

INSURANCE BRANDS - IN TERMS OF FINANCIAL AND MARKETING APPROACH

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Abstract: This paper presents issues linked to the key elements of finance and management, used at the level of 31 insurance companies registered in Romania at the end of 2016. We analyse the importance of the effects of financial and marketing factors on insurance companies. Our results highlight the valence of communication of corporate social responsibility in terms of financial performance on Romanian insurance market. This study has multiple implications on understanding the role of transparency in the insurance companies. The insurer should use more the websites and the social media platforms, for example Facebook, Instagram and Twitter, for a better communication with the potential insured.

Keywords: brand, corporate social responsibility, insurance, profit, transparency

JEL Classification: G22, M14

Introduction

This study aims to analyse how the concept of corporate social responsibility (CSR) helps and develop the insurance industry in Romania. Online social networks could play a key role in the process of managing the relationship between company, clients and stakeholders.

The benefits of communications through online social networks are known. This type of communication could be used as an instrument for insurance companies to gather information with an impact on the organization performance, such as (Parveen, Jaafar and Ainin, 2015): marketing/sales, finance, human resources, security, advertising and promotion, branding, public relations and many more.

The communication of corporate social responsibility (CSR) issues is important for the insurance brands because these aspects influence the brand image, brand reputation and its relations. As of the evolution of the internet and the online social networks, there is a need for the insurance brands to be present everywhere the potential clients are. Because of this the battle for the image and reputations is bigger than ever, the process of implementing the CSR aspects are harder and the transparency cannot be denied, but with all this issues and problems that appears on their ways, for the one who succeed the rewards are worthy and can be seen in their financial results.

The rest of the paper is organised in the following way: section 2 consists of literature review, section 3 describes the methodology used and presents our database, section 4 focuses on results and discussions, and section 5 concludes the article.

Literature Review

The concept of corporate social responsibility in insurance brands

The main areas in which the insurance brands develop their CSR activities are: education, health care, skill development and sustainable livelihoods, environment sustainability, rural

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development, financial inclusion, support employee engagement in CSR activities, capacity building for corporate social responsibility (Kavitha and Anuradha, 2016).

The people who take care of social networking pages of Romanian insurance brands should have knowledge and be involved in sustainability policies and CSR strategies, because the Web 2.0 concepts are all about providing tools and instruments in help of closing the gap between stakeholders and the company. The insurance brands must understand that the use of online social networks is not just as a marketing and advertising channel.

Especially in the insurance sector, the credibility is the key and the credibility of a brand is a result of the communication process and transparency (Association Internationale des Sociétés d'Assurance Mutuelle, 2006).

The main economic benefits from CSR actions and communications are consumers product and brand evaluations, brand choice and brand recommendations (Enginkaya, Ozansoy and Ozarslan, 2009).

There are numerous and successful examples of insurance brands that use social media platforms for dealing with customer care. Paris-based insurance company AXA uses Facebook Messenger as an instrument in customer care and because of this they manage to reduce the negative comments on the AXA France Facebook page (Walgrove, 2019).

It is important for the insurance brands to focus on CSR communication through online social networks because the biggest numbers of potential clients are every day presents on social media platforms. The statistics showed that the millennial, people between 18-30 years old, are 25% of the world's population, and by 2025 they will represent 75% of the workforce (Capgemini and Efma, 2016).

Methodology and data

As a marketing approach we analyse the existence of the concept of corporate social responsibility in the insurance industry in Romania, we have chosen a database provided by the Financial Supervisory Authority¹.

The database contains 31 insurance companies (17 (54%) only non-life insurance (NLI); 7 (23%) only life insurance (LI); 7 (23) combined business (NLI-LI)) that are on Romania, registered under the CAEN code 65, in 2017. We selected only those companies that meet specific financial indicators and the firms that are in the top 10 insurance brands at a national level in 2017. This indicator refers to: market-share, claim rate. Following this selection, 10 firms remain to analyse and to research their websites to find out information about corporate social responsibility. We searched for any information, involvement or projects linked to the concept of corporate social responsibility. This study is exploratory and descriptive.

Table no 1. Information regarding top 10 insurance companies in Romania

Insurance companies	Sector	CSR	Source
ALLIANZ - TIRIAC ASIGURARI S.A.	LI / NLI	Yes	www.allianztiriac.ro/
OMNIASIG VIG S.A.	LI	Yes	https://www.omniasig.ro/
ASIROM VIENNA INSURANCE GROUP S.A.	LI / NLI	Yes	https://www.asirom.ro/
GROUPAMA ASIGURARI S.A.	LI / NLI	Yes	www.groupama.ro
EUROINS ROMANIA	LI	No	www.euroins.ro

¹ <https://asfromania.ro>

ASIGURARE REASIGURARE S.A.			
CITY INSURANCE S.A.	LI	Yes	cityinsurance.ro/
NN ASIGURARI DE VIATA S.A.	NLI	Yes	www.nn.ro
GENERALI ROMANIA ASIGURARE REASIGURARE S.A.	LI / NLI	Yes	www.generali.ro
UNIQA ASIGURARI GENERALE S.A.	LI	Yes	www.uniqa.ro
CARPATICA ASIG S.A.	LI	No	www.carpaticaasig.ro/

LI - Life insurance

NLI - Non-life insurance

Source: made by the authors

Results and discussions

Financial indicators – descriptive statistics

The insurance market in Romania is remarkable by a high degree of concentration, as you can see in the table below; over 85% of the total volume of gross written premiums was covered by 10 insurers out of 31 insurance companies. At the end of the year 2016, ALLIANZ-TIRIAC ASIGURARI S.A was the leader of Romanian market, and of non-life insurance class with lei 1227537849 gross written premiums and a 13% market share (14%). The second and the third position are held by OMNIASIG VIG S.A. (11.5%) and ASIROM VIENNA INSURANCE GROUP S.A. (11.4%).

The highest value of gross written premiums in life insurance segment was obtained by NN ASIGURARI DE VIATA S.A.

Table no. 2 The insurer with the largest volumes of gross written premiums and their share in total market (non-life and life insurance) on 31 December 2016

Insurance companies	Total market		Non-life insurance		Life insurance	
	Gross written premiums	Market share	Gross premiums written	Market share	Gross premiums written	Market share
ALLIANZ - TIRIAC ASIGURARI S.A.	1227537849	13.08%	1119363883	14.50%	108173966	6.48%
OMNIASIG VIG S.A.	1083220549	11.54%	1083220549	14.04%	-	0%
ASIROM VIENNA INSURANCE GROUP S.A.	1072282256	11.42%	955550910	12.38%	116731346	6.99%
GROUPAMA ASIGURARI S.A.	932265394	9.93%	900879153	11.67%	31386241	1.88%
EUROINS ROMANIA ASIGURARE REASIGURARE S.A.	870458189	9.27%	870458189	11.28%	-	0%
CITY INSURANCE S.A.	789618049	8.41%	789618049	10.23%	-	0%
NN ASIGURARI DE VIATA S.A.	661714718	7.05%	-	0%	661714718	39.63%

VIATA S.A.						
GENERALI ROMANIA ASIGURARE REASIGURARE S.A.	642793295	6.85%	573690028	7.43%	69103267	4.14%
UNIQA ASIGURARI GENERALE S.A.	476447512	5.08%	476447512	6.17%	-	0%
CARPATICA ASIG S.A.	451766097	4.81%	451766097	5.85%	-	0%
Other insurers	1179234817	12.56%	496507622	6.43%	682727195	40.89%
TOTAL	9387338725	100%	7717501992	100%	1669836733	100%

Source: made by the authors

In non-life insurance segment, gross claims paid by 10 insurance companies accounted for 96%, while from life insurance 73%.

On the other hand, the value of gross claims paid by insurance companies was lei 4317523005, as follows: 83% are related to non-life insurance market and 17% from life insurance market.

Table no. 3 The insurer with the largest volumes of gross claims paid and their share in total market (non-life and life insurance) on 31 December 2016

Insurance companies	Total market		Non-life insurance		Life insurance	
	Gross claims paid	Market share	Gross claims paid	Market share	Gross claims paid	Market share
ALLIANZ - TIRIAC ASIGURARI S.A.	533410354	12.35%	461606309	12.82%	71804045	10.02%
OMNIASIG VIG	566453673	13.12%	566453673	15.73%	-	0%
ASIROM VIENNA INSURANCE GROUP S.A.	497376543	11.52%	416709523	11.57%	80667020	11.26%
GROUPAMA ASIGURARI S.A.	482786088	11.18%	470580656	13.07%	12205432	1.70%
EUROINS ROMANIA ASIGURARE REASIGURARE S.A.	492255331	11.40%	492255331	13.67%	-	0%
CITY INSURANCE S.A.	346279976	8.02%	346279976	9.62%	-	0%
NN ASIGURARI DE VIATA SA	325071892	7.53%	0	0%	325071892	45.38%
GENERALI ROMANIA ASIGURARE REASIGURARE S.A.	244962840	5.67%	207076984	5.75%	37885856	5.29%
UNIQA ASIGURARI GENERALE S.A.	263782417	6.11%	263782417	7.32%	-	0%
CARPATICA ASIG S.A.	233378632	5.41%	233378632	6.48%	-	0%
Other insurers	331765259	7.68%	143137407	3.97%	188627852	26.34%

TOTAL	4317523005	100%	3601260908	100 %	716262097	100 %
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Source: made by the authors

Further, we determined the claims ratio - as the ratio between gross claims paid and gross written premiums, with the mention that high levels can lead to financial serious problems.

As you can observe, Euroins Romania Asigurare Reasigurare S.A appears with the high values of claim ratio (57% - total market, NLI) and Asirom Vienna Insurance Group S.A (69% -LI).

Table no. 4 Claim ratio

Insurance companies	Total market	Non-life insurance	Life insurance
ALLIANZ - TIRIAC ASIGURARI S.A.	43.45%	41.24%	66.38%
OMNIASIG VIG	52.29%	52.29%	0%
ASIROM VIENNA INSURANCE GROUP S.A.	46.38%	43.61%	69.10%
GROUPAMA ASIGURARI S.A.	51.79%	52.24%	38.89%
EUROINS ROMANIA ASIGURARE REASIGURARE S.A.	56.55%	56.55%	-
CITY INSURANCE S.A.	43.85%	43.85%	-
NN ASIGURARI DE VIATA SA	49.13%	0%	49.13%
GENERALI ROMANIA ASIGURARE REASIGURARE S.A.	38.11%	36.10%	54.82%
UNIQA ASIGURARI GENERALE S.A.	55.36%	55.36%	-
CARPATICA ASIG S.A.	51.66%	51.66%	0%
TOTAL	45.99%	46.66%	42.89%

Source: made by the authors

Marketing indicators

The analysis of the concept of corporate social responsibility within the insurance brands in Romania, Communication of Corporate Social Responsibility in the online environment of insurance brands in Romania and the communication with social media.

Table no. 5 Research results of CSR Communication

	Number of companies	%
Sample size	31 /10	33
Firms with websites	10	100
Firms registered on Facebook	7	70
Firms registered on Linked in	10	100
Sites with CSR section	5	50
<i>Characteristics of CSR concept and the place where the CSR is mentioned</i>		
Not mentioned at all	2	20
Mentioned on home page	5	50
Mentioned on secondary pages	1	10
Mentioned on annexed documents	2	20

Source: made by the authors

The insurance brands start to promote themselves on other social media platforms and to keep in touch with their clients, employees and stakeholders. For examples on YouTube they show their commercials, on LinkedIn they look for new employees.

Table no. 6 Insurance brands communication within social media platforms

Insurance brand name	CSR on website	Facebook (people liked this)	Followers:		YouTube	Mobile Application
			Twitter	Linked In		
ALLIANZ - TIRIAC ASIGURARI S.A.	Yes	31468	39	2719	243 s 892468 v	App Store & Google Play
OMNIASIG VIG	Yes	102428	18	2585	36 s 312790 v	-
ASIROM VIENNA INSURANCE GROUP S.A.	Yes	26517	-	2302	22 s 10139 v	-
GROUPAMA ASIGURARI S.A.	Yes	58083	380	7625	156 s 438512 v	-
EUROINS ROMANIA ASIGURARE REASIGURARE S.A.	-	-	-	721	8 s 1344 v	-
CITY INSURANCE S.A.	Yes	-	57	113	5 s 1458 v	-
NN ASIGURARI DE VIATA SA	Yes	597500	-	25175	2141s 12689736 v	App Store & Google Play
GENERALI ROMANIA ASIGURARE REASIGURARE S.A.	Yes	19822	544	1627	17 s 1856 v	-
UNIQA ASIGURARI GENERALE S.A.	Yes	21834	-	4254	55s 70404 v	-
CARPATICA ASIG S.A.	*bankruptcy					

Note: s – subscribers

v - views

Source: made by the author

Out of the 31 insurers included in the analysis, only 9 have a registered Twitter account (dedicated to the Romanian market, with content in Romanian). It was accessed either through the company's official website or by direct search on the social network.

The newest trend for brands is to offer to their clients a mobile app for accessing their information easier.

There are a few international initiatives where insurance brands can register and actively participate in order to grow and develop their companies. For example, in the field of corporate social responsibility and sustainability there is a global framework for the insurance brands that are concerned about the environmental, social and governance risks and opportunities. It is called Principles for Sustainable Insurance (PSI) (MAPFRE, 2017) designed specifically for the insurance industry and the main objective is to incorporate in business management, as a risk and as an opportunity, environmental aspects; social aspects; and corporate governance aspects.

In 2014, Romania had the lowest percentage of social media users from all countries of the European Union (36%) (Jokinen, 2016). The percentage includes individuals aged 16 to 74, who used the internet for participation in social networking.

Conclusions

In Romania there is still a low level of interactivity in companies' regarding CSR communication. It is proven that consumers develop a positive attitude towards companies that are actively involved in socially responsible actions. The uses of online social networks start to be a tool for Corporate Social Responsibility (CSR) communication for the insurance brands in Romania. From the results it shows that this aspect of CSR communication is just in the beginning of development in Romania. The tendency of Romanian insurance brands is to use social networks for the one-way communication of aspects of CSR related with the organisation. As a suggestion for a more successful communication in online social networks, it is necessary to change the way the insurance brands communicate their CSR aspects by shifting to a two-way communication approach.

Five insurance brands from ten have a section dedicated to CSR issues in the main page of their website and another three mentioned these aspects on secondary pages or on annexed documents.

In Romania the most used online social networks are Facebook, LinkedIn and YouTube. There is a low level of interactivity on Instagram and Twitter on insurance brands pages.

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