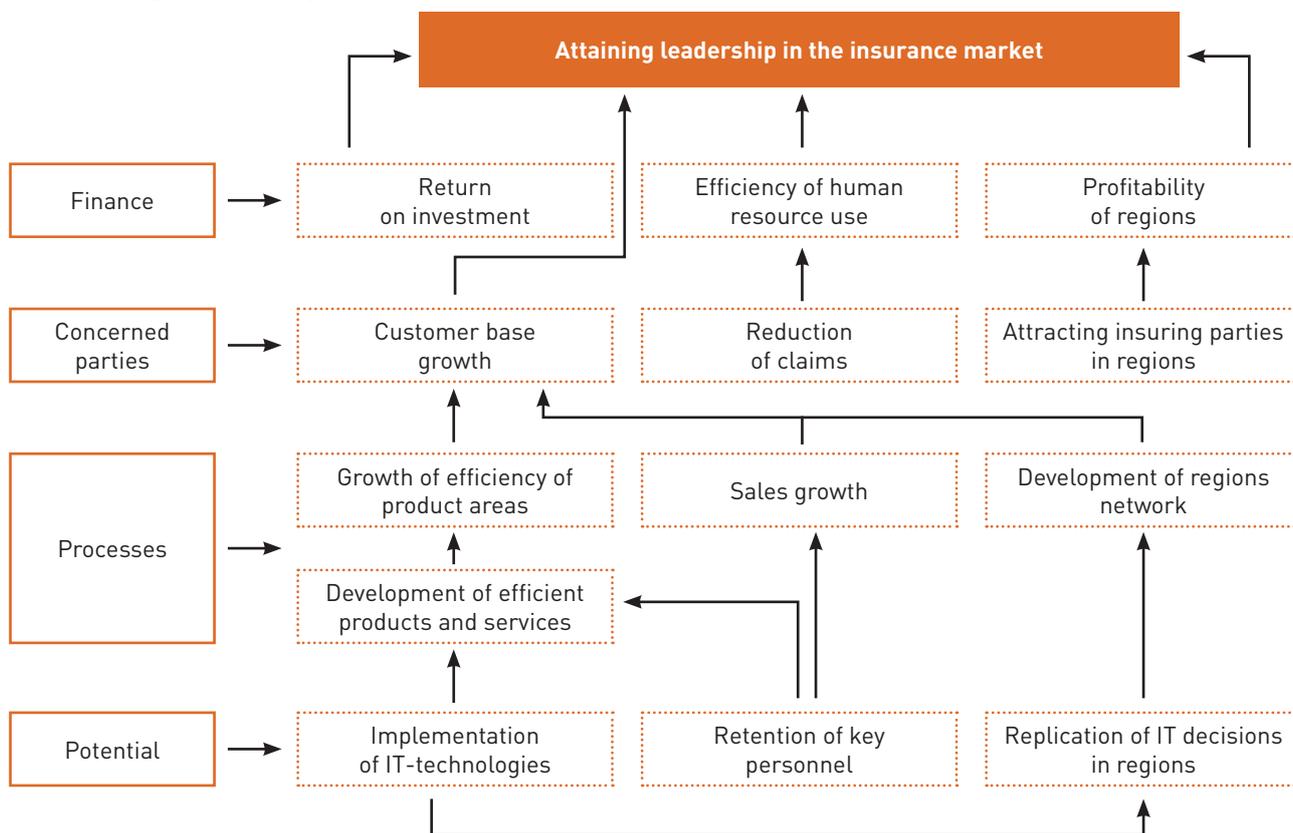
into consideration at the stage of the company activity planning.

The corporate sustainable development strategy stated in BSC system provides for a tractable reaction to change of conditions of activity at the stage of strategy creating and determination of target values as well as at the stage of implementation of this strategy because discretion as regards decisions is limited only by the goal, rather than by the ways of achieving it, and this is a principle of process approach to management on the basis of TQM.

At present almost all insurance companies in the market have a development strategy. It may be widely paraded as well as kept “for official use only”.

We analyzed publicly available information on strategies of the largest companies in the Russian insurance market [33; 34]. After structuring the obtained data using the balanced scorecards system we developed a generalized card of operational targets (fig. 1)

Figure 1. Target map for large companies in the Russian insurance market



Source: presented by the author on the basis of publicly available information: SOGAZ, Rosgosstrakh, ROSNO.

The above target map represents interrelation of all main targets of the company in the processes characteristic of each group (potential, processes, concerned parties, finance) in order to achieve the end goal – acceleration of the company value growth.

However, the strategy presented in this way doesn’t give an opportunity to control the quality of the company operations aimed at satisfaction of individual groups of stakeholders.

TQM philosophy extended to the level of quality assurance of the processes of communication with stakeholders means that each of them becomes a kind of consumer of the results of corresponding processes.

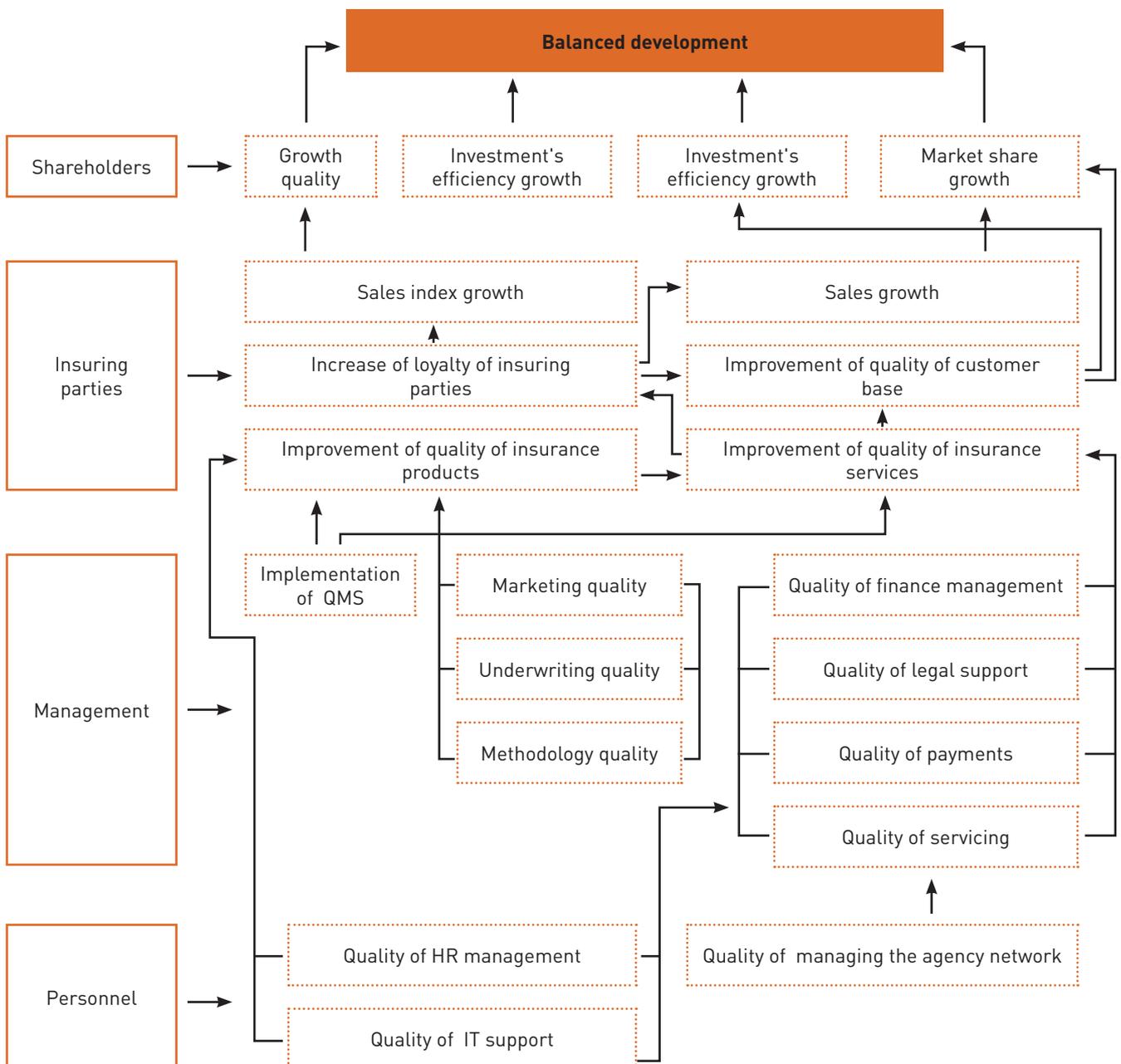
Having accepted this concept one may make such target map in accordance with which BSC projections are chosen, and each of them has target quality indicators for each stakeholders’ group.

In a generalized way these projections may be defined as follows:

- control of financial indicators provides for shareholders' satisfaction;
- quality control of insurance services meets the interests of insuring parties;
- quality control of the core business processes is within the scope of functions of top managers;
- control of the personnel development level and the infrastructure which creates the personnel's activity preserves satisfaction of personnel with the quality of interaction with the insurance company.

As long as BSC may serve as the basis for creation of the insurance company development strategy based on the goal of assurance of steady quality of communications with all stakeholders' groups, this tool in particular is used to build the complex of key performance indicators which helps to plan and balance them, hence, it guarantees consistency of the company operations in a long-term period. When using the balanced scorecards system it becomes impossible, for example, to reduce expenditures as a result of refusal from training the staff because this will produce a quick short-term effect which will result in deterioration in quality of the employees' performance and losses in future. When solving the problem of building the company development strategy in accordance with TQM philosophy, in our opinion, the target map should look as in fig. 2.

Figure 2. Target map of the insurance company implementing the TQM strategy



Source: offered by the author.

When using BSC for the purpose of strategic analysis the corporate strategy is defined at the level of the company top managers and is approved of by the general

director. Our vision of such description in accordance with the target map in fig. 1 is presented in table 1.

Table 1. Strategic development map of the insurance company in accordance with Quality Management Standards

Target	Indicator
Prospect "Shareholders"	
Growth quality	Index of the premiums rate of growth to the rate of growth of the number of contracts
Market share growth	Relative share of premium income in the income of the target segment (all-Russian income). Relative share of the number of contracts against the size of the target segment
Insurance operations efficiency	Profitability of insurance products. Profitability of insurance areas. Growth index of solvency margin. Net assets growth index
Investment efficiency	Return on RUB 1 of the average asset value for a period
Prospect "Insuring parties"	
Improvement of quality of insurance products	Reduction in work time expenditures for conclusion of one contract. Reduction in the number of applications for unjustified payments
Improvement of quality of insurance services	Reduction in the number of refusals to pay. Reduction of time spent on settlement of losses. Index of payments to income not lower than the one taken into account in the tariff
Increase of loyalty of insuring parties	Increase of the share of renewed contracts. Increase of the share of premiums under renewed contracts
Improvement of quality of customer base	Increase of the customer base. Growth of profitability per a customer. Reduction in the number of insured events. Reduction in the number of insurance fraud cases
Sales index growth	Index of premium per one sale
Sales growth	Index of growth of the total amount of the collected premium. Index of growth of the number of contracts
Prospect "Management"	
Marketing quality	Growth of the sales share in the target segment
Underwriting quality	Index of improvement of the underwriting result. Index of payments to income

Target	Indicator
Methodology quality	Reduction of time spent on training of an agent / employee in relation to a new product
Servicing quality	Reduction of the number of complaints
Quality of payments	Reduction of the number of evidence-based documents for the insuring party
Quality of legal support	Reduction of the index of initiations of legal action
Quality of finance management	Index of time spent on making payments
Prospect "Personnel"	
Development of IT support	Index of IT-support of processes.
	Index of use of the IT solution uniform for the company
Retention and development of personnel	Index of staff turnover.
	Index of submitted innovative proposals of the process improvement
Motivation, retention and training of agents	Index of agents' turnover.
	Index of training time spent on one agent

Source: compiled by the author.

Table 2. An example of the most common strategic goals for the HR unit and their respective indicators

Goal	Indicator
Prospect "Customers"	
Increase of the number of new insuring parties.	Number of new insuring parties.
Preserving of the tried and tested customer base	Share of the number of insuring parties which renew contracts
Anticipation of insuring parties' needs as regards quality of satisfaction of insurance needs	Time spent on negotiations with key customers in order to reveal their insurance needs.
	Number of new projects based on key customers' needs.
Implementation of products in the segments of new insurance needs	Number of new market sectors where sale of core products started.
	Amount of premiums in the market with new insurance needs
Prospect "Operations Management"	
Achieving employees' broad specialization	Staff performance.
	Number of offered improvements
Creating new insurance products (as quality improvement of the core products)	Number of new insurance projects or concepts submitted for development.
	Frequency of creation of new insurance products
Position of an expert in a certain profession	Existence of strategically competent persons at key positions of research and development

Goal	Indicator
Active use of new developments of the scientific, insurance and IT community	Number of valuable new ideas obtained from outer sources. Internal audit of scientific and technological capabilities
Strengthening of innovative culture	Index of offers from employees as regards improvement of products and processes
Creation of the customer-oriented servicing culture	Number of customers' comments and complaints
Prospect "Personnel"	
Increase of employees' satisfaction	Index of personnel satisfaction (on the basis of a poll). Index of staff turnover
Achievement of a high level of professional competence and creativity of employees	Number of employees who raised their qualification. Period in days/hr. spent on staff training / retraining
Improvement of the motivation system	Share of employees who have a clear understanding of functioning of the corporate motivation system (on the basis of polls)
Increase of employees' engagement	Number of min./hr. of improper spending of working hours
Prospect "Top Managers"	
Development of mechanisms of encouragement of top managers to solve the issues of personnel motivation	Share of the bonus of each employee satisfied with the motivation system (on the basis of a poll)
Providing a high level of motivation for top managers to solve the problem of the employees' performance	Percentage of assignments not fulfilled by employees
Building and functioning of the system of management statements including the section of Employees' Motivation	Amount of information on the needs and values of employees

Source: compiled by the author.

On the basis of the system of strategic targets functional strategies are developed where the corporate strategy is detailed in particular directions which describe the targets and indicators in more detail.

In operational strategies measures aimed at achieving the targets are defined. The targets are decomposed until they correspond to measurement units, results and responsible persons.

After development of targets and the indicators corresponding to them for corporate BSC the process of BSC development for individual business units starts "cascading" corporate strategic targets into business units' targets. When "cascading" the strategic targets system "inward" processes and their results at the level of individual business units which in the long run ensure the quality of the company functioning are made specific.

In order to define the target map of a business unit, in our opinion, the following action plan is optimal:

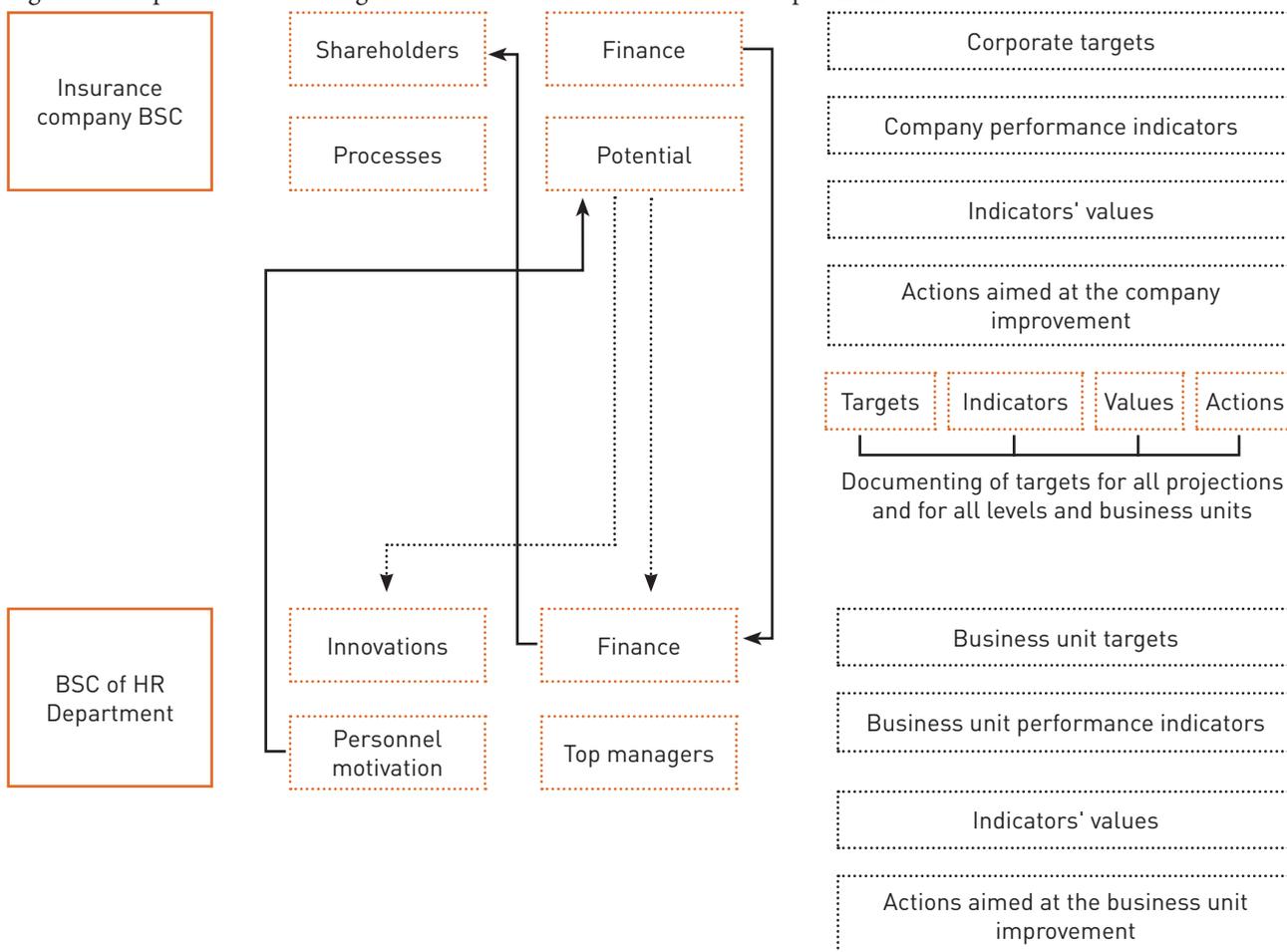
The targets of a business unit are formalized individually, thus providing means for creating the target map for it.

When developing the targets formalization is carried out in accordance with the targets of the whole insurance company.

A strategic map of the business unit itself is made where all strategic targets are divided into two groups: the strategic targets aimed completely at achievement of the insurance company targets and the strategic targets related to such business unit only.

We offer to consider the "cascading" process architecture in accordance with the diagram presented in fig. 3.

Figure 3. The process of achieving the best result of the work of the HR department



Source: developed by the author.

Among the corporate requests of BSC implementation the target of staff development as the key resource of an insurance company is of special popularity [35], and in the service sector it is extremely valuable because any service is fraught with an extremely high level of the service executor's (representative's) personality factor.

For this reason, for insurance companies we represented by a diagram structuring of the target map as exemplified particularly by examination of the request for an efficient human resource management (fig. 4).

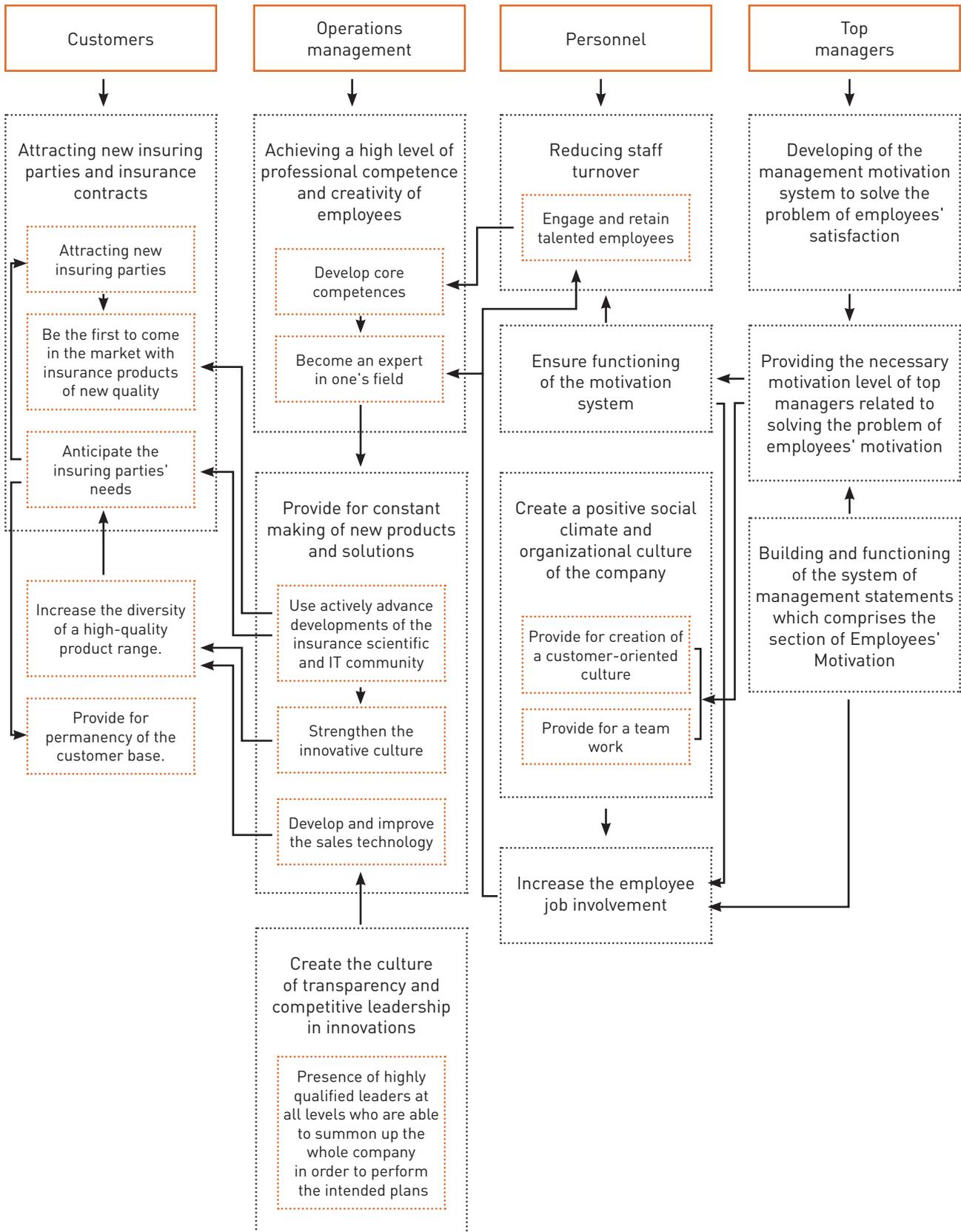
When the stage of formation of the target package is completed the top managers of the functional business unit define the indicators of change control. The key objective here is to cover to the maximum extent stakeholders' interests. For convenience of control the indicators are divided into groups (see example in table 2). Control is performed through measuring of the actual state of the indicator and its changes at established time

slots also defined by top managers of functional business units.

At the theoretical stage of the research it is in general unreasonable to establish target values on the basis of indicators because the list of strategic goals, rates and boundaries of their achievement adapt to the interests of stakeholders of a certain insurance company and specifics of its operational processes. The existing researches of implementation of TQM and BSC in the service sector put emphasis on it.

For this purpose, first stakeholders of a certain insurance company, their interests including the ones expressed in quantitative and qualitative indicators are defined and segmented. After that using integration of strategic planning, TQM and BSC a system of goals and measures aimed at satisfaction of stakeholders' interests is developed based on certain quantitative and qualitative indicators which are monitored later.

Figure 4. Target map based on the example of the HR department



Source: developed by the author.

In the four stakeholders' groups considered as an example in this research based on insurance business one may define the following indicators:

- **stakeholder: Shareholders (owners):**
 - Index of the growth rate of premiums to the growth rate of the number of contracts;
 - relative share of premium income in the income of the target segment (all-Russian income);
 - relative share of the number of contracts against the size of the target segment;
 - profitability of insurance products;
 - profitability of insurance areas;
 - growth index of solvency margin;
 - net assets growth index;
 - return on RUB 1 of the average asset value for a period;
- **stakeholder: Customers (insuring parties):**
 - index of growth of the total amount of the collected premium;
 - index of payments to income;
 - index of premium per one sale;
 - profitability per a customer;
 - index of growth of the number of contracts;
 - size of the customer base;
 - share of renewed insurance contracts;
 - share of premiums under renewed contracts;
 - number of new market sectors where sale of core products started;
 - amount of premiums in the market with new insurance needs;
 - reduction in the number of refusals to pay;
 - time spent on settlement of losses;
 - number of applications for unjustified payments;
 - number of insured events;
 - number of insurance fraud cases;
 - work time expenditures for conclusion of one insurance contract;
- **stakeholder: Management:**
 - staff performance;
 - share of sales in the target segment;
 - index of payment to income;
 - number of customers' comments and complaints;
 - number of initiations of legal action;
 - index of time for making payments;
 - number of evidence-based documents for the insuring party;
 - index of improvement of the underwriting result;
- time spent on training of an agent / employee in relation to a new product;
- number of offered improvements;
- number of new insurance projects or concepts submitted for development;
- share of the bonus of each employee satisfied with the motivation system;
- percentage of assignments not fulfilled by employees;
- amount of information on the needs and values of employees;
- **stakeholder: Personnel:**
 - index of personnel satisfaction;
 - index of salary growth within a company;
 - index of social payments' growth within a company;
 - index of staff turnover;
 - index of agents' turnover;
 - index of training time spent on one agent;
 - index of time (days/hr.) spent on staff training / retraining;
 - share of employees who have a clear understanding of functioning of the corporate motivation system;
 - number of min./hr. of improper spending of working hours;
 - number of employees who raised their qualification;
 - index of submitted innovative proposals of the process improvement;
 - index of IT-support of processes;
 - index of use of the IT solution uniform for the company.

It should be noted that the above list of indicators is approximate and non-exhaustive. Other indicators may be added to it and a separate list of indicators may be made depending on the specifics of activity of a certain insurance company and its stakeholders.

After implementation of TQM and BSC the insurance company adjusts its business operations to stakeholders' needs completely. Later it will influence directly the company's income and stakeholders' satisfaction will create a free access of the company to exchanged resources, will optimize business operations and increase efficiency of capital use [7; 8]. A well-balanced satisfaction of all concerned parties, an upward trend of certain indicators by which satisfaction of certain stakeholders of a certain insurance company will be assessed will also be indicative of the balanced development of such company.

The system approach to orientation to stakeholders' interests starts from collection and analysis of information which in accordance with TQM should come in regularly from many sources and be integrated in the process

which helps to obtain accurate and justified conclusions as regards stakeholders' needs and expectations as applied to the existing market situation.

There are several problems which should be eliminated in a company for a successful implementation of TQM. Negligent attitude to elimination of these problems can not just impede applying of TQM, but also destroy gradually the company itself [36]:

- management of the main line only. Managers should know the process, be involved in it, understand the trouble spots and offer examples of solving the problems to their subordinates;
- assessment of operations on the basis of the system of quantitative indicators only where the reports, ratings or annual reviews of achievements often result in the factors which cause unsound competition, which impede team work in the company. Managers should make comments in person as regards individual work of employees in order to help them to improve it instead of use of such systems;
- emphasis on short-term benefits;
- absence of a unified for all business units, constantly implemented strategy;
- staff turnover. The management should take measures to make the employees feel as an important part of the team.
- Therein the advantages of implementation of TQM are as follows [36]:
- growth of stakeholders' satisfaction and, as a consequence, improvement of resource exchange;
- optimization of image and company goodwill in the market;
- increase of customers' loyalty and the share of repeat purchases (insurance companies implement it through a packaged insurance services rendered to households);
- increase in labour productivity which often takes place automatically as soon as the employees become partners in implementation of TQM;
- growth of personnel involvement;
- improvement of financial indicators as a cumulative result of realization of previously mentioned advantages.

Conclusions

The balanced scorecards system produces a beneficial effect only after implementation of strategic measures. Strategic measures help to make specific the strategic goals and link the strategy to operational goals of employees from functionally separate and geographically distant business units. Thus, the fundamental idea of implementation of a well-balanced system of indicators in an insurance company – transformation of corporate strategy of development of insurance services into certain actions of business operations is implemented.

The balanced scorecards concept helps to monitor on the basis of indicators the quality of satisfaction of interests of the main company stakeholders. This creates new effective tools for improvement of resource exchange and prevents distortions in management (including those caused by private ends and motives of managers and insuring parties). The integration of strategic planning, ISO principles and TQM opens up new market growth opportunities for insurance companies in the context of a limited portfolio of services for a strictly limited audience which are characteristic of the insurance market.

Clusterization of uncoordinated targets systemizes the goals of business units of different levels and their functional responsibilities into the unified plan of implementation of the corporate strategy which will unite the interests disconnected in time of implementation (at various stages of production chains) of all stakeholders' groups of the insurance company.

The quality of omnichannel communication with concerned parties is ensured by translation of the results of implementation of stakeholders' resources into business operations, and this becomes an extra incentive for increase of the company performance. The necessity to minimize technical errors and to mitigate the human factor in the gap between the "plan" and "fact" of the insurance operations, permanent goals duplication, correlation of results between functionally non-connected business units motivates the companies to look for innovative approaches to corporate management. The identical origins of the implemented tools and international standards guarantees correspondence of Russian managerial realities to global management trends and its best practices and also emphasizes the high relevance and efficiency of solving corporate requests of business in the insurance sphere by implementation of the Total Quality Management and the Balanced Scorecards System.

This research is limited to the publicly available data of the largest insurance corporations SOGAZ, Rosgosstrakh, and ROSNO. So, applicability of its methods and conclusions to medium and small insurance companies, access to information of which is often limited significantly, is assumed on the basis of similarity of specifics of business and procedures. Nevertheless, the influence of implementation of the Total Quality Management system and the Balanced Scorecards System (BSC) on the operations of medium and small insurance companies should be studied in another research paper.

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