

INSURANCE COMPANIES ON THE INTERNET

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Abstract

The e-trade gains more and more importance in the future insurance sector.

In 1999, Call-Centers appeared and in the same time the reduction of the sub-office system started. The phone client service as well as the role of the Internet in the information and the trade system have gained an increasing importance.

Real breakthrough cannot be expected in the near future in this area.

The causes of this can be found in the low number of the Internet users and the demographic features of them.

If we say that 10% of the inhabitants are users that would mean one million people.

According to the TGI 2000, 1395000 people have Internet access, but most of them are between the age of 18 and 25 who do not belong to the targets of the insurance companies.

Naturally some encouraging signs can be found in both the Hungarian and the foreign markets [17].

One percent of the whole trade of the USA is through the Internet, while in our country we can talk about the amount spent on the improvement of the Internet.

The increase of the Internet improvement can be the base of the active Internet trade.

In 2000 the commercial costs reached 1.2 billion forints [18].

The costs in western Europe are estimated to reach 1.5 billion dollars and other increases are forecasted.

The importance of Internet is growing year after year in other branches as well: for example pharmaceutical or automobile industry [20].

The online commercials are made by companies that are preparing for the start of our Internet trade, and they include some Hungarian insurance companies.

Keywords: insurance company, direct marketing, e-commerce.

1. Introduction

Hungarian firms cannot avoid either – and do not want to avoid – the affections of New Economy.

The business relation system of modern companies – to one another (B2B) or to customers (B2C) – is increasingly determined by Internet and other general networks.

In the present economy networks create the fundamental value, and companies and participants of the economy are interested in increasing their own networks.

Internet is a technology, a new channel and media simultaneously.

‘Internet makes the online reaching possible for customers, partners or special affected persons who are placed scattered.’

For companies using Internet, it means an easier and cheaper connection towards clients, and for clients an almost unlimited bulk of information, easy accessibility and easy business relationship.

Here is the Internet, an instrument which means advantage for every participant of the market.

From the point of view of companies the role of Internet is double:

- company information can be passed quickly,
- possibility to get competitive advantage.

Just as with other countries, in Hungary the use of Internet spread – among the earliest – in the financial sector.

In accordance with the research of Carnation Research, 71% of Hungarian banks will have introduced their Internet banking system by the end of 2001.

These installations began partly in consequence of the pressure of market (one third of the projects was launched by the foreign parent institutes), since more and more Hungarian users express their claim to Internet banking services.

According to the estimation of C.R., by the end of 2001, the number of registered users will have exceeded the number of 110.000.

This figure was 41.100 at the end of 2000, so we can be doubtful on the double of this value.

According to the same C.A. research in September 2000, expanded to a circle of the 100 largest domestic firms, we can state that the number of maintained Web pages of these top 100 has enlarged by 35%, compared to 1999.

In the spring of 1999 we could observe only 45 companies’ appearance on the Web, as in the spring of 2000 this figure increased to 61.

There are certain index numbers of Internet trade, among them the dollar price of goods and services sold by online trade a year:

That was 2.26 million \$ in the Czech Republic in 1999, 25–27 million \$ in Poland in 2000, whereas 0.35 million \$ in Hungary in 1999.

If the Hungarian market is not compared with the Polish market, but with the Czech market – which is similar to the Hungarian one, considering its measure and economic state of development – the difference is very significant.

It means the not too wide-spread and popular Internet purchasing, 62.1% of asked people declared that they would never buy a Christmas gift through Internet, while merely 5.4% announced that he was ready to consider those Web sites which are considered to be secure by their banks.

A C.R. survey of Internet trade – published in the summer of 2000 – shows a more favourable future.

According to this, the half of domestic Internet users are going to do online shopping.

It turned out from the answers – given to a questionnaire – that 46% of Internet users plan online shopping.

The fashionable products are in the first place CDs, DVDs and books.

According to the statements of the research, the more experienced Internet users visit foreign sites more intensively, and 73% of those who have been using Internet for more than 2 years read foreign and Hungarian sites alternately.

The customer's attitude and activity in connection with the Internet trade are presented in *Table 1* [19].

The researchers were looking for the answers to the following question:

Are you planning to buy anything through the Internet in the next 6 months?

The aspects can be regarded more positively if we include the bankcard-owners as potential Internet customers, and we examine these numbers as well.

2. The Role of Internet in the National Market

Table 1. Number of bank cards 1999–2000

	June 1999	March 2000	June 2000	Annual growth (%)
Number of bank cards	1,134,109	1,343,504	1,392,084	23%
Spending of cardholders (USD)	1,789,755	no data	2,283,510	28%

[3].

The 23% rise can cause some hope, in case we suppose that there is a connection between the number of bankcards and the customers.

In our country more than 60% of the medium sized companies have Internet access, and 35% have their own homepage.

In case of bigger companies the percentage is 80, 40, respectively.

In the financial sector the proportion is even higher with 80% Internet access and 75% of homepage.

3. Comparison of the Insurance Companies and Banks

The insurance sector has similarities with the sector of banks, since both offer specialised services.

If Internet is observed as a new purchasing way in the financial sector, and we examine the differences from this point of view, we can see some important differences.

Table 2. The Internet homepages of the Insurance companies

Insurance companies	Homepage
ABN Amro	www.abnamro.hu
AHICO	www.ahico.hu
ARGOSZ	www.argosz.hu
AXA Colonia	www.axa.hu
ÁB-Aegon	www.aegon.hu
Európai Utazási Biztosító Rt.	www.eub.hu
Generali-Providencia	www.generali.hu
Allianz Hungária Biztosító Rt.	www.ahbrt.hu
Nationale Nederlanden	www.nn.hu
OTP-Garancia	www.garancia.hu
Signal Biztosító	www.signal.hu
Winterthur Biztosító Rt.	www.winterthur.hu
Zürich Biztosító Rt.	www.zurich.hu

own research

There are major differences in certain points regarding the purchase of bank services and insurance services. Both customers are innovative, who are receptive to the new ideas and ready to try them out, and after a positive experience to recommend them to others.

The e-mail and e-CRM have more and more importance in the contact with the customers.

According to the E-marketer magazine 3.4 billion e-mail messages were delivered in 1998.

The financial sector is eager to accept the opportunities of the E-mail in the customer contacts.

According to a Hungarian research the financial sector mainly uses the Internet as means of information, secondly receiving data, and research, thirdly for business letters.

The research does not mention purchase.

The market leading insurance companies do not create a homepage only in order to introduce themselves, but with the aim of offering services and sometimes insurances. *Table 4* presents the purchase and service portfolio of the market leading insurance companies.

Three of the Hungarian insurance companies deal with online insurances and all of them plan to extend their methods.

Table 3. Differences between insurance companies and banks

Major aspects	Insurance companies	Banks
Type of product	Service	Service
the frequency of the service usage	occasionally or once	daily
the expectations of the customers	simple, easy to understand	easy to understand
the features of the product	product with complicated components	simple product
the demand for personal relationship	4: on a scale of 5	2: on a scale of 5
additional services, for example personal assistance	there is a demand	less or no demand
the product discount	none	none
additional costs with the product	none	none (occasional fee)
promotions	usually exist	none

own research

4. E-Marketing of the Insurance Sector

Among marketing professionals of the insurance companies the view that the overall marketing campaign is not really efficient without an e-marketing program is spreading. In *Table 5* I resume the steps of an efficient e-marketing program:

The efficient e-marketing programs can help insurance companies to create an efficient and overall e-business strategy.

5. Summary

E-communication and e-commerce will have more importance in the following years. In my opinion this could happen for the next reasons:

- changing consumer behaviours (rapid lifestyle, need for fast information, client service from our homes, increasing interest towards new technical tools)
- improving technical background
- decreasing role of the traditional trade channels
- cost-saving solutions from the side of the companies

Table 4. E-sales and service portfolio of the insurance companies

Insurance company	Service	Purchase	Other
Ab-Aegon	notice of loss, notice of changes, replacement of bonds, loan application, general information request	online purchase Netpersely, Otthonbiztosítás, (home insurance), pension	banner places microsites
Nationale Nederlanden	personal fee calculation, the agents accessibility, info request	none	news on the first page
Generali-Providencia	guest book, games, search, info request	home insurance, vehicle insurance, life insurance	emphasising up-to dateness, commercials
AXA Colonia	company information, opinion sending	none	job offer, dialogue side
Allianz Hungária Biztosító Rt.	notice of loss, fee calculation, list of subsidiaries, list of stolen cars, guest book	home insurance, vehicle insurance, life insurance, pension	emphasising up-to dateness, commercials microsites, 'interesting thing-site'

own research

Table 5. E-marketing program roadmap

Develop strategy	Assess readiness	Design tactics	Implement program	Analyse & revise
determine context	assess activities	define processes	set-up program	analyse results
identify goals	assess technology	select technology	run program	revise tactics
define strategy	evaluate readiness	select tools	measure results	

[16].

In the insurance sector e-communication and e-commerce are gaining more importance as well. Clients are more likely to use the e-solutions offered by new technologies other than the traditional trade channels.

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