

# THE INTERNET'S IMPACT ON THE ROMANIAN INSURANCE INDUSTRY

**NAGY CRISTINA MIHAELA, VASILESCU RAMONA VIOLETA**  
WEST UNIVERSITY OF TIMISOARA, TIMISOARA, BD. V. PARVAN, NR. 4,  
cristinanagy2009@yahoo.com  
TIBISCUS UNIVERSITY, TIMIȘOARA, STR. DALIEI 1/A,  
ramonavasilescu@yahoo.com

## **Abstract:**

*New technologies have always had an impact which must not be neglected regardless of the research or theorizing field. In this paper we intend to follow the impact of the Internet on the sale of insurance and claims management activities. As in other areas the Internet has a great potential in sales, it is of interest if this is applicable in the field of insurance not only presently but also for the medium or long term, being still used alongside other traditional forms of insurance policies sales, through insurance companies subsidiaries or by bank-assurance system.*

**Key words:** insurance industry, Internet, new technologies

**JEL classification:** G22

## **INTRODUCTION**

It is already known and well understood the role that the Internet plays on the human society. The impact of this immense network is also found in Romania, some researchers being downright enthusiastic the speed with which Romanians embrace the new technology. In insurance, the Romanian market is one of the least developed compared to other countries in the European Union. The citizens' reluctance in insuring was observed even after housing insurance became mandatory. Although the fines are provided as a means of coercion, some mayors have announced that they will not fine the owners who will not prepare the documents within the time limits prescribed by law<sup>1</sup>.

### **1. ONLINE INSURANCE SALES, ON ROMANIAN WEBSITES**

In developed countries, online sales of insurance policies do not show anything out of the ordinary, because consumers are used to this “shopping” method, they recognize the benefits and take advantage of them. Almost all insurance companies are present on the internet and perform online sales. There are also a multitude of sites edited by brokers, where customers can obtain advice and where they can compare the products of hundreds of companies.

In 1999, only 15% of customers in Europe were connected to the Internet, while in the United States, this percentage rose to 44%. Only 1% of customers in Europe, which were connected to the Internet requested financial services, while this percentage rises to 20% in the United States.

In the early 2000 the Web was a powerful marketing instrument, whose development possibilities were still insufficiently exploited, because most of the Romanian insurance companies' websites were only simple “virtual business cards”.

---

<sup>1</sup> Buscu, Ș. - *Primarii despre asigurarea obligatorie a locuinței: Nu vom aplica amenzi*, articol disponibil la adresa <http://www.capital.ro/detalii-articole/stiri/primarii-despre-asigurarea-obligatorie-a-locuintei-nu-vom-aplica-amenzi-151051.html>

For example in 2002 SARA MERKUR was the only insurance company in Romania which offered customers that accessed the company's website, the possibility of contracting online a life insurance: INSTANT, according to Mr. Mihnea Mocanu<sup>2</sup>, Senior Consultant, Roland Berger Strategy Consultants.

The Internet holds the greatest potential as a way to sell insurance. There is, however, hope that the Internet will hold in the near future, the most important place, still being used alongside other traditional forms of insurance policies sales, by subsidiaries of insurance companies, or through the bank-assurance system.

In order for an insurance to be sold, regardless of how it is soled, insurance companies should primarily transmit people a serious and professional atmosphere in order to earn their trust, convincing them that the insurance is for the benefit of the customer.

Then it should be noted that not all insurance products can be sold through the Internet, because in general, the introduction of a particular product to be marketed on the Internet is done according to how much assistance is necessary for the conclusion of a policy. As the sold product is more complex and requires trading large amounts, the customer is more willing to pay for a professional advice.

The most suitable products to be sold on the internet are those that can be described and assessed based on a small number of parameters, such as auto civil liability insurance, houses insurance, family insurance and life insurance on term.

For these types of insurance online comparisons can be made in terms of price, this making the Internet more attractive to customers.

## 2. ANALYZES REGARDING ONLINE INSURANCE SALES, ON THE ROMANIAN WEBSITES

Searching Romanian web pages concerning insurance and insurance activities (see table 1), a spectacular leap is observed from 551.000 web pages in 2010 to 4.451.011 in 2012, with an increase of 707.79% (see figure 1). What happened particularly in 2011 is the fact that housing insurance became mandatory.

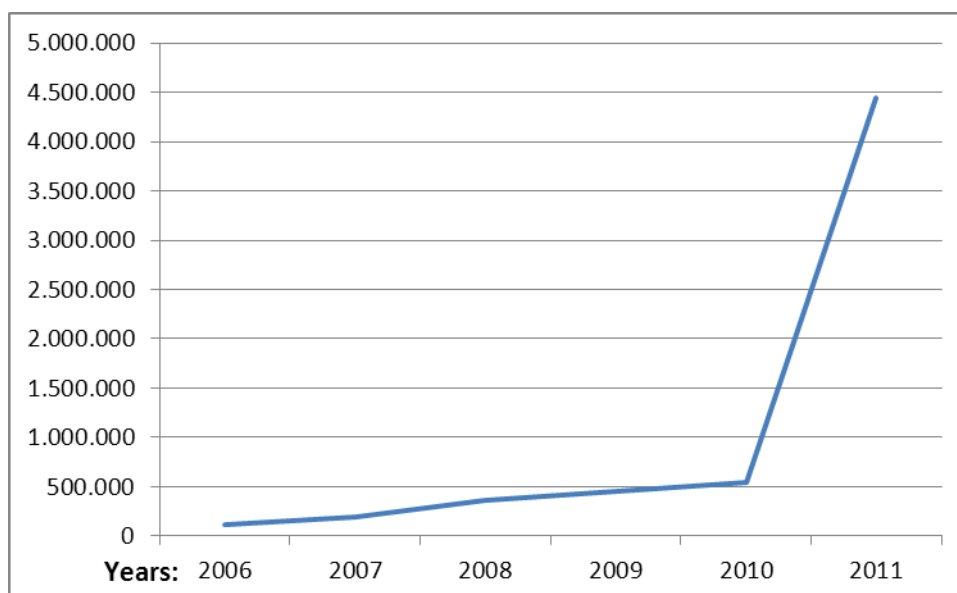


Figure 1. Results for searching insurance terms

Even if the number of web pages resulted from searches is not high, compared to other areas, a study of these pages reveals us some interesting aspects. Further we will

<sup>2</sup> <http://www.lasig.ro/Internetul-si-asigurarii-articol-2,3,100-27445.htm>

study the information that appears on the first page containing the first ten search results.

**For 2006**, the first page with search results contains:

- targeting to the asigur.com site, an insurance broker - a well structured site, with a specific insurance dictionary, with alerts that can be enabled for notification of the policy expiration, with tariffs calculator and with a section regarding the documents required in the event of damages;
- targeting to portaldeasigurari.ro insurance portal - a rich site, with sections devoted to RCA, CASCO, green card, specific legislation, etc.;
- targeting towards the site of the City Insurance company, an insurance-reinsurance company;
- targeting to delta-inmatriculari.ro, the official site of Delta Speed Solutions company, specialized in auto insurance;
- 3 link targeting to newspaper articles;
- 1 targeting to an educational website;
- targeting to the site of OTP insurance company.

**For 2007**, the search results have suffered a significant change. Thus, from 10 results, 5 are towards informative articles (legislation, specific terms), a link is to the asigurari-sanatate.ro site, a link is to the OTP insurance company website, a link is to the InterAS insurance broker.

**For 2008**, appear on the first page results that relate to the housing insurance. Furthermore we can find links to websites for insurance brokerage, to informative articles, links to web pages relating to auto insurance are predominant.

**For the year 2009** we can observe a crystallization of the interests from previous years: auto insurance, brokerage and life and pension insurance. In 2009 online sales activity was in a pioneering stage, it is the year in which online insurance sales<sup>3</sup> were launched, insurance providers noticing the customers' skepticism in paying online for their insurance<sup>4</sup>.

The trend from 2009 also continues **in 2010**, thus the sites dedicated to auto insurance prevail, only one link to a web page is in relation to the housing insurance. Understanding the role that the Internet can play in insurance sales was also noticed by the fact that, in 2010, although the Romanian insurance market had decreased by more than 5%, the number of online sales doubled, in some cases<sup>5</sup>. The obstacles noticed in the increase of online sales were: the fact that 30% of Romanian households were connected to the Internet (the EU average being of 60%) and the lack of credibility of the provided information. For example, in order to complete a life insurance, the customer is requested to provide information relating to issues about which it is difficult to obtain accurate data, even by your family doctor (for example, the quantity of alcohol consumed by the customer or if he suffered from sexually transmitted diseases). For

---

<sup>3</sup> Mosoianu, A., *Vânzările de asigurări câștigă teren pe Internet*, Săptămâna Financiară, 28.10.2011, articol disponibil la adresa [http://www.sfin.ro/articol\\_24682/vanzarile\\_de\\_asigurari\\_castiga\\_teren\\_pe\\_internet.html](http://www.sfin.ro/articol_24682/vanzarile_de_asigurari_castiga_teren_pe_internet.html)

<sup>4</sup> Mosoianu, A., *Vânzările de asigurări online sunt încă în stadiu de pionierat*, Săptămâna Financiară, 11.12.2009, articol disponibil la adresa [http://www.sfin.ro/articol\\_18431/vanzarile\\_de\\_asigurari\\_online\\_sunt\\_inca\\_in\\_stadiu\\_de\\_pionierat.html](http://www.sfin.ro/articol_18431/vanzarile_de_asigurari_online_sunt_inca_in_stadiu_de_pionierat.html)

<sup>5</sup> Mosoianu, A., *Vânzările de asigurări online vor crește în 2011*, Săptămâna Financiară, 10.12.2010, articol disponibil la adresa [http://www.sfin.ro/articol\\_21867/vanzarile\\_de\\_asigurari\\_online\\_vor\\_creste\\_in\\_2011.html](http://www.sfin.ro/articol_21867/vanzarile_de_asigurari_online_vor_creste_in_2011.html)

such cases, online sale can be doubled by the movement of a staff member to an address provided by the customer<sup>6</sup>.

In 2011, the year in which the number of web pages greatly increased, web pages in which the keywords “insurance” and “insurance activity” is contained, at first sight the situation on the first page isn't much different to that of the previous year. However, we have the courage to affirm that the structure of the results, their ensemble, differs greatly from that of the previous years. Also, we can affirm that insurance providers have understood better the role of the marketing departments that provide solutions and directions in online insurance sales.

The previous year of 2011 are years in which insurance providers have had to learn that the simple existence of a site does not ensure the attraction of a large numbers of visitors, some of which to become customers. The current sites of insurance providers, who want not only to attract potential customers but also to sell online, contain many useful instruments: a RCA calculator, to automatic notifications around the expiration date of the policy, from a page where the visitor can send a message to the forums, to well-structured forums to which the visitor can join to chat online regarding specific themes.

This being a service, the unfamiliar persons can assume that insurances can't be sold online, even if we consider the obstacles mentioned above. The assumption is wrong. Thus, on the costo.ro site, the visitor has access to the well-known "shopping cart", cart in which you can add: life insurance, RCA, CASCO, housing and other types of services (such as holiday tickets and travel offers). The existence of such sites proves us that the insurance market wants to take control and to find fulfillment in the Internet network.

In 2011, 330.000 web pages contained references to online insurance sales (in 2010 there were 147.000). This is also the result of the fact that online insurance sales increased compared with 2010, even with 60%<sup>7</sup>.

Continuing trends of 2010, in full financial crisis, entitles us to assume and even in 2012 the number of sales over the Internet will increase. Just as in other already matured areas, this increase will be accompanied by the creation and moderation of specialized forums, creating and maintaining some blogs of interest in this area, spreading some short films with relevant advices and explanations. In addition, sites will need to have their own services, somehow customized, appealing and, most importantly, to give visitors confidence so that they overcome skepticism and use the specific Internet instruments, used in online sales.

### **3. ADVANTAGES OF USING THE INTERNET FOR INSURED AND INSURERS**

Advantages of using the Internet for insured and insurers:

- *the possibility to access the Internet 24 hours a day* - offers customers the opportunity to access the website of an insurance company at any time of day or night, which could not be possible in the case of classical distribution through insurance agents or representatives, both due to the fact that their work program is limited (typically 8 hours/day), as well as given the fact that,

---

<sup>6</sup> Alexndrescu, Paula, *Cum functioneaza o afacere online cu asigurari*, Wall-Street, 20.07.2010, articol disponibil la adresa <http://www.wall-street.ro/articol/Money/90065/Cum-functioneaza-o-afacere-online-cu-asigurari.html>

<sup>7</sup> Mosoianu, A., *Vânzările de asigurări câștigă teren pe Internet*, Săptămâna Financiară, 28.10.2011, articol disponibil la adresa [http://www.sfin.ro/articol\\_24682/vanzarile\\_de\\_asigurari\\_castiga\\_teren\\_pe\\_internet.html](http://www.sfin.ro/articol_24682/vanzarile_de_asigurari_castiga_teren_pe_internet.html)

- for a meeting with the client is either necessary that the customer goes to the agent or the agent goes to the customer;
- *the Internet is a quick and cheap way to obtain information* - a person that wishes to purchase an insurance product has the opportunity to inform regarding the offer on several insurance companies and choose the one which apparently is the best, and the insurance companies can choose information regarding customers;
  - *the Internet is an instrument for rapid processing of a sale transaction* - the purchase of insurance products, the efforts made both by the customer and the insurance company is minimal, and the transaction is carried out in real time;
  - *the Internet determines insurance companies to improve increasingly faster their products and services*, so that they can face the competition on the market and to satisfy better and faster the customers' needs, this being possible because through the Internet the customer is the one who chooses the time and conditions under which he wishes to carry out the transaction;
  - using the Internet facilitates insurance sales, because it ensures a faster resolution of the demands of persons who wish to purchase an insurance product.

## CONCLUSIONS

Because of the fact that increasingly more insured people use the Internet to contract insurance policies, implicitly the insurers must consider the possibility of restructuring the traditional sales activity by implementing information systems for online sales.

Electronic trading also offers the insurance company the possibility of reducing the necessary time for concluding insurances, a greater flexibility in terms of the structure of the portfolio of products and method used for the implementation of risk management.

Video systems may be used to assess the damages. An example of efficiency may be recording a car accident.

For example, a security camera placed within an auto workshop can help the specialists from an insurance company to assess the damages from their own offices. This leads to a decrease of traveling costs and centralizes in some extent, the damages assessment activity.

All means present a number of advantages and disadvantages. The conclusion is that insurance companies should esquire and evaluate the new technologies, but without abandoning the traditional ones. It seems that the optimal variant consists in using old methods combined with modern technologies.

## BIBLIOGRAPHY

1. Alexandrescu, Paula, *Cum functioneaza o afacere online cu asigurari*, Wall-Street, 20.07.2010
2. Buscu, Ș., *Primarii despre asigurarea obligatorie a locuinței: Nu vom aplica amenzi*, Capital, 05.08.2011
3. Mosoianu, A., *Vânzările de asigurări câștigă teren pe Internet*, Săptămâna Financiară, 28.10.2011
4. Mosoianu, A., *Vânzările de asigurări online vor crește în 2011*, Săptămâna Financiară, 10.12.2010
5. Mosoianu, A., *Vânzările de asigurări online sunt încă în stadiu de pionierat*, Săptămâna Financiară, 11.12.2009
6. \*\*\* <http://www.1asig.ro/Internetul-si-asigurarile-articol-2,3,100-27445.htm>