

Effects of Information and Insured Individuals' Satisfaction in the Third World Countries

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ABSTRACT

Developing the electronic insurance survives the insurance industry. Internet allows insurance companies which are new in the market to avoid from the long and costly process of establishing the traditional networks of sales. Application and underlying value of knowledge and information modeling in the insurance industry for development based on the information technology are mentioned and reviewed in the following five points: management approaches, development of software infrastructure, development of hardware infrastructure, development of communication infrastructure, public education and human resources. Slow activities and services provided to customers are the important issues which the major insurance companies in the world have sought to eliminate them utilizing the necessary tools and facilities. Therefore, if the insurance companies want to increase their portion in the world trade, they should consider the experience of other major insurance companies in the world and utilize new technologies including information technology. Nowadays, customers are seeking to use the suppliers' services which can create value for them. Some of these cases are the time reducing for performing the activities, providing timely services, and timely communication and information. Informing the statistical population has not been done properly yet. Lack of necessary and popular media in the statistical population for providing the information is the other factor which has increased this issue.

KEYWORDS: Knowledge management, Satisfaction, Information.

INTRODUCTION

Changes of information knowledge is a scientific course which studies the quality and application of information, forces controlling the flow of information, and all data preparation tools for appropriate access and use.

The information knowledge evaluates the part of knowledge which is related to the information gathering, generating, organizing, storing, retrieving, translating, transferring, converting, and using. In addition, the information knowledge investigates the information providing by the natural and artificial methods, the application of models for complete transfer of information, and preparing practices of information, technologies, and tools such as calculating machines and its methods of planning.

This Science has two aspects, the theoretical aspect studies the subject regardless of its application, and the practical aspect provides services and products. If this definition seems too complex, it is because the subject itself is difficult and multi-dimensional, so the definition should be comprehensive and complete.

Necessity of electronic insurance development

Development of electronic insurance can survive the insurance industry. The electronic insurance refers to the application of Internet and information technology (IT) in the production and distribution of insurance services in general, and in particular it provides an insurance coverage through an insurance policy which its application, proposal, negotiation and contract are signed online.

Despite the fact that the payment of insurance premium, distribution of insurance policy, and the payment of compensation process can be done, in some countries, the technical and regulatory constraints may not allow them to do the complete electronic operations. However, regulations are constantly being modified worldwide in order to support the online payment of insurance premiums and distribution of insurance policy. In general, nearly one percent of 5.2 trillion dollars of global insurance premiums are paid through the electronic insurance, but this figure will be less in particular [1].

The electronic insurance is effective in increasing the efficiency by the following reasons:

- 1) The electronic insurance reduces the management and administrative costs by the automation processes of business and improves the administrative data.
- 2) In addition, the fees paid to middlemen are reduced by direct selling of insurance policy to the customers.

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Moreover, the Internet allows insurance companies, which are new in the market, to avoid the long and costly process of establishing the traditional sale networks. Also, the current companies of financial and Internet services can benefit from the online presence of their own brand in adding the insurance goods to their own commodities collection.

Products, which have the standard definition and can be described and rated by a limited number of parameters, are suitable for online marketing and distribution. In this regard, the life, automobile, private responsibility, and family insurances are suitable.

This does not mean that other insurance products cannot benefit from the numerous opportunities, which the e-business provides for them, in order to improve the quality of their services, but it should be tried to make the standard products.

Selling the insurance to consumers via the Internet is not enough for attracting the potential customers; because the experience of this motto "Insurance is for sale and is not redeemable" has shown that without the physical force by the representative or marketer it is possible that consumers buy insurance less or by lower cost. Also, most insurance companies consider their agents as their clients not the insured one. Therefore, is difficult to predict that purchasing the insurance directly via the Internet can be replaced with the representatives. Therefore, most of the insured ones accepted to just put the information of insurance policies and insurance training on their websites, and devolve the actual sell to their insurance dealers. In addition, the electronic insurance, as a new channel for distributing the insurance products, requires the rapid exchange process, so it will create several opportunities for fraud and cheating. Therefore, the regulatory agencies must take control of regulatory methods in order to react quickly for the consumers' interests. On the other hand, the Internet communication is an important tool for the development of international cooperation among the regulatory agencies in order to improve the security of insurance markets.

Since, selling the insurance through the Internet increases the chance for insurance fraud and money laundering, regulation legislating and the supervision are essential. Hence, using the Internet channel gradually can be first an appropriate tool for introducing the insurance products, rates, conditions and insurance training to consumers, and then for eliminating the mentioned problems for selling the standardized individual insurance policies in order to supply the insurance with better service and lower price. [2]

Possible advantages and problems in electronic management:

The major electronic management challenges in the past years and years ahead include:

Table 1: Possible problems and challenges in the electronic management of insurance industry [4]

Possible problems and challenges in the electronic management of insurance industry	Security	Lack of adequate security for information has led to managers' lack of trust
	Instability	Because the competitors have been digitized and globalized, the conditions have been unstable and unpredictable.
	Human Relations	Because the human relations have been threatened in the organizations, most of managers have reviewed the subjects.
	Speed of Changes	These fast changes can outdate the information sooner or make their consumption date expired.
	Changes in definitions	This is one of the most severe challenges facing the managers.

Customers' principles of loyalty in insurance company

The factor of customer's behavioral indicates the repetition of insurance operation.

The factor of customer's perspective indicates the customer's commitment and assurance.

The factor of availability of numerous options for choosing and doing the insurance operations.

This is the last mix variable of marketing which is related to the sale mediators, and perhaps plays the most important role in the success of a company. The relationship between the company and market is a mutual relationship and the most effective factor in the success of an insurance company is considered at the base of pyramid; it means that the interaction between buyer and seller is considered as a determining factor in the market development in any company. Acquiring the knowledge is necessary for an insurance salesperson, and even before the activity is started in this field, he should acquire the sufficient information about the types of insurance policies and the methods through which the insured one can apply it.

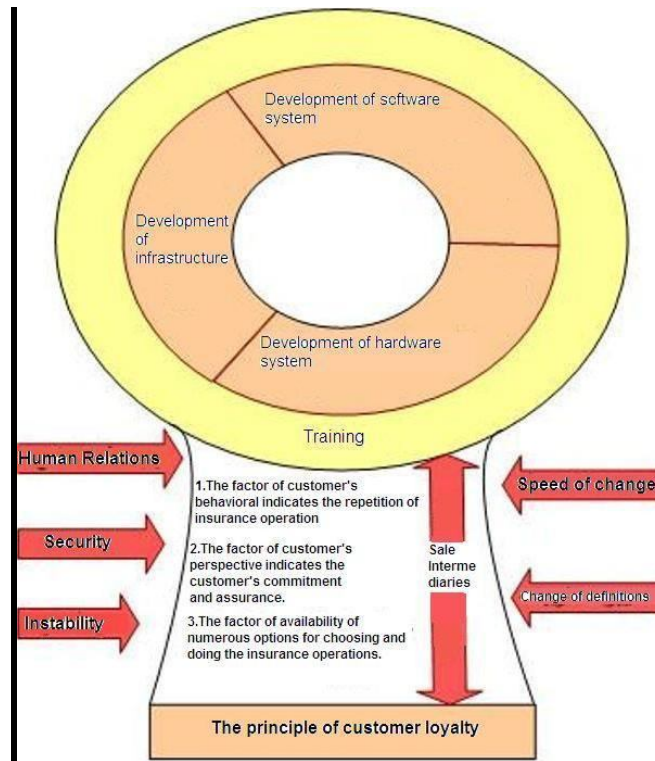


Figure 1- Providing the conceptual framework of customer loyalty in the insurance company

All sectors in the Figure 1 are affected by the electronic insurance.

Centre of to checking the status and importance of representatives' access to needed knowledge

It has obtained the significant results by the implementation strategies in this study and by designing a questionnaire for evaluating the status of representatives' knowledge as follows.

The following chart shows the importance percentage of access to information from the representatives' viewpoint.

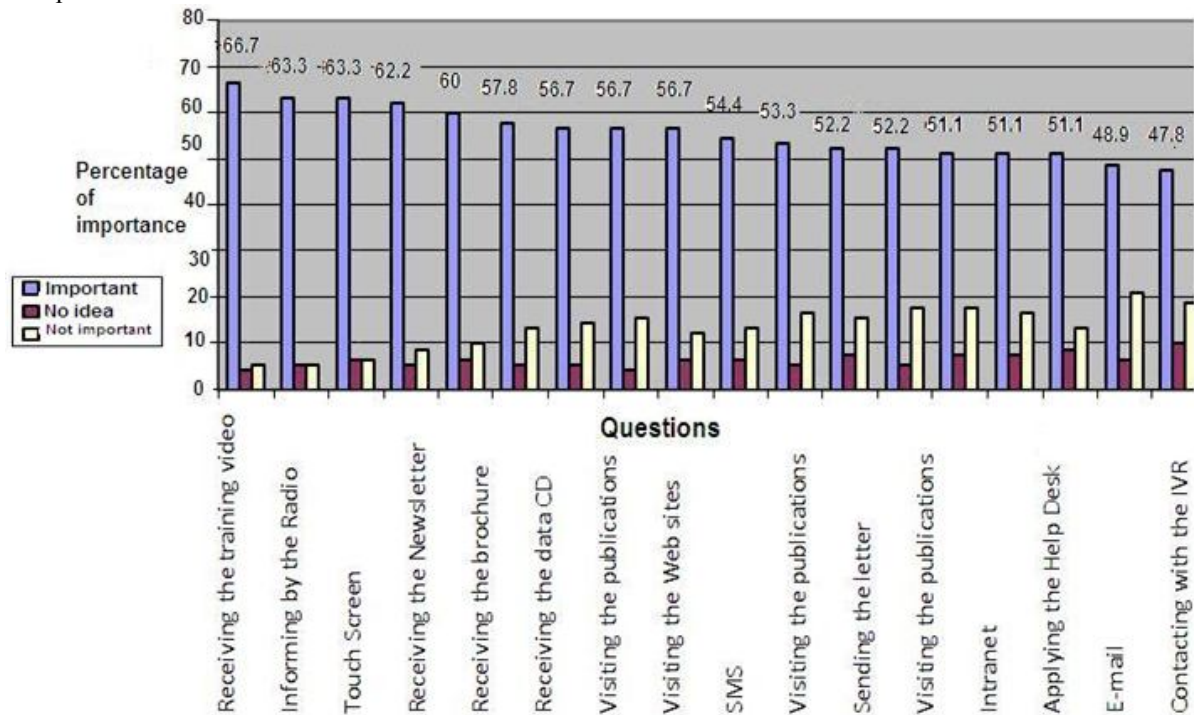


Chart 1: The importance of access to information from a representative's viewpoint

The following chart explains the percentage of importance of access to the needed information from the representatives' viewpoint.

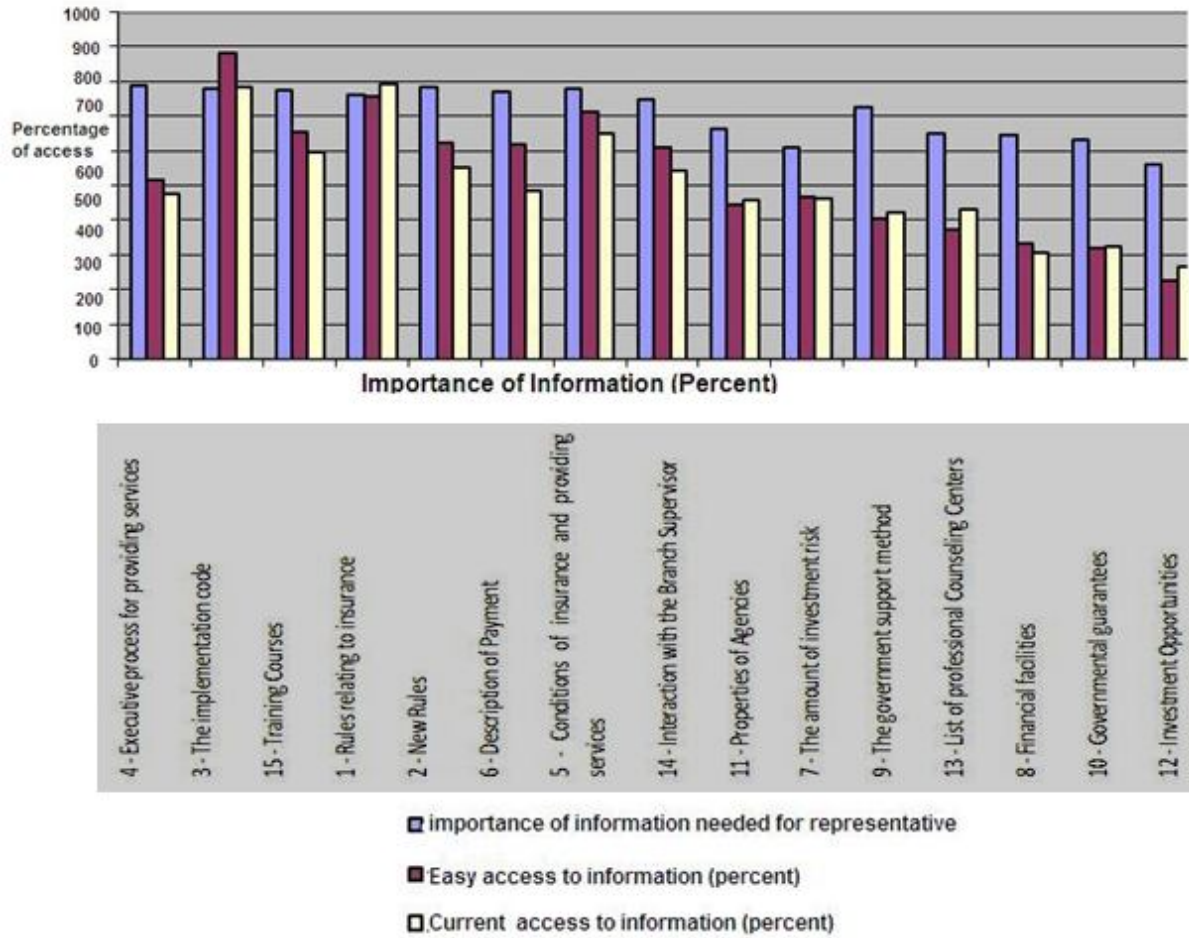


Chart 2: The importance of information needed for representative

Evaluating the status of access and the importance of the representative's kind of access to required knowledge

Chart 3 shows the importance percentage of access to information from the customers' viewpoint according to 19 factors examined in the questionnaire.

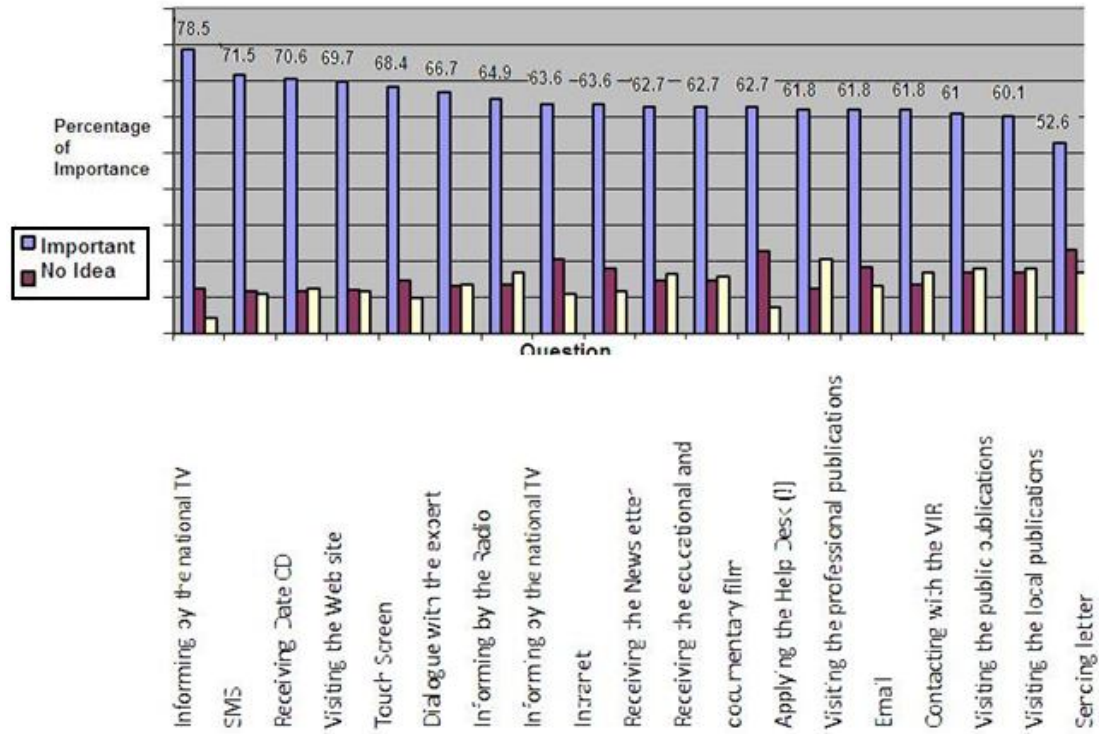


Chart 3: The importance of access to information from the customer's viewpoint

Chart 4 shows the percentage of satisfaction of required services from the customers' viewpoint according to 19 factors examined in the questionnaire.

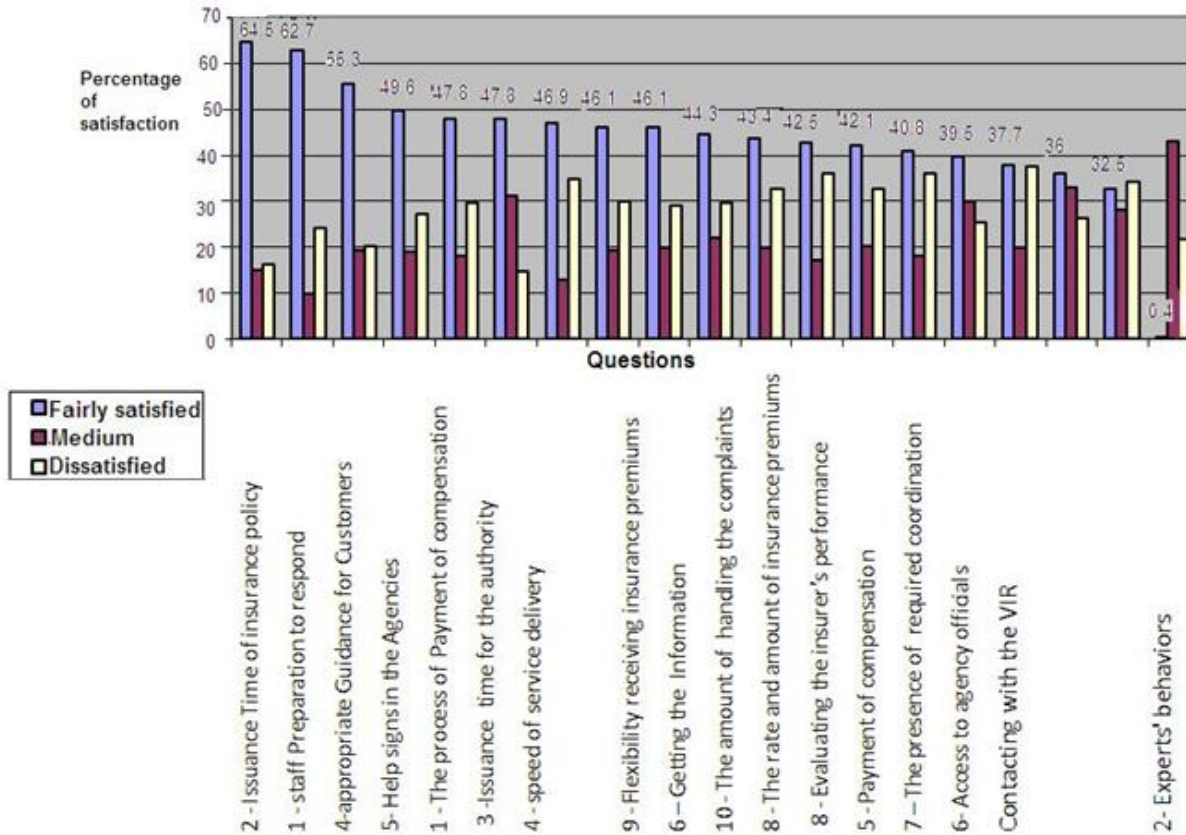


Chart 4: Satisfaction percentage of required services from the customers' viewpoint

Maximum effect of traditional informing on the customer satisfaction

Table 2: Effect of traditional informing on preparing the personnel respond

		Informing			Total	x	df	p
		Not significant	No idea	Important				
Satisfaction	Dissatisfied	2	21	25	48	9.954 ^a	4	0.041
	Medium	1	10	10	21			
	Satisfied	0	40	86	126			
Sum		3	71	121	195			

SSO * X 1

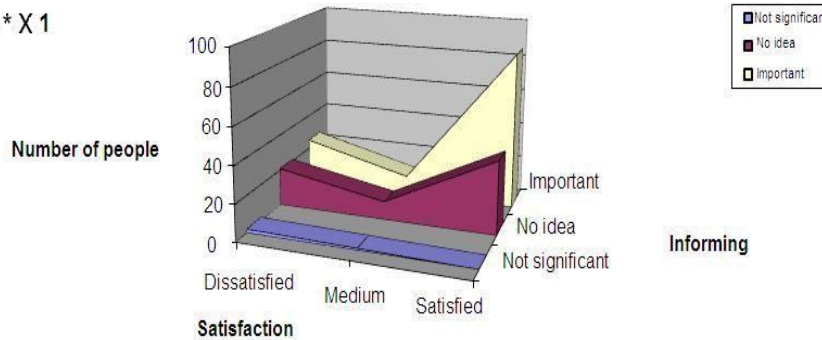


Chart 5: Personnel's effective preparation of for responding

Table 2 and chart 5 display the satisfaction relationship of "Effective personnel's preparation for responding" and the traditional informing. It should be noted that, first these numbers are meaningful, and then the importance of traditional informing affects the customer satisfaction in the personnel's effective preparation for responding.

Table 3: Flexibility in getting the insurance premiums

		Informing			Total	x	df	p
		Not significant	No idea	Important				
Satisfaction	Dissatisfied	0	32	30	62	15.448 ^a	4	0.004
	Medium	2	15	26	43			
	Satisfied	1	21	65	87			
Sum		3	3	3	68			

SSO * X 9

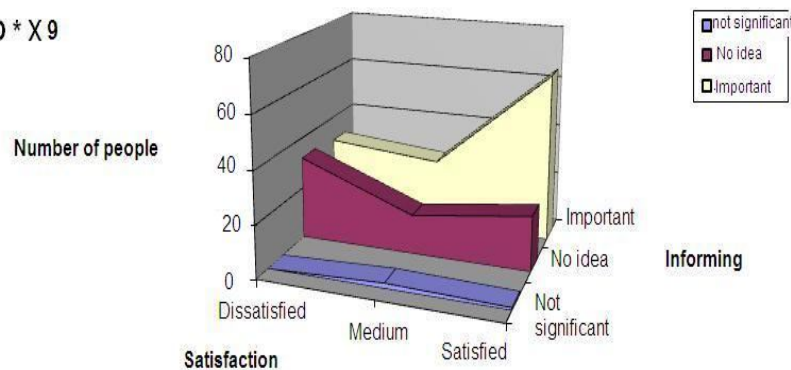


Chart 6: Flexibility in getting the insurance premium

Table 3 and Chart 6 display the satisfaction relationship of "Flexibility in getting the insurance premium" and the traditional informing. It should be noted that, first these numbers are meaningful, and then the importance of traditional informing affects the customer satisfaction at the part the "Flexibility in getting the insurance premium".

Table 4: Handling the complaints at the Issuance time

		Informing			Total	x	df	p
		Not significant	No idea	Important				
Satisfaction	Dissatisfied	1	32	36	69	10.836 ^a	4	0.028
	Medium	1	18	23	42			
	Satisfied	1	19	63	83			
Sum		3	3	69	122			

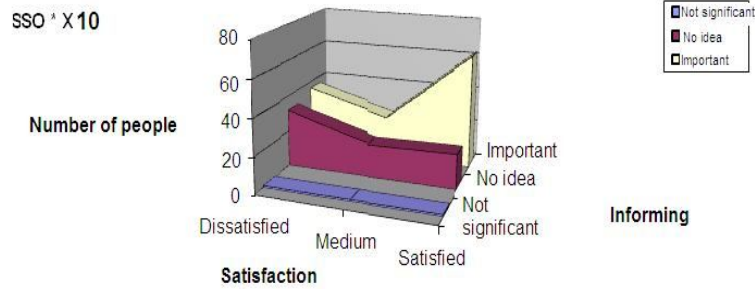


Chart 7: The amount of handling the complaints at the Issuance time

Table 4 and Chart 7 display the satisfaction relationship of "The amount of handling the complaints at the Issuance time" and the traditional informing. It should be noted that, first these numbers are meaningful, and then the importance of traditional informing affects the customer satisfaction at the part "The amount of handling the complaints at the Issuance time".

Table 5: Payment of compensation and service delivery process

		Informing			Total	x	df	p
		Not significant	No Idea	Important				
Satisfaction	Dissatisfied	0	31	31	62	20.602 ^a	4	0.001
	Medium	3	9	24	36			
	Satisfied	0	29	65	94			
Sum		3	3	69	120			

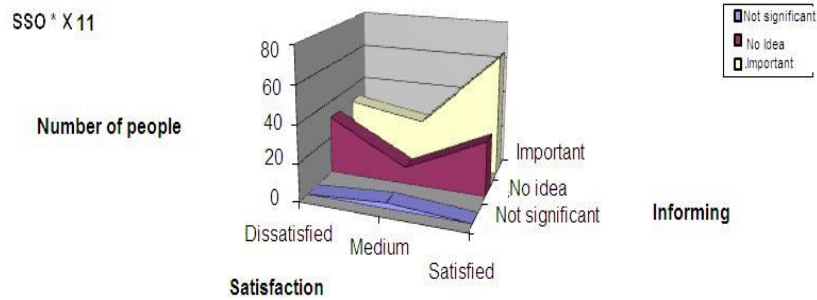


Chart 8: Payment of compensation and service delivery process

Table 5 and Chart 8 display the satisfaction relationship of "Payment of compensation and service delivery process (Organizing each sector or unit)" and the traditional informing. It should be noted that, first these numbers are meaningful, and then the importance of traditional informing affects the customer satisfaction at the part "Payment of compensation and service delivery process (Organizing each sector or unit)".

Maximum effect of electronic informing in satisfaction

Table 6: Personnel's effective preparation for responding to clients

		Informing			Total	x	df	p
		Not significant	No Idea	Important				
Satisfaction	Dissatisfied	2	21	25	48	9.954 ^a	4	0.041
	Medium	1	10	10	21			
	Satisfied	0	40	86	126			
Sum		3	3	71	121			

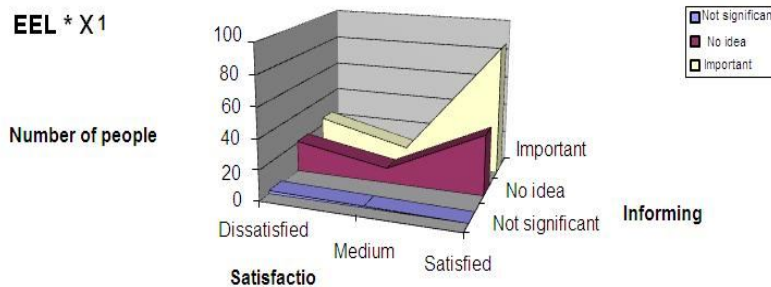


Chart 9: Personnel's effective preparation for responding to clients

Table 6 and Chart 9 display the satisfaction relationship of "Personnel's effective preparation for responding to clients" and the traditional informing. It should be noted that, first these numbers are meaningful, and then the importance of traditional informing affects the customer satisfaction at the part "Personnel's effective preparation for responding to clients".

Informing and measuring the customer satisfaction Informing

Results obtained from the data analysis of questionnaire suggest this fact that informing the statistical population has not been properly done yet. Lack of application of required media, which are popular in the statistical population for service delivery, is the other factor which has increased this issue. Therefore, collecting and compiling the required information and presenting them it through the media, which have higher priority for the statistical community, are the necessary cases which need special attention in marketing and especially the electronic marketing based on what is mentioned in the a Table 9. What is important in this table is the statistical population's consideration to the modern methods for informing (such as website) and prioritizing the insurance agents traditionally. Thus, the calculated correlation coefficient between the lack of having and easy access to information reflects this fact that the lack of easy access to appropriate information and communicational channels have caused that data has not been available fully for the statistical population.

Table 7: Desired media for the statistical population by giving the priority

The importance of media in Informing the insurance industry		
No.	Representatives	Costumers
1	Informing by the national TV	Receiving the brochure and catalogue
2	Dialogue with the expert	Informing by the national TV
3	Informing by the national TV	SMS
4	Receiving the training and documentary film	Receiving the data CD
5	Informing by the Radio	Visiting the Web site
6	Touch Screen	Touch Screen
7	Receiving the Newsletter	Dialogue with the expert
8	Receiving the brochure and catalogue	Informing by the Radio
9	Receiving the data CD	Informing by the national TV
10	Visiting the professional publications	Intranet
11	Visiting the Web site	Receiving the Newsletter
12	SMS	Receiving the training and documentary film
13	Visiting the public publications	Applying the Help Desk
14	Sending the letter	Visiting the professional publications
15	Visiting the local publications	Email
16	Intranet	Contacting with the IVR
17	Applying the Help Desk	Visiting the public publications
18	Email	Visiting the local publications
19	Contacting with the IVR	Sending the letter

Satisfaction survey of statistical population

Results obtained from the data analysis of this questionnaire contain the strengths and weaknesses in providing the services for the statistical population. Table 10 shows the cases that the statistical population was dissatisfied with, so the insurance companies should put them under their consideration. There is no doubt that the slow activities and services provided to customers are the important cases which insurance companies have sought to eliminate them utilizing the necessary tools and facilities. Therefore, if the insurance companies want to increase their portion in the world trade, they should consider the experience of other major insurance companies in the world and utilize new technologies including information technology. Nowadays, customers are seeking to use the suppliers' services which can create value for them. Some of these cases are the time reducing for performing the activities, providing timely services, and timely communication and information.

Table 8: Rating the statistical population's dissatisfaction of provided services

Rating	Costumers
1	6- Access to agency officials
2	8- Rate and amount of insurance premiums
3	5- Payment of compensation
4	4-Speed of service delivery
5	7- Amount of handling the feedback
6	10- Amount of complaints at the issuance time of insurance policy
7	8- Evaluating the insured individual's performance
8	9- Evaluating the management, Speed of service delivery, Informing
9	1-Process of paying the compensation and service delivery
10	6-Receiving data not personally
11	9- Flexibility in receiving insurance premiums
12	5- Help signs in the Representatives
13	3- Awareness of responsibilities and expectations of each other
14	7- Required coordination between the Agencies and the Office
15	1- Personnel's preparation to respond
16	2- Experts' behavior
17	4- Customers' appropriate guidance by agents
18	2- Issuance time of insurance policy
19	3- Issuance time of authority

The importance of information, knowledge, and their availability

Table 9: The importance of information, knowledge, and their availability

No.	Information required for Insurance Agents	Low	Medium	High	Easy access to information	Paper Information	Electronic Information
1	4- Executive process of service delivery	18.6	2.3	79.1	51.9	53.0	18.8
5	2- New rules	19.0	2.4	78.6	62.5	58.0	15.0
7	5- Conditions of insurance and service delivery	19.3	2.4	78.3	71.4	67.7	16.6
2	3- Implementation code	18.6	3.5	77.9	88.6	75.0	10.0
3	15- Training courses	18.8	3.5	77.6	65.8	60.0	11.2
6	6- Description for the way of paying	19.0	3.6	77.4	62.2	47.7	6.6
4	1-Rules related to the insurance	21.2	2.4	76.5	75.9	76.0	8.0
8	14- Interaction with the supervisor branch	20.2	4.8	75.0	61.0	56.6	15.5
11	9- The way of government support	21.0	6.2	72.8	40.8	41.1	2.2
9	11- Agents' features	21.4	11.9	66.7	44.7	44.4	3.3
12	13- List of professional Counseling Centers	24.1	10.8	65.1	37.3	42.2	3.3
13	8-Financial facilities	20.7	14.6	64.6	33.3	30.0	2.2
14	10- Governmental guarantees	22.0	14.6	63.4	32.0	31.1	1.1
10	7- Risk of the investment	23.5	15.3	61.2	46.8	45.5	4.4
15	12- Investment Opportunities	23.2	20.7	56.1	23.0	25.5	1.1
Mean					53.2	50.3	8.0

According to the above table we can conclude that nearly 53 percent of agencies do not obtain the needed information easily, on average, and only about 8 percent of people obtain the information electronically.

Factors affecting the insurance industry in order to create the electronic insurance

The status of insurance monopoly in Iran has been one of the factors which affect the situation of Iranian insurance. A few years ago, only four state-owned insurance companies had the right to insurance activities. By a law which was approved for the activity of private insurance companies in Iran in the recent years, the private insurance companies were allowed to have activities and this has increased the competition in the insurance industry; and by their efforts to attract the customers and increase the customer satisfaction, supposedly it is expected to improve the insurance industry more than the past. Another point is the subject of general policies of Article 44 and the policy which the government has for the assignment of three big state insurance companies, and this can have a significant effect on the insurance industry, and we expect that conditions will be even better by increasing the competition. A questionnaire was designed and developed after evaluating the latest scientific and research achievements in the field of electronic insurance and its relationship with the e-business in order to investigate the insurance barriers to Establishment of e-business in Iran. In addition, during the several meetings with members of research team which examined the insurance barriers to electronic commerce, the necessary reforms was done in the questionnaire and 120 versions of questionnaire were published and distributed among the employees in Iran Insurance Company, Pasargad, Novin, and Saman Company.

Thus, the major insurance barriers to establish the e-business in Iran are reviewed and prioritized as follows by the statistical data analysis of data from the gathered questionnaires.

According to the "Dr. Hassan Mirzaei Ahranjani's three domains" [5], the main insurance barriers to the establishment of e-business can be classified in the following three categories:

- A - Underlying
- B - Structural
- C - Conceptual

Therefore, the major insurance barriers to establish the e-business in Iran are reviewed and prioritized based on the Underlying, Structural, and Conceptual aspects.

A - The main insurance barriers to establish the e-business based on the underlying aspect:

The possibility of jobbers' illegal activities in the field of electronic insurance;

And Low capacity in the reception of electronic insurance according to the existing infrastructure of insurance companies.

B – The most of insurance barriers to establish the e-business based on the structural aspect

Table 10: the main prioritization of insurance barriers based on the structural aspect

Priority	structural barriers
1	Lack of assistance by insurance companies to agencies in using the Internet
2	Lack of using the Internet by Insurance companies in insurance cases
3	Lack of law relating to electronic signatures
4	Lack of standardized and harmonized definition for basic and common data in the insurance companies
5	Lack of legal security for the electronic transactions
6	High risk of electronic insurance transactions
7	Lack of technical security for electronic transactions
8	Possibility of providing only about 41 to 60 percent of online insurance services for customers
9	Possibility of providing only about 41 to 60 percent of industrial and group insurance policies through the Internet
10	the complexity of some of the insurance coverage
11	Possibility of providing only about 41 to 60 percent of individual and personal insurance policies through the Internet
12	Diversity of insurance coverage
13	Partial equality of costs and benefits of using the Internet and making the electronic insurance activities

C - The main insurance barriers of establishing the e-business based on the conceptual aspect

Table 11: Prioritizing the insurance barriers of establishing the e-business based on the conceptual aspect

Priority	Conceptual barriers
1	Lack of necessary specialists in the field of electronic insurance
2	Little trust between the insurer and the insured one for the electronic data interchange
3	Insurance top managers' partial (medium) support from the Electronic Insurance
4	Insurance industry personnel's partial tendency to Electronic insurance activities

C - Other insurance underlying, structural, and conceptual barriers to e- business

Table 12: Other barriers for creating the electronic insurance based on the respondents' view

Triple aspects	No.	Other barriers for creating the electronic insurance based on the respondents' view
Underlying aspect	1	Lack of most individuals' familiarity with the computers and Internet
	2	Lack of proper telecommunication infrastructure
	3	Lack of culture for using the computer and Internet among people and insured ones
	4	Lack of access to the Internet and computer in most of people and insured ones
	5	People are not familiar with the insurance and its various branches
	6	Lack of legislation in Iran for the violations from using the Internet
	7	The possibility of changing the Information of Internet by jobbers and losses for the insurer or insured ones in this case
	8	Lack of customers' confidence and trust of information provided by the Internet
	9	Lack of comprehensive and integrated information related to the population and lack of unique population code
	10	Monopoly of insurance in state companies
	11	Lack of online insurance companies in various fields and contacted with related organizations
	12	Lack of coordination among banks and other credit organizations in creating and using the credit cards
	13	Lack of public awareness of the advantages of e-business
	14	Lack of Electronic banking services
	15	Lack of merchants' familiarity with e-business
	16	Lack of belief to share the database of organizations and companies
Structural aspect	1	Lack of sufficient training about computer, Internet and Electronic insurance for the Personnel
	2	High costs
	3	Lack of adequate opportunities for insurance companies and personnel to think about improving and accelerating the in the field of online network
	4	Failure to provide fast and reliable network systems
	5	Lack of staff access to computer and Internet in the workplace
	6	Weak investment
	7	Not possible to have electronic Insurance coverage at the beginning of an request because of the need to review and visit the risk for Insurance Services
	8	Lack of using appropriate hardware
	9	Lack of sufficient policies, strategies and plans in this field
	10	Lack of adequate facilities and equipment
Conceptual aspect	1	Lack trained and skilled work forces in the field of Electronic insurance in the insurance industry
	2	Lack of Personnel's familiarity with computer and Internet
	3	Fear of unemployment and job insecurity
	4	Traditional operation and insisting on it, and fear of changing the ways of doing
	5	Lack of top managers' awareness of advantages of e-business
	6	Lack of Proficiency in English

Conclusion

By reviewing the current status of insurance companies in advanced countries, we conclude that the insurance industry has been much slower than other industries in adopting the practices of e-business, because there are major barriers and problems in this field. High cost of employing the experienced professionals in the field of information technology, technical and regulatory differences, security issues and individuals' privacy, complexity of some of insurance products, and above all the fear and natural caution of this industry are some of the reasons which leads many insured ones into slow electronic insurance. The emergence electronic insurance and the adoption of e-business practices in the insurance industry of Iran are faced with deeper problems than developed countries. In addition to the barriers which are mentioned above, the insurance companies are faced with poor communication infrastructure and low Influence rate of Internet among people. In order to facilitate the implementation of e-business in Iran and eliminate the insurance barriers, the authorities and managers in insurance companies in Iran should develop the culture of using the Internet and e-business with realism, and try to educate and invest in developing the human resources in order to apply the electronic insurance and change it to the electronic trading.

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