

The Electronic Insurance in the Context of Innovative Development of Digital Law in Russia

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ABSTRACT

The relevance of research. In recent years, Russia has embarked on a completely new way of its formation and development. There is a global digitalization of our society everywhere. The institution of insurance did not ignore this phenomenon. Since 2017 in the insurance relations there has been a revolutionary coup - electronic MTPL was introduced. Today it is already possible to sum up some results concerning the consequences of the application of electronic insurance, to analyze all the advantages and disadvantages of this phenomenon. Therefore, the topic of electronic insurance in Russia is relevant and demanded scientific direction.

The main essence of all problems of electronic insurance contracts in Russia is that the insured when concluding an insurance contract in electronic form, cannot obtain sufficient necessary and reliable information, which prevents him from concluding an insurance contract.

Purpose and tasks of the research. The purpose of the research is to study the advantages and disadvantages of digital insurance in Russia, as well as to identify ways to respond to and discuss some problems in the field of electronic insurance.

Tasks of the research. To achieve this purpose, it is necessary to determine the following scientific tasks: to analyze similar concepts in the field of digital insurance: electronic insurance, e-insurance, smart- insurance, direct-insurance; to reveal the peculiarities of domestic electronic insurance; identify the advantages and disadvantages of Russian digital insurance; draw informed conclusions and identify the results of the research.

Keywords: *digitalization, electronic insurance, smart-insurance, direct-insurance, IT- technologies in insurance, the insurer, the insurant*

1. INTRODUCTION

The rapid increase in the level of competition in the insurance, which has occurred in recent years, forces insurers to constantly look for new ways in order to attract insurants. Electronic insurance contracts have become demanded agreements in the modern market with the development of digitalization and the introduction of IT-technologies.

For the practical convenience of insurants (beneficiaries), mobility of insurance relations and reduction of the level of costs on the part of insurers in this sphere, a new format of relations has gradually emerged – conclusion and execution of insurance contracts through the use of information technologies and (or) Internet resources [1].

Therefore, electronic insurance in Russia opens up new opportunities for both insurers and insurants. The main feature of this format of digital relations is the absence of intermediaries between the insurer and the insurant [2]. Which, in our opinion, does not have a completely positive impact on the insurance relations themselves.

In most developed countries, where digital insurance has long time been standard, electronic contracts are concluded through official intermediaries, and the insurer usually contracts as an exception with permanent insurants. The participation of intermediaries in the digital environment allows to expand the capabilities of the insurance sphere and provide additional protection to the main participants. The electronic insurance in the USA is a good example when many insurers conclude their insurance contracts through special portals of Internet brokers [3].

2. METHODS OF THE RESEARCH

The methodology of the research includes the following general scientific and special methods of knowledge of legal phenomena and processes: systemic, formal-legal, comparative and analytical.

In order to better understand the essence of this type of insurance relationship, a comparative legal method was applied in the work on the peculiarities of the application of electronic insurance contracts in Russia. In order to identify general differences, formal-legal and analytical methods were carried out to study smart-contracts in the insurance.

3. RESULTS OF THE RESEARCH

3.1. Concept of electronic insurance

Recently, a new reality has been generated – the virtual world, "the world of digital technologies": universal development of the Internet, introduction in the life of inhabitants of gadgets, a smart of devices and other IT technologies [13]. Revolutionary development and application of different digital technologies, including in the insurance sphere have become possible because of the new reality.

After the wide dissemination of digital technologies, the state began to try regulating this sphere of relations, which caused some problems because our state was not ready for such a format of relations, i.e. there was a lack of necessary basic legislation, state barriers to the creation of a single operational information centre, etc.

Today Russian legislation is taking first steps to seek legislative action for this new sphere of relations. Thus, article 2 of the Draft Federal Law "On Digital Financial Assets" [4] defines "digital relations" and "digital law". According to this Bill, digital law is a law which is based on an information system.

In the new version of article 128 of the Civil Code of the Russian Federation, digital rights are defined as special objects of civil legal relations, i.e. obligating and other rights, the content and conditions of implementation of which are determined in accordance with the rules of the information system, which has the corresponding characteristics (article 141.1 of the Civil Code of the Russian Federation).

The use and disposal of digital law are possible only in the information system without recourse to a third person.

At the same time, there is no necessary understanding of the distinction between digital rights and information systems today in Russia [2]. Therefore, the application of digitalization in the insurance sphere in Russia is not exactly legal and primitive. The legislator stated that insurance can be carried out both in the classical form (in the form of a signed document, i.e. an insurance policy) and in the non-traditional form (in the form of an electronic insurance contract).

Since the law does not have an exact legal concept and features of an electronic insurance, scientific versions on this issue were also divided. Thus, most legal scholars, for example, Smallinicki K.S., Astashkin S.S. [5], Sumskaya O.V., Chopina G.J. [6], believe that there is a new form of insurance contract – an electronic policy in Russia since

2017. They confirm their opinion by the fact that an electronic insurance contract is a legal concept written in the law (art. 940 of the Civil Code of the Russian Federation).

Other authors, for example, Emelyanova A.E. [7], Sharifyanova Z.F. [1], refer to the electronic form of the insurance contract as online-insurance. This is related to a special technique of concluding such contracts. Thus, to conclude an insurance contract, the insurant orders an insurance policy from the official website of the insurer directly from the Internet.

Obukhova A.S., Malyukov A.A. [8] and others believe that electronic contracts can be conditionally called "e-insurance" (from the English word "electronic"). According to these authors, this term is more convenient and mobile.

In addition, Obukhova A.S., Bartejeva Y.V. and Konontseva A.A. [9] also propose to apply, along with the terms "electronic insurance" and "e-insurance" also direct-insurance. According to these authors, the concept of direct-insurance is broader than electronic insurance, as direct-insurance includes both the electronic form of the insurance contract and the use of various telematic devices to read the information that allows establishing the conditions for the occurrence of the insurance event. For example, in the UK, the USA and Germany many vehicle owners install special gadgets on their cars, which transmit information about the driving style of the car, the technical characteristics of the vehicle to the insurer. As a result, these insurants can further claim bonuses that decrease the cost of insurance.

E.B. Zavyalova, E.I. Schumskaya and A.I. Schumskaya [2] suggest distinguishing the concepts of "electronic insurance" and "smart insurance." In their opinion, the type of electronic insurance that exists in Russia today is simply a new form of traditional insurance. Thus, we can conclude an insurance contract in simple written form on the company form of the insurer (insurance policy), or we can conclude an insurance contract in electronic form. In the last case, the insurance policy will be stored on digital media. But smart insurance is a completely new format of insurance relations, allowing both to conclude an insurance contract and to fulfil it.

Smart-insurance is a special algorithm that performs operations to provide insurance services in automatic mode according to predetermined conditions.

At the same time, it is important to understand that smart-insurance, unlike classic insurance in electronic form, represents a larger and more complex attitude. This algorithm contains the ability of the program to make its own decisions on the execution of the terms of the insurance policy, for example, the possibility of automatic debiting of funds from accounts to make the insurance payment. In the case of an electronic insurance, payment is made by the insurer [2]. Such smart-contracts have long been used in insurance in most countries. Thus, the famous German company "Allianz" uses smart-contracts to automate insurance payments.

Therefore, it is impossible to identify the electronic insurance with the smart-insurance.

In our opinion, the most successful term for the new insurance format was proposed by Tsyganov A.A. and Bryzgalov D.V. [10], who claimed that Russia officially introduced a new type of insurance relationship – digital insurance in 2017. It which should be understood as a type of economic relationship, in which insurance interests of insurance entities are satisfied with the help of digital technologies. In other words, digital insurance is a technique to implement insurance protection using digital technologies.

3.2. A mechanism of electronic insurance implementation

So, what is the mechanism for implementation of electronic insurance in Russia? Insurance services are provided directly on the official website of the insurer.

Today, an electronic insurance policy can be obtained for the following types of insurance:

- car insurance under CASCO;
- compulsory insurance of civil liability of vehicle owners (MTPL);
- travel insurance;
- insurance of the property.
- property and liability insurance of sportsmen [1].

In order to conclude an electronic insurance contract, the following actions must be carried out:

- enter your personal account on the official website of the insurer (register on the website of the insurer or go through the Portal of Public Services of the Russian Federation);
- fill in the application for the conclusion of the insurance contract in the personal account. After that, the insurer checks all data of the insurer through the special automated information system RSA. If the information is false or missing, the insurer sends a message with the reason for refusal of insurance. In addition, the insurer also displays this information on its official website in real-time [11].

3.3. Advantages and disadvantages of electronic insurance

Today in Russia electronic insurance has both positive points and negative trends. In particular, the advantages of electronic insurance are the following:

First, thanks to the electronic form of the contract, the insurer reduces the cost of producing insurance policy forms. In addition, the insurance organization significantly saves on rent of premises and wages to employees and other intermediaries using the services of a special Internet program.

Second, the degree of control over the subjects of insurance relations will increase, which allows to more accurately establish benefits for insurers for exemplary behaviour.

And it also improves the quality of service on the part of the insurer: insurance services with the involvement of digital technologies can be provided 24 hours a day in any day and any time [12].

Third, with the help of the electronic insurance system, all information on this insurance can be recognized very quickly. When issuing a service online, the insured does not need to spend time on a trip to the insurer's office and the execution of the contract.

Fourth, it is easier to control the procedure of payment of insurance premium or insurance payments. At the same time, the insurance premium in electronic insurance is much less, as there is no interest in intermediary services.

Fifth, complete automation of insurance amount calculations. The insurer simply enters the necessary information about the object of insurance and the online calculator immediately calculates the necessary insurance amount taking into account the existing wishes of the insured.

Despite such obvious advantages, there are also some shortcomings in electronic insurance.

First, there is no unified system between insurers and state authorities, which could check the existence of the insurance policy of insureds.

Second, electronic insurance in Russia does not provide for the participation of insurance intermediaries, which creates a conflict of interest between the insurer and the insurance intermediaries. Consequently, without profit, insurance agents can switch to another insurer and deprive the previous insurer of the client base [8].

Third, the establishment and implementation of digital technologies require the availability of special technical means and free Internet, which is very difficult to organize in remote settlements [11]. In addition, the online calculation of insurance amounts cannot take into account all nuances, as calculations are strictly fixed.

Fourth, the lack of insurance knowledge of the population. In practice, there are often problems in choosing the type of insurance and, as a result, paying for unnecessary insurance services.

Fifth, the often absence of qualified IT specialists in the insurer's staff does not allow the insurer to use the full potential of digital insurance.

Sixth, the mistrust of many insured persons in forming relationships through the Internet. Most citizens of the Russian Federation are not psychologically ready to use these technologies [1].

Seventh, there is a high probability of getting on the fake website of the insurer and becoming a victim of frauds [5].

Eighth, the establishment of a coherent electronic insurance system requires huge financial costs. Therefore, medium and small insurers do not have the necessary resources to organize such insurance [12].

4. DISCUSSION OF RESULTS

Having considered all the advantages and disadvantages of electronic insurance in Russia, we came to some

conclusions received the following results. The main difficulties in the transition to digital insurance in Russia are the lack of qualified specialists on the part of the insurer and illiteracy of the main population on the part of the insured. This eventually leads to the inability to organize a normal format of digital relations in the insurance. A.A. Mandrovicki offers the state to adapt the measures related to the support of insurers in the improvement of digital smart insurance [3].

And the state should strive for the transition of Russia not only to the electronic insurance but also to the use of smart insurance, which would be beneficial to both the insurer and the insured. For this purpose, it is necessary to create an appropriate regulatory framework, as well as to adopt a number of State programmes to support and develop this idea.

5. CONCLUSIONS

Summing up the results of our research, it should be noted that there are certain problems in the electronic insurance system in Russia that require a quick and accurate solution. This is mainly the case with the lack of preparedness of the population to adopt innovations and the need to retrain workers in this sphere. It is also necessary to create a single system of electronic policies and a common base of insurance cases. Undoubtedly, domestic digital insurance has huge prospects, which in eliminating shortcomings, will benefit both the insurers and the insureds. In addition, the new insurance will save the necessary reserve money and improve the economy of the whole state. In addition, much depends on the insurers themselves, their readiness and desire to introduce new technologies and move to a new level of relations. The extent to which Russian insurance organizations are susceptible to innovation depends on their competitiveness in national and global insurance markets.

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