

## STAKEHOLDERS ON THE INSURANCE MARKET

*Justyna Witkowska*

Department of Social Policy and Insurance  
University of Warmia and Mazury in Olsztyn

**Key words:** stakeholders, insurance market, insurer's internal and external environment.

### Abstract

The aim of this study was to identify and describe the stakeholders on the insurance market and their expectations towards insurers. Insurance companies conduct operations on the financial market by collaborating with various market actors, including the owners, managers and employees of insurance undertakings, exclusive agents, independent agents, insurance brokers, private and institutional clients, banks, reinsurers, outsourcing companies, market competitors, insurance organizations, providers of business support services, research and development organizations and members of the community. Each stakeholder group has specific expectations towards insurers.

## INTERESARIUSZE RYNKU UBEZPIECZENIOWEGO

*Justyna Witkowska*

Katedra Polityki Społecznej i Ubezpieczeń  
Uniwersytet Warmińsko-Mazurski w Olsztynie

**Słowa kluczowe:** interesariusz, rynek ubezpieczeniowy, otoczenie wewnętrzne i zewnętrzne ubezpieczyciela.

### Abstrakt

Celem artykułu jest zidentyfikowanie oraz przedstawienie interesariuszy rynku ubezpieczeniowego i ich oczekiwań względem ubezpieczyciela. Zakłady ubezpieczeń prowadzą działalność ubezpieczeniową na rynku finansowym, współpracując z różnymi podmiotami. Wśród tych podmiotów znajdują się: właściciele, menedżerowie, pracownicy towarzystw ubezpieczeń, agenci wyłączni, klienci indywidualni i instytucjonalni, pośrednicy ubezpieczeniowi, firmy outsourcingowe, konkurencja, instytucje ubezpieczeniowe, jednostki otoczenia biznesu, jednostki badawczo-rozwojowe oraz społeczeństwo. Każda z tych stron wnosi pewne oczekiwania w stosunku do zakładu ubezpieczeń.

## Introduction

The Polish insurance industry is a mature market where service quality and the generation of value-added services for consumers play a very important role. Customer-oriented businesses recognize the significance of corporate social responsibility. They are able to gain competitive advantage by analyzing their internal and external operating environments and identifying the needs of their stakeholders. The objective of this study was to identify and describe the stakeholders on the insurance market and their expectations towards insurers.

Stakeholders are entities who deal with an organization or are affected by an organization's actions (O'CONNELL 2009, p. 99, HĄBEK 2010, p. 9, BIELSKI 2002, p. 59). Stakeholders on the insurance market are part of an insurance

Table 1

Stakeholders on the insurance market

Internal environment			
Owners	Managers	Employees	Exclusive agents
Contribute capital, undertake risks associated with the launch of insurance activities and the insurer's operations	contribute knowledge, qualifications and managerial skills, make decisions	perform the assigned tasks, participate in defined processes, contribute knowledge and qualifications	sell insurance, participate in defined processes, contribute knowledge and qualifications
Insurance company			
Private and institutional clients	buyers of insurance products	businesses collaborating with insurers in different market sectors	outsourcing companies
Insurance intermediaries	independent insurance agents, brokers	supervisory authorities, providers of support and educational services	insurance organizations
Competitors	insurance companies in a life and non-life market sector	consulting companies, providers of training and advisory services	providers of business support services
Banks	bancassurance – bank cooperation with the insurance company	universities, research institutes	research and development organizations
Reinsurers	entities receiving portion of the insurance risk	navigators of social and environmental changes that improve living standards	members of the community
External environment			

Source: own elaboration.

company's internal (owners, managers, employees, exclusive agents) or external environment (private and institutional clients, insurance brokers, other insurers, outsourcing companies, insurance organizations, providers of business support services, research and development organizations and members of the community). Every stakeholder has specific requirements and expectations concerning its dealings with an insurance company. An insurer's priority goal should be to develop solutions and organizational processes that fully satisfy the needs and expectations of different stakeholder groups.

### **Internal environment**

An insurance company's internal environment is composed of its owners, managers, employees and exclusive agents. The owners of an insurance undertaking are a very important group of stakeholders. In most cases, they are large business groups that manage and invest private capital. This group of stakeholders focuses on the insurer's growth and satisfactory financial performance (increase in total corporate value, increase in stock price, availability of comprehensive and reliable information, insurer's reputation, observance of corporate governance principles).

Managers serve as go-betweens for an insurance company's owners and its employees. They develop an organization's infrastructure and create a positive working environment for employees. Managers have a highly responsible task of maintaining good relations with the owners of capital, employees, clients and other entities in the company's external environment. The expectations of this group of stakeholders are largely consistent with those of capital suppliers, but managers are also employees who have specific and individual needs. Motivational systems play a very important role in this group of stakeholders. In addition to financial compensation, non-monetary incentives, such as praise and acknowledgement, access to comprehensive and reliable information about the company's standing, work satisfaction, occupational safety, recognition and opportunities for personal growth, play an equally crucial role.

Exclusive agents are an important part of an insurance company's internal environment. An exclusive agent signs a contract with an insurance company whereby he undertakes to sell only the products offered by the company in a given insurance sector. Exclusive agents operate as sole traders, and they are not salaried employees of the insurance company. They account for a large group of stakeholders who work directly with insurers.

Exclusive agents are responsible for acquiring new customers, preparing contract documents, concluding insurance contracts, managing contracts,

handling claims, organizing and supervising agency services (Act of 22 May 2003 *on Insurance Mediation*, Journal of Laws of 2003, No. 124, item 1154, as amended, art. 4) in the name and on behalf of a specified insurance company (FUCHS 2012, p. 56). The insurer is held liable for an exclusive agent's actions.

Exclusive agents' expectations towards insurers include a varied product portfolio and attractive commission rates. Companies that offer insurance cover support the operations of exclusive agents who provide the insurer with new customers (FUCHS 2012, p. 60). As go-betweens for insurers and consumers, agents play a special role on the insurance market, and they should have expert knowledge of insurance products, rates and the customers' specific needs and expectations (MINTOF-CZYŻ 2006, p. 221).

### **External environment**

Private and institutional clients are the end-users of insurance services. Consumer behavior is influenced by a variety of endogenous and exogenous factors. Endogenous factors are conditioned by genetically inherited traits, whereas exogenous factors account for the influence of the external environment. Those factors are mutually interconnected, and they are a source of valuable information for every company hoping to gain a foothold in the insurance market.

Customer satisfaction is an important factor that contributes to an insurer's success. A satisfied customer is likely to become a loyal customer, and loyalty is a vital asset for every business. The main indicators of customer loyalty are repeat purchase, good opinion about the provider of insurance products and lasting attachment to the brand (GUILLEN et al. 2012, p. 3552). Customer care is the priority of every company with a quality-oriented culture. Quality considerations apply to various fields of business, including process standardization, minimizing a company's negative impacts on the environment, safe manufacture and use of goods (KALINOWSKI 2010, p. 11) and services. A company has to carry out in-depth analyses to identify, interpret and satisfy its customers' needs and expectations. Customer satisfaction is a very important goal for companies that are committed to the ISO 9001:2009 system. Organizations implementing this standard are under obligation to regularly monitor customer satisfaction levels. The resulting information is used to improve a company's quality management system.

Clients buying insurance products expect high-quality services that are reasonably priced. There are various elements of quality, including satisfactory customer service, legible and comprehensive information about products, access to information and a personalized approach to customers.

In the modern world, innovation is the catalyst to business growth. From the economic point of view, innovation is an organization's ability to continuously search for and deploy the results of scientific studies, the achievements of research and development institutions, new concepts, ideas and inventions (KALINOWSKI 2010, p. 15). According to Schumpeter, innovation is a process of improving products, creating new markets and sales methods, applying new raw materials, implementing new methods of production and introducing new organizational processes (SCHUMPETER 1960, p. 60). Innovative trends are also observed in customer service. Innovative solutions contribute to the fulfillment of customer needs. Innovative products and services generate specific benefits for customers and enable the company to achieve competitive advantage (KALINOWSKI 2010, p. 18, 19).

By working with various entities, insurance companies influence their external environment and the society as a whole. They participate in community life by supporting local initiatives, observing legal regulations, participating in sponsoring campaigns, accounting for social needs in their development strategies, counteracting unemployment and improving living standards. Insurance companies' involvement in social and environmental projects undoubtedly affects their financial performance (IWKO 2013, p. 73).

Insurers and other businesses can pursue sustainable development goals by implementing corporate social responsibility (CSR) programs that facilitate social dialogue in a company (SOKOŁOWSKA, TOPCZEWSKI 2010, p. 150). The concept of sustainable development postulates that the needs of the present generations should be met without undermining the sustainability of natural systems and the environment or compromising the ability of future generations to meet their own needs. The three interconnected pillars of sustainability are economic development, social development and environmental protection.

Corporate social responsibility is a concept that encourages businesses to assume responsibility for the consequences of their actions on the community and the environment. CSR rests on the discussed pillars of sustainability (Guidance on social responsibility ISO 26000, p. 9). CSR contributes to corporate image, it enables a company to gain competitive advantage and public recognition, which increases its chances of success (VIRVILAITE, DAUBARAITE 2011, p. 534–543). The European Commission has defined CSR as „a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (ADAMCZYK 2009, p. 43).

Consumers generally expect insurance companies to provide them with a sense of security and financial stability. As part of their CSR programs, insurers implement best practices in various areas of activity. The majority of

CSR projects aim to foster positive relations with members of the local community, finance measures that benefit the community and educate members of the public about risk assessment in insurance. Insurance companies initiate various measures in each of the seven core subjects<sup>1</sup> of social responsibility: human rights (Link4, TU Aviva S.A.), labor practices (STU Ergo Hestia S.A., TU Aviva S.A.), the environment (Grupa Allianz Polska), fair operating practices (Grupa Ergo Hestia, PZU S.A.), consumer issues (STU Ergo Hestia S.A.), community involvement and development (HDI Asekuracja TU S.A., PZU S.A., PZU Życie S.A., TU Aviva S.A. Grupa Allianz Polska, Grupa Warta) and organizational governance (Aegon TU na Życie S.A., TUiR Allianz Polska S.A., MetLife Amplico, Aviva TU Ogólnych S.A., AXA Towarzystwo Ubezpieczeń i Reasekuracji S.A., BENEFIA Towarzystwo Ubezpieczeń S.A., BRE Ubezpieczenia TUiR S.A., InterRisk TU S.A., TU COMPENSA S.A., WTUŻiR CONCORDIA CAPITAL S.A., STU ERGO HESTIA S.A., TU EUROPA S.A., GENERALI TU S.A., MTU S.A. Nordea Polska TU nŻ S.A., PZU S.A., PRAMERICA Życie TUiR S.A., Skandia Życie TU, TUiR WARTA S.A.) (IWKO 2013, p. 76–90).

Insurance intermediaries, including insurance brokers and independent insurance agents<sup>2</sup>, play an important role in the distribution process (BORKOWSKI 2012, p. 48) and constitute a large group of stakeholders on the insurance market. Their expectations towards insurance companies are similar to those of exclusive agents. Insurance brokers search for products that provide optimal insurance cover for their clients, whereas independent insurance agents typically represent various insurance carriers. Insurance brokers and independent agents have a common goal, which is to offer insurance products that best meet their customers' needs. Insurance intermediaries are an important group of stakeholders who influence the demand for insurance products (BANYAR, REGOS 2012, p. 1406).

Bancassurance is cooperation between insurance companies and banks, which relies on insurance services by banks. Banks and insurers enter into legal relations that allow bank customers purchase insurance protection (ORLICKI 2008, p 66). Bancassurance is a very important distribution channel for life insurance services<sup>3</sup>. This link brings many measurable benefits to both

---

<sup>1</sup> The ISO 26000 standard prescribes seven social responsibility core subjects: organizational governance, human rights, labor practices, the environment, consumer issues, fair operating practices, community involvement and development.

<sup>2</sup> Pursuant to the provisions of Art. 2, section 2 of the Act on Insurance Mediation, insurance mediation services on the Polish market are performed exclusively by insurance agents and insurance brokers. Insurance agents are further subdivided into two categories based on their formal relations with an insurance undertaking: exclusive agents who work for one, particular insurance company and independent insurance agents who represent several insurance carriers.

<sup>3</sup> In 2012, the share premium acquired the distribution channel and division accounted for 38,57%, [http://www.knf.gov.pl/Images/V\\_Sprawozdanie\\_stat\\_2012-tcm75-35811.xls](http://www.knf.gov.pl/Images/V_Sprawozdanie_stat_2012-tcm75-35811.xls). (12.01.2014).

parties. First of all, insurance companies are responsible for the creation of insurance offers matched to the needs of banking customers.

From the point of view of the insurance cover essential is the reinsurance, which take full or part of the insurance company's risk to another entity. This entity may be another insurance or reinsurance specialist. Reinsurers for the part of the insurance premium are involved in the payment of compensation or benefits.

Insurance organizations and authorities play a very important role on the insurance market. The leading organizations on the Polish insurance market are<sup>4</sup>: the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego – KNF), Polish Insurance Association (Polska Izba Ubezpieczeń – PIU), Insurance Guarantee Fund (Ubezpieczeniowy Fundusz Gwarancyjny – UFG), Polish Motor Insurers' Bureau (Polskie Biuro Ubezpieczycieli Komunikacyjnych – PBUK) and the Insurance Ombudsman (Rzecznik Ubezpieczonych – RzU).

Insurance organizations initiate activities that foster the growth of the insurance market, control market operations, protect stakeholder interests, develop and evaluate draft legislation addressing the insurance market, create opportunities for conciliatory settlement of disputes between stakeholders, collaborate with domestic and foreign organizations, associations and institutions in matters relating to insurance, acquire, gather, process and release information about domestic and foreign insurance markets, initiate educational and information campaigns, develop and administer databases gathering insurance statistics, and handle claims (WITKOWSKA 2009, p. 76–95).

Another group of stakeholders on the insurance market are providers of business support services, including consulting companies that offer training and advisory services, as well as research and development organizations, such as research institutes and universities. Polish consumers lack literacy and knowledge in insurance. Research has demonstrated that training companies and universities can effectively disseminate such knowledge to the public.

Insurance companies are increasingly likely to outsource various tasks that had once constituted their statutory obligations. Pursuant to the provisions of the Act on Insurance Activity, insurers are allowed to outsource the following insurance operations (Act of 22 May 2003 *on Insurance Activity*, Journal of Laws of 2003, No. 124, item 1151, as amended, art. 3, sections 4 and 5) risk assessment within personal and property insurance and surety contracts, payment of damages and other benefits due under insurance contracts,

---

<sup>4</sup> In Poland, the interests of insurers are also represented by other organizations and associations, including: Polish Society of Actuaries, Association of Polish Insurance and Reinsurance Brokers, National Association of Insurance and Finance Intermediaries, Association of Polish Insurance Companies, Association of Loss Adjusters, Foundation for Insurance Education, National Insurance Institute, Polish Chamber of Insurance and Reinsurance Brokers, Polish Chamber of Insurance and Finance Intermediaries, Insurance and Risk Management Chamber of Commerce.

acquisition and sale of objects and rights acquired by an insurance undertaking in connection with the execution of an insurance contract or a surety contract, controlling policy holders' and insured entities' observance of safety rules and principles relating to the insured object stipulated in the contract or the general terms and conditions of an insurance agreement, conducting recourse proceedings and collecting receivables, investing assets, determining the causes and circumstances of fortuitous events, calculating the amount of damages, compensations and other benefits due under insurance contracts or surety contracts, determining the value of an insured object, preventing or minimizing the outcomes of insured accidents or financing such operations from prevention funds.

Market competitors are also stakeholders on the insurance market. Their mutual relations shape the demand for and the supply of insurance products. Strategic alliances created by insurance undertakings influence the competitive advantage and market standing of entire business groups (LASAK 2008, p. 185–186). In 2013, personal and property insurance was offered by 31 companies, and there were 28 providers of life insurance products on the Polish market<sup>5</sup>. Their mutual expectations are generally related to insurance operations, product distribution, cost optimization and comprehensive customer support.

## Conclusions

This paper discusses various stakeholder groups on the insurance market and their expectations towards insurers. The operations of insurance companies are influenced by various market actors who compete or cooperate with one another directly or indirectly and mutually influence their key areas of activity. The discussed stakeholder groups have shared expectations, which are mainly to satisfy the goals of all parties, to achieve a high level of financial security, to stabilize their market position and build mutual trust.

Private and institutional clients are the direct recipients of insurance services. Insurance companies can effectively identify and satisfy the unique needs of their clients by conducting regular customer satisfaction surveys. Insurers reach their customers via diversified distribution channels. Indirect channels include insurance agents and brokers – stakeholders who largely

---

<sup>5</sup> In Poland, insurance products are also offered by foreign insurers who are authorized to carry out their activities under the freedom to provide services or foreign insurers who operate a branch office in Poland. At the end of the second quarter of 2013, there were 600 insurers and 13 branch offices of insurance companies from EU Member States and European Economic Area countries (*Raport o stanie sektora ubezpieczeń po II kwartale 2013 roku*, Polish Financial Supervision Authority 2013, p. 7, [http://www.knf.gov.pl/opracowania/rynek\\_ubezpieczen/Raporty\\_opracowania/raporty\\_opracowania.html](http://www.knf.gov.pl/opracowania/rynek_ubezpieczen/Raporty_opracowania/raporty_opracowania.html) (retrieved on 12.12.2013)).



influence customers' perceptions of service quality. The employees of insurance companies are internal customers who constitute an important group of market stakeholders. Satisfied employees create satisfied customers.

The operations of insurance companies are influenced by stakeholders from the external environment. In addition to insurance organizations and authorities, insurers also work with banks, reinsurances, providers of business support services, research and development organizations and members of the local community.

Translated by ALEKSANDRA POPRAWKA

Accepted for print 19.09.2014

## References

- ADAMCZYK J. 2009. *Spoleczna odpowiedzialność przedsiębiorstw. Teoria i praktyka*. PWE, Warszawa.
- BANYAR J., REGOS G. 2012. *Paradoxical price effects on insurance market*. *Economic Modelling*, 22: 1399–1407.
- BIELSKI M. 2002. *Podstawy teorii organizacji i zarządzania*. C.H. Beck, Warszawa.
- BORKOWSKI A. 2012. *Wybrane zagadnienia związane z ochroną konsumentów na rynku pośrednictwa ubezpieczeniowego*. *Wiadomości Ubezpieczeniowe*, 2: 45–64.
- FUCHS D. 2012. *Odpowiedzialność ubezpieczyciela za działania agenta w świetle charakteru prawnego czynności (usług) dodatkowych pośrednika*. *Wiadomości Ubezpieczeniowe*, 3: 53–65.
- Guidance on social responsibility ISO 26000*, [http://www.lsd.lt/typo\\_new/fileadmin/Failai/N172\\_ISO\\_DIS\\_26000\\_E\\_.pdf](http://www.lsd.lt/typo_new/fileadmin/Failai/N172_ISO_DIS_26000_E_.pdf), (access: 05.12.2013).
- GUILLEN M., NIELSEN J.P., SCHEIKE T.H., PEREZ-MARIN A.M. 2012. *Time-varying effects in the analysis of customer loyalty: A case study in insurance*. *Expert Systems with Applications*, 39: 3551–3558.
- HĄBEK P. 2010. *Spoleczna odpowiedzialność a zarządzanie jakością*. Wydawnictwo Politechniki Śląskiej, Gliwice.
- Insurance Market Yearbook 2012, Part V. Tables V.1 – V.6, Statistical statement knf-02. [http://www.knf.gov.pl/Images/V\\_Sprawozdanie\\_stat\\_2012\\_tcm75-35811.xls](http://www.knf.gov.pl/Images/V_Sprawozdanie_stat_2012_tcm75-35811.xls) (access: 12.01.2014).
- IWKO J. 2013. *Dobre praktyki biznesowe na polskim rynku usług ubezpieczeniowych jako efekt realizacji idei społecznej odpowiedzialności biznesu (CSR)*. *Rozprawy Ubezpieczeniowe*, 14 (1): 72–94.
- KALINOWSKI T.B. 2010. *Innowacyjność przedsiębiorstw a systemy zarządzania jakością*. Oficyna a Wolters Kluwer business, Warszawa.
- LASAK R. 2008. *Strategie konkurencyjne na rynku towarzystw ubezpieczeń na życie*. *Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu*, 20: 183–208.
- MINTOF-CZYŻ T. 2006. *Rola brokerów na współczesnym rynku ubezpieczeń*. In: *Szkice o ubezpieczeniach*. Ed. M. Kuchlewska. Wydawnictwo Akademii Ekonomicznej w Poznaniu.
- O'CONNELL F. 2009. *Szybka realizacja projektów*. Wolters Kluwer Polska, Kraków.
- ORLIICKI M. 2008. *Pozycja prawna banku w ubezpieczeniach bancassurance*. *Prawo Asekuracyjne*, 2(55).
- SCHUMPETER J.A., 1960. *Teoria rozwoju gospodarczego*. PWN, Warszawa.
- SOKOŁOWSKA A., TOPCZEWSKI W. 2010. *Wykorzystanie wiedzy i umiejętności agenta ubezpieczeniowego w świetle CSR firmy ubezpieczeniowej*. *Współczesne Zarządzanie*, 2: 150–161.
- Ustawa z 22 maja 2003 r. o działalności ubezpieczeniowej (DzU z 2003 r., nr 124, poz. 1151, z późn. zm.).
- Ustawa z 22 maja 2003 r. o pośrednictwie ubezpieczeniowym (DzU z 2003 r., nr 124, poz. 1154).
- VIRVILAITE R., DAUBARAITE U. 2011. *Corporate Social Responsibility in Forming Corporate Image*. *Inżynierine Ekonomika-Engineering Economics*, 22(5): 534–543.
- WITKOWSKA J. 2009. *Polski rynek ubezpieczeniowy*. In: *Ubezpieczenia gospodarcze i społeczne*. Ed. E. Kucka. Wydawnictwo Uniwersytetu Warmińsko-Mazurskiego w Olsztynie, p. 56–95.