

Insurance Distribution in the Digital Age

Fatima Zahra EL ARIF

*Department of economics and management
Research laboratory on finance, banks, and risks management
Hassan II University, Faculty of Ain chock
Casablanca, Morocco*

Abstract: *In the last ten years, digital has undergone considerable development, and has modified a significant number of uses and behaviors, in our professional life as in our private sphere: social networks and online communities, electronic commerce, dematerialization of exchanges, mobile internet, etc.*

The rise of new digital media and mobile applications as well as the growing power of the consumer-Internet user - alone or in community - are starting to change, and will probably change even more in the future, the relationship of prospects and customers to insurance in general, and insurance distribution in particular.

This study illustrates our area of research: if the vast majority of citizens confirm that they are experiencing a real digital revolution making their daily lives easier, we should ask ourselves if the distribution of insurance on the French market benefits from the same enthusiasm.

Key-words: *insurance, electronic commerce, internet user, distribution, digital revolution.*

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I. Introduction

After two significant moments of rupture in the twentieth century, linked to the launch of mutuals without intermediary and then to the development of “bancassurance”, distribution of insurance could have known, at the turn of the century, a new rupture due to the advent of the Internet.

However, the facts do not unfold as some imagined: the 2000s saw, after a phase of euphoria, an explosion of the Internet bubble and the rapid disappearance of the first pure-players who proposed the online subscription of insurance.

Ten years later, if the Internet is an integral part of everyday consumers over the world, and if the new digital applications have become increasingly important in insurance - in terms of management, expertise, electronic data interchange, etc.. - the online subscription increased very slightly and is estimated between 2 and 3% of the french insurance market.

The evolution is out there, carried by both sociological and technological aspects:

- the consumer has appropriated the internet which is a research and comparison tool, facilitated by the insurance comparators, but also a conducive place to share user experience and to act on e-reputation of insurers,
- the new generations, digital natives, have new requirements and have also a growing power facing brands,
- relation to time changed, amplified by the development of mobile internet: the consumer expects a growing responsiveness to his requests,
- social networks and multiplication of communities, which could transform the behavior and the customer’s requirement level,
- new actors, whose insurance is not the business, from sectors as diverse as retail, media or telecommunications, optimize the use of digital aspects, in order to win market share, positioning themselves on the distribution, while abandoning to historical actors the other elements of insurance value chain.

Consequence of these developments, the act of purchasing insurance is no more “linear”. The deployment of multi-channel or multi-access solutions, as well as the provision of modern support tools for sales forces, became absolute priorities. The customer is subject to multiple requests that can challenge the insurers, if they do not know how to reinvent themselves, facing new players who start using their innovation, agility and responsiveness capacities, in order to become serious competitors in the distribution.

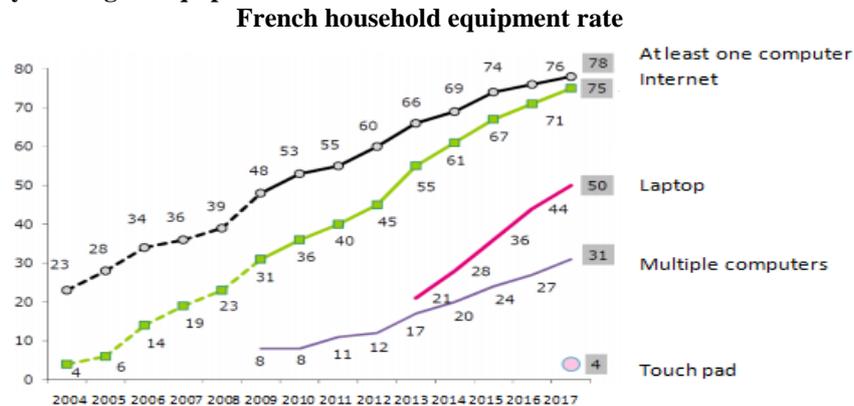
Only the insurers who will make their own revolution, cleverly exploiting the digital uses, by revisiting the role of their physical outlets and of their advisors or intermediaries, as by positioning

themselves on the custom brand approaches, can hope to keep a significant market share in the insurance distribution landscape radically changing.

II. An increasingly connected population

The capacity of insurers to successfully negotiate the digital shift is closer to equipping our fellow citizens in terms of internet access and connectivity tools - at home or on the move - and their appetite for new societal trends online, for example, social networks and communities.

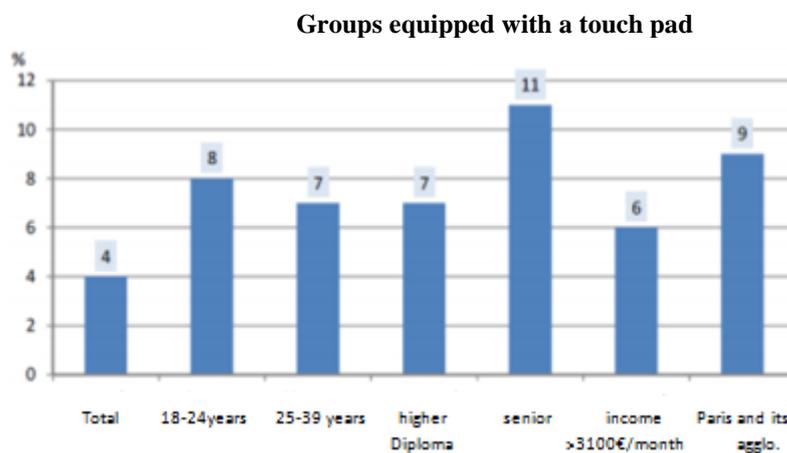
II.1. Connectivity and digital equipment



Source : Crédoc

In the middle of 2018 :

- 75% of households have an internet connection at home, compared to 71% in 2017;
- 97% of connections are made by broadband or very high speed: adsl, cable, optical fiber;
- 31% of households have several computers and 50% have a laptop;
- 4% have a touch pad; on this equipment there is a digital divide, the
- equipped individuals being overrepresented in Paris, in the CSP + and the younger generations :



Source : Crédoc

II.2 - Mobile connectivity

The deployment on a significant part of the population of a fleet of smartphones - smart phones connected by 3G¹ - has become a reality: in the 4th quarter 2018², France had 19 million mobile users³, or 3.5 million more than a year ago.

The democratization of smartphones and the evolution of operators' offers⁴ are contributing to the evolution of the profile of users and uses. In the 4th quarter of 2018:

¹ 3rd generation wireless communication network allowing the exchange of data (digital data). 3G + offers even faster wireless speed.

² Source: Médiamétrie - The mobile Internet audience in France in the 4th quarter of 2018

³ A mobile user (contraction of mobile and Internet user) is a user who connects from a smartphone

- 1 out of 2 mobile users is under 35 years of age, while this age group represents slightly more than 25% of the population,
- 8 out of 10 mobile users live outside the Paris area,
- 91% of mobile users consulted at least one site over the period,
- 60% of mobile users have used at least one connected mobile application,
- The average connection time is 6h24 per mobile user over the quarter, a little more than 2 hours per month.

II.3 - Participation in online social networks

The proportion of individuals who participated in social networks in the last 12 months, measured in 2018 by Crédoc⁵, stands at 52% among the population of Internet users residing in France, i.e. 40% of the French population.

Here is the number of subscribers on the main social networks in France:

Facebook	24 millions
Instagram	13 millions
Twitter	5 millions

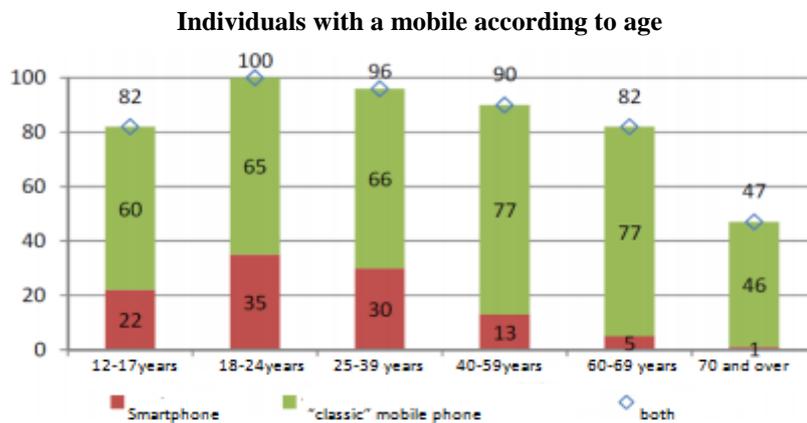
III. The generational effect

III.1 - The new generations

The new generations are a particular challenge for digital. Indeed, if the appropriation of new technologies is not obvious for certain generations, for generation Y and the following generations, we are and will be faced with digital natives, in other words citizens born with a mouse pointer or a console in hand, and immediately adopting new digital uses.

The rate of smartphone ownership by people under 40, and their level of presence on social networks are perfect illustrations:

- 1 in 2 mobile users is under 35 years old⁶ while this age group represents only a little over 1/4 of the population and 18-24 year olds are very over-represented:



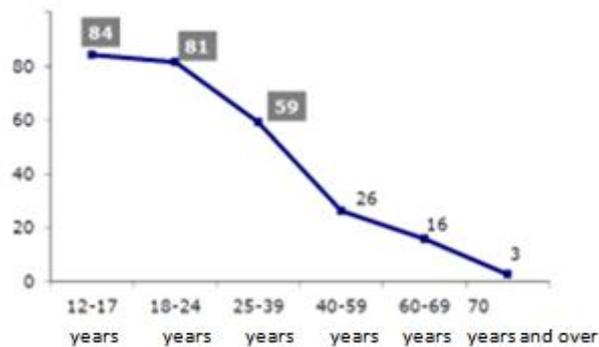
Source : Crédoc

- Those under 24, who are the consumers of tomorrow, are the biggest users of social networks: in 2018, 81% of the 18-24 age group participated in such networks:

⁴ Having launched in January 2018 a non-committal telephony offer including 3 GB of data for € 19.99 / month, the operator Free Mobile has contributed to democratize this use even more

⁵ The spread of information & communication technologies in French society - October 2017

⁶ Source: Médiamétrie - The audience for mobile Internet in France in the 4th quarter of 2017

Participation in social networks by ageSource: Crédoc⁷**III.2 - Threats and opportunities**

If Generation Y has great development potential, it also has points of attention:

- a much more zappy generation, with the corollary, unlike their elders, a lower loyalty to traditional brands and networks having their storefront;
- ease of access to a large catalog of online offers and comparison tools, with the risk that the sole criterion of price be given priority;
- a demanding relationship to time: immediacy is the rule and a reaction time of 48 hours will most often be experienced as "abnormal",
- high use of social networks and conversational tools or sharing of consumer opinions, implying for operators a significant change in transparency, online presence strategy and monitoring of e-reputation;
- the new generations are listening on the web but they also want to be listened to, by taking into account their expectations and suggestions;
- the advisability of making a young satisfied consumer an ambassador should not be overlooked, because if word of mouth can have a negative connotation, it can just as well be positive if the operator has been able to seduce the member of a group !

However, the fact of "tackling" a language supposed to be young presents certain risks of rejection and demonstrates the difficulty, especially for traditional actors, in finding the right balance to approach these rising generations.

We bet that collaboration with specialized consultancy agencies and integration into the staff of insurers of collaborators of these generations will be decisive elements of a controlled gradual appropriation: community managers⁸, e-marketing project managers, etc.

Some mutuals and companies have understood this through the choice of their community manager: Axa, MACSF, Generali, to name a few, have made the choice of employees in touch with their time and particularly seasoned both ad hoc language, netiquette⁹ and mastery of rising technologies, while respecting the customer relations policy of their respective companies. These twittos¹⁰ have even established¹¹ regular inter-company meetings, intended to discuss their approaches and best practices, the T A B A for "Tweet Apéro Banque Assurance"

III.3 - Opportunistic insurers

The Insurance Tribune of February 2012 headlines: "Why is Generation Y shunned by insurers? " Essentially, the author of the article, Franck Stepler, tells us that:

- The target of 18-34 year olds represents a potential of 13 million customers,
- Most market players have no particular approach and therefore no priority actions in this direction, unlike banks and bancassurers,
- Interesting experiences should be noted in foreign markets: Progressive in the United States, Mapfre in Spain with the Ycar auto offer specially designed for young people.

⁷ The spread of information & communication technologies in French society - October 2017

⁸ The Community Manager or "CM" is responsible for animating the Internet communities around his brand, responding to messages, and more often than not carrying out monitoring, all of which contributes to optimizing the e-reputation.

⁹ Qualifies all behaviors and practices which compliance with the internet is recommended

¹⁰ Name given to frequent users of the Twitter microblogging tool

¹¹ The Argus of Insurance: In community manager there is communication - March 25, 2018

For her part, Bénédicte Daull-Massart of Deloitte, indicates¹² that "These young people are catalysts of trends ... Curiously, insurers did not understand that these new behaviors were going to modify the modes of consumption of insurance".

The AXA approach

The insurance leader has just launched¹³, in partnership with Monéo, Axa Campus, an affinity offer dedicated to students, structured around four guarantees: assistance abroad, winter sports assistance, loss and theft guarantee for keys or means of payment, accident guarantee. The launch is accompanied by a Facebook event.

Axa seems to take this generation's codes into account in its approach:

- internet is the distribution method, including a version of the site for smartphones,
- the offer is very modular, with attractive prices,
- payment can be made with PayPal, Bank card, or Monéo which has the advantage of already being used in 22 French universities as a "multi-service" card.

The MACSF approach

The mutual specialist in health professionals has initiated for several years, with its audience of health students, an approach including through social networks.

The spearhead of MACSF, a dedicated social network, "rézo +" created for and with students, as Anne Clerval points out:

"We decided, after listening to the web, to involve in the design of this site, in a logic of co-creation, students from most disciplines. Midwives, nurses, physiotherapists, doctors, were consulted at each stage of the project: site functionality, ergonomics, design and even site name".

The objectives pursued:

- increase brand awareness among 170,000 students, future healthcare professionals,
- develop a positive and innovative image with this audience,
- bring real added value with services adapted to student life,
- help optimize Macsf's e-reputation.

For the launch of the site, a real battle plan was deployed:

- a widget¹⁴ and banners on student sites, a dedicated thread on Twitter,
- flyers and posters distributed on student conventions and events,
- Facebook the implementation of Facebook connect¹⁵ to facilitate site registration

IV. Communities & social networks

IV.1 - Online communities

Riding on the new uses allowed by digital, several players have tried innovative approaches on the web: here are some illustrations.

One of the defining societal phenomena linked to new digital uses is the development of online communities. Betting on this movement, several insurers have initiated experiments on the internet.

KontSurNous, launched by Generali, presents itself as "the insurance of smart tribes".

The idea is to gather with friends or colleagues (between 2 and 15 people) around a need for common insurance (in this case auto insurance), to create a community and submit the request to benefit from a preferential rate and innovative services such as a point recovery course reimbursed by the insurer.

Each contract subscribed allows the tribe to accumulate points which can, for example, be assigned to a member to reduce or eliminate the deductible during a disaster.

This site was, however, deactivated during 2011 by the insurer: if the originality of the marketing approach earned Generali great spin-offs and even rewards¹⁶, the site neither met its audience, nor generated the business expected¹⁷.

IV.2 - Group purchases

The Groupon site

The Internet offers great deals and special offers. One of the approaches is group purchasing, which consists of a reduced rate for a site to be negotiated with a supplier or merchant, reserved for site members. The model is

¹² The Insurance Tribune - Why millennials are shunned by insurers - February 2012

¹³ Axa press release - February 6, 2012 & The Argus de l'Assurance, Axa invites itself on campus, February 17, 2012

¹⁴ A widget is a communicating application that internet users can insert on their computer desktop or on a web page

¹⁵ Component that allows a user to identify himself on a site using his Facebook data

¹⁶ KontSurNous notably received the 2009 Silver Top Com in the "community site" category

¹⁷ Bertrand Boré, Generali's e-business Director at the Digital Insurance Forum - February 7, 2011

based on the fact that the merchant, in exchange for the price effort that he consents, expects to significantly increase attendance at his point of sale.

A general agent MMA, the firm of the Dauphin brothers, very dynamic on the internet where he was the first to have a Facebook profile, proposed a deal on Groupon in early 2011 consisting in acquiring for 29 € a voucher with a face value € 100, to be used on contracts offered by the agency.

This offer was sent by e-mail¹⁸ to 840,000 Internet users interested in receiving good local deals in the sector covered by this agent.

Was the offer unsuitable? is insurance a product that is not enough to dream of consumers who are used to buying relaxation or fitness sessions?

The fact remains that only 6 Internet users asked to benefit from this deal, which did not meet the traffic creation objective of this general agent.

Launched by the broker Dedicom¹⁹, assurOfer is inspired by the Groupon concept, while being dedicated only to insurance: home, health and provident insurance for the moment.

An eye-catching special offer is offered to the Internet user, for a limited time, with a system encouraging several to take advantage of it, since, on this health offer for example, the number of free months depends on the number of applicants. In the Evolution of the offer cartridge, the free months appear: 3 months up to 30 subscribers, then 4, 5, 6 months.

The site works in conjunction with Facebook and Twitter²⁰ which relay offers and invite to share good deals, while also pushing to sponsor relatives.

We are in the presence of a fairly interesting mix to follow since it combines both group purchasing, interest in sharing a good plan, link with social networks, online games, in a logic of viral marketing, all tending to elsewhere to look like a huge barnum!

The creator of the site, Jean-Jacques Doucet, specifies²¹: "We have been able to negotiate with very large insurance brands offers and products with advantages, discounts and freebies never seen on the net".

As for insurers, the discourse is a little different: Generali and Swiss Life²² have asked that their contracts not be associated with this type of approach in order to keep control of promotions according to the networks and to ensure their consistency.

IV.3 - Social networks

When Facebook is placed at the center of many strategies revolving around social networks, we forget a little quickly that Second Life, acclaimed in its time, today almost disappeared from the landscape and that Copains before, founded in 2001 and which was for a long time the leading French social network, has also largely lost ground²³.

A social network is nothing more than a connector between individuals:

- In real life, associations, clubs and interest groups are social networks²⁴,
- On the web, social networks are virtual but they also aim to connect individuals around themes that are rather personal (Facebook, friends from before ...) or professional (Linkedin, Viadeo ...). Web 2.0²⁵ has enabled the emergence of these online networks, giving everyone the opportunity to publish information, photographs, videos, etc.

In terms of use, we can essentially note that the proportion of participants in social networks was 40% of the population in 2016 (i.e. 52% of Internet users) and that the young generations are over-represented among users:

¹⁸ Source: Christian Dauphin - Digital Insurance Forum - The Insurance Letter - February 7, 2011

¹⁹ The site was launched in September 2011 under the name FreeAssur and changed to AssurOfer in December 2011.

²⁰ This site has activated the Facebook connect and Twitter connect modules, which allow users to use accounts created on social networks without having to re-create an account.

²¹ Launch press release - September 15, 2011

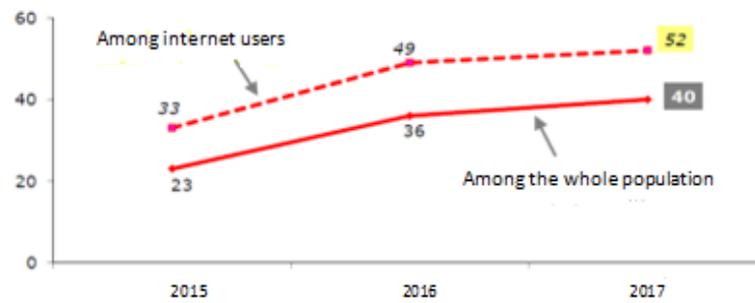
²² "Our approach is to apply the same rates in all networks; these offers do not respect the protocol entered into with our intermediaries," said Eddie Abecassis, director of e-business development at Swiss Life. The Insurance Argus - Internet, group purchasing: FreeAssur is in the hot seat - October 21, 2011

²³ Forwards who has 13 million members launched in the 1st quarter of 2012 a new version of the site to face Facebook

²⁴ Since the start of the 2011 school year, MMA has been playing skillfully in this field, highlighting in its new advertising campaign its customers and agents, who form "the leading social network in insurance"

²⁵ Web 2.0 is not a technology, it is a phase of development of the Internet encouraging the participation of Internet users, through open applications and services: forums, blogs, social networks, etc.

Proportion of individuals who have participated in social networks in the past 12 months



Source : Crédoc

Participation in social networks by age

Age range	% of participants
12 - 17 years	84 %
18 - 24 years	81 %
25 - 39 years	59 %
40 - 59 years	26 %
60 - 69 years	16 %
70 years and over	3 %

Source : Crédoc

A striking phenomenon is that, on Facebook, insurers do not talk so much about insurance: among the pages with the most fans, 3 relate to sports sponsorship (Sailing, Rugby, Cycling), while the largest in number of fans, MMA and Maaf, are on offbeat approaches, as well as Cerise by Groupama. Only the pages of Malakoff Médéric, Aviva, Direct Assurance and Mascf remain close, in terms of themes addressed, insurance or subjects related to the core business.

IV.4. Use of video

The use of video support by insurers is becoming more democratic, like the particularly interesting campaign, although very offbeat, led by the MAAF around its "French champions of complainers" which is positioned in the same editorial line as the TV commercials of this mutual.

Internet users are invited to post a video where they complain as best as possible, with a jury to choose the best complainers. The 3 best, in addition to their price, will appear in a TV spot of the brand.

The personal involvement requested from the user is effective by allowing interactivity with the brand. In addition, MAAF plays on synergy with its Facebook page "I moan and I like it" which had more than 82,000 fans at the end of January 2012.

For Cédric Vandervynckt, of YouTube France²⁶, the key elements for insurers are the following:

- an effective and relevant support to reach in particular the 15-34 years who are increasingly deserting television,
- a tool that perfectly fits into a brand content strategy, allowing people to speak to prospects and customers,
- a good way to act and nurture the brand territory and help strengthen e-reputation.

Christian Ruetsch, Secretary General of LAB, shares his analysis with us²⁷: "This new experience illustrates well how social networks are able to offer real alternatives to traditional offers from insurers on the Internet. It is still too early today to know what the real scale of this phenomenon will be, but it is very interesting to note that the Friendsurance initiative brings together all the "good ingredients" of insurance seen by the consumer: substantial savings on the cost of premiums, self-insurance in a small circle, known and in which there is total confidence, accountability of the members of these networks coming precisely from this proximity, the elimination of all intermediaries does not bring additional added value ..."

The circle seems to be complete, because we are returning to the fundamentals that have governed the development of insurance: risk, hazard, stakeholders, mutualisation, compensation.

The peer to peer model seems to ask two questions:

- Could this type of approach, which shakes up traditional lines, prefigure a larger movement in which new types of players would come to question existing models and the role of historically established actors?
- Should insurers not support this movement so as not to "lose" part of their current activity?

²⁶ Intervention within the framework of the "2nd NA Camp" organized in February 2012 by newsassurances.com and Atos.

²⁷ e-Newsletter of Cercle LAB www.cerclelab.com - May 2015

V. Conclusion

Over the past ten years, many business sectors have been transformed by digital developments.

At first glance, the distribution of insurance does not seem to take the same path, because the revolution that is underway is not the one that we could have imagined.

Online subscription is still marginal in France and the majority of consumers want human contact to sign their contract. On the other hand, new digital uses are revolutionizing the pre-sales phase, allowing the Internet user, easily and independently, to compare prices and learn about the reputation of the insurer; as well as the after-sales phase, used by most players to develop online loyalty services, but also used by Internet users to share their experience.

From a societal perspective

- The new generations, generation Y in mind, have new requirements: less brand loyalty, immediacy, mobility, new vision of solidarity.
- The notions of community and affinity are very important and will have to be taken into account more by insurers.
- Social networks are becoming a real social phenomenon in which insurers are still looking for their place.
- Experience with group buying or peer-to-peer insurance has so far not achieved significant success.
- E-reputation is a central issue: more than half of households already use the internet in their insurance purchase journey.

From a technological angle

- Digital uses are widely adopted by the French population.
- Mobility has become a reality: for customers, with an overrepresentation of the younger generations, but also for advisers who have, in certain networks, connected tools: smartphones, laptops and tablets.
- The dematerialization of exchanges is experiencing strong growth.
- In terms of usage and user experience, new tools, such as the touch pad, offer a field for customers as well as for networks.

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