

# INFORMATIONAL TECHNOLOGIES IN LIFE INSURANCE

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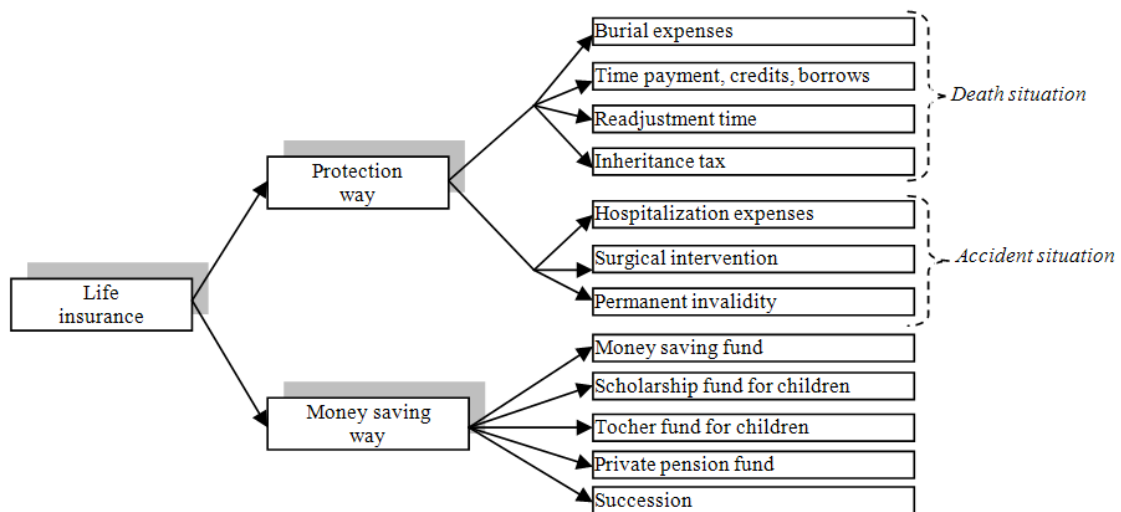
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Informational technologies can increase the efficiency of the mediation in insurance by supporting the marketing activity, both through simple presentations which offer a high level of attractiveness, and by using database, simulations or graphic representations to define as well as possible the parameters existing in an insurance program.

Key words: insurance, informational technologies, insurance marketing

## Life insurance – a real need

Life insurance is a way to make things easy on one's own account or his family at a difficult time. It can say a life insurance represents *white money for black days*. A premature death is always tragic but an undesired accident is hurtful. There is a scheme with life insurance's components.



*The components of a life insurance*

In the West insurance is part of the quotidian, people having any kind of insurance (for life, medical, for car or home insurance). Unfortunately, Romanian experience showed that, for a lot of people, the word “insurance” offers some meanings, away from the actual ones:

- activity that bothersome people develop by nagging and confusing people until they “swallow the bait” and become their clients;
- financial operation through which, when a person concludes a long-term credit, some money are being held from him for the safety...of the bank;
- investment program through which one invests money but does not receive anything in return;
- amount of money for which I, as a potential customer, can surely find a better use than placing it in a financial investment...

It can remark, by comparison between Romania and Germany, especially to the person insurance chapter, we have more needs.

Country	Germany	Romania
Insurance type		
Non-Life Insurance	39%	80%
Health Insurance	17%	0%
Life Insurance	44%	20%

• ***Insurance situation in Romania and Germany, on segments of assurances***

Source: [http://www.ghiseulbancar.ro/articole/8/7445/Romanii\\_au\\_cele\\_mai\\_putine\\_asigurari\\_dintre.htm](http://www.ghiseulbancar.ro/articole/8/7445/Romanii_au_cele_mai_putine_asigurari_dintre.htm)  
(accessed on 24.10.2007)

### **Informational technologies for life insurance marketing**

An insurer must keep up with the market dynamics, and this is impossible without a modern IT system. Data which is inserted and processed can also be useful in the post-sale activity, since they offer helpful information in establishing long term relationships with the clients.

Only those who have comprehensive knowledge in this domain can create an informational technology which would correspond to the complex needs that life insurance companies have.

Introducing informational technologies in insurance is more than necessary both for accounting the activity, thus reducing the time needed to perform operations, decreasing costs and minimizing the risk of errors, and for the marketing in this area. Quantity, nature, the quality of the information gathered, processed and capitalized formed the elements of progress, in all the stages of the social development.

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The more and more frequent legislative modifications in insurance, the necessity of an efficient increase by reducing costs as well as the reports to CSA impose to the insurance companies the implementation of some highly complex computational systems.

Until not long ago, paper was the base of information and its accounts were held manually. The spectacular development of electronic technique opens to the informatization the path to the insurance system. Computers help insurers to calculate insurance prices rapidly, to fill in agreements and insurance policies, to highlight data, to confirm the insurance agreements' validity. Besides, computers hold book keeping and technical-operative accounts. The consequences can only be benefic:

- efficiency in data gathering,
- complex documentation database,
- on-line intercommunication system,
- web site insurance offers,
- the possibility of an on-line insurance and documentation via Internet

So, informational technologies can improve speed and consistence through integrated sales tools and advanced user interface.

Implementing a suitable informatics platform is the premises of the improvement of services offered to clients, of developing new insurance products, but also developing marketing and branding strategies; all this absolve companies' management of a series of additional tasks. An important element in influencing the purchasing behavior can be the presentation of some precise, calculated insurance offers. Obviously, it is more difficult to do, every time, the differentiated calculus of the different components of an insurance

system (insurance premium, insured sum, the supplementary reserve, the final sum, the duration of an insurance etc.), without using various computerized simulations.

More specifically the tasks that electronic insurance applications accomplish are:

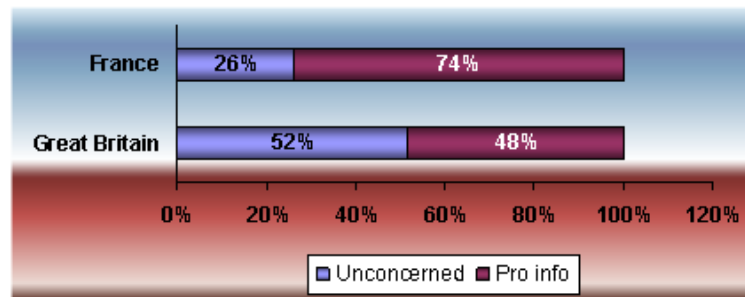
- Provide the client with web forms of different insurance offers.
- Make an online validity of the data the user inserts in the form.
- Receive the electronic applications via web.
- Make the offer/application pricing and registration and return to the client official printings of the insurance offer.
- Offer the client the chance to check his financial status on-line.

According to a study of the BearingPoint Company, the share of insurance companies that own a business processes' technological automatization system is about 30%. This way, insurers who use computational systems in database administration and in the administration of services offered to the customers or of administrative processes registered a total cost reduction of 30% but also a significant increase of efficiency in the activity they develop.

According to a study of the public opinion poll agency, GLOBAL Switch, over 50% of Europe's insurance companies do not have the IT infrastructures needed to correctly establish the premiums.

According to a poll on a population of European profile companies with a number of at least 1000 employees, computational systems are not an essential element in the insurers' daily activity.

Thus, only 48% of the participants on the Great Britain profile market think that the calculating technique is an important element in establishing the premiums' dimensions, whilst France is the only country in Europe in which this share rises to 74%.



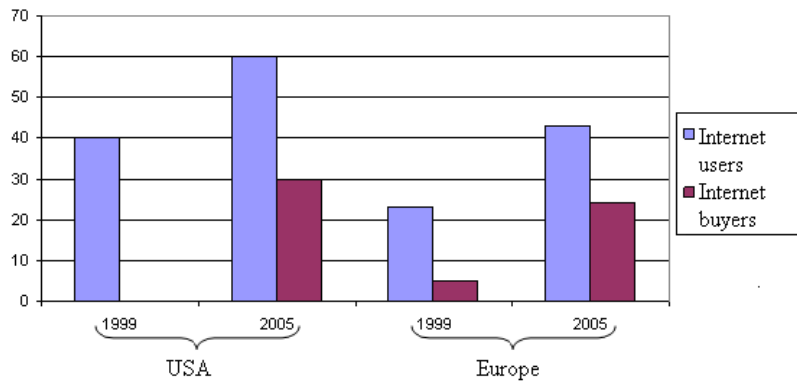
***The share of actors on the profile market who think that computational technologies are necessary in establishing premiums' dimensions***

Source: <http://www.1asig.ro/Sistemele-informaticе-un-factor-cheie-pentru-asiguratorі-articol-2,3,117-19306.htm>

An insurance marketer can use a variety of tools depending on his purpose: Internet, database, multimedia, client-server technologies.

Maybe the most important technological (and social) event of the 20th century has been discovery of *Internet*. Societies which wish to launch their activity on the Internet have to radically change their strategy of development. Entry costs on the virtual market are minimized because the cost of developing the classic distribution network from man to man disappears.

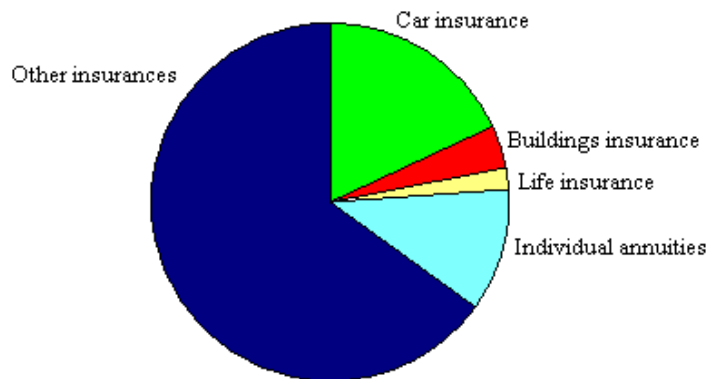
It can be stated that the Internet itself can be considered a good intermediary in the insurance activity; using it in insurance brokerage can be an advantage when realizing an efficient marketing. The accessibility that the Internet offers to potential clients requires a well thought out advertising to make an insurance program as attractive as possible. The Internet have developed in different proportions like in this figure.



**Internet users/buyers**

Source: Dobrin, M., Tănăsescu, P., *Teoria și practica asigurărilor*, Ed. Economică, București, 2003, p. 261

Not all insurance products can be sold via Internet. Generally, introducing a certain product to be commercialized on the Internet depends on how much assistance is needed to complete a contract. The more complex product is and the more it supposes the transaction of bigger values, the more the client is willing to pay for specialized consulting. The connection between the complexity of the product and the possibility of introducing it on the Internet is shown in the following figure.



**The percentage of insurance products that can be distributed on the Internet**

Source: Dobrin, M., Tănăsescu, P., *Teoria și practica asigurărilor*, Ed. Economică, București, 2003, p. 262

To insurance, introducing the concept of *database* means that data is registered once and can be linked to other information inside the database. For example, an account name can be linked to multiple policies, or a certain policy can be linked to multiple damage records. From the broker's point of view, database can be a good background for advertising campaigns, and on the grounds of these databases useful analysis can be made and thus influencing future strategies.

*Multimedia* means using the computer to present and mix texts, graphics, sounds and video images; the instruments employed in these processes allow the user to navigate, to interact, to create and to communicate. This definition contains the four essential components of multimedia:

- the computer which coordinates the user's actions;
- links that facilitate access to information;
- navigation tools;
- methods of collecting, processing and transmitting information and ideas.

These multimedia tools can increase the force of conviction of potential clients, by realizing presentations as attractive as possible (e.g. PowerPoint slides, Macromedia files etc.).

*Client-Server architecture* ensures the full control of connections and transactions as well as data safety. In this kind of architecture there is a server that is usually the database, and a client which inquires the database and executes applications.

On the client-computer small software applications (such as Java applets) can be embedded in html pages. These applications implement the e-forms and handle the connection and data interchange with the server.

For any connection received from a client the application initializes a respective server-thread that undertakes the service of the particular client. For any separate action the server-thread needs (as the pricing or the editing process) a new respective thread is initialized. When the action is completed then the respective thread is stopped and closed. Finally when the connection purpose is completed then the server-thread is stopped and closed.

Actually, any economic domain is practically dependent on the client-server technologies; these realize a real-time and efficient interaction between seller and buyer.

Besides the preponderant marketing aspect, by using computational technologies one can hold strict accounts, other than book keeping, regarding as many details as possible on the customer, on the consultants with whom one collaborates and eventually, on the relationship with the superiors.

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