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## ПОВЕДІНКА ЛЮДЕЙ У ПРОЦЕСІ ІНТЕРНАЦІОНАЛІЗАЦІЇ СТРАХОВОГО РИНКУ У ПОЛЬЩІ

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У країнах з перехідною економікою сильною є тенденція до наслідування зразків закупівлі і споживання розвинених країн. Чинником зміцнення цих трендів є глобалізація і інтернаціоналізація. У Польщі ринок особливо чутливий до процесу інтернаціоналізації страхового ринку. Швидка зміна системи страхового ринку Польщі спричинена не тільки перетвореннями інфраструктури, але й посиленими змінами поведінки споживача. На основі опитування, проведеного в листопаді–грудні 2012 року, представлено процес інтернаціоналізації страхування у Польщі. Результати цього дослідження показують, що індивідуальні клієнти в Польщі не повною мірою використовують переваги інтернаціоналізації.

**Ключові слова:** страховий ринок, процес інтернаціоналізації, поведінка індивідуальних споживачів.

## BEHAVIORS OF INDIVIDUALS IN THE PROCESS OF INTERNATIONALISM OF THE INSURANCE MARKET IN POLAND

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In countries that transform their economy is a strong tendency to imitate, the acquisition of consumption patterns and behaviors of more developed countries. Factor for strengthening these trends is globalization and internationalization. In Poland, the market particularly sensitive to process of internationalism is insurance market. Fast going system changes in the insurance market in Poland have caused not only the transformation of infrastructure, but also intensified changes in customer behavior. The article, based on a survey conducted in November-December 2012, presents the process of internationalization of insurance in Poland. The results of that research clearly show that the individual customers in Poland don't take full advantage of the internationalization.

**Key words:** insurance market, the process of internationalization, the behavior of individual customers.

**Problem formulation.** In developed countries intense and profound changes can be observed in customer behavior. They are so clearly defined that it is even said of a 'new consumption' [1, p. 137].

Conversions apply to the hierarchy of needs, level, ways and means to obtain them, as well as the criteria for making choices. On the other hand, in developing countries or countries transforming their economies is a strong tendency to imitate, which means adopting patterns of consumption and behavior implemented in more developed countries. The result of these processes is the spread of the needs on a global scale, while promoting and unifying ways of meeting them [2, p. 7]. The factors influencing these behaviors are: globalization and internationalization, and consequently, the increase in international relations and the development of means of communication. In Poland, the markets that are particularly sensitive to the effects of globalization and internationalization and adoption of consumption patterns typical of more developed countries are the financial markets and the insurance market [3, 4]. Fast going system changes in the insurance market, not only led to the transformation of infrastructure, but also changed the behavior of individual customers. In the process of liquidation of the monopoly on the insurance market and the appearance of the voluntary insurance next to the compulsory insurance, consumers have become more independent participants in the market game. Individual customers are limited in their choices for insurance services by their own financial capabilities and their knowledge about insurances. Conducted considerations give therefore the impulse to undertake research into customers' behavior on the Polish insurance market in the process of internationalism.

In the Polish economy the importance of insurance services systematically increases. Their essence is to ensure the financial security of subjects exposed to risks. These subjects, in exchange for the insurance premium, pass on to the insurance company the responsibility for financing the increased needs of property resulting from the implementation of risk. Insurers paying compensation and benefits, provide funds for the restoration of the damaged property, to compensate for the losses and provide help to those who have suffered the effects of random events covered by insurance.

The growing importance of insurance in economic life is closely linked with the changes that have occurred and continue to occur in the Polish insurance market. The functioning of the market is based on the principles that have been adopted for a uniform financial market of the Member States of the European Union. Among them significant are:

- freedom to settle,
- freedom to provide services,
- freedom of capital flow,
- the principle of minimum standards,
- the principle of uniform license,
- the principle of the primacy of native supervision,
- the principle of mutual recognition of national regulations [ 5, p. 48].

According to the principle of freedom to settle in natural and legal persons, including financial institutions such as insurance companies, whose headquarters are on the territory of any Member State have the right to start operations in each of the other European Union countries. There are no barriers to the ability to create branches or European companies. It is also possible to operate on the territory of the Member States of the Union without having to set up branches. This is the next principle of freedom to provide services. According to this principle, natural or legal persons can move freely in order to offer their services. At the same time the existing regulations allow subjects purchase services within the EU. The principle of free flow of capital refers to financial transactions having no direct relationship to the movement of people, goods and services. Its implementation in practice is reflected in the freedom to make investments and the freedom to make payments.

In addition to these principles, the functioning of the Polish insurance market is determined by the principle of uniform license, the primacy of native supervision and of the recognition of minimum standards and national regulations. According to the principle of uniform license, financial institutions based on the authorization obtained in one of the Member State may perform the licensed activity throughout the European Union. Supervision of their activities regardless of where it is carried out in accordance with the principle of the primacy of native supervision is carried out by the supervisory authority of the country that issued the license. Practical realization of the principle of uniform license is possible in terms of standardization requirements of financial institutions on the establishment and operations and the withdrawal of authorizations for the conduct. In terms insurance activities minimum

requirements are set out in EU Directives [ 6,7,8,9,10]. It should be noted that the regulations contained in the Directives do not provide definitive solutions, and define only the minimum requirements that should be followed in the European insurance market. Each member country shall therefore develop national legislation harmonized with the regulations contained in the directives. In Poland, the main piece of legislation regulating the operation of the insurance system is the Law on Insurance Business [11]. The implementation of the new regulations has contributed to significant changes in the Polish insurance market, which has become an integral part of the international market.

**Analysis of current research outputs and publications.** In new condition, the influence of foreign players on the Polish market has been increased. This impact manifests itself both through foreign direct investment in domestic subjects as well as offering insurance services. While at the end of 1992, foreign direct investment in the insurance sector amounted to 19.4 million zł. over the next five years this figure has increased more than 13.5 times and amounted to 263.8 mln zł [12, p. 56-61;13]. Doubling the value of foreign direct investment was over 1998, when it was known that from 1 January 1999 the liberalization of entry conditions on the Polish insurance market will take place. After 1999, the value of investments continued to grow, reaching at the end of 2011, the level 4 466.16 million. zł. [14]. Searching for the causes of such a large influx of foreign capital should be indicated mainly on the already-mentioned legislation changes. Also significant were such factors as geographical location number of residents, consistently carried out socio-economic reforms, competitive labor costs and a low degree of saturation of the insurance market. It should be mentioned that there were also factors that inhibit investment in the Polish insurance market, for example, in connection with the a prolonged privatization process, bureaucratization of the procedure for obtaining authorization to conduct insurance activities, or the lack tax preferences on long-term. Conducted investments are reflected in the development of the Polish market penetration rate by foreign capital. In 1998, the rate calculated for the life insurance market was 38.32% and for market of other insurances, personal and property insurance – 12.6%, and in 2011 was respectively 69.65% and 84.38% [14].

Activities involving the investment of capital in the domestic plant, which is already operating on the Polish market, the establishment of a branch or the main branch were not the only forms of the Polish insurance market penetration by foreign subjects. Many of them started to cross-border insurance business under the freedom to provide services. According to information provided by the Financial Supervisory Commission, in 2004, 160 foreign insurance companies announced their intention to engage in this activity, and at the end of 2011, 577 foreign companies had notification authorizes to conduct insurance activities in Poland under the freedom to provide services or by the branch [15]. The contribution of cross-border activity of foreign subjects in 2004 was equivalent to 0.6% of gross written premiums this year, 2.8% of the premium for 2008, and in 2010 already 7.6% of gross written premium national insurance [16,17, 18, 19].

It is worth noting the involvement of national insurance companies in cross-border insurance business. According to information provided by the Financial Supervision Commission to 31.12.2011 the notification in foreign operations through a branch had three national insurance companies, and to conduct cross-border operations in a form other than a branch – 19 domestic insurers. The total value of gross written premiums for cross-border insurance activities in 2005 amounted to 2.53 million. zł, in 2010 69.3 million zł., which constituted only, respectively, 0.008% and 0.13% of gross written premium national insurance [16,17,20]. Small premiums written due to cross-border activity is associated with a relatively short period of the legislation to allow for such activities, as well as the high costs that must be incurred in order to enter a new market. The figures show, however, that in this area there is a high potential for development.

Operating in Poland insurance companies also invest in foreign markets. In 1998, foreign investment accounted for 0.2% of total investment and in 2011 was 3.1%. Although the share of these investments in the overall structure should be considered small, it should be emphasized their high dynamics of growth in nominal terms. And so in 1998, insurance companies have invested abroad 31.6 million zł and in 2011, their value has increased more than 91 times and reached 2897.11 million zł, the vast majority (90.3%)

were deposits in member countries European Union [14 and 21 p.47 and 58]. Undoubtedly, an important stimulus for the increased size of foreign investments have been changes in regulations governing the business of insurance tracking, introduced in order to harmonize the approaches used in Poland with the provisions of EU Directives [7, 8].

**Objective of article.** Analyzing the activity of Polish insurance companies in international markets is important to note that it also applies to transactions relating to indirect insurance activity. Reinsurance constitutes indirect insurance activity [11] is often carried out on an international scale. Offer of active reinsurance presented by a professional reinsurer (Polish Reinsurance Company SA), and also by operating on the Polish market insurance companies and reinsurance is not competitive in relation to the offer of specialized reinsurance groups operating internationally, dominant in the global active reinsurance market [14]. Relationship with international character occur in a wide range of outward reinsurance, since insurers operating on the Polish market use the services of foreign reinsurers. Operating in Poland insurance joint-stock companies in which the predominant foreign capital, mainly reinsures risk in the insurance and reinsurance, from which comes their capital (in parent companies), or use reinsurance programs developed for these plants. On the reinsurance market is also a tendency to place the issue of risk in terms of capital strong professional reinsurers. The preponderance reinsurance services of companies are bought in Germany, France and Switzerland.

**Presentation of main material.** Pointing to various aspects of the internationalization of the Polish insurance market should be aware of the fact that the process on the one hand generates specific risks, but on the other hand creates additional opportunities. Undoubtedly, it involves risk. The risk may be the result of exchange rate fluctuations, changes in political, misuse of the information available to potential investors, operating under the international competition, obtaining unfavorable assessments of rating agencies or the loss of control over the company due to the acquisition of a foreign subject majority shareholding. There is also a risk of transferring negative trends in the markets of other countries on the domestic market. On the other hand, the conclusion of international insurance transactions, benefits manifested, among others, increased opportunities for risk spreading. Insurance companies making these transactions are able to cover the losses that occur in certain groups of insurance in one country with profits achieved in other countries. The presence of foreign insurers in the market creates opportunities for the development of the domestic market. These insurers provide additional capacity of the insurance market, thus creating the conditions to insure risks in the country that have been placing on the international insurance market. They also result in increased competition, which should motivate insurers operating on the Polish market to improve the quality of services through the introduction of new types or variants of insurance to meet the expectations and needs of customers, should also lead to the improvement of methods of distribution of insurance services, reducing operating costs of insurance business and reduce the price of insurance protection. The internationalization of the insurance market also allows insurance companies operating in Poland sales of insurance services in foreign markets. Seizing this opportunity, however, requires a good knowledge of the insurance needs within these markets and preparing a competitive bid.

Additional benefits that may be obtained due to the internationalization of the insurance market are: recapitalization of insurers, transfer of modern technology, training new skills, enhance knowledge of management through a system of training and the introduction of modern management techniques. In conclusion it should be noted that the internationalization of the Polish insurance market has become a fact. Insurance companies in new circumstances try to use created opportunities, knowing the risks associated with them and taking steps to reduce the negative consequences of its implementation. However, the question is: is the other side of the market – customers are aware of the developments and adapt their behavior to the changed conditions?

For information relating to the identification and characterization of new customer behaviour under the influence of internationalization of insurance survey was conducted. A survey questionnaire has been used. The research included people over 18 years of age. Due to the use of the Internet to conduct survey

research was a nationwide. Survey among customers were quantitative.. A survey questionnaire has been used. The survey consisted of 8 fundamental questions and 5 demographic questions, which asked respondents to specify gender, education, age, income level and place of residence. The study was conducted in November-December 2012. Received 634 correctly completed questionnaires. In the present study uses the principle of the scientific method: careful observation, formulation of hypotheses, predictions and testing.

Table 1

**Structure of the research sample**

Attribute		The percentage of respondents (in%)
Gender	Female	51,2
	Male	48,8
Age	18– 24	16,3
	25– 34	18,7
	35– 44	21,2
	45– 54	19,9
	55– 64	13,1
	Over 65	10,8
Education	Primary	21,8
	Vocational	23,7
	Secondary	28,7
	Higher	25,8
Level of income	Less than 1 000 zł	29,4
	1 001– 2 000 zł	42,2
	2 001– 4 000 zł	14,8
	4 001– 6 000 zł	9,7
	Over 6 000 zł	3,9
Place of residence	Village	9,1
	City to 20 thousand. residents	21,5
	City 20 – 100 thousand. residents	31,6
	City of over 100 thousand. residents	37,8

Source: Own study based on direct studies

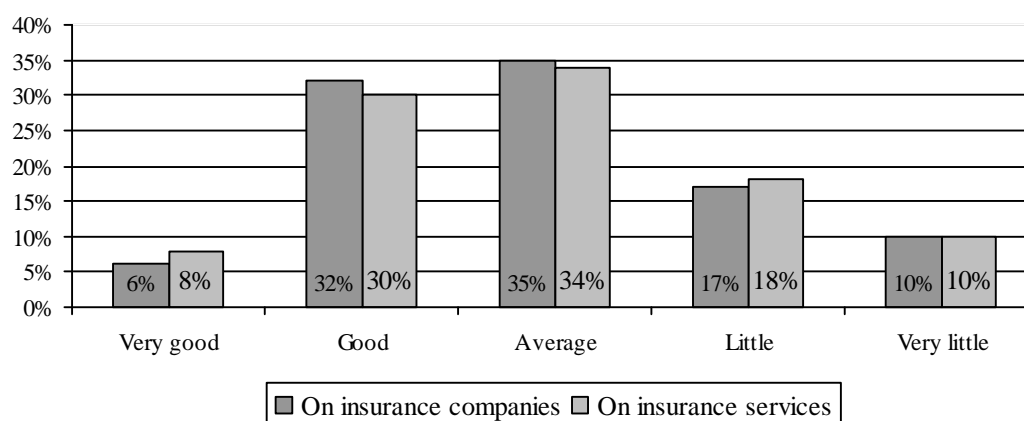


Figure 1. Subjective assessment of the level of knowledge of customers about the insurance market in Poland

Source: Own study based on direct studies

The behavior of customers in the insurance market affects economic factors such as the financial capacity of the client and the amount of insurance premium. However, non-economic factors are the reputation of the insurance company on the market, information from friends and family as well as your

own. Also significant impact has the level of customer knowledge about insurance. Therefore, the first question concerned the subjective assessment of the level of knowledge of customer about the insurance market in Poland.

The research shows that customers do not have sufficient knowledge about insurance market. Only with higher education in the 25-54 age ranges shows the increase in the level of knowledge about insurance where customers rate it on a good level. On the Polish insurance market operates more than 60 insurance companies, 10 mutual insurance companies and 529 notified [21] (branches of foreign companies that conduct acquisitions in Poland), operating on the principle of freedom to provide services that they want to acquire new customers. On the basis of the study it can be concluded that only 43.8% of customers know that insurance companies operating in Poland are in the form of joint stock companies, or mutual association and 16.3% know about the foreign branches that lead acquisitions.

*Table 2*

**Knowledge of the insurance companies in 2012**

Insurance company	2012 (in %)
PZU S.A.	95
WARTA S.A.	77
AVIVA ŻYCIE S.A.	75
ING S.A.	70
LINK 4 S.A.	69
ALLIANZ Polska S.A.	65
AXA S.A.	60
COMENSA S.A.	53
LIBERTY DIRECT	48
ERGO HESTIA STU S.A.	47
GENERALI S.A.	22
UNIQA S.A.	17
EUROPA S.A.	6

Source: Own study based on direct studies

Asking for knowing the names of insurance companies (49%) of clients were able to mentioned more than six companies. Table 2 shows the knowledge of the insurance companies in Poland among customers. The insurance market in Poland is adapted to the requirements of the European Union towards the uniform European Market. Studies show that customers can recognize the changes taking place in the insurance market, and rate them positively. They appreciate the possibility to choose the insurance company and services. Research shows that customers feel the need to take out insurance even think that they should insure themselves (58.9%), but up (32.4%) did not know how to express opinion on this matter and the rest of the respondents considered it unnecessary insurance. Significant differences in the analysis of this question metrical occur depending on age. The least people who think they need to insure it is in the age group 18-24 (39.2%) up (27.4%) considered it unnecessary insurance. In other age ranges the percentage of customers who believe that even should insure themselves is about (60.7%). However, taking into account the degree it can be concluded that the higher the education is also grows belief that it is necessary to insure (respectively: primary (15.5%), vocational (23.5%), secondary (28%), higher (33%). The need for insurance occurs in such as property insurance as communication, theft, fire, civil liability and life insurance of a protective and savings. Customer choosing an insurance company is not primarily directed by attractiveness of the prices for insurance services (39%) more draws attention to the amount of the payment of compensation (61%) and is it trustworthy (48%) and how the process of claim settlement goes (44%). On the choice of insurance company also affects location (36%), which has to do with whether it is noticeable and is it possible to get there and park your car. Features that guide the individual client in choosing of insurance company are similar regardless of the characteristics of the respondent.



Figure 2. Characteristics that guide individual customer when choosing an insurance company  
 Source: Own study based on direct studies

Customer choosing an insurance company is not directed primarily by attractiveness of the prices for insurance services (39%) more draws attention to the amount of the payment of compensation (61%) and is it trustworthy (48%) and how the process of claim settlement goes (44%). On the choice of insurance company also affects location (36%), which has to do with whether it is noticeable and is it possible to get there and park your car. Features that guide the individual client in choosing of insurance company are similar regardless of the characteristics of the respondent.

The studies performed tend to conclude that customers do not have full knowledge of the insurance market. They do not know all insurance companies operating on the Polish market. However, They appreciate the choice an insurance company and feel the need to take out insurance.

The essential features that guide the client when choosing the insurance company is not only the amount of the insurance premium but also what level of compensation is and if it is trustworthy. Customers also positively evaluate competition in the insurance market.

**Conclusion and perspectives for further research.** The changes that have occurred in the last decade, on the Polish insurance market significantly affected by the conditions of operation of insurance companies. On one side was the ability to offer by insurers already operating in Poland insurance services in the markets of other countries, on the other hand, increased competition in the domestic market. This situation causes a lot of risks, but also creates new opportunities. Operate in the new conditions is a challenge both for insurance and for their customers. Insurance companies wishing to compete in the insurance market must use marketing activities. It is widely accepted that marketing is a kind of action of modern business oriented on customer. Insurance companies should be oriented towards needs of the customer, because his satisfaction guarantee the best of its future profits. A satisfied customer is committed

to the company, not only when making purchases, but also shaping the positive reviews of the insurance company and its offer. Therefore important to know the behavior of customers in the process of internationalism of insurance market and conducted research in this area. Results of research presented in this paper show that subjective evaluation of customer knowledge about insurance is on the medium level. Customers can name six or seven names of insurance companies. However, the features that guide the client in choosing an insurance company are: pay appropriate compensation, is trustworthy, fast claims handling process.

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