

Technology in the Palestinian Insurance Companies

As a marketing and sale tool

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Abstract

Nowadays, Technology is present in all areas and sectors strongly. It is used to manage almost all operations within the organization and also to manage the relationships of it with other stakeholders such as customers, providers, organizers ...etc. The main advantage of this usage is the better performance that can the technology introduce to achieve these different operations in an efficient and effective way. The most important two sectors that technology can be a milestone are the banking and insurance because of the different and huge number of daily activities and transactions. Banking and insurance companies also need technology in order to manage the after sale services besides the risk management side which may have many interacted inputs and need different calculations.

This study aimed to identify the different factors that limit the use of many facilities that can be introduced by information and communication technology to be used as marketing and sale tools in the Palestinian insurance companies, or simply it aimed to find out the different reasons of the weakness of electronic marketing and sale as a tool to be used by these companies. The study used quantitative research method to find out the perspectives of top management, seniors, and employees of Palestinian insurance companies and the Palestinian capital market authority. The results showed that there are different variables cause the weakness of using electronic marketing by the insurance companies in Palestine. The most important factors are the legislation ones, then the human factors, insurance company factors, and finally the technological factors.

Introduction

Information and communication technology (ICT) has many important applications in many sectors and businesses; industrial, banking, insurance, services ...etc. These sectors use information technology in many ways and in all of its departments such as human resources, finance, and production for many advantages and benefits and to get their jobs done. These departments pay thousands of dollars in order to keep software and hardware necessary for their operations.

The insurance sector depends heavily on the information technology applications because there is a lot of collected information, processing and distribution of them in addition of the management of the daily, monthly, and yearly operations. Insurance companies can use ICT advantages in order to be more efficient and effective and for other competitive benefits. The use of technology in insurance companies improves their operations and processes to achieve the required performance in responding to the needs of customers at the right time in the right place.

One of the most important advantages and purposes of using technology is to reduce the amount of paperwork in the different operations that are performed in insurance company. The result of reducing paperwork is the development of the level of giving the clients the required services in much less time than traditionally expected. But if we compare the applications or the usage of technology in Palestinian Insurance companies to those in other Arabic countries such as the gulf region, then we can see a big difference or gap. The usage of information technology in other countries is being developing rapidly specially in marketing areas, but in

Palestine we can say that the development is very slow and there are weak attempts to gain the maximum utilization of the information technology in their business operations. In this research we will try to identify the different factors that limits the use of electronic marketing in performing the insurance services within the Palestinian insurance companies to its customers.

The Palestinian Insurance Sector

In 1993, the Palestinian National Authority (PNA) started its supervision of the insurance industry and expanded the geographical scope of its responsibility for this sector in 1994. The agreement held with the Israeli side granted to the Palestinian National Authority as the body authorized by law and supervisor in the field of insurance to support the faithful and the agents and supervise their activity. This sector has suffered from the absence of legislation and mechanisms of government supervision and control, labor chaos and long-term insurance trust.

The Palestinian Capital Market Authority (PCMA) was established and became the body authorized to supervise, regulate and control the work of this sector in late 2004. The issuance of the Insurance law No. (20) of 2005 has helped to reorganize the insurance sector. The same law is still organizing the insurance sector till now with additional special instructions that are issued by PCMA every period of time covering some special cases and following the periodically results achieved by insurance companies.

The Palestinian Capital Market Authority, as the authorized body, has developed detailed policies aimed at developing the insurance sector, preparing the necessary

regulations, and providing a suitable environment for the growth and progress of the insurance industry to benefit the overall economic activity.

As of May 2018, there are ten insurance companies working in the Palestinian insurance market; eight of them are specialized for usual insurance products such as motors, Fire, workmen, engineering insurances, and two companies are specialized in life or mortgage only. The following table shows the ten companies with the starting year of each of them:

Company	Starting Year
National Insurance Company	1993
Al-Ahlia Insurance company	1994
Al-Mashriq Insurance Company	1992
Palestine Insurance Company	1994
United Global Insurance Company	2010
Alico Life Insurance Company	1996
Palestine for mortgage insurance	1997
Tamkeen Insurance Company	2018
Takaful Palestinian Insurance Company	2008
Trust Insurance Company	1994

Privacy of insurance services

The insurance market has a special privacy compared to others such as:

- The production cycle is reversed because the revenues are received in advance before the delivery of the service and without a full certain of the cost that the company may pay during the insured period.

- The insurance is a secondary product because the insured items should be owned firstly then the insurance service can be purchased.
- The insurance products may be mandatory such as motor and workmen insurance in Palestine

E-marketing

Electronic marketing or simply e-marketing is a wide term but simply we can define it as the application of marketing principles and techniques using different electronic means and channels specially the internet network. There are many terms that can be used interchangeably for the same meaning and can be considered as synonymous; e-marketing, Internet Marketing and online marketing.

There are many differences between traditional marketing and electronic marketing:

- The electronic marketing is an open tool that is independent of any place or time and it is available for all people and it can be used to reach millions of customers at the same time without physical logistics.
- The electronic marketing has an advantage that is more efficient to reach the customer than the traditional one and it can be developed parallel to the development of technology and communication means.
- The electronic marketing is lower cost because of the saving of offices rents and agents' commissions.
- Electronic marketing need less paper work than the other one.
- Electronic marketing can be used as a promotion and advertising tool instead of the other advertising tools which are more expensive such as TV and radio advertisements.

- Electronic marketing enables for instantaneous reaction with the customers and keep them updated of any updates and facilitates conservations between companies and customers.
- Electronic marketing can provide a mean immediate impact away from manual and surveys ways if the traditional one is used.
- Electronic marketing of insurance services is complementary to the e-banking services which are available in Palestine.

Literature Review

As a result of the fast technological revolution, in information systems and communications, the world seem to be as a small village that facilitates the transfer of data and information between two far points without any impediment. Of course, there are no barriers standing against the spread of a new kind of commerce in its different fields including the insurance sector (Alameen, 2016). Organizations are paying huge amounts of dollars to invest in information technology because of the huge development of usage and different applications of it. This development has its role in developing the performance of organizations worldwide especially in competition, productivity, types of products, lowering costs, and the quick response to customer needs and availability of required financial information for their stakeholders. The last literatures approved the positive relationship between the investment in information technology and the performance of organizations (Abdelkareem & Alawneh, 2009). During the recent years there was a rapid development of the use of information technology in different industries especially the service industries such as the insurance industry. The recent technology has changed customers' culture and how they can interact to satisfy their needs. The insurance sector was one of the most sectors that have many technological

applications and usages and information technology has an important role in providing quality services to the customers in order to satisfy them. Every insurance company is trying to gain the maximum utilization of information technology in order to develop their operations in the most possible efficiency methods. Information technology enabled customers to get detailed information about the available products and services and to compare the prices of different providers and organizations as an introduction to perform the required transactions during the shortest period of time. As a result of development of information technology, the Indian insurance market was changed and the insurance companies started to invest in information technology to get competitive advantage over their competitors. Indian insurance companies also introduced many strategies to modernize their information technology infrastructure in order to facilitate the customers' daily life especially at the time of purchasing of services (Choudhuri, 2016).

Dr. Fakri Alameen found in his article that insurance companies in Sudan aren't gaining the different benefits and advantages that can be introduced by using the internet. He finds also that internet has many opportunities for the insurance companies in Sudan such as the expansion and increasing of customers, efficiency and high performance of performing the insurance services, quick responses to their stakeholders, selling insurance policies from anywhere at any time, increase the profitability, introducing a source of information through an active channel between the company and its customers and increasing the quality of service in order to satisfy the customers and increase their loyalty. Selling the insurance policy through internet will decrease the time that is required to finalize the insurance policy with a minimum cost using the simplest procedures with high control and minimum faults. Upon his research, Dr. Fakri Alameen also found that the insurance awareness

among people is the most obvious impediment that prevent insurance companies from using information technology, especially the internet, as channels for marketing and selling of insurance policies. The second important impediment according to his findings is the strong resistance of insurance agents and brokers especially that they are the major sources of insurance sales (Alameen, 2016).

The second literature of Naser Abdelkarim, & Said Alawneh had a result of a strong positive relationship between the investment in information technology and the sales of organizations, the development of return over equity, profit margin, assets and the total market value of the organization (Abdelkareem & Alawneh, 2009).

Partha Choudhuri in his study concludes that using information technology as a tool in insurance company especially in life insurance plays a significant role in increasing the quality of services to the customers. Information technology also has an important role in developing the performance of employees in insurance companies, quality of insurance services, satisfying various needs of insurance customers and the achievement of competitive advantages (Choudhuri, 2016).

The problem of a Sudanese study by Sami Murci was the weakness of using electronic marketing by the Sudanese insurance companies as a modern tool in the field of marketing for its insurance services and the full concentration on the traditional ways in both offering and selling the services that they introduce to their customers. The importance of his study was the real need to know the different reasons and obstacles of this weakness and also the need of development in this field to transfer from the traditional insurance marketing to the most recent and electronic one. The study aimed to show the challenges and problems that face the Sudanese

insurance companies to apply the electronic marketing compared to other countries which applied it and found the different advantages of it. The study aimed to find the awareness and level of using electronic marketing in the Sudanese insurance companies, the existence of support to apply the electronic marketing from the top management in these companies, the challenges and obstacles to apply the electronic marketing, and to show the importance of overcoming of these obstacles (Murci S, 2016).

The study of Sami Murci over the Sudanese insurance companies have important results and it found that there is a positive correlation between the four categories of factors; technological, human, financial, and regulation. The study also found that there is a positive correlation between the four categories of factors and the weakness of using the electronic marketing and it was as the following according to its effect from the most to the least effect: Technological, human, financial, regulations factors. Also he found that there are differences within the sample according to their titles (top management, department manager, head of a department, and employee). The study put three recommendations:

- The importance of embracing the electronic marketing by the top management of the Sudanese insurance companies because it is its role in developing the competitive advantage between the companies and as a result it will be a strategic marketing tool.
- The government has to develop related regulations in this field.
- The Sudanese insurance companies have to create suitable structure that support this kind of marketing in addition of its role in financing the implementation of it and developing the awareness about this field through training courses (Murci S, 2016).

E-commerce is one of the most important achievements of the twentieth century, since conducting business transactions through the Internet has made it easier for the consumer to select and buy in a convenient manner that differs from the usual methods.

It also gave companies tremendous opportunities for development and expansion of their business, and with the beginnings of the new millennium, the emergence of the term e-commerce poses major challenges to the insurance sector as one the important economic sectors. The insurance industry is a vital part of the economy and cannot grow and develop in isolation from the global economy. One of the reasons for the industry's success in entering the worldwide markets and achieving outstanding performance is the full realization of the rapid changes in the world and the formulation of a strategy capable of adapting to new challenges and the objectives of the insurance industry, and this requires the use of communications and other modern technologies that are consistent with the size and speed of developments, especially the internet. The insurance industry is moving towards e-commerce, insurance companies, intermediaries, and re-companies

Insurance invests in information technology and tries to determine the appropriate business model in order to drive it. Today, information technology is widely used to communicate with intermediaries processing insurance policies and market analysis. As for the sale and purchase of insurance services over the internet, it depends heavily on confidence between the insurance company and the insured because of non-meeting of the two parties, and that the mechanism of selling these services is about the applicant shall disclose the data requested by the company and fill out a special form for that purpose, and accordingly on the statements made by the insurance applicant, the insurance company determines the degree of danger and the

prices of its services. In case of any damage and the insurance company was claimed for compensation, the company shall verify if such data are found to be incorrect (Aboud S., 2011).

Despite the importance of electronic marketing, as one of the modern methods of marketing, these methods did not receive any attention from the insurance companies in the Egyptian insurance market. The study found that the most important factors that hindered this were: the novelty of the concept of electronic advertising and lack of interest in advertising in general in the promotion of insurance services, in addition to lack of sufficient support from the senior management of such modern methods, and finally lack of experience Adequate planning and execution of online advertising campaigns (Suliman A, 2014).

Problem

Within a simple look on the Palestinian insurance sector, we can conclude that a weak usage of information technology as a marketing and sale tool in the Palestinian insurance companies comparing to other sectors such as banking. Comparing to other neighboring countries such as the Gulf region, Palestine is not using the benefits of Information and communication (ICT) in selling insurance services without the need of traditional way with full using of papers and through authorized offices, agents and brokers. A valid question will ask about the different factors behind this weakness.

Importance of the study

Information technology can change the structure of companies and the way they operate in all sectors such as the nature and type of the products themselves, the processes that are used to produce them, the packaging of these products, and the channels that are used to communicate with their customers and other stakeholders. In addition of the methods and procedures to take the decision in their different operations and activities. The final impact of using ICT is a better performance of using resources and capabilities in many aspects. The main usage of information technology in insurance companies is for underwriting, claims processing, accounting, reinsurance operations and record- keeping functions. But there are other important usages or application that insurance companies use in order to increase their performance such as its applications in marketing and sales in addition of its effective role in performing the right decision at the right time for the right place.

This study is important because it is focusing on a subject which hasn't a real interest in our country of Palestine comparing to other sectors such as banking and to develop the Palestinian insurance market by transferring from a full traditional ways of marketing and sales to the most recent technological one. In this study, I will try to search for the real reasons, challenges and variables behind the reluctance of insurance companies away from the using of different tools that information technology can present to them in the area of marketing and selling the insurance products and the dependency on traditional ways. Also the study will show the impact of different variables behind this results in addition of the direct and indirect benefits that information technology can present to insurance sector and its customers.

Objectives and Research Questions:

The main objectives of this study are:

- To define and introduce the use of electronic marketing and services in the Palestinian Insurance companies.
- To find the interest and support of the Palestinian insurance companies top management in this field and if there are attempts to use the electronic marketing of insurance services.
- To find the interest and support of the Palestinian Capital Market Authority (the regulator of insurance sector) of using electronic insurance services and the availability of related regulations.
- To define the different challenges and variables that limit the use of electronic services of insurance in Palestine.

- To define the benefits and advantages of using the electronic insurance services.
- To show the importance of finding sufficient solutions for the different challenges and problems facing the Palestinian insurance companies to use the electronic services for its insurance products.

Research Questions:

- RQ1: What are the most important factors of behind the weakness of e-marketing in the Palestinian insurance companies?

RQ11: Technological Factors

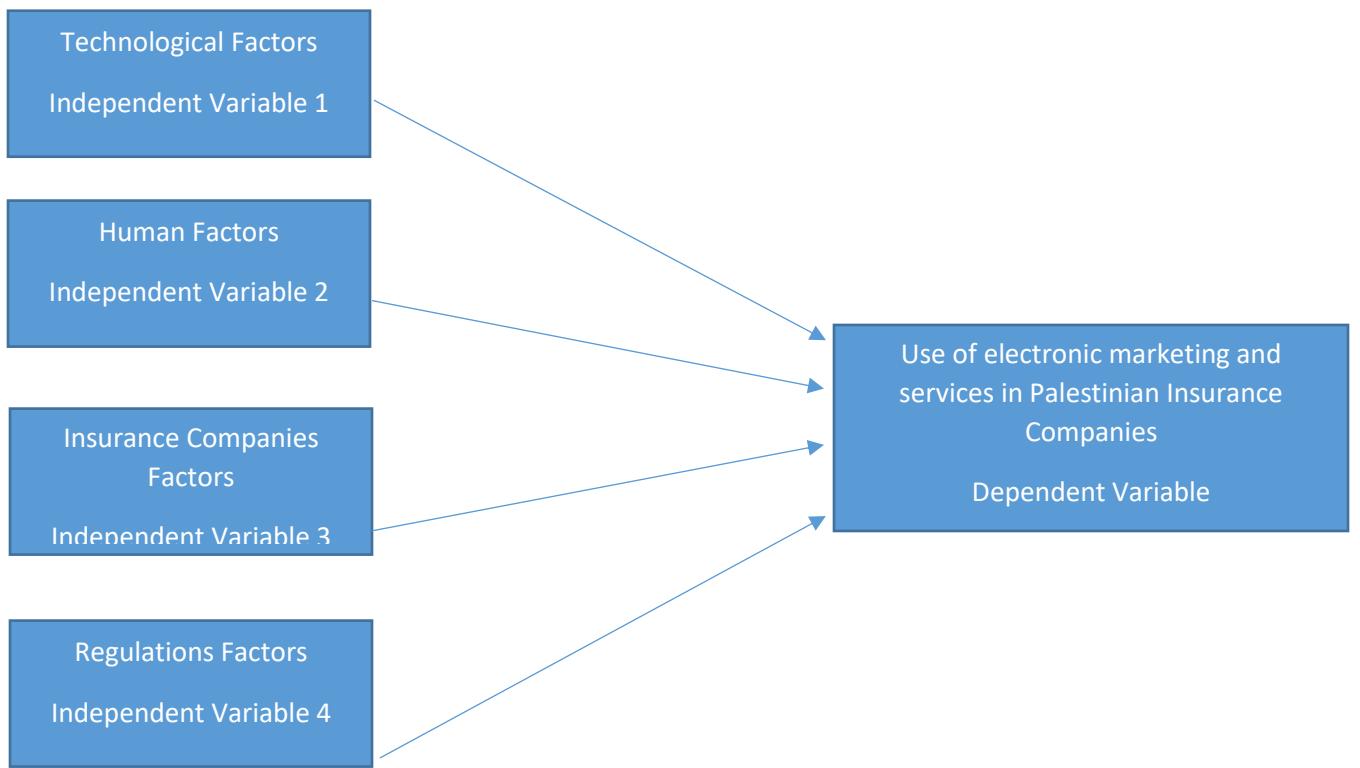
RQ12: Human Factors

RQ13: Insurance Companies Factors

RQ14: Regulation Factors

- RQ3: What is the relationship and effect of these different factors on the use of e-marketing in the Palestinian Insurance companies?

Conceptual Framework



Methodology

I used the descriptive approach to define and find out different opinions, attitudes, or behaviors held by the stakeholders of the subject by distributing (60) questionnaires among different functional levels (Top management, senior level, and employees) in the following six insurance companies in Palestine in addition of the Palestinian capital market authority (PCMA) I got (57) questionnaires of them:

- National Insurance Company
- Al-Ahlia Insurance company
- Al-Mashriq Insurance Company
- Palestine Insurance Company

- United Global Insurance Company
- Tamkeen Insurance Company

I used the quantitative research to measure the relationship between the independent variables and the dependent variable and to be more objective about the findings of the research. I didn't use the qualitative research because I didn't want to show a subjective view of the study and may I have a personal view that can be a biased view. I used the mean as the major statistical tool.

Analysis and Results

After I collected the questionnaires, I inserted them into excel sheet by transferring the phrases of answers into numbers using the following criteria:

Strongly Agree	5
Agree	4
Neutral	3
Disagree	2
Strongly Disagree	1

To measure the reliability of the sample, I used Cronbach's alpha and it was 81.3% which is more than 50% and less than 100% Indicating that the study is characterized by great stability to achieve the purposes of the current study and makes statistical analysis sound and acceptable

To measure the dependent variable I used the second phrase in the following table, and to be sure that the person who is answering the questionnaire is understanding

what I really mean by electronic marketing, I added the first phrase shown below to exclude the advertising meaning:

#	Phrase	Mean	Result
1	Is the company advertising the relevant products offered through the internet and / or other technological applications?	4.16	Agree
2	Does the company sell the insurance products to the insured through the Internet and / or other technological applications without the need to visit the company's headquarters or any of its offices or agents or producers, without the need to provide the insured with insurance documents and the use of any paper transactions	2.39	Disagree

As the result above we can conclude that insurance companies are using online advertising but they are not using the electronic marketing to sell their products online without the use of paperwork.

To measure the effect of the technological factors upon the weakness of using electronic marketing in the oalestinian insurance companies I used following seven phrases:

#	Phrase	Mean	Result
1	Modernity of the concept of electronic marketing of the products of insurance companies	3.84	Agree

2	Difficulty managing such kind of marketing	3.04	Neutral
3	This type of marketing is not appropriate/ suitable with insurance services	2.67	Neutral
4	Insufficient security for confidentiality and fear of hacking and theft	3.07	Neutral
5	Lack of computers and other modern equipment for a large number of members of the Palestinian community	2.42	Disagree
6	Slow internet and the difficulty of navigating through websites	2.61	Neutral
7	The relatively high cost of developing the websites of insurance companies and the establishment of other technological applications	3.00	Neutral
	Total Mean	2.95	Neutral

According to the above table, there is no evidence that technological factors has a positive effect on the weakness of using electronic marketing into the Palestinian insurance companies.

The most effective phrase of this part was “Modernity of the concept of electronic marketing of the products of insurance companies” with the highest Mean. The phrase “Lack of computers and other modern equipment for a large number of members of the Palestinian community” has a mean of 2.42, that is on average the sample of this study disagree about there is lack of computers or other technological

means and so that it is no way to be a possible factor behind the weakness of e-marketing in insurance services.

To measure the second independent variable, Human Factors, I used the following four phrases:

#	Phrase	Mean	Result
1	Lack of skills among a large group of members of the Palestinian society to use the Internet at the required level	3.49	Neutral
2	The lack of interest of Palestinians to buy insurance products via the Internet and other technological applications because of the need for them very few times during the year (non-recurring services)	3.82	Agree
3	Lack of awareness among Palestinians about the possibility of providing such services via the Internet	3.98	Agree
4	The lack of confidence of Palestinians in the insurance companies and the need to inquire face to face from the insurance company employee about many aspects of unclear insurance contracts.	3.88	Agree
	Total Mean	3.79	Agree

There is a direct effect of the variable human factors on the weakness of the use of electronic marketing by insurance companies.

To measure the third independent variable, factors related to the insurance company itself, I used the following eight phrases:

#	Phrase	Mean	Result
1	The lack of interest of the Palestinian insurance companies in the electronic marketing and the lack of satisfaction with the suitability of insurance products in general	3.77	Agree
2	Weak staff's belief in the importance of benefits arising from the marketing of online insurance services	3.60	Agree
3	Lack of administrative staff capable of planning and managing websites developed for the convenience of electronic marketing	3.40	Neutral
4	Lack of previous experience of the company in the management of this type of marketing	3.72	Agree
5	An overview of agents, producers, and sales and marketing staff that expanding the marketing of electronic services electronically reduces their number or dispenses them in the future	3.56	Agree
6	Insufficient information and data about the insured and / or insured persons and the need for inspection	3.75	Agree

7	Lack of confidence of the insurance company in the credibility of the insured and the possibility of changing some facts	3.53	Agree
8	Lack of an appropriate mechanism to recover insurance premiums in case of electronic marketing	3.28	Neutral
	Total Mean	3.58	Agree

There is a direct effect of the variable factors of the insurance companies in the weakness of the use of electronic marketing companies insurance

To measure the fourth independent variable, legislative factors, I used the following four phrases:

#	Phrase	Mean	Result
1	Lack of legal legislation clarifying the nature and scope of the electronic marketing of insurance companies in Palestine	3.98	Agree
2	Lack of legislation and deterrent laws for phishing scams on the Internet	4.00	Agree
3	Weak experience of Palestinian legislators on the nature of the work of electronic commerce	4.05	Agree
4	Difficulty applying laws to Internet crimes	3.88	Agree

Total Mean	3.98	Agree
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There is a direct effect between the factors related to the insurance companies and the weakness of the use of electronic marketing companies insurance. There is a lack of legal legislation clarifying the nature and scope of the electronic marketing of insurance companies in Palestine in addition of the lack of legislation and deterrent laws for phishing scams on the Internet

To find the most effective factor and arrange the independent variables according to its importance or effect on the dependent variable, I arranged them according to the Mean of each variable:

variable	Mean	Result
Legislative Factors	3.98	Agree
Factors Human	3.79	Agree
Factors related to the insurance company	3.58	Agree
Technological Factors	2.95	Neutral

From the table above we can conclude that the most effective factor is the legislation one, then the human factors, insurance company factors, and finally the technological factors

Recommendations:

Upon the above results, I recommends that:

- To keep parallel with the technological development worldwide especially in the insurance services, Palestinian Capital market authority (as a legislature of insurance sector) have to create the sufficient regulations for the purpose of arranging the electronic marketing of insurance services.
- The Palestinian insurance companies have to be interested in the electronic marketing field and create sufficient tools to develop the suitability of it with the insurance products or services.
- The Palestinian insurance companies have to increase the awareness of the electronic marketing in insurance services among its employees and customers.

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