Investigating and Recognizing Environment and Organizational Barriers in Exerting E-Insurance in Iran Insurance Company
(Case Study: Iran Insurance Company in Orumieh City)

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ABSTRACT

The goal of this study is investigating and recognizing environment factors and organizational factors of e-insurance in Iran Insurance Company. In this study, different environmental barriers (including legal, cultural, and technological barriers) and organizational factors (including policies, insurance rules, internal structure and technology) were evaluated. This study is a descriptive survey with applied goals. The statistical population included the managers, assistants, organizational experts, and different branches of Iran Insurance in Orumieh City. Sampling method was simple random sampling. Research hypotheses were examined using a One-SampleT-Test to investigate the efficiency of each variable on exerting e-insurance. Friedman Test was also used to rank variables. Research results showed that the means of the barriers of exerting e-insurance were above average.

KEY WORDS: information technology, electronic transaction, electronic business, electronic insurance

1- INTRODUCTION

Over the last decade, the world has seen a meteoric rise in e-commerce, which can be defined as sharing business information, maintaining business relationship, and conducting business transaction by means of telecommunication networks (1). Several distinct categories of e-commerce have emerged. Although business-to-consumer e-commerce has received the most attentions in the press, it is much less prevalent than business-to-business e-commerce. An increasing number of associated transactions and processes that support both sale and purchase activities on Internet can be also included in the definition of e-commerce (2).

Although projections vary, many analysts predict that e-commerce will continue to grow unabatedly. Research projects that global e-commerce reached was $6.9 trillion in 2004; Gartner Group estimated that B2B e-commerce alone would skyrocket to $7.3 trillion in 2004, accounting for seven percent of all global sale transactions (3).

Indeed, in spite of the dismal plight of the dot-coms of the late 90$_s$, everything from real estate sales to education has moved online. Yet not all industries have experienced the same level of success in transitioning from the traditional retail approaches to the less clear-cut online models.

Several areas within the financial services industry such as insurance have had a significant amount of success adapting to cyberspace (4). On the other hand, the insurance industry has been lagging in its adoption of e-commerce (4, 5, and 6). Although it is recognized that e-insurance has the potential to become a multibillion-dollar industry, it is difficult to see how this will occur without some fundamental changes to the way e-insurance is being implemented. The current reality is that few available e-insurance offerings provide any real value and that less than 1% of all insurance sales are actually being transacted online (6).

This paper had the following goals:
- Investigating and recognizing environment barriers in exerting in e-insurance in Iran Insurance.
- Investigating and recognizing organization barriers in exerting in e-insurance in Iran Insurance.
Specified goals of the study include:
1. Investigating legal factors as the barrier of e-insurance exertion
2. Investigating cultural factor as the barrier of e-insurance exertion
4. Investigating policies factor as the barrier of e-insurance exertion
5. Investigating insurance rules factor as the barrier of e-insurance exertion
6. Investigating internal structure factor as the barrier of e-insurance exertion
7. Investigating technology factor as the barrier of e-insurance exertion

2- ENVIRONMENTAL PRESSURE

In modern business world, insurance is a competitive complex exerting market factors, social economy, and technology for more success. In that context the abilities of the consumers increase. In such a world,

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mentioned factors are changing and the speed of these changes has enhanced the necessity of reflection to insurance companies. Fast changes of business world create both opportunities and threats. So, for the main changes and uncertainty of competitive markets, all insurance companies have to move toward more insurance products with higher speed and less resources. This behavior is the result of the pressure that the companies bear from competitive business (7). In near future using technology in industry will be a standard. Then, the industries not using technology are deemed to fail. Insurance companies have to follow this trend and move toward web technology and electronic insurance (7).

The attitude of locating insurance companies

The attitude of locating helps analyzing insurance companies based on their activities. Also, the reasons for exerting electronic insurance   can be explained. The range of the activities of insurance companies can be divided in 2 areas: processing, distribution, and data management.

Processing 1-2-

Processing a suggestion for insurance purchasing needs access to different information. Information gathering from different sources in a place is difficult. Moreover, most information is in written form and should be delivered by telephone, fax, and post rather than e-mail. This makes the information repetitive in some cases. Human errors should also be regarded. The necessity of using an international standard for information communication in insurance companies clarifies the importance of IT in this respect. As seen in fig 1. The tasks of a traditional insurer (distribution, processing, and risk acceptance) which was done by insurance company and its agencies are done by some specific companies, revealing the entrance of new rivals in this industry (8).
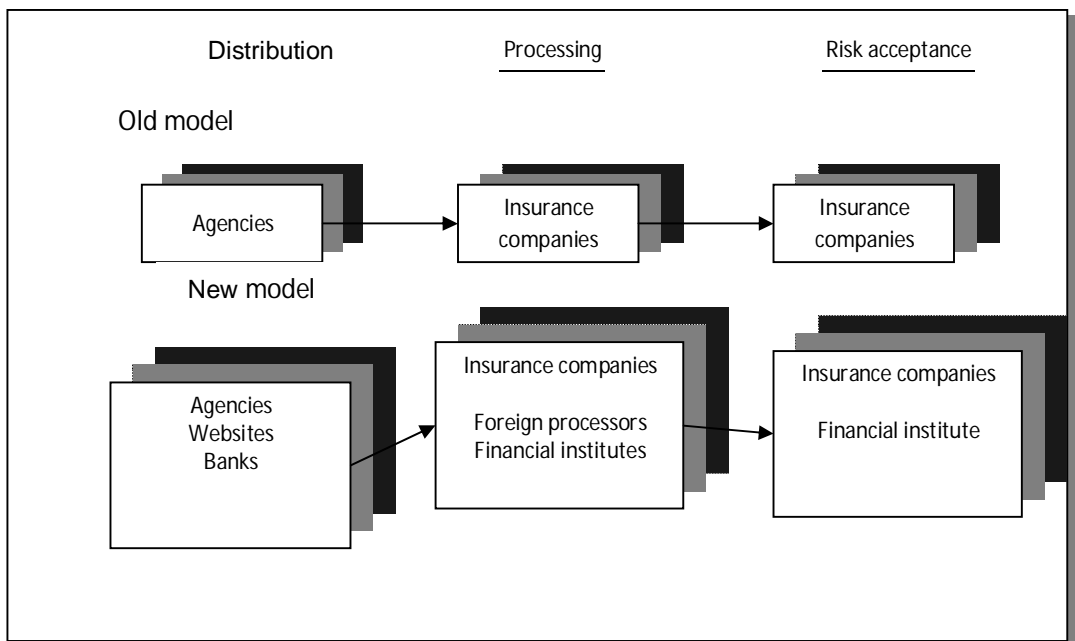

Fig 1. Decentralization in insurance company (8)

2-2- Distribution/marketin

The first point which comes to the mind about using internet and technologies in insurance industry is modeling and the ways of marketing and distributing products. Companies use internet to promote the optimization of insurance distribution system. Marketing and insurance distribution is burdensome at the present conditions. At the moment, most insurance products that can be understood easily (like automobile insurance and fire) are distributed on-line. These products are easy to price. Complex products like responsibility insurances which have complicated processes for assigning insurance fees are distributed through traditional insurance companies. This market is influenced by the brokers who explain the perfect details of insurances for the customers. It is obvious that selling through internet and omitting mediators reduces the costs of insurance companies as well as customers' expenses. This doesn't imply complete mediators' omission by internet entrance to insurance industry. But, internet can partially does that task (11).

3-2- Data management

A basis in insurance industry is data gathering. The core of an insurance company includes risk definition and measurement based on data analysis. Successes in measuring and accepting risk depend on the ways of accessing information and analysis. This issue necessitates using computer networks and their abilities in

accessing databases and their screening. So, based on the type of insurance activity; the importance of exerting e-insurance in this industry is obvious.

Competition needs equipment with innovation in their industry. Obviously, entering this arena needs much caution. Since without planning, analysis is deemed to fail (11).

3- Environmental and Organizational barriers

Environmental barriers refer to the factors out of organizational authority creating the grounds for organizational barriers. These factors will be examined from legal, cultural, and technologic dimensions. Organizational (structural) barriers refer to non-human factors like structure, internal technology, internal rules which are investigated from 4 aspects of policies, insurance rules, internal technologies and structure.
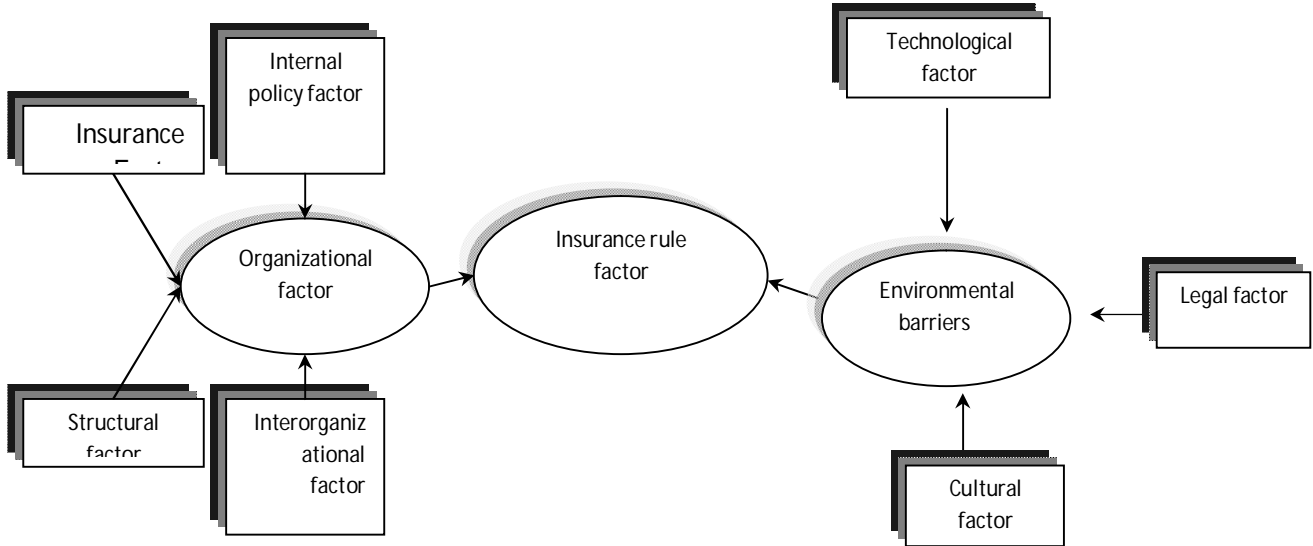
4- METHODOLOGY

The statistical population of this study included the managers, assistants, organizational experts, and branches of Iran Insurance in Orumie City, 2011. Using simple random sampling and Cochran formula, the sample size of 120 people was achieved. To gather data, a researcher-made questionnaire including 15 questions with Likert-scale was used. To confirm its consistency, the questionnaire was tested and modified by the experts and college teachers. Using Cronbach α, the validity of 0.78 was achieved. The questionnaire's information was analyzed by SPSS software to yield descriptive and inferential statistics. Research findings were examined using a One-Sample T-Test, Friedman test, and step-by- step regression.

5- RESEARCH ANALYSIS

The condition of using parametric tests especially a One-SampleT-Test is data normality. For this purpose, a Colmogrov- Smirnov test was used for each variable. As seen in Table 1, the significance level of all values are bigger than 0.05, representing their normality.

Table 1.The results of Colmogrov- Smirnov test results for identifying data normality

Variables	Mean	Standard deviation	Colmogrov- Smirnov Z	Significance level
Environmental factor	33.2	2.8	1.11	0.165
Technological factor	2.1	7.5	9.4	0.165
Legal factor	11.98	2.1	2.64	0.08
Cultural factor	8.32	1.19	1.88	0.059
Organizational factor	36.34	4.05	1.28	0.11
Internal policy factor	8.5	1.22	1.77	0.059
Interorganizational factor	8.8	0.88	2.74	0.066
Insurance rule factor	8	1.35	1.9	0.063
Structural factor	10.9	2.08	1.49	0.088

6- Research hypotheses

The hypotheses of this research were as follows:

H1. How much do environmental factors affect using e-insurance in Iran Insurance Company?

H2. How much do organizational factors affect using e-insurance in Iran Insurance Company?

7- DISCUSSION

In H1, environmental factor's variables were examined using 8 questions and 3 factors. To test its significance, One-Sample T-Test was used whose results showed that legal factor with the mean of 11.98, cultural factor with the mean of 8.32, technological factor with the mean of 12.89, and environmental factor with the total mean of 33.2 in general act as the barriers of using e-insurance since all the significance values of them were smaller than 0.05.

Table 2.One group t-test of environmental factors

Variable	df	Mean	SD	T	Significance level (P≤0/05)
Legal Factor	91	11.98	2.13	53.98	000
Cultural Factor	91	8.32	1.19	66.76	000
Technological Factor	91	12.89	1.23	100.1	000
Environmental Factor	91	33.2	2.84	112.1	000

In H2, organizational factor variable was examined using 9 questions and 4 factors including, internal policies, interorganizational technology, insurance rules, and structural factor. To test their significance a one-sample T-test was used. The results showed that internal policies with the mean of 8.55, insurance rules with the mean of 8, interorganizational technology factor with the mean of 8.84, structural factor with the mean of 10.92, and generally, organizational factor with the total mean of 33.2 act as the barriers of using e-insurance in Iran Insurance Company (p < 0.05).

Table 4-29. One-sample T-test for testing organizational factors

Variable	df	Mean	SD	t	Significance level (P≤0/05)
Internal Policy Factor	91	8.55	1.22	66.93	000
Insurance Rule Factor	91	8	1.35	56.97	000
Inter organizational Factor	91	8.84	0.88	95.49	000
Structural Factor	91	10.92	2.1	50.32	000
Organizational Factor	91	33.2	2.84	85.86	000

The general results of this paper are represented in Table 2.

Table 2. The general results of the study

Variable	Mean Rank	Rank
Technological factor	9.43	1st
Legal factor	8.65	2nd
Structural factor	7.68	3rd
Interorganizational factor	5.09	4th
Internal Policy factor	4.46	5th
Culture factor	4.15	6th
Insurance rule factor	3.61	7th

8- Conclusion

Since all research hypotheses were confirmed, reflecting the above average obstruction of legal, cultural, and technological factors, it is suggested that Iran Insurance managers should try to remove them.
Due to the highest obstruction value in technological field, Iranian insurance managers should improve their technological capabilities and remove its obstacles.
From the environmental aspect, specific regulations should be provided for the insurance companies in the field of electronic signs, contractions, and transactions.
Trade rules should be amended, supervised, and followed by the officials and all other stakeholders.
People should be informed about the advantages of e-trade and extending the culture of it in the organizations.
The culture of using computer and Internet among different classes and insurers should be extended.
Definitions of Internet crime and penalties should be clarified for the Internet users.
Enough telecommunication and communicative bases should be provided for exerting e-trade in Iran.
Necessary context or equipments should be provided for the access of the public or at least target electronic insurance customers to Internet.

In the organizational field, insurance companies should be realistic and welcome e-trade after providing essential capacities and capabilities. It is also suggested that insurance fees and informative advertisements should be in on-line and short-term access of the customers. E-insurance can be started in the simpler forms like individual insurance; economization in the costs can be compared with the conventional ways and then possibly generalized to the whole insurance industry because the sale and supply of complicated or unique insurances need designing proper networks for the specific and distinct studies.

Insurance companies should optimally cooperate with Central Insurance Company of Iran in preparing e-insurance standards.

Central Insurance Company of Iran should identify proper policies and programs in the field of e-insurance.

Training programs of computer, Internet, and e- insurance for organizational staff should be a priority.

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