

Introduction of the ombudsman institute in the insurance market of Ukraine

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Abstract. The insurance industry plays an important role in the economy, contributing to the intermediation and risk-bearing mechanism. At the same time, the insurance industry contributes to socio-economic growth due to accumulated long-term financial resources that can be directly used in the economy. The purpose of the article is to develop recommendations on the possibility of creating an insurance ombudsman institute in Ukraine based on international experience. The set goal determined the solution of the following tasks: to investigate the legal aspects of the activity of the financial ombudsman in different countries and provide their comparative characteristics; to determine the specifics of the implementation in Ukraine of the alternative dispute resolution mechanism on the insurance market; justify the benefits of activating the activity of the insurance ombudsman institute in Ukraine. In the process of carrying out a scientific search, such general scientific methods as: abstract-logical; monographic; comparative; graphic; dialectical method; comparative legal method; structural-functional method. The peculiarities of the functioning of the relevant alternative mechanisms for resolving insurance disputes in different countries, the mechanisms for dealing with customer complaints, and the resolution of disputes with the participation of a professional mediator were studied. It was determined that in world practice, two main models of financial ombudsmen are usually distinguished: British and German. It is substantiated that the introduction of the insurance ombudsman institute in Ukraine as an alternative platform for considering complaints will have advantages for all participants of the insurance market. It has been proven that the activities of such an institution can consider disputes related to settlement of claims, wrongful sale, payment of insurance premiums, legal registration of the policy, delay of settlements, failure to issue insurance documents, etc. Such an insurance ombudsman institution will be responsible for protecting the interests and handling policyholder complaints, and the main purpose of the ombudsman's activities is to handle policyholder complaints outside the court system in a cost-effective and impartial manner

Keywords: insurance companies, insurance market, dispute resolution, protection of consumer rights, consumers of insurance services

INTRODUCTION

The insurance industry is a major component of the economy due to the amount of premiums it collects, the scale of its investments and, more importantly, the social and economic role it plays in covering personal and business risks. In 2021, insurance companies experienced a slowdown in gross premiums, particularly in the life sector, due to COVID-19 and falling interest rates. However, premium growth remained positive in the non-life insurance sector, while claims declined, particularly in motor insurance, due to reduced car use and fewer accidents following the mobility restrictions

associated with COVID-19. This, in turn, contributed to the improvement of underwriting indicators of insurers in the non-life sector [1].

The increase in the volume of the insurance market and the spread of insurance services has an impact on the increase in the number of disputes between market participants. The disputes that arise are related to both the quality of the services provided and the violation of the terms of insurance contracts. Thus, in 2021, the Unified State Register of Court Decisions based on the contextual search for "insurance" includes 431,983

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court acts related to insurance disputes [2]. According to the annual report "On the state of observance and protection of human and citizen rights and freedoms in Ukraine" [3], during 2019, the Authorized Body received 948 reports from citizens regarding violations of consumer rights, a significant number of which related to violations in the spheres of financial and transport services. At the same time, according to research by the United States Agency for International Development, almost 50% of people do not know where to turn when their rights and interests as consumers of financial services are violated. 80% of people do not want to go anywhere to solve their financial disputes at all, because they do not trust existing channels or consider them ineffective [4]. According to data [5], in the 1st quarter of 2021, 497 appeals (46.4% of the total number) related to the work of insurance companies and contained signs of violation of consumer rights. The given statistics and an imperfect system of resolving disputes related to the receipt of financial services in general and insurance services in particular, the lack of effective consumer protection mechanisms, the low level of financial literacy of the population lead to the need to introduce an institution of alternative dispute resolution between insurance market participants. Attempts to solve these problems have always been fragmentary, and there is no possibility of resolving disputes between insurance companies and consumers in a pre-trial procedure [6]. That is why consideration of the introduction of the insurance ombudsman institute in Ukraine is relevant and necessary. The ombudsman institute can better promote transparency, honesty, accountability and participation of interested parties, contribute to improving the quality of insurance services.

In their research, Per Echeverria & Nicklas Salomonson [7], using a qualitative individual case and ethnographically inspired methodology, explore vulnerability and coping strategies during interaction with the services provided, from the consumer's point of view. This study focuses on understanding the forms of vulnerability consumers experience during service delivery and how consumers use active coping strategies that help them in such situations of vulnerability.

The authors [8] studied the impact of consumer protection policies of financial services on the cost of financial intermediation and found that the presence of internal complaint handling mechanisms, fair treatment requirements, supervisory powers related to consumer protection, and various information disclosure requirements reduce the cost of financial intermediation in developed countries. Similar studies were conducted by scientists [9]. The authors investigate the form of a balanced relationship between clients of financial services and financial institutions. It has been proven that it is the regulators who must better understand and balance the interests of clients and the rights and obligations of financial institutions.

Much attention has been paid by scientists to the consideration of the state of the legislative and regulatory framework for the protection of consumer rights. So, H. Ahmed & I.R. Ibrahim [10] examine the state of the legislative and regulatory framework for consumer protection in Malaysia, a country with a developing economy. Using leximetrics, the authors investigate the regime of protection of the rights of consumers of financial services in the country by studying two aspects of the legal framework: the legal infrastructure and the typology of laws. Malaysia's legal framework for the protection of the rights of consumers of financial services is evaluated in the light of good practice as defined in the international guidelines issued on these topics by the OECD and the World Bank. The results of the study emphasize the complementary nature and different roles that laws, regulations and supporting institutions play in creating a comprehensive system of protection for consumers of financial services.

The purpose of the article is to develop recommendations on the possibility of creating an insurance ombudsman institute in Ukraine based on international experience. The set goal determined the solution of the following tasks: to investigate the legal aspects of the activity of the financial ombudsman in England, France, Germany, Belgium, Switzerland, Poland and provide their comparative characteristics; to determine the specifics of the implementation in Ukraine of the alternative dispute resolution mechanism on the insurance market; justify the benefits of activating the activity of the insurance ombudsman institute in Ukraine.

LITERATURE REVIEW

Proposals regarding the expediency of implementation and the possibility of functioning of appropriate alternative mechanisms for resolving insurance disputes in Ukraine are reflected in the works of scientists. In particular, O.I. Pozniakova & N.M. Dobosh [11] presents the digitization mechanism of the financial ombudsman institute. According to the authors, the implementation of such a mechanism will help resolve insurance disputes or prevent their occurrence with the help of a special electronic platform of the financial ombudsman, which facilitates the cooperation of consumers of financial services with the ombudsman himself. The authors believe that the mediator's active participation is important not only at the stage of resolving disputes, but also to prevent them in the form of dialogue with the consumer and implementation of the rights and obligations of both parties. This will help ensure a high level of participation in insurance and increase the level of public trust in the financial sector.

The work of I.H. Britchenko & V.S. Stand [12] is devoted to the problems of the establishment of the financial ombudsman institute in Ukraine based on the study of international experience. The authors pointed out the importance and necessity of creating an institution

of out-of-court dispute resolution in Ukraine in the form of a financial ombudsman. Scientists have substantiated that the activities of the financial ombudsman will contribute to improving the quality of regulation in the financial market, increasing the level of trust of citizens in financial institutions, and ensuring transparency and openness in the market.

European models of financial ombudsman functioning are considered in the work of I.V. Bassists & A.O. Gorbova [13]. Scientists drew attention to the fact that in the European Union, the institution of out-of-court dispute resolution between financial market participants functions in accordance with regulations or relevant advisory documents, among which Commission Recommendation 98/257/EC of March 30, 1998, developed by the European Commission, occupies an important place [14] on principles applicable to bodies responsible for out-of-court settlement of consumer disputes. In particular, in order to improve the functioning of the system of ombudsmen responsible for handling disputes with consumers, their activities must comply with the principles of independence, transparency, competition, efficiency, legality and freedom of representation.

The scientific work [15] reveals the peculiarities of the activity of the institute for out-of-court settlement of disputes – the financial ombudsman in Poland. The genesis of the establishment of the institution, the peculiarities of the institution's financing, modern trends in dealing with appeals from clients of insurance companies, statistical data on the level of satisfaction of complaints were analyzed, and a number of proposals for improving the regulatory regulation of the financial ombudsman in Ukraine were substantiated based on the positive Polish experience.

Scientists [16] suggested using a systematic approach in the field of protecting the rights of consumers of insurance services. It is substantiated that one of the main foundations of the development of the insurance market is the trust of consumers in the activities of insurance companies.

Studies [17] indicated that it cannot be denied that insurance companies worldwide operate with the primary purpose of making a profit, and it becomes important to ensure that such profit motives do not interfere with the satisfaction of claims made by individuals. To ensure that the claims process is smooth and hassle-free, the Government of India has created the Insurance Ombudsman. This is to speed up the processing of any claims the buyer may have against the insurer. Both private and public insurance are within the competence of the Insurance Ombudsman. Having such a system ensures a fair place for everyone and that people can fully trust the system and receive the benefits it is meant to provide. Thus, the insurance sector also sees optimal growth and it is a win-win situation for all.

Legal and organizational aspects of the ombudsman in insurance were studied in the paper [18]. Based

on the study of the European Union's regulatory acts, the main criteria that must be met by the institution providing alternative dispute resolution (ombudsman), namely: accessibility; professionalism, independence, impartiality; transparency; efficiency; fairness (impartiality); freedom.

Studies [19] are devoted to the analysis of the legal framework for regulating the activities of non-banking financial institutions. In particular, the author carried out a critical analysis of the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on Improving the Functions of State Regulation of Financial Services Markets" regarding the introduced novelties, as well as identifying positive and negative aspects of these changes. The work [20] emphasizes the important points of the introduction of the institute of alternative methods of dispute settlement in the financial market of Ukraine through the application of the mediation procedure.

Studies [19] are devoted to issues of improvement of the legal framework regulating the activities of non-banking financial institutions. In particular, the author analyzed the novelties introduced by the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Regarding the Improvement of Functions of the State Regulation of Financial Services Markets", investigated the positive and negative aspects of these changes.

The importance of introducing in Ukraine the institute of alternative methods of dispute settlement through the application of the mediation procedure in solving the problem of realizing the rights of each person is emphasized in the work [20].

Despite the significant interest of economists in the study of the institution of the financial ombudsman, the study of the activity of the ombudsman in the insurance market is insignificant. That is why there is an urgent need for a detailed study of world experience regarding the peculiarities of the functioning of this structure, as well as the possibility of implementing its activities in Ukraine.

MATERIALS AND METHODS

The article is aimed at consolidating and conducting a literature review with the aim of summarizing the theoretical foundations of the insurance ombudsman's activities and substantiating practical recommendations regarding the possibility of creating an insurance ombudsman institute in Ukraine based on international experience.

In the process of carrying out a scientific search, the following general scientific methods were used to achieve the specified goal: abstract-logical for substantiating the purpose of the research and for formulating conclusions and recommendations; determining the benefits of the insurance ombudsman's activities for consumers, for insurance companies and for the state as a whole; monographic – to systematize the scientific approaches of scientists to the theoretical aspects of the insurance ombudsman's activities and provide

a comparative description of the two main models of the financial ombudsman: British and German; dialectical method – to study the essence of the concept of the financial ombudsman as an independent person in resolving disputes between financial institutions and their clients (consumers of financial services); comparative legal method – to determine the specifics of the legal framework of the financial ombudsman institute in developed countries and to consider individual provisions of the Ukrainian legislation on establishing the legal status of the insurance ombudsman; comparative method – to carry out a comparative characterization of the main models of the financial ombudsman of different countries, such as England, France, Germany, Belgium, Switzerland, Poland.

The information provision was made up of normative and legal acts of Ukraine, in particular the Laws of Ukraine “On Insurance” [21], “On Financial Services and State Regulation of Financial Services Markets” [22], the Annual Report of the Commissioner of the Verkhovna Rada of Ukraine on Human Rights “On the State of Compliance and Protection rights and freedoms of a person and a citizen in Ukraine” [3]. The OECD report “Global insurance market trends 2021” [1] provides an overview of market trends to better understand the overall performance and state of the insurance industry. This monitoring report was compiled using data from the OECD’s global insurance statistics. This edition covers 38 OECD countries, a number of non-OECD Latin American countries through collaboration with the Association of Latin American Insurance Supervisors (ASSAL), as well as selected non-OECD jurisdictions in the Asian region and elsewhere. Official websites of the financial ombudsman of France, Belgium, Germany, Poland, Switzerland.

In accordance with the formulated goal, the stages of the research were: the study of legal aspects of the activity of the financial ombudsman in England, France, Germany, Belgium, Switzerland, Poland and providing their comparative characteristics; determination of the peculiarities of the implementation in Ukraine of the alternative dispute resolution mechanism on the insurance market; justification of the advantages of activating the activity of the insurance ombudsman institute in Ukraine.

The used methodology contributed to solving the task and substantiating practical recommendations regarding the possibility of creating an insurance ombudsman institute in Ukraine based on the study of international experience. The advantages of the introduction of the insurance ombudsman institute in Ukraine as an alternative platform for considering complaints, which will have advantages for all insurance market participants, are substantiated, as well as the principles that should be followed in the activities of the insurance ombudsman institute are determined.

RESULTS AND DISCUSSION

An important role in the settlement of disputes between financial market participants and the protection of consumer rights in France, Belgium, Switzerland, and England is played by the state in the form of bodies that regulate insurance markets or specialized independent state institutions financed by state funds that have a wide range of regulatory, control and law enforcement powers to protect the interests of consumers. In addition to these powers, such state institutions also perform the functions of considering consumer appeals and complaints. The world’s leading countries actively involve not only state bodies in the regulation of these issues, but also strengthen the role of institutions engaged in alternative dispute resolution between consumers and insurance companies.

International acts emphasize the need to create a system to protect consumer rights. In particular, the resolution of disputes with the participation of a professional mediator is based on the provisions of Directive 2013/11/EU of the European Parliament and the Council of 21.05.2013 on alternative dispute resolution with the participation of consumers [23], an important place is occupied by Commission Recommendation 98/257/EU developed by the European Commission dated March 30, 1998 [14] on principles applicable to bodies responsible for out-of-court settlement of consumer disputes.

The existence of such an institute is a common practice. The essence and purpose of such an institution is solely to resolve disputes between consumers and financial service providers to improve the quality of consumer trust in the financial services market. The tasks of the Financial Ombudsman of Poland [24] include, in particular, consideration of reports on individual cases submitted due to the rejection of customer claims by financial service providers within the framework of the appeal procedure, as well as reports on the failure to take action on the basis of complaints considered in accordance with the wishes of the customer. The Financial Ombudsman can file lawsuits on behalf of customers of financial service providers in cases of unfair market practices related to the activities of such entities, as well as participate in pending cases with the consent of the plaintiff. The Financial Ombudsman can impose a financial fine of up to PLN 100,000 on a financial service provider who violates the obligation to provide information regarding the complaint handling procedure or fails to meet the deadlines for handling complaints.

La Médiation de l’Assurance [25] of France is formed within the French Insurance Federation (FFA) and deals with disputes between an individual and an insurance or brokerage company with the aim of securing an amicable settlement. Anyone can contact Mediation directly and free of charge in full confidentiality as soon as they first try to resolve their dispute

with a specialist (insurer or mediator). The purpose of the Association La Médiation de l'Assurance is to provide the consumer with a free mechanism for resolving disputes that may arise between individuals and insurance companies or insurance intermediaries in order to find amicable solutions to the dispute between the consumer and the insurer or intermediary relating to the subscription, application or interpretation of the concluded contract insurance.

The Insurance Ombudsman of Switzerland [26] provides resolution-oriented mediation in conflict situations and answers questions related to insurance law. The independent insurance ombudsman offers impartial help with private insurance and related issues such as cover issues, contract adjustments, claims, daily sickness benefits and more. He also assists in disputes involving accident insurance, occupational pension plans through life insurers and mortgage contracts with personal home ownership insurance companies. Within the limits of their competence, lawyers of the ombudsman consider complaints about written disagreements between insured persons and insurers. The goal is to help acknowledge the legitimate concerns of those seeking advice. In the case of unfounded claims, the legal situation is explained in accessible language. Disputes often arise due to unclear language or misunderstandings. The ombudsman legally classifies the problem and provides additional information to clarify open questions and ambiguities. If the ombudsman needs additional information to form his own opinion and find a solution, he can get it from the insurance company. She can also contact the insurer to clarify issues related to the procedures. If the complaint belongs to the ombudsman's area of responsibility and concerns issues related to insurance, he applies to the insurance company. She sends the submitted complaint and documents with her intervention to the insurer and asks him to comment. As a result, the person making the complaint and the insurance company will reach an agreement during the procedure or adopt a proposed decision. If an agreement can be reached, the parties can equally pursue their claims in another way (for example, in court).

The Insurance Ombudsman Service of Belgium [27] is recognized as a qualified organization by FPS Economy. This quality mark is a guarantee that the service meets the requirements necessary to fulfill the mission of out-of-court resolution of consumer disputes. This institution is the only one recognized as competent for insurance disputes in Belgium. Every

year, the organization publishes a report on its activities. It contains an overview of requests submitted during the reporting year. Based on the results of the analysis of all complaints, recommendations are provided to both industry players and competent authorities. Yes, according to the report for 2021. [28] of the 7,299 complaints of intervention registered in 2021, the Ombudsman analyzed 3,467, of which 3,241 were closed on 15 February 2022. In 59% of the analyzed cases, the consumer received a decision. In 41% of cases, the request is unfounded. As of February 15, 2022, 227 files from 2021 (3%) were still in reconciliation. The ombudsman referred the consumer to the complaint handling services of insurance companies and intermediaries in 2,428 cases (33%) and to another intermediary service in 509 cases (7%). In 663 cases (9%), the consumer turned to the Ombudsman for information and information. Thanks to the neutral and objective opinion of the ombudsman, these inquiries did not lead to complaints. Ultimately, only 6 cases (<1%) were closed against the Ombudsman's opinion.

In India, the Insurance Ombudsman Board can remove an ombudsman from office on the basis of gross misconduct during his term of office. The word gross misconduct includes (physical disability, or mental disorder, or insolvency, or conviction for an offense involving moral turpitude, or engaging in any other gainful employment, or conflict of interest, or providing false information for a selection process or lack of specification material facts) [17]. During 2021, insurance ombudsmen in India handled 40,527 complaints against insurance companies across the country compared to 30,596 complaints in 2020 [29]. The Ombudsman can resolve complaints through conciliation or adjudication. The decision is binding only for the insurance company and not for consumers. This means that the consumer can appeal the decision in court.

Therefore, there are various options for the formation and operation of organizations that take care of the protection of consumer rights in the field of insurance. There are also various mechanisms for dealing with customer complaints, which have become widespread in the world. In world practice, the following systems of financial ombudsmen are usually distinguished: British and German [13] (Table 1). However, a necessary condition for the ombudsman's activity is his political neutrality. The lack of political affiliation of the ombudsman is a mandatory electoral feature in all countries of the world, regardless of the specific model [30].

Table 1. The main models of the financial ombudsman: comparative characteristics

Characteristics	British model	German model
Founder	an independent state institution financed by state funds	non-governmental, Association of Community Banks of Germany
Ownership	state	private

Table 1, Continued

Characteristics	British model	German model
Legal basis	is created at the initiative of the state and carries out its activities in accordance with legislation	
Sources of funding of the ombudsman institute	deposits of banks depending on the jurisdiction, sphere and type of activity of the organization	deposits of banks, members of the Association of Public Banks of Germany
Institutional structure	network of financial ombudsmen	one financial ombudsman
Dispute settlement method	reconciliation of the parties	reconciliation of the parties
A person who has the right to file a complaint with the ombudsman	natural and legal persons, in particular, organizations and charitable foundations, the annual turnover of which is less than 1 million pounds sterling	an individual
Limitation of the amount of the complaint	16.6 thousand euros	5 thousand euros
The term of consideration of the case	6 months	2-3 months
Terms of application	voluntarily	voluntarily

Source: systematized by the author based on [31; 33]

The German model of the institution of the financial ombudsman provides for his appointment by the Board of the Association of Public Banks of Germany at the request of the Association's management. Thus, according to the German model, the activity of the financial ombudsman is related to the alternative or out-of-court resolution of disputes through a neutral third party, the result of which is: adoption of a binding decision for one or both parties; provision of non-binding offers for both parties; giving the parties the opportunity to make their own decisions. As noted by Gorbova [13], the Association covers the expenses related to the consideration of the complaint by the Ombudsman.

In Great Britain, the ombudsman institute is an independent public institution funded by public funds; this is a difference from the German model. It is important to emphasize that the right to use the services of the British financial ombudsman is granted not only to individuals, but also to legal entities, in particular, organizations and charitable foundations, the annual turnover of which is less than 1 million pounds. It is also necessary to determine the nature of the decision of the financial ombudsman for the applicant and the person against whom the complaint is made. Thus, the decision of the financial ombudsman is not binding for the applicant. In case of dissatisfaction with the decision, the applicant can inform the ombudsman about it and resort to consideration of the disputed issue in another way. In turn, for the person against whom a complaint is filed, the decision of the financial ombudsman can be either binding or advisory, depending on which decision the applicant made: to agree or refuse to resolve the issue by the ombudsman [31].

It should be noted that the International Association of Insurance Supervisors (IAIS) is the global standard-setting body responsible for developing and assisting in the implementation of principles, standards and guidelines, as well as supporting materials for supervision in the insurance sector. The association is

founded in a voluntary membership organization of insurance supervisory bodies from more than 200 jurisdictions, which accounts for 97% of world insurance premiums [32]. The IAIS also provides a forum for members to share experience and understanding of insurance supervision and insurance markets. In addition, IAIS performs a predictive role in identifying key trends and events that may change the structure of the insurance business. This helps the members of the Association to overcome new risks and challenges. The IAIS coordinates its work with other international financial policymakers and associations of supervisory or regulatory authorities, and helps shape financial systems around the world.

In Ukraine, the legal framework for the application of an out-of-court model of dispute resolution between an insurer and a consumer is gradually being formed. Thus, according to the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" [22], the creation and implementation of a mechanism for pre-trial dispute resolution is one of the principles on which the protection of the rights of consumers of financial services is based.

As the author of the publication [4] notes, the beginning of the practical use of the mechanism of out-of-court settlement of consumer disputes in the insurance market in Ukraine is connected with the implementation of the USAID Project "Transformation of the Financial Sector" thanks to the support of the United States Agency for International Development.

The analysis of world practice regarding alternative dispute resolution in the financial sphere makes it possible to note that the ombudsman's actions are much more flexible than official court procedures, so he can resolve conflicts informally. The Ombudsman Institute listens impartially to both customers and businesses, deciding what is fair and reasonable in the circumstances. The introduction of the institute of the insurance ombudsman in Ukraine as an alternative platform for handling complaints, which will be created

for the purpose of quick and economical consideration of the cases of injured policyholders against insurance companies and their intermediaries or insurance brokers,

will have advantages for all participants of the insurance market. The advantages of intensifying the activities of the insurance ombudsman are shown in Figure 1.

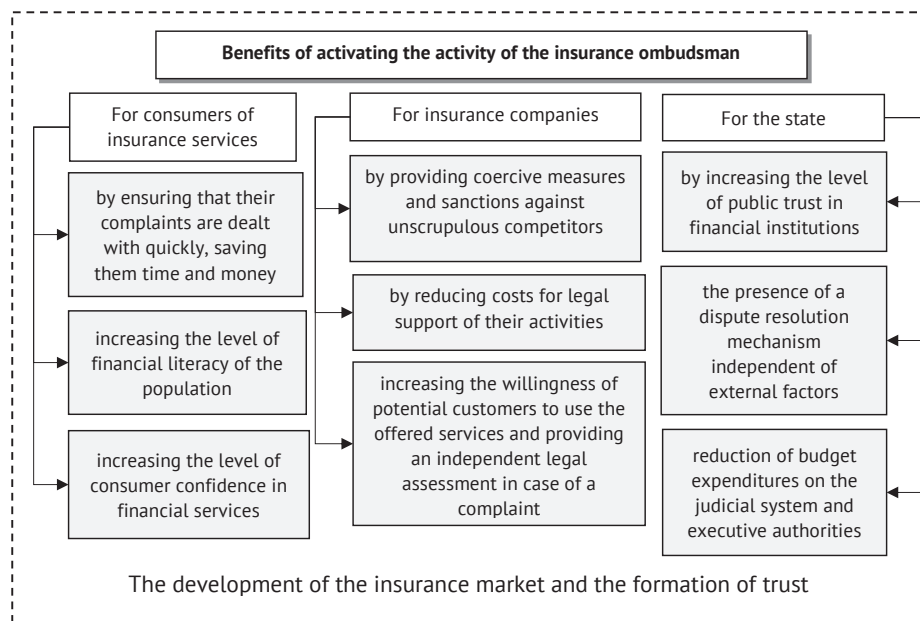


Figure 1. Advantages of activating the activity of the insurance ombudsman

Source: developed by the author based on his own research

Thus, it is possible to talk about the expediency of creating an institute of alternative resolution of insurance disputes in Ukraine in the form of a private insurance ombudsman. Emphasis is placed on the important points of the introduction of the institute of alternative methods of dispute resolution on the financial market of Ukraine through the application of the mediation procedure [20]. We are convinced that this will contribute to the formation of justice in the financial market, reduce the burden on the courts and the duration of cases and the percentage of contested decisions. reducing court costs, improving the quality of court decisions and achieving reconciliation between the parties. The same opinion is supported by [33], which points to the need for a new model of regulation of the financial market as a whole, which will be adapted to the realities of the country and will be able to combine the functions of the supervisory authority in a single organization on issues of regulation, control and supervision of financial institutions. However, in our opinion, it should not be created by the state, but by insurance companies that are interested in the development of the insurance market and its high standards. The institute of the insurance ombudsman should be officially established, and its activities should be independent of financial organizations, the state and consumers. The expediency of introducing the institute of the financial ombudsman in Ukraine as such a mechanism that can make decisions regarding the resolution of disputes between financial institutions and their clients in an

extrajudicial manner has also been determined in studies [13]. In turn, the authors [15] emphasize that the presence of an insurance institute in Ukraine, the presence of an insurance ombudsman institute in Ukraine will contribute to the formation of insurance culture and awareness in Ukrainian society, reduce the burden on the judicial system, relieve the NBU of the functions of protecting the rights of consumers of financial services that do not belong to it, will establish a communication link between all participants of the market of insurance services, the formation of an insurance culture in Ukrainian society. The authors [34] emphasize that at the level of state regulators of financial services markets, active financial involvement will mean the need to modernize traditional approaches to regulating the state of the financial market and the activities of professional financial intermediaries. This, in turn, will require an increase in the resource base of guaranteeing the clients of financial institutions the conscientious attitude of the latter to the provision of their financial needs and interests. Thus, it is emphasized the need to develop innovative approaches to state regulation of the financial market in the context of increasing trends towards financial inclusion.

As a result of the research [30], it was determined that the main essence of the ombudsman's activity as a system component among the guarantees of rights and freedoms is to help ensure human rights and improve the efficiency of the activities of state authorities and their officials.

However, our research proves that the institute of the insurance ombudsman should advise consumers of insurance services, offer alternatives and mediate disputes between insurance market participants, and take a neutral position.

Peculiarities of information interaction between financial institutions and consumers of financial services are presented in the study [35]. The basic causes of information asymmetry in the financial services market of Ukraine are revealed and a number of measures aimed at the development of the information component in mechanisms for protecting the rights of consumers of financial services in Ukraine are substantiated. We believe that in the current conditions of economic development, information is an important economic resource. However, for the use of information in the alternative resolution of insurance disputes, it must be reliable, complete and acceptable. Scientists [36] have a similar opinion, noting that the presence of information asymmetry and power imbalance has a number of consequences for clients of financial institutions.

On-line insurance contributes to the entry of the insurance market into a qualitatively new stage of its development. According to the authors [37], both policyholders and insurers receive a positive result in the possibility of online operations in the field of insurance, the advantages will be an increase in sales volumes and, as a result, in an increase in the amount of financial income from the conclusion of insurance policies. The authors [8] have developed a mechanism for digitalization of the financial ombudsman institute, which will help in resolving disputes and preventing them through a special electronic platform of the financial ombudsman, which optimizes the cooperation of consumers of financial services with the ombudsman. It is important that the mediator takes an active part not only at the stage of appealing disputes, but also in preventing them in the form of a dialogue with the consumer and the realization of the rights and obligations of both parties. The insurance ombudsman can consider disputes related to the settlement of claims, wrongful selling, payment of insurance premiums, legal registration of the policy, delay in settlements, failure to issue insurance documents, etc. Such an insurance ombudsman institution will be responsible for protecting the interests and handling policyholder complaints, and the main purpose of the ombudsman's activities is to handle policyholder complaints outside the court system in a cost-effective and impartial manner.

The conducted research made it possible to draw conclusions that the following principles should be followed in the activities of the insurance ombudsman institute:

1. **Neutrality.** Neutrality is essential to the work of ombudsmen as it demonstrates the avoidance of bias. Bias is an obstacle to conflict resolution and prevents the ombudsman from making fair proposals. The neutrality of the ombudsman will also influence the growth of trust on the part of consumers.

2. **Trust.** The goal of the ombudsman is to establish a certain level of comfort and trust with the visitor, after which the parties involved can reach a mutually beneficial solution.

3. **Coaching competencies.** The ombudsman must be an open and fair listener, demonstrate diplomacy and mediation.

CONCLUSIONS

The article examines the organizational and legal aspects of the activity of the financial ombudsman in different countries and provides their comparative characteristics. It has been studied that in world practice there are two models of the organization of the work of the ombudsman in the financial market, including the insurance one: British and German.

World experience shows that the number of insurance companies participating in the insurance ombudsman institute is constantly increasing, and the role of the insurance ombudsman in the management of complaints is very important, and the constant increase in the number of complaints received by the ombudsman shows that policyholders have confidence in the insurance ombudsman institute ombudsman. The creation of an institute for alternative resolution of insurance disputes in Ukraine in the form of an insurance ombudsman will improve the quality of insurance market regulation, increase the level of public trust in insurance companies, strengthen financial discipline, reduce the burden on judicial authorities, and increase the transparency and openness of the insurance market.

It is substantiated that the introduction of the insurance ombudsman institute in Ukraine as an alternative platform for handling complaints, which will be created for the purpose of quick and economical consideration of the cases of injured policyholders against insurance companies and their intermediaries or insurance brokers, will have advantages for all participants in the insurance market. The conducted research made it possible to draw conclusions that in the activities of the insurance ombudsman institute, it is necessary to adhere to such principles as neutrality, trust and coaching competences.

Prospects for further research consist in a detailed study of the specifics of the activity of the insurance ombudsman institute in the insurance market of Ukraine with the aim of developing recommendations on the legislative regulation of its functioning.

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Запровадження інституту омбудсмена на страховому ринку України

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Анотація. Страхова галузь відіграє важливу роль в економіці, сприяючи посередництву та механізму несення ризику. Разом з тим, галузь страхування сприяє соціально-економічному зростанню за рахунок акумульованих довгострокових фінансових ресурсів, які безпосередньо можуть бути використані в економіці. Метою статті є розробка рекомендацій щодо можливості створення інституту страхового омбудсмена в Україні на основі міжнародного досвіду. Поставлена мета обумовила вирішення таких завдань: дослідити правові аспекти діяльності фінансового омбудсмена у різних країнах та надати їх порівняльну характеристику; визначити особливості впровадження в Україні механізму альтернативного вирішення спорів на страховому ринку; обґрунтувати переваги активізації діяльності інституту страхового омбудсмена в Україні. У процесі здійснення наукового пошуку, для досягнення визначеної мети було використано такі загальнонаукові методи, як: абстрактно-логічний; монографічний; порівняльний; графічний; діалектичний метод; порівняльно-правовий метод; структурно-функціональний метод. Досліджено особливості функціонування відповідних альтернативних механізмів вирішення страхових спорів в різних країнах, механізми роботи зі скаргами клієнтів, вирішення спорів за участі професійного мирового посередника. Визначено, що у світовій практиці зазвичай виділяють дві основні моделі фінансових омбудсменів: британську та німецьку. Обґрунтовано, що при впровадженні інституту страхового омбудсмена в Україні як альтернативної платформи для розгляду скарг буде мати переваги для всіх учасників страхового ринку. Доведено, що діяльність такої інституції може розглядати спори, пов'язані з врегулюванням претензій, неправомірним продажем, сплатою страхових премій, юридичним оформленням полісу, затримкою розрахунків, невідачею страхових документів тощо. Такий інститут страхового омбудсмену буде нести відповідальність за захист інтересів і розгляд скарг страхувальників, а основна мета діяльності омбудсмена полягає в тому, щоб розглядати скарги страхувальників поза судовою системою економічно ефективним і неупередженим способом

Ключові слова: страхові компанії, страховий ринок, вирішення спорів, захист прав споживачів, споживачі страхових послуг