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INFORMATION DISCLOSURE QUALITY MANAGEMENT AS AN INSTRUMENT FOR RIGHTS PROTECTION OF LIFE INSURANCE SERVICE CONSUMERS IN UKRAINE

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Summary. This article reviews the main trends disclosure in the life insurance market of Ukraine. The author has made the analyses of the intensity of the disclosure in the media by insurers of Ukraine. In

the paper the rating of insurer's media activity was built. It was shown that transparency and disclosure are the instruments for quality control of consumer protection.

Key words: *life insurance, transparency, disclosure, consumer rights.*

Stating of the problem. Consumer's confidence in the stability of the life insurance industry is one of the key factors in developing an efficient life insurance market. The long durations of the policies in combination with the saving part in many life insurance products require a solid and prudent financial management of the companies against the background that life insurance products are covering existential risks of the consumers.

In studies of local scientists recently more attention is paid to increasing confidence in the insurance market and consumer protection its services. Some issues building features an efficient, transparent and institutionally capable of life insurance using consumer protection system are discussed in the works of local and foreign researchers, as S. Bugaev, O. Vorobyov, L. Vremenko, O. Hamankova, A. Deryabina, O. Zaletov, O. Korvat, L. Nechyporuk, O. Farad, O. Filonyuk etc.

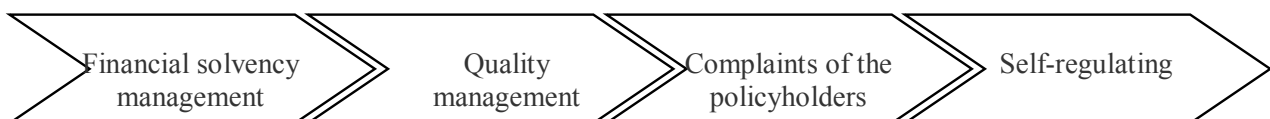
The objective of the article. The aim of the paper is to study the international experience of building a system of consumer protection through qualitative disclosure by the insurance market of Ukraine participants.

Ground of scientific results. In principle there are four ways to implement consumer protection:

liberalized market isn't free of egoism and therefore requires for a framework that enables and even stimulates competition on the one hand, but sets limits to avoid severe and unfair market conditions. This is especially true for insurance markets where the consumer protection has got a dominant role to prevent misuse of economic power of the companies against the background that many insurance products – especially the life insurance products – are of existential importance for the consumers. This is the reason why in nearly all countries of the world a legal framework is established in order to regulate the insurance market in favour of the consumers.

Indeed, the life insurance market is a very special market differing from many other markets.

In life insurance many products generate a long-term relationship between the consumers (policyholders) and the companies; so the consumers have to trust in the financial strength of the companies not to lose its invested money. This is the reason why every country is interested in stabilizing the economic situation of the companies in order to avoid collapses. Within EU the 3rd Life Directive is regulating the market; this Directive



Competition is a central element to organize the allocation of goods within a market and to coordinate the supply and demand. But a totally

will be substituted in 2013/2014 by the EU-Solvency Directive as a comprehensive legal framework for the insurance markets.

The life insurance market is a rather intransparent one because of the great variety of (immaterial) products; the products itself are sometimes rather complex and difficult to understand for normal consumers. That's the reason why transparency in the life insurance market has become an increasing importance.

Insurance products can be seen as non-convenience-goods. The products require a rather high information about the quality at the point-of-sale and require a rather high need of consultancy. The products are more sold than bought, and that is influencing the process of selling products by high dependence on and relationship with the sales institution.

Different from other products that are consumed short-term the quality of life insurance products is

recognized during the contract period after having bought the product, mainly when the benefit has to be paid. In other words: The production of insurance starts first when the product is already sold [1, 15–21].

Transparency (transparency) – means the opening from bank (the insurer) to all stakeholders (creditors, investors and the public) information on the objectives, legal, institutional and economic framework, policy decisions and their rationale, data and information, directly or indirectly related to the activity of bank (the insurer) and the conditions of accountability in its entirety, in an accessible way and on a timely basis [2].

The structure for transparency of insurance market is presented in Table 1.

Table 1

Types of Disclosures in life insurance market of Ukraine

Types of Disclosures	Value Disclosures
Transparency about the insured benefits and quality of the product	The products normally integrate a number of different characteristics (main benefits and riders), not easy to value by the consumers; the contract conditions normally are not standardized, not easy to understand by the consumers
Transparency about the price of comparable products	Transparency of prices is another problem, especially against the background that the product designs are different and prevent price comparisons. It normally is even in the interest of the life insurers to offer intransparent products with unit-selling propositions to avoid transparency when they are working with agents or brokers
Transparency about the offers in the market	Total product transparency is rather difficult to reach. It is possible for those products that are offered as standardized commodities. That is the reason why in some markets contract conditions are standardized to ensure a minimum level of transparency
Transparency about the demand for life insurance	The determination of the individual demand for life insurance, especially for old-age provision, requires much information against the background of tax preference, level of state pensions, legislation regarding the labor market, employers driven opportunities etc.
Transparency about the legal rights of the consumers	The rather complex contract conditions in every country require much insight and understanding by the policyholders. This isn't a special topic only for insurance markets, but gets major importance by the long duration of contracts, especially when claims and benefits are due. In some countries there is implemented a special function of an «Ombudsman», who can be appealed to by consumers if there are conflicts between the policyholder and the insurer.

The public information what to be disclosed must include at least a description of the financial position, financial performance, risks and ways to manage them, basic methods and assumptions used to prepare the information, including accounting policies (or comments concerning the economic impact of any changes to them), general business information and

information management and corporate governance[3.]

Analysis of the life insurance market of Ukraine, which was made by the author regarding transparency and disclosure by the companies in media and on their Web sites allow to build a ranking by the number of publications in the first quarter of 2013. Results of the analysis are presented in Table 2.

Table 2

TOP 10 transparent life insurance companies in Ukraine

№	Company	1 Q 2013, %
1	SEB LIFE UKRAINE	22,3
2	ORANTA-LIFE	15,3
3	TAS	12,1
4	RENAISSANCE LIFE	11,4

Table 2 (continuation)

5	INGO UKRAINE LIFE	7,9
6	BROKBUSINESS LIFE	6,7
7	OHORONA ZIT'TIA	6,4
8	TEKOM LIFE	6,3
9	USG LIFE	6,2
10	UNIQA LIFE	5,4
	Share of TOP 10 in life insurance market of Ukraine	99,0

Conclusions. Timely, qualitative and understandable information on insurance products, exceptions and special conditions is a very important element for building trust in the insurance market and the development of competition in it. Analysis of information messages that appear in the information field of the country in insurance proves insuff-

icient disclosure, lack of proper quality and sources that would allow consumers to independently assess the quality of insurance products. For future research is the analysis by foreign practices providing users with financial services to high-quality information and making suggestions for its use in Ukraine.

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