

## Chapter 4.2

# eInsurance: Developing Customer-Friendly Electronic Insurance Services from the Novel Project Perspective

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### ABSTRACT

The chapter introduces an innovative organizational logic for developing and designing electronic services especially in the context of financial services, such as insurance. Furthermore, a novel electronic insurance service concept for consumers is introduced in the chapter. The authors argue that development of electronic service solutions for the use of financial sector formerly

rather conducted in an organization may well be executed through a multi-organizational project-based working logic. In fact the chapter establishes that the multi-organizational project-based logic results in a more creative outcome. Hence, the authors hope that the chapter encourages both academics and especially practitioners within the insurance business sector to take steps towards more collaborative working practices in order to generate more creative electronic service solutions for customers.

DOI: 10.4018/978-1-60960-587-2.ch402

## BACKGROUND

Insurance companies globally have put effort into developing electronic insurance services especially for nonlife and health insurance. Even though the importance of the Internet as a channel for business-to-consumer insurance services has grown, according to research (e.g., Ahonen & Salonen, 2005; Järvinen, Eriksson, Saastamoinen, & Lystimäki, 2001) the Internet is still used mainly for information acquisition purposes. In contrast, the actual service transactions (e.g., buying and reporting a claim) are performed in person or via phone with an insurance officer or independent broker.

In order to increase customers' willingness to use electronic insurance services, a few critical issues need to be taken into consideration. First of all, customers usually need to contact the insurance company only once or a few times a year. Second, in the same way as all current Web-based electronic services, also electronic insurance services are based on self-service principles. This means that physical service contact is not available for the customers and instead they have to rely on their own know-how and skills in order to get their service needs fulfilled. For the above-mentioned reasons, it is more difficult for the customers to start operating in the electronic environment than in the physical service environment.

In spring 2002 some Finnish academics involved in research on insurance business expressed their concern regarding the lack of customer orientation in the case of the electronic insurance services available on the Internet. They raised a question: "How do we get electronic insurance services closer to customers?" A discussion about launching a research and development project for the purpose of increasing the customer (i.e., user) friendliness of electronic insurance services was begun.

Not more than a few months later the discussion had spread to insurance business practitioners when the above-mentioned question was raised

also in public seminars and at other events by academics. Both academics and representatives of the business world realized they share a common concern with regard to developing electronic insurance services that better respond to customers' needs.

The cooperation between academics and businessmen started by preparing a research plan, and after a year a public research and development project was launched. The project was entitled "eInsurance 1" and was carried out between August 2003 and December 2004. The project also engendered a follow-up project with the similar but more extensive objective of enhancing the customer friendliness of electronic insurance services (eInsurance 2), which was executed between June 2005 and February 2007.

In this chapter, research and development activities of electronic insurance services included in these two projects are introduced and discussed. Although research results gained through the two eInsurance projects provide valuable information for practical business, the main focus of this article is, however, on the part of the project dealing with development. In particular, attention is paid to introducing the developed electronic insurance service concept for consumers called "Safety and Insurance Advisor" since it is the most fundamental practical result of the two eInsurance projects. The developed service concept is totally new in both Finnish insurance markets and internationally.

Now one could ask: "Why describe research projects and their results in order to provide a case for developing electronic services in an organization?" We can provide many distinct reasons. First, since the projects had received public funding,<sup>1</sup> we considered it our duty to publicly report all results. Second, the two eInsurance projects were not only research projects but also *development projects* aiming at developing concrete electronic service concepts for the use of the insurance industry. In fact the eInsurance projects were, and still are, pioneering projects in examining and develop-

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