

# Perfection of the Protection Mechanism of Insurance Consumers' Rights under the Era of Financial Technology

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**Abstract:** At present, China's Internet finance business is developing rapidly, and the Internet insurance industry is gradually embarking on a rapid development path, showing the characteristics of large changes in industrial structure, significant increase in consumer scale, and high concentration of industry participation. At the same time, however, due to the lack of industry systems and laws and regulations, financial consumer rights and interests suffered large losses, which is not conducive to the healthy development of the financial industry. Based on this, this paper analyzes the problems existing in the protection mechanism of insurance consumers' rights under the financial technology era, and then proposes corresponding protection mechanisms.

## 1. Research background

### 1.1 Literature review

After the world financial crisis, it has had a certain impact on developed countries and even developing countries, and it has also made countries aware that strengthening financial supervision and protecting financial consumer rights cannot be delayed (Luo, 2012). In the context of the financial era, the transaction risks, technical risks and information security risks that have emerged in related industries have gradually increased, and the difficulty in protecting financial consumer rights has gradually increased. With the help of emerging technologies such as big data, cloud computing and artificial intelligence, research on financial consumer rights protection methods is of great significance to China's financial supervision (Yao, 2019). In the era of big data, Internet finance has the advantages of convenience and convenient service, and has been widely used in related fields. At the same time, however, the phenomenon of consumer rights damage that has gradually exploded within the industry has affected internal effective operations. Continue to strengthen the supervision of Internet financial consumer rights and further play the role of industry organization is of great significance for creating a good financial environment (Liang and Yu, 2018). Along with the application of various network crowdfunding platforms in the financial field, the protection of financial consumer rights by relevant institutions has gradually decreased. Investigating relevant policies and in-depth research on financial consumer rights protection methods from the aspects of credit construction and operational processes is of great practical significance for creating a healthy online financial environment (Li and Ma, 2014).

### 1.2 Purpose of research

In recent years, along with the gradual improvement and upgrading of China's Internet technology, the Internet economic model has been continuously transformed, gradually becoming an irreplaceable part of people's lives, and has become the main force driving China's social progress and economic development. As a major component of China's financial industry, the insurance industry continues to adapt to the "Internet +" strategic development trend, enhance its internal business innovation capabilities, and accelerate the transformation and upgrading of the industry. In the process, in the context of the rapidly evolving Internet era, it has also brought unprecedented challenges to the insurance industry. For example, customer complaint rates have risen significantly, customer satisfaction has gradually declined, and consumer rights have been compromised. Therefore, this paper examines from a practical point of view, analyzes the problems

existing in the protection of insurance consumers' rights under the financial technology era, and proposes a mechanism for protecting rights and interests, in order to promote the healthy operation of the Internet insurance industry.

## 2. Problems in the protection mechanism of insurance consumers' rights under the financial technology era

The rapid development of the Internet insurance industry is inseparable from the strong support of e-commerce industry and network technology. It is necessary to establish a sound system system from the legal level and regulate the operation of the industry (Zheng, 2012). Compared with foreign developed insurance markets, China has a problem of legislation lag in the protection of Internet insurance consumer rights (Liu and Zhao, 2013). There are existing laws on the protection of insurance consumer rights, and there are various problems with the industry's operating procedures, which in turn leads to consumer rights violations (the insurance consumer rights protection legislation is shown in Table 1).

Table 1. Relevant Laws and Regulations on the Protection of Insurance Consumer Rights

Serial number	Enacting authority	name	Time of promulgation
1	Supreme People's Court Judicial Committee	Insurance Judicial Interpretation II	June 8, 2013
2	China Insurance Regulatory Commission	Notice on Issues Concerning the Opening and Acceptance of Professional Network Insurance Companies	September 3, 2013
3	China Insurance Regulatory Commission	Notice on Regulating the Relevant Issues Concerning the Operation of Internet Insurance by Life Insurance Companies (Draft for Comment)	April 15, 2014
4	State Council	“Several Opinions on Accelerating the Development of Modern Insurance Service Industry”	August 13, 2014
5	China Insurance Regulatory Commission	Interim Measures for the Supervision of Internet Insurance Business (Draft for Comment)	December 10, 2014
6	China Insurance Regulatory Commission	“China Insurance Industry Credit System Construction Plan 2016-2020”	February 16, 2015
7	Ten ministries	“Guiding Opinions on Promoting the Healthy Development of Internet Finance”	July 18, 2015
8	China Insurance Regulatory Commission	Interim Measures for the Supervision of Internet Insurance Business	July 27, 2015
9	Office of the State Council	“Guiding Opinions on Strengthening the Protection of Financial Consumer Rights and Interests”	November 4, 2015
10	China Insurance Regulatory Commission	“The Outline of the 13th Five-Year Plan for the Development of China's Insurance Industry”	August 23, 2016
11	China Insurance Regulatory Commission	“Opinions on Strengthening Insurance Consumption Risk Tips”	September 11, 2017

It can be seen from Table 1 that the current China Insurance Consumer Protection Law has been released one after another, but overall, there is no perfect regulatory system between relevant laws and regulations, and the overall operability is not strong, lack of systematic guidance and coordination. Poor and other issues. After understanding the protection mechanism of China's insurance consumer rights, by analyzing the scope and implementation of different mechanisms, the problems of the current insurance consumer rights protection mechanism are summarized, including the following points.

First, there is a lack of systemicity. Although there are many legal documents related to the

protection of insurance consumer rights, the relevant documents are very fragmented and it is difficult to be integrated and applied by the insurance industry. Moreover, almost every legislative purpose is only to emphasize the protection of the rights and interests of insurance consumers, leading to certain problems in the specific implementation. At the same time, the relevant legal documents have inconsistent coordination problems in the processing of some problems, which makes it difficult for financial institutions to adapt to relevant mechanisms, which is not conducive to strengthening the protection of insurance consumers' rights and interests.

Second, the operability is poor. In the network environment, Internet financial supervision belongs to some new fields. In the implementation of the consumer rights protection mechanism, the problem of poor conductability is gradually exposed. At present, within the insurance industry, consumer complaints remain high, and consumer dissatisfaction is gradually becoming prominent. Moreover, in the process of consumer complaints, there is still a problem that the complaint mechanism is not smooth, which leads to the failure of the enterprise to solve the related problems encountered by consumers in a timely manner. In addition, China has policies on the protection of consumer rights and interests. The relevant legal provisions are mostly policy and principled provisions. Whether it is enterprises or consumers, it is difficult to implement them in the specific application process, leading to the guiding significance of the mechanism documents. Gradually lower.

Third, coordination is low. The insurance consumer rights protection mechanism lacks certain coordination. In the aspect of consumer litigation, the principle of “who advocates and who gives evidence” is generally advocated. If consumers want to protect their own rights and interests, they need to bear the corresponding burden of proof. However, for the insurance industry, consumer evidence needs to submit sufficient evidence and the authenticity of the documents needs to be guaranteed. However, in the process of obtaining evidence, the difficulty of guaranteeing the authenticity of the documents is relatively large, and it is impossible to provide valid and accurate documents in time. In terms of coordination between the legislation and the insurance industry, there are certain contradictions between China's insurance consumer protection mechanisms, and even a regulatory gap. When connecting with enterprises, it is impossible to provide comprehensive legal support documents for enterprises, which leads to the problem of poor coordination between regulators and enterprises. Therefore, in the protection mechanism of the entire insurance consumer rights, the coordination of consumer rights protection is relatively poor.

### **3. Countermeasures for the protection mechanism of insurance consumers' rights and interests in the age of financial technology**

#### **3.1 Broaden the prompt to explain the fulfillment of the obligation**

In the aspect of protecting the rights and interests of insurance consumers, it is necessary to gradually broaden the performance subject of the obligation to explain the obligation, and include the insurance agent and the broker in the auxiliary obligation to explain the subject of the obligation, which is conducive to standardizing the implementation of consumer rights protection. Relevant institutions should combine the current legislation on insurance in China. While clarifying the rights and responsibilities of insurance agencies, they also need to explain the contractual obligations, and appropriately correct the relevant contract contents to ensure the enforceability of the legal provisions. At the same time, the relevant agencies should propose corresponding punishment measures for the violation of the prompts and instructions, so that the relevant personnel bear the corresponding legal responsibilities, and thus protect the interests of consumers.

#### **3.2 Strengthen Internet consumer personal information protection**

In the Internet environment, consumers have a greater risk of personal information disclosure, which increases the corresponding security risks. Therefore, the protection of personal information of Internet consumers should be strengthened, and the interests of insurance consumers should be

safeguarded from the aspect of consumer information. First, the system should be checked in detail, and the corresponding network vulnerabilities and servers should be detected in real time to minimize system security risks. Secondly, the relevant agencies should protect the consumer information from different dimensions by detecting the corresponding procedures of the insurance and adding a security key to the application if necessary. Finally, enterprises should continuously strengthen internal training of employees, conduct regular or irregular training for relevant personnel, let operators understand the importance of consumer rights protection, and the importance of consumer personal information security protection, and then regulate their daily operations to create a good working environment to ensure consumer information security.

### **3.3 Innovative insurance products**

Insurance products should be based on the needs of consumers, from the perspective of consumer demand, research and form the corresponding products, which is conducive to solving the problem of consumer rights damage. Therefore, relevant institutions should increase the innovation of insurance products, continue to carry out product innovation on the basis of existing products, and then provide consumers with diversified products and services to meet the changing individual needs of consumers. Enterprises should follow the principles of scientific development, implement the dynamics of the insurance industry, explore market demand, and appropriately introduce corresponding insurance products according to market changes. At the same time, enterprises should adhere to the principle of insurance benefits, handle the relationship between corporate interests and consumer rights, and innovate to form insurance products that match the internal operations of enterprises and consumers. In addition, in the naming of products, simple and reasonable naming principles should be followed, and the name should be associated with the insurance industry to prevent counterfeiting by relevant institutions, thereby safeguarding consumers' own rights and interests.

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