

**Research on “E-Insurance”**

**Done by: Mirna Ghattas Samawi**

**Al- Manara Insurance Company**

**Assistant Manager- Reinsurance Department**

**E-mail: [mirnasamawi.ms@gmail.com](mailto:mirnasamawi.ms@gmail.com)**

**Mobile no. 079-8-820802**

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## **1. The concept of E-insurance**

No one can deny that we are now living in the “Online Era”, the era where you can do everything and anything online while setting back drinking your coffee, watching your favorite movie or even enjoying your vacation.

Most of our everyday tasks can now be done through online applications which you can download for free on your smart phone, tab, laptop, smart TV, etc...

Every product or service can now be marketed, processed, bought and sold online. Of course, we cannot deny that the digital marketing on social media platform is now the role key to market these products and services all over the world.

To discuss the Jordanian community in particular, we can sense that during the past 3 years the online process has been spread widely; whether in private or public sectors. We can see these changes in banks, governmental institutions, telecommunication companies, small retail business, etc....

Banks used this online technology to enable their customers do most of their often services through their website or applications such as: transfers between different accounts, bills paying, statement and transactions checking, etc...

As for the governmental institutions, they are now using this technology to save time on the services that will normally make you wait 15-20 minutes in line to simply fill a paper form for this service you may require.

And as insurance forms one of the top industries in our communities, the E-insurance has appeared recently as a very important issue to discuss and apply in the upcoming period.

The applying of such requires an online page or an application which shall be set up for each insurance company to offer its various products, and for the customers to have private profiles on these websites or applications.

This process will in general be summarized in the following:

1. Making an online account
2. Applying online for the required product

3. Review the proposal and needed information and checking if any additional information is required
4. Set up the dates if a survey must be done
5. Submitting a quotation by the insurer
6. Approval or confirmation by the insured
7. Issuing the policy online and saving all required documents on the insured's private account which can be accessed and printed whenever needed.

All shall be explained hereafter in details.

## **2. Using E-insurance by the customers**

An online webpage or an application can be set up with the products which every insurance company may offer, but this website shall not only offers the products, it has to provide a brief description of each product, its covers and its exclusions especially if this company has specially- tailored products.

The process is easy, once the online page or application has been set up; it becomes the time for marketing force to kick in.

This marketing can be done the old fashioned way by spreading brochures about this service to existing customers, known individuals, or by the company's sales force to market it on new or existing customers.

Or the marketing can be done through social media, such as ads on Facebook, Instagram, Twitter, Snapchat, etc.... which even makes it easier for the user as this user will be only one click away from accessing this website or downloading the application.

Once the website or application has been accessed, it is time for the individual user to register online which starts by making an account requiring only the basic information such as the name, age, sex, address, mobile number and payment preferences such as PayPal or credit card, and then the user will have a private account on this company's records with own reference number.

As for the companies and institutions, a “Know Your Customer-KYC” proposal form shall be filled online with the company’s information so the company will also have its own private account with its own reference number.

Through this account, the customer can have many options that will help not only with getting an insurance policy but also have the opportunity to follow up with the company without the need to go there or call them such as:

1. Browse between different products:

Our community in the Arab world in general and specifically in Jordan has a very limited knowledge about insurance and it only includes medical and motor insurance. However, by browsing these products and their covers and restrictions, the customer may also get introduced to new insurance products that may be considered buying.

2. Requesting services and applying for any product:

When a specific product has been chosen, you can apply for it immediately by only filling the requested information depending on the service the customer has chosen.

3. Receiving the technical and financial quotation based on the product the user has chosen:

Each company has to set a time bar from the date of completing all required information, and by the end of this time assigned, a technical and financial quotation shall be uploaded on the customer’s profile.

The customers must be notified by any uploads on their private profile either by sending an e-mail or a message to the given number which will be decided by the user when setting up preferences on the profile.

Some insurance quotations can be uploaded instantly and some may require several days to be studied based on the information or the surveys required.

4. Checking quotations any time which has already been saved to his profile:  
When the offer is uploaded on the profile, the user may check this quotation anytime, study it well and even compare it with other companies if needed.
5. Confirming issuing the policy if approved by the user and upload it to the profile :  
Once the user has agreed on the quotation with its rates, terms and conditions provided by the company, the issuing of policy is now done by only clicking the confirm button and the policy is now to be issued within not more than 2 working days and then uploaded to the profile.  
The user can also discuss some terms by clicking the comment button and write the concerns or comments on this quotation which must also be replied for by the insurance company within not more than 24 hours.
6. The accessibility to issued policy anytime wanted:  
Once the policy has been uploaded to the user's profile, the user shall have the access to this policy anytime needed.  
The user shall also be able to save it on his/her personal device in addition to the possibility of providing an original hard copy to the insured when needed.
7. Reporting a claim in case of any incidents:  
In case of any accident, the user can report a claim on the related policy by filling a form online and uploading the preliminary information required.  
The company shall be informing the user if any additional information is needed with a reasonable period of time.  
The insurance company may also propose a date and time after revising all of these documents to meet with the insured and discuss the claim in a matter convenient to the insured, or directly propose a settling amount to be agreed on with the insured.

8. Arranging a meeting with a company's representative in case of survey needed when issuing or with a loss adjuster when having a claim:

When issuing an insurance policy and in certain insurance types, survey report may be needed. Therefore, when uploading the information by the user, he/ she can also propose on the online calendar the convenient date and time to be visited by the company's representative.

As for claims, some cases require a loss adjuster to examine the claim and prepare a loss report, which can also be arranged by this online calendar.

9. Filling a KYC:

When the customer or the user is representative of a company, a "know your customer" questionnaire can be filled online by this representative and this questionnaire also will be saved on the profile and can be updated whenever needed as discussed earlier.

### **3. Required information and ways of communication**

Discussing the using of online platforms in insurance nowadays, we may find it easier to apply for certain insurance types more than the others such as life, medical and motor insurance. This is because the required information for these types is simpler, more straight-forward and neither do they need a survey report nor an inspection.

Below are examples on the information that may be required for different insurance types:

#### **Motor:**

- Vehicle type:  
Sedan, trucks, vans, buses, etc...
- Model or year of manufacturing
- Plate and chassis number
- A copy of the vehicle's license and driver's license

**Life:**

Gender, age, height, weight and medical history.

**Medical:**

Age, height, weight and medical history.

Any additional examinations if needed by the insurer can be displayed instantly or sent later after studying the application through an email which the customer will be notified for . Results can be uploaded later by the insured for the underwriter to revise.

**Fire and Engineering:**

In addition to the information to be provided about the details of risk, like the sum insured, the location and any specific covers required, a proposal form shall be filled by the insured to enable the company proceed with the pricing procedure.

These types of insurance may require a survey report, and this is obtained as discussed above by arranging a date and time on the page's online calendar to be visited by the insurance company's representative in order to estimate and have better understanding of the risk.

**Specialty/ financial lines/ liabilities:**

Each insurance cover required might have a special proposal form including the additional information needed for such insurance all to be filled and uploaded online.

As explained earlier, the process between uploading all information by the insured and proposing a quotation by the insurer shall not take more than 2 working days for small risks (within underwriter's authorities) and not more than 5 working days for larger risks or covers that require facultative reinsurance.

The insurance company must also take into consideration that in some cases the insured may not exactly know what is the cover needed as the cover might be required or obligated by a third party.

Or the cover may not be displayed on the website or it must be specially tailored for this case, so the company must also play the role of consultant and not only an issuing company.

In such cases, a special column must be prepared and added on the webpage or application to discuss same with the insured.

#### **4. Advantages and disadvantages of E-insurance**

As every new technology appears in our daily life, E-insurance has its advantages and disadvantages whether it was from the insured's or the insurer's point of view.

Here we are going to discuss some of these advantage and disadvantages of the E-insurance to have a better perspective of how we are going to deal with this new technology which has already started to spread in the industry.

##### **Advantages:**

We will start the discussion with the benefits or the advantages from the insured's perspective:

**1. Less time:**

The insured will now consume less time obtaining the insurance policy or the quotation or understanding the cover as the service will be faster online, and the insured can save the time going back and forth to the nearest insurance company or searching for the lowest prices.

**2. Less cost:**

The insured may shop online for the cover needed and pick the lowest price in addition to saving the cost of transportation considering that the profile on the online page or application can be made for free.

**3. Better offer:**

Some people search for the lowest financial offer and some search for the best technical terms. Online, the insured can also easily obtain better plans, terms and conditions, better technical quotations if we may say, while browsing through different company's websites.

**4. Accessibility:**

The insured will have immediate and constant access to his account any time needed without any restriction or losing any old data.

**5. 24-hour- service:**

The insured will have a service of applying, understanding and checking any information needed all day and for 24 hours a day, even during public holidays or through bad weather conditions

**6. No brokers, less rates:**

An important point any underwriter shall take into consideration when pricing a cover or a policy is the source of this policy.

The policies that generally issued directly through the company without a sales person or a broker will cost the insurance company less and hence the rate will be less as these additional fees will not be included when calculating the cost of this policy.

**7. Distances:**

Not all insurance companies have branches or offices in faraway governorates; therefore, having the online service will make it easier for the insured to approach the insurance company.

**8. Personal information update:**

In case any user has changed any of earlier provided personal information, it can be updated easily by the user on his/her profile within seconds.

**9. Competition:**

Such platforms may increase the competition between the insurance companies, especially on good and profitable accounts, which may result in better terms and rates for the insured.

As for the insurance company, the E-insurance has major advantages such as:

**1. Less time:**

The online service will be less time consuming for the company which will be dealing with most of their customers electronically and automatically through the application or the website without the need of dealing with every case with a human force.

## **2. Lower cost:**

Having these online services, the insurance company will save a lot from cutting the costs of the following:

- **The employees:** the more the website or application get spread, the less the number of employees needed. We are not only talking about the underwriters, but also the data entries, the employees responsible for the paperwork's, the receptionists, the busboys, etc...
- **Paper works:**  
Most of the policies will not have to be printed after applying the online services (unless needed), as the policy will be uploaded online as a pdf format which also allows the online signature feature that the supervisor can use without the need of printing the file and sign it manually
- **Branches:**  
Having an online services will limit the need of opening several branches and to distribute them all over the country, and less branches means less employees, less paper works, less expenses and hence the less cost.

## **3. Data/ Information:**

In the online service, no quotation is allowed to be issued without the completion of all required underwriting information, which assures that all the needed data will be available and your underwriting will be more accurate.

## **4. Accessibility:**

The accessibility to the data or information will be easier for the insurer and this information will be a reference for the underwriters anytime needed without the possibility of losing it.

## **5. Cash collecting:**

One of the major issues that the insurance companies are dealing with lately is cash collecting or premium payments by the insured; however, the online application will immediately require the premium to be paid before completing the procedure of policy issuing.

This will help the company hit a better and higher percentage of the cash collecting and of course enhancing the liquidity margin of the company.

## **6. No brokers:**

The dealing with an insured through a broker always limits the direct communication between the insured and the insurer which may lead some of the times to a misunderstanding or as explained before lowering the ratio of cash collecting from the insured.

Away from the insurance industry, and talking about the advantages of online insurance in general, a very important advantage must also be discussed which is how the lower amount of paper used will not only lower the cost of the policy on the company, but it will also be Eco-friendly by saving more trees from being chopped and going for a greener environment. In addition to lowering the wasted papers and the burning of these wastes which might increase the Global Warming which is considered one of the biggest challenges our whole world is facing.

## **Disadvantages:**

Moving to the disadvantages, we are going to discuss each disadvantage and its effect either on the insurance company or on the insured:

### **1. Non-flexibility:**

The online service may not be flexible for the insured if he was looking for discussing the imposed terms and conditions with the underwriter without the need of sending an email and waiting for the answer, in addition to that

the personal direct communication is always better when dealing with some obstacles which may not take more than 5 minutes over a phone conversation.

This might lower the chance of obtaining the firm order by the insurance company for a policy condition that can be discussed and resolved, especially if this insured has obtained the cover wanted from another insurance company.

## **2. Unemployment:**

As we discussed above, the online services will lower the costs of the insurance company including the cost of human forces.

This will lead to a higher percentage of unemployment in the country knowing that a large layer of our community works in the insurance field.

## **3. Cash Collecting:**

As it is considered an advantage to the insurance company, it is considered to be a disadvantage to the insured as some of them may prefer the premium to be paid on several payments or even by delayed cheques.

## **4. The Cost:**

As discussed earlier, we have noted that the cost of papers, employees, branches, etc... will be less; on the other hand, the company will have some other major expenses such as the online system cost, the applications, their maintenance and updates, the cost of continuous backing up, the cost of digital marketing and ads applied, etc....

## **5. Large groups:**

These online systems may be easier and more feasible for the small groups or individual policies but not as easy to the large or mega groups.

For example:

A company or factory with 1,000 employees who requires a group medical insurance for its employees will face major difficulties in applying online or having to fill 1,000 medical forms on one profile and the option of separate profiles will be almost impossible.

#### **6. Hacking:**

When your information is displayed online, the percentage of getting hacked and the risk of losing your data will be higher.

This data might be your credit card information or the data base of the company which may be used later for personal gaining and requesting money by the hacker using blackmailing or selling these data to a competitor.

#### **7. Brokers:**

Limiting the job of the broker might be beneficial for the insurance company or the insured in some cases that his commission will not be included in calculating the price; however, it might also be unbeneficial to the insured as these brokers most of the times have better insurance knowledge and experience than the insured and helps in choosing the most convenient cover or policy or even having better discussions with the insurance company regarding the terms and conditions offered by the company.

In addition to the portfolios that these brokers might have which enriches the income of the insurance company.

#### **8. Pricing:**

In some cases, the pricing online might be less accurate than when done in person and while negotiating the entire risk with the insured or your supervisors.

**9. Competition:**

This will benefit the insured as we have explained earlier, but it may affect badly on the insurance companies by lowering the average prices for the whole market.

## **5. Summary:**

As an insurance employee who spent most of her working years in reinsurance field, I can be more understanding and open to the idea of E-insurance and the applying of it in our insurance industry and direct business, because most of our conversation, quotations and discussions with the reinsurers are done through emails. However, we cannot also deny that in some cases having a 5 minutes discussion with the reinsurer over phone may save you from 3 days of emails.

We also have to take into our consideration that the insurance industry in particular keeps developing and updating in a way that includes being introduced to new products, new covers, and new types of insurance where negotiations and sharing points of view between the insured and the company becomes a must as well.

Hence, and in my humble point of view, you cannot separate the online platform from the human personal interaction. In all industries, even now a days, you cannot only deal with your customer or offering your services only online, direct communication with your customer becomes a necessity at a certain point.