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# Explaining the Factors Affecting the Usage of Electronic Insurance in Iran Insurance Company and its Operating Strategies

**Qanbar Amirnejad**[1]-*Ph.D. of Public Administration, Faculty of Islamic Azad University, Ahwaz Science and Research, Ahwaz, Iran.*
**Toufiq Fahimi Zadeh**-*MA Student of Executive Management, Islamic Azad University, Ahwaz Science and Research, Ahwaz, Iran.*

**Abstract**
The present study aimed to explain the factors affecting the usage of electronic insurance in Iran insurance company and its operating strategies in Khuzestan province. The research method is descriptive-survey method, and data collecting instrument is questionnaire. The study population is consisted of 480 people of all staff and experts the sales network in Iran insurance company in Khuzestan province that 206 statistical sample were selected using Cochran's sampling method. The obtained data were analyzed using SPSS software after the completion and examination of 160 questionnaires. Data analysis performed using single-sample t-test and Friedman test. The results of hypothesis tests showed that components of the usability of the website, the type of insurance coverage, quality of service and security in the network of the factors affecting the usage of electronic insurance in Iran insurance company are in Khuzestan, however, the internet-advertisement weak impact on the usage of electronic insurance in Iran insurance company. The results of the study hypotheses using Friedman test showed that security in the network and then the usability of the website as the most the importance and influence the usage of electronic insurance in Iran insurance company in Khuzestan. In fact, it said that proposed model is proportional to collected statistical data.

**Key words:** *electronic insurance, usage of electronic insurance, operational indicators of electronic insurance*

1. *Corresponding Author, Tel: 33348420-4 Email Address: gamirnejad@gmail.com*

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## Introduction

The banking industry beside the insurance industry, as the two control arms in any economy considered. So that, appropriate action ensure balanced growth and provide slow movement of economy. Aside from the economic effective approaches, the insurance industry in terms of social has important status and appropriate development could underlie sustainable development in society. In the current situation and considering the complexity of the global economy and the increasing development of information technology in the economy, the insurance industry as a dynamic industry not be left behind, but growth must also provide according to other branches of the economy. Because underwriting as one of the most important and influential economic activity, increasingly plays more important role in economic activity. Therefore, continuous improvement in the provision of insurance services both qualitative and quantitative improvement and the emergence of new services is essential. The advent of information technology has led to the development of manufacturing and service industries as well the insurance industry as part of the service industries is no exception. Because like any other competitive industry, one important factor of customer satisfaction in the insurance services is quality of service (ie, rapid and inexpensive access to those services) and thus achieves this, regardless of the countless benefits for domestic and foreign clients of insurance, is a competitive advantage in the competitive world of today. Web-based financial firms eliminate traditional costs and right delivery of the products and services via the Internet reduce transaction costs.

Internet technologies not only affect the distribution channels of the company, but the company's business processes are changing. Today, IT in the processing insurance policies, determining the premium, market analysis, sales forecasting and accounting is used. It is clear that the insurance is industry dependent on the information, so that ICT can have a huge impact on it. Internet development in the insurance industry has been slower than online banking. There are two main reasons that insurance companies will lead to online activities, first reason is that the possibility of online access and providing a channel to deliver cheap, development of agencies and existing lattice agencies, eliminating bureaucracy and reducing the amount of interaction between persons reduce costs and increase income. The second reason is that online access, increases customer's perception of the service provided to them as well as the causes and increase the loyalty (Yaghoubi & Tajmohammadi, 2011). To use the high potential of e-commerce in insurance companies, identify factors that enhance the success of electronic insurance is essential. Insurance companies that achieve a true understanding of organizational and environmental factors affecting the electronic insurance more than others are able to make informed decisions on how to convert insurance to the electronic insurance system and exploit it to remain in the new economy ( Ellahi et al., 2012).

The main objective of this study was to determine the factors influencing the useage of electronic insurance in Iran Insurance Company and provide solutions to operationalize it and determine to what extent these factors affect the useage of electronic insurance. Therefore, this study attempts to investigate the operational indicators of electronic insurance in the form of a framework, the effect of these factors on the useage of electronic insurance analyzed. So that in the course of this review, a proper and strategic planning for further implementation steps and utilizes its applications offered so can take effective step in the optimal use of information technology tools in business processes and insurance services.

## Research theoretical background

In recent years the use of information and communication technology as the centerpiece of many of the global development is undeni-



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able and it has accelerated affairs. Now every business can be observed signs of technology such as e-banking, e-learning and e-insurance as part of e-commerce and a wave that is not less than the industrial revolution in the world enjoyed unprecedented growth and insurance in general are financial institutions including the industries that e-commerce could play a significant role in its development, because insurance industry is industry information consumeing, so has a fertile ground for widespread use of information technology. Insurance companies with respect to the development and advancement process of information technology and the presence of new and stronger competitors than previous competitors, to stay in this competitive field need to the latest innovations in their industry. Obviously that these areas should be quite cautious as long as users do not use the technology. The aim of designe it is achieve the same improvement and facilitate the related affairs and achieve time and cost savings will not be met (Alikhani, 2009).

Electronic Insurance with internet and information technology usage in the production and distribution of insurance services as a subset of e-commerce pace with the Internet development expanded and its use has become common in recent years in many countries. However, the provision of services in 365 days a year and 24 hours a day, with the emergence of electronic insurance will put into action (Zolfi, 2010). Use of information technology in the insurance industry increase production capacity, improve the speed and quality of service and specialization of activities. Electronic insurance as a whole provide clients access to insurance services using safe mediators and without physical presence. Electronic insurance solve the issues of the traditional insurance, so identifying factors that can affect the usage of electronic insurance help insurance companies in planning and operations management. Much research has examined the factors that influence the adoption of electronic insurance between users. Summary results of some research in the field of adoption of electronic insurance in Iran in Table 1 presented:

**Research Hypotheses**

According to the theoretical literature provided, the following hypothesises can be considered:

1. First hypothesis: the use of web-based is effective in the use of electronic insurance.
2. Second hypothesis: the type of insurance coverage is effective in the use of electronic insurance.
3. The third hypothesis: the quality of services is effective in the use of electronic insurance.
4. The fourth hypothesis: Internet advertising is effective in the use of electronic insurance.
5. Fifth hypothesis: the creation of security in network is effective in the use of electronic insurance.

**Conceptual model**

The main objective of this study was to determine the factors influencing the usage of electronic insurance in Iran Insurance Company and its operating strategies. According to the history and literature, as well as research done by Ellahi and Hassan Zadeh (2009), Molla and Lichr (2005), Fatahian et al. (2009) and Sanaee et al (2008), the conceptual model of study made by researchers and is presented as follows(fig1).

**Methodology**

The research method is descriptive-survey method, and data collecting instrument is questionnaire. The study population is consisted of 480 people of all staff and experts the sales network in Iran insurance company in Khuzestan province that 206 statistical sample were selected using Cochran's sampling method. In the present study to identify five effective factors the quality of service, website usability, type of insurance coverage, internet adds and security on usage of electronic insurance in Iran insurance questionnaire design and questions has been developed according to the hypothesis. Replies to this questionnaire on a Likert scale of 5 degrees (very low) to 5



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| Year | Researcher | research title | Results |
|---|---|---|---|
| 2014 | Torkestani et al | Designing a model to explain the factors affecting on success of electronic insurance in Iran insurance industry | In this study try to in a successful framework, the integrated for insurance companies and consumer electronics from two points of view considered and the relationships between various factors considered in the model. |
| 2013 | Bashiri et al. | Electronic insurance challenges using fuzzy AHP | The results showed that the most important challenges of electronic insurance from customers' perception is reputation, insurance, electronic access to insurance laws and regulations, provide easier service, diversity of services, speed of service, reliability and trust services and insurance companies. |
| 2013 | Esmaeelpour and Kaboutari | The use of fuzzy network analysis process to identify and rank the factors influencing the usage of electronic insurance in insurance industry | The results showed that among the factors, factors underlying and infrastructure, culture, and personality and customer attitudes are more important than other aspects. Also among the branches used in the following four categories of advertising knowledge about the society towards the role and benefits of electronic insurance services, infrastructure, legal and regulatory, risk and personal perception of risk and implementation of security and infrastructure, credit are more important than the other branches. |
| 2012 | Ellahi et al. | The effect of electronic readiness on the success of electronic insurance using structural equation | The results showed that in the current situation, organizational readiness has a significant and positive relationship with the structures of the success of electronic insurance and the readiness of the organization on the usage of electronic insurance benefits and public readiness through the influence of the organizational network impact on the success. |
| 2011 | Sarafi Zadeh, and Ali Pur | Feasibility offer insurance products available in electronic form in insurance companies | The results showed that already offer insurance products available in electronic format on different aspects of operational, technical, cultural, legal and poor. |
| 2014 | Birlli et al | The central role of electronic health cases in people health care | Using electronic insurance as well and in no time, you can have access to information relating to patients via the Internet. |

Table 1. An overview of research in the field of electronic insurance in Iran and world

(very much) are specified. In this study, the first part of the questionnaire included questions about demographic characteristics of persons, whose number is four questions, a description of the research sample provided, and then the second part consists of items for evaluation of five factors and usage of electronic insurance.

In order to determine the reliability of the questionnaire, the Cronbach's alpha using SPSS statistical software used. Cronbach's alpha coefficient of electronic insurance is 74%, indicating the reliability of research tool is high. To test validity questions of the content validity used. To test the content validity of the questionnaire the comments of experts, academics and experts used; and finally ensure that the questionnaire measure the same desired properties of researcher. Data analy-



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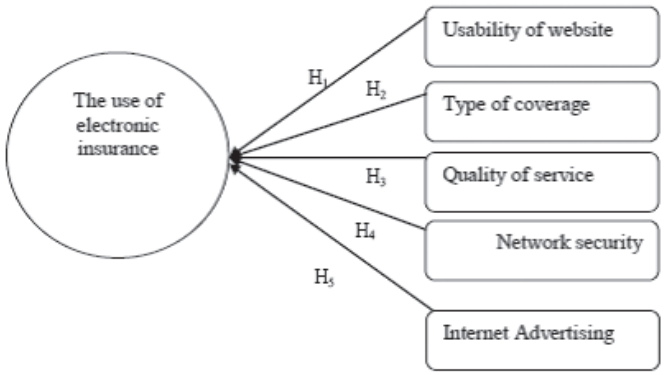



Figure 1. Conceptual model of research (researcher)

| Variable | Levels | Percent | Variable | Levels | Percent |
|---|---|---|---|---|---|
| Age | Female | 68.8 | job experience | Diploma | 31.3 |
| | Men | 31.2 | | Associate Degree | 30.6 |
| | | | | BS | 29.4 |
| | | | | MA | 8.8 |
| Job | Expert of sales network | 55.7 | | | |
| | Staff | 44.3 | | | |
| Age | 22 to 26 years | 13.8 | Education | Between 1 month to 1 year | 7.2 |
| | 27 to 31 years | 15.6 | | | 21.2 |
| | 32 to 36 years | 25.6 | | Between 1 and 5 years | 18.1 |
| | 37 to 41 years | 18.8 | | Between 6 to 10 years | 10.6 |
| | 42 to 46 years | 12.5 | | Between 11 and 15 years | 15.6 |
| | 47 to 51 years | 7.5 | | Between 16 and 20 years | 13.7 |
| | More than 51 years | 6.2 | | Between 21 to 25 years | 10.0 |
| | | | | Between 26 to 30 years | 6.4 |
| | | | | More than 31 years | |

Table 2. Status of the statistical sample in terms of demographics

sis performed in two levels of descriptive and inferential statistics. Descriptive statistics used to evaluate the demographic characteristics of the sample. In Table 2, the statues of statistical sample presented in terms of demographic characteristics. Analyze data using SPSS software and one sample t-test and Friedman test conducted.

**Results**

This section examines the hypothesis of the study. For this purpose, single-sample t-test to evaluate and measure the impact of factors affecting the usage of electronic insurance and Friedman test to rank these factors used. All tests at a significance level of five percent ( ) is done.

However, in order to check which of the components in the effectiveness of e-insurance in the Iran Insurance Company and providing its operational solutions, has great importance to the rest, will be discussed. In this regard, Friedman test will used. Friedman test results summarized in the following table to achieve this response.

**Conclusion**

The aim of this study was to determine the factors influencing the usage of electronic insurance in Iran Insurance Company and its

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| Test Value = 3 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | value of t | Degrees of freedom | significance level | Mean difference | Average | 95 percent | |
| | | | | | | upper limit | lower limit |
| Usability of the website on the usage of electronic insurance | 6.212 | 159 | 0.000 | 0.21 | 3.21 | 0.28 | 0.14 |
| The impact of insurance coverage on the usage of electronic insurance | 1.702 | 159 | 0.025 | 0.08 | 3.08 | 0.18 | 0.01 |
| The impact on the quality of services using electronic insurance | 0.982 | 159 | 0.000 | 0.23 | 3.14 | 0.04 | 2.95 |
| The impact of Internet advertising on the usage of electronic insurance | 5.933- | 159 | 0.000 | 0.27- | 2.72 | 0.18- | 0.36- |
| The impact of network security in the usage of electronic insurance | 9.627 | 159 | 0.000 | 0.57 | 3.57 | 0.69 | 0.45 |

Table 3. Single-sample t test for hypotheses test



| No | Component | Rating average |
|---|---|---|
| 1 | Usability of website | 3.21 |
| 2 | Type of coverage | 3.08 |
| 3 | Quality of service | 3.14 |
| 4 | Internet Advertising | 2.72 |
| 5 | Network security | 3.57 |
| Chi-Square = 116.810; Df= Sig=0.000 | | |

Table 4. Results from Friedman ranking to prioritize the five factors of acceptance

operating strategies in Khuzestan province. As the results showed, according to staff and experts of sales network as sample to study; the factors involved in the study were used as the factors influencing the usage of electronic insurance; including the usability of the site, the type of coverage, provision of services, Internet advertising and network security had an accepted and significant impact on the usage of electronic insurance in Iran Insurance Company. This means that whatever the factors are desirable for staff and experts, will also increase the usage of electronic insurance and travel towards the positive direction. The most important variables affecting the usage of electronic insurance were network security and usability of the website in Iran Insurance Company of Khuzestan. For ratings and reviews of the impact of each factors on the usage of electronic Insurance in Iran Insurance Company the Friedman test used. The results of the analysis of Friedman test showed that five factors prioritized in terms of importance in the usage of electronic insurance in Iran Insurance Company in Khuzestan province is as follows:

1.Network Security
2.Useability of Website
3.Quality of service
4.Type of coverage
5.Internet advertising

Results of the test rankings Friedman test por-

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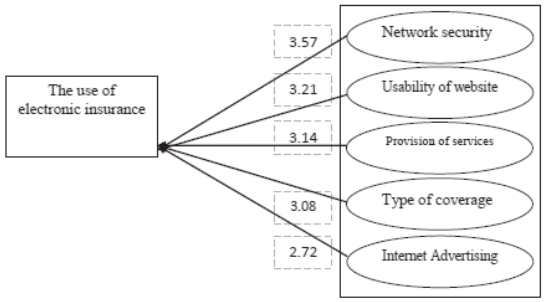



Figure 2. Conceptual model to compare results of Friedman ranking test in terms of impact

trayed in the following diagram.

As can be seen in the chart above, based on the results of the Friedman rankings test, the influential components can be according to the importance network security and usability of the website and eventually component services of provision of services has greatest impact in Iran Insurance Company. Based on the results of a questionnaire distributed in Iran Insurance Company in Khuzestan province noted that the five factors listed in the usage of electronic insurance is effective. Therefore, it said that with the improvement of each of these factors such as usability website, type of coverage, provision of services, Internet advertising and network securing, followed by the usage of electronic insurance in Iran Insurance Company in Khuzestan province also increased. According to the findings, the following suggestions to enhance the effective usage of electronic insurance and therefore their use of e-services offered by the Iran insurance company as following:

1.Insurer have to be ensure than disciplined and faultless performance of the website of Iran insurance company in the Khuzestan province and the insurance company make ensure its customers than its technological ability to provide electronic services via the Internet.

2.Iran Insurance company website designed to convey a sense of professionalism to the insurer.

3.Therefore, it suggested Iran Insurance Company is always up to date news and information on the latest updates show on the website.

4.Managers of Iran Insurance company in Khuzestan province suggested that by taking training courses on the evaluation of the implementation of the electronic insurance for each of the insurance products by insurance experts, analysis of the types of insurance coverage and check insurance coverage and determine the blind spots in the conversion process electronically, analyze and evaluate the strengths and weaknesses of the Iran insurance company for the project, and cultural issues related to this issue from the perspective of Insurer, employees and experts of central insurance and the existing laws of the country; from the perspective of the employees of the insurance company to analyze all aspects of the implementation of electronic insurance with respect to various aspects of their coverage.

5.It offered to Iran Insurance Company design their website in such a way its performance for the insured was predictable and use it easily possible for him.

6.It offered to Iran Insurance Company create culture to use their online products and services that this is but the shadow of informing Iran Insurance Company and Internet ads about how great the service was not practical.

7.With respect to network security and privacy, it is recommended that Iran Insurance Company to express their privacy and security policies and ensure their customers that their information will be safe with no change in the company and in case of violation and abuse of personal information the insurance company,



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will accept its responsibility.

8.It suggested that the central insurance by providing educational programs and play it through the mass media to educate people on how to use the services of the insurance company and the premium rates in the different fields take action.

9.Financial investments required for the implementation of electronic insurance in an atmosphere devoid of part review and a more conservative look.

10.Raise the awareness of managers Insurance Company of Khuzestan province than electronic insurance and other foreign countries and send the electronic insurance activities of managers and experts from different countries to be acquainted with the electronic insurance business in the leading countries.

11.Providing Internet access in all parts of the country with sufficient bandwidth and speed

12.Training and providing technical expertise labor in the country's university to support the electronic insurance plan

13.Developing insurance companies special law especially in the field of electronic signature, insurance contracts and electronic transactions.



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