

# INFORMATION TECHNOLOGIES IN INSURANCE SALES SUPPORT

**Stofo Ovidiu**

**“Alexandru Ioan Cuza” University of Iasi**

**Faculty of Economics and Business Administration**

*Insurance system in Romania is carried out with a constant natural activity, evolving quite honorably these times. This is largely due to the difficulty with which insurance is sold in normal economic conditions when it comes to prosperity. Although psychologists, led by Maslow believes that the protection needs are basic needs, along with the physiological one, on the priority list regarding procurement, insurance needs are for some Romanians, of minimum or no importance, so that they are either pushed to the bottom of the list, or even, as it most often happens, they are non existent. Current economic conditions and climate, urges caution on most fields, especially in terms of individual properties, including, how somewhat forced, life and physical integrity which are still considered property, if this aspect is not debated in terms of Christian or other religious dogma. In other words, many Romanians see insurance as a product that “is not up their alley” including it in the luxury category. Furthermore, the media shows, sometimes amplify certain cases of doubt in relations between insurance company - customer. Appropriate marketing, allied with the information technology can improve the complete relationship between the two entities - the offeror and the consumer.*

*Through this study we aim to identify important issues that facilitate the sale of insurance, using information technology, given that the sales of these financial products through the "ancestral" methods are effective but not very efficient.*

*We will follow, by anchoring to the current reality, the insurance utility and how to use information technologies in support of marketing (sales). The study itself was done by observing the results in practical work, from an insurance agency, but also related to what the literature offers. Because this study is currently underway, there are certainly some limitations of accuracy of results, which are adjusted “on the fly”. Realizing a practical application to accompany the insurance consultant, manager and sales team, can increase business efficiency, while being able to better control the forecast, an aspect so painful to the sales man.*

*Keywords: insurance, insurance marketing, sales, informational technologies, Internet*

*JEL Codes: M15, M31*

## **I. Introduction**

The research field, in which the study takes place, involves the application of marketing concepts in insurance, also conjugation informational technologies. The importance of this study is based on usefulness it has in a person's life, given that this financial product is not approved by Romanians; people's reluctance often reaching a level of hostility, when the approach is done by agents with modest skills. So the question is: how to achieve quality sales, and increase the sales' quantity, in a relatively short amount of time?

Many people work until old age in order to enjoy an abundant enough pensions that would help them to survive. However, the risk for many that after a lifetime of work, to go bankrupt in their old age (Schloss 2007: 88). In Romania, there is no need to conduct studies as these situations are very obvious, just by observing those who are on the streets, standing in long lines at pharmacies for discounted drugs or in second-hand stores. It is true that current retirees have long been deprived of their active life of usefulness of information on savings plans that complement or compensate a meager pension. During the communist period, companies that offer such products were non existent; the insurance was only a monopoly. After the revolution, Romanians temptation was to invest money in securities that provide income right away, so many were fooled and instead of earning profits, lost, perhaps their entire lifetime savings. It is known that

the Caritas era, but also the FNI's, brought people in a position to sell their homes or cars to have the money "invested". And these companies are just two examples of the temptations of quick profit Romanians faced. And even if we have a proverb saying that "who burns himself with hot soup, later blows into yogurt" the desire for a rapid profit, it would determine Romanian, in a case of a new emergence of such "business", to stand in line again, again. An analogy can be the televised bingo games, which have had great success in the late '90s; two years ago they have resumed such games, it is true, far fewer followers.

## II. Insurance Usefulness

Life insurance plays a key role in managing Risks in modern societies. It can provide income to beneficiaries on year income earner's untimely death or loss of ability to work (SigmaRe 2012: 31). The immense destruction that fire (Realitatea.net) has caused to a local shopping center on small business, caused the small business owners to directly or indirectly realize, how good it would have been if they would have gotten insurance for their business. Their last tardy remark how they couldn't have afforded to buy insurance has no foundation when they watched helplessly as what constituted their daily livelihood was destroyed by a huge fire. Certainly, little effort (but still an effort) that they would have made by insuring their business would be offset by the beneficial effects of compensation. That is why once again, it justifies the claim that people purchase insurance for a future that due to unpredictability generates uncertainty. There is that saying as "we are too poor to afford us cheap stuff. As for many years insurance was seen as a luxury item, which is not exactly true, this "daring" to afford a "small luxury" would have provided a substantial financial reserve.

In a TV program Ion Oncescu, Skandenberg, multiple world champion, said: "I subscribe to the civilized people category, because I am insured" (Antena2.ro). He even mentions how he used his insurance for an operation. Certainly, many other public figures have insurance and even refer to them, all from the perspective of the educated man with a financially sound situation, so that sometimes an insurance holding slides on the slope of snobbery. Indeed, it seems that insurance has become "bargaining chips" in the campaign, yet unstated; so insurance has been used as a way to determine Sălaj priests to give signatures for a candidate for the post of County Council. He made a substantial donation, making insurance payments of 65 parish houses (stirileprotv.ro). Worldwide, after a temporary set-back in 2011, life insurance premiums will resume their upward trend in 2012 (SigmaRe 2011: 32). Interestingly, during the recession, people spend more time analyzing a decision about costs. Among the things that help them decide and trust are fundamental processes of a company (Bate 2008: 81). The current crisis and potential future crises can cause humans to think about translating some of the current financial situation, small but still existing, in the future it is likely to be even more difficult.

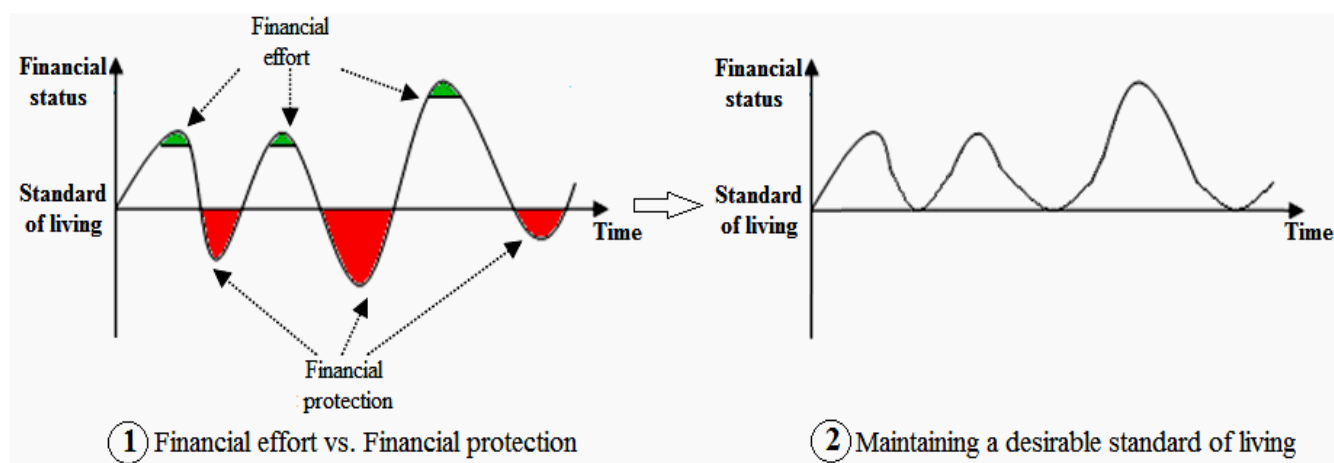


Fig. nr.1 Financial evolution depending on possession / lack of life insurance

This is a simple working principle of life insurance, given in the Fig. nr. 1.

### **III. The Internet as insurance sales support**

Particularly for general insurance products, online insurance begins to gain ground (lasig.ro).

The distribution of insurance products has evolved significantly. Technological developments, such as the internet and mobile phones, have opened up new distribution channels and insurers are increasingly developing multi-channel strategies. (CEA 2011: 12). Adaptation sale steps, of course difficult to accurately achieve, can increase the chances of efficient distribution.

Prediction made in 1995 by Metcalfe, that the Internet will grow dramatically and in 1996 will catastrophically collapse was not achieved either in 1996, nor today, and is very unlikely that they will do in the near future. Although, when considering the warnings cautions in working with the Internet, given even by those from the FBI (Capital.ro)...

If warnings or prophecies more or less apocalyptic will happen, remains to be seen; until then, the Internet has a major role in people's lives, more important than hardware and software on which they are based. Rumbauskas Jr. (2012: 95-97) is convincing when he says the Internet is both extremely powerful sales tool and a generator of advertising, noting that one of the biggest mistakes made by sales people is a failure to accept the Internet and recognize and use its enormous capacity to identify potential customers. He recommended each salesperson to make a site for two purposes, in regards to the visit of a customer on his website:

- providing information to the customer, to design and consolidate credibility;
- retaining the name and email address of potential client.

Electronic communications allow the Internet to build relationships personally with potential clients and the real ones and the guidance of messages to individual users based on information on geographical features, content, buying behaviors and demographic or firmographic characteristics (Stone and Jacobs 2004: 275).

Making of orders and purchases via the Internet is becoming more attractive as consumers can be offered significant advantages due (Militaru 2004: 197) to: lower prices, showing the range of goods/service, convenience, entertainment.

E-mail has developed a reputation as less formal than other written communication in business and the level of formality continues to decline. In fact, it even became a substitute for speech (Sherman 2005: 151). People seem to no longer worry about spelling, thus abbreviations abound. Grammar is also affected, not to mention capitalization. We can consider that e-mail is somewhere between a substitute for speech and a substitute composition of letters. It's important to remember that e-mails without grammar or spelling mistakes are easier to read and allow quick understanding. Good writing depends on four factors (Grisham and Lee 2000: 61): thinking (that aims to write), legibility (clarity of writing), accuracy (spelling and grammar) and tone (how to choose the writing style, adapting it to the person to whom we are writing).

Prospecting using e-mail offers certain advantages: low cost, no shipping delays, the ability to track messages (whether or not read), provides extensive creative possibilities (Aguilar 2008: 74). Some people see in this modern technology, one of the greatest inventions of man but also one of the biggest sources of wasted time, if not used rationally. Richard Denny (2002: 56), one of the experts in sales, explained the situation to a customer who returned from vacation a week, 468 messages found for reading that, it took 22 hours, after which he realized that only three have been helpful. Another disadvantage of email is that companies without a good security policy, without judicious planning of its use has generated lawsuits challenging the discrimination to sexual abuse of trust, e-mail can even be easily faked or forged (Lilley 2008: 126).

### **IV. Technological “accessories” - modern weapon for insurance agents**

Information technology supports all types of organizations to increase efficiency and effectiveness of business processes, performance in making decisions and cooperation in working groups, resulting in strengthening their competitive position in a highly volatile market (Hurbean 2008: 11).

In the hands of an expert having proper monitoring and support with “relevant” SQL can become a “weapon” of very useful network administration, from the creation of users, through the monitoring and logging to that of reporting to leading authorities (Munteanu, Greavu-Ștefan and Cristescu 2004: 239).

Despite the use of increasingly frequent electronic communication and the Internet, few experts foresee giving up traditional telephone services (Timm 2008: 67). Contacting a person can be done quite well through communication tools like instant messenger (Yahoo Messenger, MSN Messenger, Google Talk), but also on-line telephone systems (Yahoo Messenger, Skype), where costs are lower. Social networking sites, like Facebook and Twitter allow access to millions of customers and potential customers (Enderle 2009: 1). It may even make a segmentation of their constituency groups on demographic features.

Taking into account the usefulness of an applications to increase the chances of successful sales, the question is how useful it could be something passing through the filter of a relationship between the cost of developing, if a personal application or one of acquisition, if it buys the added value that it brings.

Widespread economic information systems are usually built around a powerful database server, whether the data managed in this way are available in client/server environment or on the web.

Information systems can be approached holistically, which keeps the prerogatives of systems specialist or a combination of interdependent and interrelated elements. Viewed through the prism of the two approaches, management information systems for sales is a component of marketing information systems, which, in turn, are a component of management information systems (Fig. nr. 2) (Donaldson 2001: 116).

#### **Departmental subsystems**

Financial	
Personal	
Production	
Raw materials	
Marketing	<b>Subsisteme funcționale</b>
	Commercials, promotional activities
	Distribution
	Outlook
	Research and marketing
	Developing new products
	Price determination
	Product planning
Sales	<b>Activity subsystems</b>
	Buyers' analysis
	Sellers' analysis
	Sales Support

Fig. nr. 2: The hierarchy used in management information systems.

Source: Donaldson 2001: 125

The diagram below (Fig. nr. 3), extracted from one software implementation, in case of a company that pays commissions based on orders takeovers, shows how to organize the various elements that will allow monitoring of sales cycles, sales forecasts, calculate commissions, tracking results of each salesperson, their ability to make offers in this application and, finally, linking sales activities with the marketing (De Preville 2010: 213).

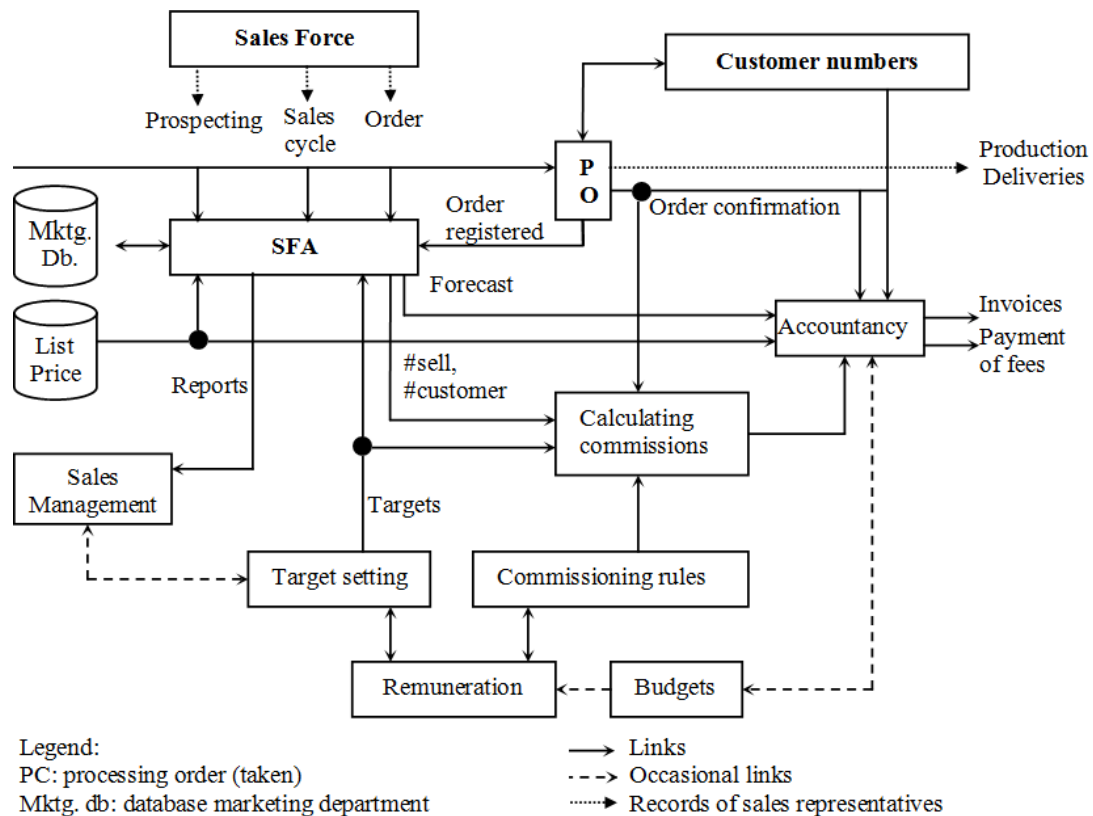


Fig. nr. 3: Example of implementing a management program to sales force.

Source: De Preville 2010: 214

This synopsis presents all the elements to be correlated with program sales force automation (SFA) to obtain relevant reports on sales cycles, sales forecasting and automatic calculation of commission sales representatives.

## V. Conclusion

Insurance sales are a daily challenge for those working in this field both in terms of their financial advantages, especially in terms of utility they have on customers.

These types of sales can be achieved and certainly they will be achieved, many years from now, in a classic form, through strict human interaction. But man is subject to both error and oblivion, much more than a computer, which when well programmed will “do the job”. The observations I have undertaken, tapping into all sorts of small computer accessories, over time, gave me the opportunity to see an increase in the quality of sales. Still, far from what is intended as the project itself, this article has captured only a small part of the “troubles” involving the development, ultimately natural, given the thought that we live in the 21st century, or as otherwise referred to, the society of knowledge.

Information technologies are more than necessary, although many consultants are still “old school” based strictly on their flair. However using modern technology increases efficiency, especially in the early career of consultant time, the difficulty of this activity, leads many to step back. Customer is given the feeling of greater certainty in regards to his investment, with real-time access to information.

## VI. Acknowledgements

This paper appeared with the financial support under the project POSDRU/89/1.5/S/49944 – „Dezvoltarea capacității de inovare și creșterea impactului cercetării prin programe post-doctorale” (Developing the Innovation Capacity and Improving the Impact of Research through

Post-doctoral Programmes), funded through Programul Operațional Sectorial Dezvoltarea Resurselor Umane (Human Resources Development Operational Programme), in affiliation with Alexandru Ioan Cuza University of Iași.

## VII. Reference

- Aquilar, Michaël. Vanzătorul de elită. Tehnici și strategii de succes. Iași: Editura Polirom, 2008
- Bate, Nicholas. Cum să combateti recesiunea. Planul de supraviețuire în afaceri. București: Editura Meteor Press, 2008
- De Préville, Yves. Gestionarea forțelor de vânzare. Ghid practic. București: Editura C.H. Beck, 2010
- Denny, Richard. Succesul în vânzări. București: Editura ALL Beck, 2002
- Grisham, George and Lee, Sandra. Manipularea în afaceri. Filipeștii de Târg: Editura Antet, 2000
- Hurbean, C., “Considerații privind rolul sistemelor informaționale în era digitală” In Sisteme informatice pentru administrația publică, edited by Dănaiață, D., Hurbean, L. and Margea, C. p. 11. Timișoara: Editura Universității de Vest, 2008
- Lilley, Roy. Cum să ne purtăm cu oamenii dificili. București: Editura Meteor Press, 2008
- Militaru, Gheorghe. Sisteme informatice pentru management. București: Editura Bic ALL, , 2004
- Munteanu, Adrian, Greavu-Ștefan, Valerică and Cristescu, Gabriel. Rețele Windows. Servere și clienți. Exemple practice. Iași: Editura Polirom, 2004
- Rumbauskas Jr., Frank. Selling Sucks. Cum să spui stop ideii de a vinde și cum să-i face pe potențiali clienți să cumpere. București: Editura Injoy Books, 2012
- Schloss, David. Scapă din capcana negativismului. Cum să folosești gândirea pozitivă ca să depășești barierele „nu pot” și „nu se poate”. București: Editura Business Tech International, 2007
- Sherman, Ruth. Cum să convingi pe oricine de orice. București: Editura Bic ALL, 2005
- Stone, Bob and Jacobs, Ron. Metode de succes în marketingul direct. Ed. a VII-a. Chișinău: Editura Arc, 2004
- Timm, Paul. 50 de idei puternice pentru a vă păstra clienții, București: Editura Meteor Press, 2008
- CEA, “European Insurance – Key Facts”. September, 2011. Accessed Apr 20th, 2012. <http://www.insuranceeurope.eu/uploads/Modules/Publications/key-facts-2011.pdf>
- Enderle, Rob. „On the Use and Misuse of Social Media”, July 17th, 2009. Accessed August 10th, 2009. [http://www.internetnews.com/commentary/article.php/11091\\_3830611\\_1](http://www.internetnews.com/commentary/article.php/11091_3830611_1)
- SwissRe. “Global insurance review 2011 and outlook 2012/13”. December, 2011. Accessed Apr 20th, 2012. [http://media.swissre.com/documents/Global\\_insurance\\_Review2012.pdf](http://media.swissre.com/documents/Global_insurance_Review2012.pdf)
- SwissRe. “Understanding profitability in life insurance”. Sigma No 1/2012. Accessed Apr 20th, 2012. [http://media.swissre.com/documents/sigma1\\_2012\\_en.pdf](http://media.swissre.com/documents/sigma1_2012_en.pdf)
- \*\*\* “Bucurestenii conduc in topul celor care se asigura online”. Apr 9th, 2012. Accessed Apr 20th, 2012. <http://www.1asig.ro/Bucurestenii-conduc-in-topul-celor-care-se-asigura-online-articol-2,3,100-43967.htm>
- \*\*\* “Incendiu fara precedent în Iași: Complexul Siraj a ars timp de 36 de ore”, Apr 15th, 2012. Accessed Apr 23rd, 2012. [http://www.realitatea.net/incendiu-fara-precedent-in-iasi-complexul-siraj-arde-de-vineri-noapte-fara-oprire\\_933185.html](http://www.realitatea.net/incendiu-fara-precedent-in-iasi-complexul-siraj-arde-de-vineri-noapte-fara-oprire_933185.html)
- \*\*\* “Jurnal de Bordea”, Apr 11th, 2012. Accessed Apr 23rd, 2012. [http://www.antena2.ro/video/jurnal-de-bordea\\_8160](http://www.antena2.ro/video/jurnal-de-bordea_8160)
- \*\*\* “Tentatia puterii si politica, la poarta bisericii. Un candidat a vrut sa isi cumpere voturile”. Apr 26th, 2012. Accessed Apr 27th, 2012. <http://stirileprotv.ro/stiri/social/tentatia-puterii-si-politica-la-poarta-bisericii-un-candidat-din-salaj-vrut-sa-isi-cumpere-voturile.html>

\*\*\*, “FBI: Sute de mii de oameni ar putea rămâne fără internet din iulie”. Apr 23rd, 2012. Accessed Apr 27th, 2012. <http://www.capital.ro/detalii-articole/stiri/fbi-sute-de-mii-de-oameni-ar-puta-ramane-fara-internet-din-iulie-165089.html>