eInsurance Project:
How to Develop Novel Electronic Services with Co-Operation between Academics and Practitioners

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EXECUTIVE SUMMARY

This case study covers two R&D projects called eInsurance 1 and eInsurance 2, which are concerned with electronic insurance. This case emphasizes project organization, its activities and roles, together with the results of the projects. In addition, the structure and innovation level of the projects are analyzed and the challenges involved in launching the concepts into insurance markets are presented. The most important outcomes of the projects are novel service concepts, and valuable information of consumer expectations that corporate partners utilized in their R&D activities. For research partners, the projects brought ideas, how to organize future projects in new ways, and how to combine academic and business expertise successfully.

Keywords: *Electronic Commerce, Electronic Services, Insurance, Project Organization, Service Concept*

ORGANIZATIONAL BACKGROUND

In spring 2002 two Finnish academics, two professors who were involved in research on e-business expressed their concern regarding the lack of customer orientation in the case of electronic insurance services available on the Internet. They raised a question: "How do insurance companies get electronic services closer to their customers?" This can be considered as the starting point for a discussion about launching a research and development project with the aim of increasing the customer friendliness of the electronic insurance environment.

In autumn 2002 the discussion spread to insurance business practitioners when the above-mentioned question was raised in public seminars and at other events. Both academics and the business world realized that they share a common interest in developing electronic insurance

DOI: 10.4018/jcit.2010100103

services that better respond to customers' needs. At the same time the insurance sector was generally interested in putting more effort into adopting electronic services. Although the hype of the Internet was already over, the new communication channel still had great potential for offering services. Enthusiasm might be an appropriate expression to describe the attitude of both the business and scientific communities towards electronic services at that time. Hence, a favorable environment for creating a temporary organization assisted in designing and executing a research and development project. The academics did have no problem in persuading companies to participate and funding for the project was easily obtainable, even though, previously these kinds of development activities had been performed as in-house projects.

The co-operation between the academics and representatives of the two large insurance companies in Finland started with negotiation of relevant research questions in the area of electronic services and continued by preparing a research plan. After a year, a public research and development project titled "eInsurance - Electronic insurance business and risk management" (later referred to as "eInsurance 1") was launched. It was carried out between August 2003 and December 2004. The project also led to a follow-up project called "eInsurance – Novel electronic insurance services" (later referred as "eInsurance 2") with a similar but more extensive objective of enhancing the customer friendliness of electronic insurance services. This project was executed between June 2005 and February 2007. Both eInsurance projects received public funding from the Finnish Funding Agency for Technology and Innovation (Tekes), as well as additional funding from participating companies and research organizations. The project reports and other results are therefore publicly available. The two eInsurance projects were not only research projects, but also development projects that aimed at developing concrete electronic service concepts for the insurance industry. In fact the eInsurance projects were pioneering projects in examining and developing pilot concepts for electronic insurance services in Finland as a whole.

SETTING THE STAGE

Before starting eInsurance projects, insurance companies have globally put some effort into developing electronic insurance services. It all started in the middle of 1990s when the first insurance companies introduced their Internet sites. The very first insurance company web sites contained only company related information, for example annual reports and the latest news, but gradually the amount of information widened in scope to cover insurance brochures, terms and guidelines on how to protect life and property. In due course the pioneering companies started to sell insurance products on the Internet, even though the very first offers consisted of rather simple insurance types, such as travel and home insurance.

Järvinen et al. studied the Finnish insurance business on the Internet in 2001 and they discovered that it was impossible to purchase all the insurance types required for one household on the Internet. At that time some insurance types were available on the Internet, but the choice was somewhat limited. As a result, customers had to contact the insurance companies in person in order to take care of some of their insurance-related issues, and while they were there, they also dealt with all their other insurance affairs, that could have been taken care of using the Internet. As a result the Internet channel remained unfamiliar to customers. The fact that insurance companies did not agree on standardization of their web sites led to a situation in which some companies offered only information online, while others concentrated on selling insurance products or providing information about risk prevention. This caused confusion among customers. Despite the above problems, the importance of the Internet as a channel for business-to-consumer insurance services was growing.