

IMPLEMENTATION AND LEGAL REGULATION OF ELECTRONIC INSURANCE IN UKRAINE

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ABSTRACT

In the article, the authors studied the essence of electronic insurance as a method of providing insurance services through the Internet, and also identified the main directions of its implementation. Special attention was paid to the benefits of electronic insurance for both the insurer and the consumer (the insured). When studying the issue of implementing electronic insurance in Ukraine, the regulatory framework was studied by which relations in the provision of insurance services through the Internet in Ukraine are regulated. Defining the forms for concluding an insurance contract that are admissible in accordance with the Ukrainian legislation, attention was focused on the new form, namely, using information and telecommunication systems, which is also used in electronic insurance. The characteristic features of the procedure for concluding electronic contracts were considered. Particular attention was paid to the legal regulation of the use of electronic signatures in accordance with the norms of Ukrainian legislation and standards of the European Union. The essence of the insurance policy was defined as a mandatory document for electronic insurance of civil liability of owners of land vehicles.

Keywords: Electronic Insurance, Electronic Contract, Electronic Signature, Insurance Policy.

INTRODUCTION

With the rapid development of information and communication technologies and its penetration into all areas of society, the use of the global Internet space by many financial institutions has become popular. Among the latter, insurance companies, which direct their activities to promote their insurance services on the market using the Internet, thus attracting a greater number of customers, have not been left aside.

The increasing role of the Internet commerce and its active use in the implementation of the activities of any business entities, which include insurance campaigns, is due to the wide distribution of modern software. Therefore, for manufacturers, successful and efficient operation in the market in order to meet their own needs and the needs of consumers requires the creation of their own sales channels in the virtual space. In order to maintain a competitive position in the insurance market, insurance companies resort to finding new ways to attract customers, taking into account the needs of the latter, and strive to reduce costs and reduce the time to provide insurance services. In this context, e-insurance has become popular as one of the ways that an

insurance company provides services of insurance policy issuance using Internet technologies through a specially created website of insurance company.

Problem Statement

The practice of insurance in the developed countries of the world shows that there is a tendency to increase the level of interest among consumers of insurance services to the use of electronic insurance. However, the introduction of Internet insurance in the insurance market of Ukraine in comparison with foreign countries is characterized by a rather low level of development, which is explained by the presence of certain constraining factors. The current situation is explained by the low level of insurance culture of the population and the distrust of many of its representatives in electronic payments; existing technical and technological problems of electronic document management; the possibility of fraud in the insurance market, and the like.

LITERATURE REVIEW

As appropriately noted Ettis & Haddad (2019) the introduction of the Internet insurance today is an important issue that remains insufficiently studied in scientific research. Electronic insurance provides customers with a wide range of opportunities associated with obtaining insurance services remotely. In particular, this applies to the conclusion of an insurance contract via the Internet, viewing and managing the insurance contract, as well as making appropriate changes to it, if necessary (Kwilinski et al., 2019).

Mahdinia (2018) defines e-insurance as an important phenomenon characterized by the use of the latest information and communication technologies, which, on the one hand, has the goal of increasing the efficiency of sales of insurance services and minimizing the costs of this process, and on the other, is aimed at expanding the scope of purchases and sales of insurance services through the Internet.

In turn, Pahuja & Chitkara (2016) emphasizes that in a competitive environment that is constantly developing, the technological impact on people's lives allows them to do their work with one click of the mouse. The financial services industry in this context is no exception, because banking services provided via the Internet are already quite common and possible with access to the Internet. The Internet insurance as a special type of e-commerce application in the insurance sector is aimed at maintaining all or any insurance policies in electronic mode by policy holders, where all operations, including a request, offer, contract and negotiations, are carried out on-line. However, despite the declared benefits of e-insurance services, quite a few consumers use such services.

Bazqandi & Golestan (2015) note that e-insurance can be used with the help of the Internet and information technology to produce and distribute insurance services. Electronic insurance and the use of information and communication technologies in the activities of insurance companies contributes to the transparency of its implementation (Tkachenko et al., 2019).

METHODOLOGY

The methodological basis for the study of the features of electronic insurance and for its legal regulation in Ukraine were dialectical, formal and legal and system and structural methods. Using the dialectical method allowed us to determine the essence of electronic insurance as a way to provide insurance services through the Internet. The formal and legal method allowed us to determine the main regulatory documents, the provisions of which are aimed at settling relations in the field of electronic commerce, insurance, as well as interpret certain rules, which to some extent are related to electronic insurance issues. Using the system and structural method, the advantages of electronic insurance were determined both for the insurer and for the consumer (policy holder).

FINDINGS AND DISCUSSION

In the current conditions of social development, an important role is played by globalization and integration processes taking place in the economy of many countries. However, such transformations should be a consequence of increased competition in the market, including in the provision of insurance services.

Electronic insurance is carried out in two directions, namely on-line and off-line. A characteristic feature of the on-line system is the implementation of an almost complete sales cycle via the Internet. This includes the possibility of calculating the cost of insurance services, filling out an insurance application, making payments, and the like. Thus, the insurance product is sold to the customer in virtual mode. Despite the fact that the on-line insurance procedure does not provide for a meeting between the insurer and the policyholder, in most cases the client still receives the corresponding document in paper form as a result of entering into an insurance contract an insurance policy by courier from the insurance company. It is important to note that this form of insurance is not always acceptable (The Civil Code of Ukraine, 2003). This applies to cases where it is necessary to inspect the insurance object in order to take into account all possible factors influencing it. In turn, the off-line insurance system provides that the customer has the opportunity on the relevant website of the insurer to obtain the necessary information about the insurance products, the terms of the insurance contract, as well as in case of questions, use the insurance company's online support or send questions by e-mail (Sowmiy & Selvam, 2017; Lakhno et al., 2018).

Considering the above, it is important to determine the benefits provided by the electronic insurance to the policyholder and the insurer. Thus, for the customer, this type of insurance allows: (1) saving time on the execution of an insurance contract; (2) purchasing an insurance product at a convenient time for the consumer; (3) determining the cost of insurance services using an insurance calculator and the like. The convenience of this service for the client is explained by the absence of the need to execute many different documents, as well as the ability to compare insurance products on-line, they are interested in, and make the right choice. The advantages of electronic insurance for insurers are that the latter receive the opportunity to achieve competitive advantages by: (1) study of the frequency of consumer requests for a particular insurance service; (2) creation of a user-friendly website interface; (3) attracting more customers, using various mailings to e-mail, mobile phones, advertising insurance products, etc.

(Prykaziuk & Motashko, 2016). At the same time, there are also drawbacks to electronic insurance, in particular, an increase in the number of Internet frauds that are cross-border in nature and therefore require coordination of the efforts of the law enforcement agencies of the states to detect and suppress them (Olga et al., 2018).

The peculiarities of the procedure for concluding electronic contracts are established by Art. 11 of the "*Law of Ukraine on Electronic commerce*", in accordance with which it is indicated that the electronic contract is concluded by offering to conclude it (the offer) by one party and its acceptance by the other party. It is also important to note that the buyer (customer, consumer) must receive confirmation of an electronic transaction in the form of an electronic document or other document at the time of the transaction or at the time the seller fulfills the obligation to transfer the goods to the buyer.

It should be emphasized that, within the framework of the regulatory framework of the European Union, the use of electronic signatures is regulated by the Directive 1999/93/EC of the European Parliament and of the Council "*On a Community framework for electronic signatures*" of December 13, 1999. In particular, in accordance with Part 1 of Art. 2 of the Directive 1999/93/EC, an electronic signature is defined as data presented in electronic form, which are logically combined with other electronic data and which serve as an authentication method (Directive of European Parliament, 1999).

As noted above, as a result of electronic insurance, the customer must obtain a corresponding document an insurance policy. According to the results of the signing by the vehicle owner of the internal electronic contract, the insurer is obliged to send the policyholder confirmation of the electronic transaction by sending an electronic document a visual form of the insurance policy.

CONCLUSION

It is important to note that there is no doubt that foreign insurance companies have more experience in the field of insurance, which is achieved by introducing effective innovative projects and, accordingly, establishing their competitive positions both in the domestic and foreign markets. Such situation leads to the existence of significant competition in the insurance market, which Ukrainian insurance companies experience on the part of foreign ones. Therefore, an important and priority field today for Ukrainian companies insurance service providers-is to strengthen innovative development in the provision of insurance services, in particular, by using the possibilities of electronic insurance, in order to increase their competitiveness.

RECOMMENDATIONS

The analysis in the totality of the norms of the current Ukrainian legislation in the field of electronic commerce, electronic document circulation, the provision of insurance services suggests that the concept of an insurance policy is fixed at the level of a subordinate regulatory act. The procedure is legally regulated only in the context of issuing electronic insurance policies in the field of concluding contracts of compulsory insurance of civil liability of owners of land vehicles. Given the relevance of the spread of electronic insurance in various spheres of life, it is advisable to consolidate the concept of electronic insurance policy at the level of a legislative act

in order to avoid obstacles in the practice of using such a document by the consumer of insurance services.

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