EWA WIERZBICKA

The significance of customer value for an insurance company

The purpose of this article is to demonstrate the importance of the impact of customer value on the value of the insurer (insurance company). Customers generate cash flow and largely determine the profitability of an insurance company. Therefore, it is necessary to identify and quantify the needs of insurance company customers and their level of satisfaction with product and service quality. Customer value for the insurer should be measured and maximized by, for example, matching products to the changing needs of the customer life cycle. Loyal and satisfied customers create value for insurance companies.

Key words: customer value, insurer, loyalty, customer relationship management CRM, customer lifetime value CLV.

Introduction

The value of an insurance franchise (insurance company or insurer) hinges on properly defining the strategically important customer segments and correctly identifying the value of these customers, as well as by skilfully managing this value.

The experience of the financial crisis and changes in the financial services justify the hypothesis that the value of financial institutions, including insurance companies, is determined not only by the quantity of capital and the potential of sales in the traditional sense (e.g., the number of branches and the number of insurance agents). Today, the key determining factors for an insurer's value are:

– the value of market segments (current and future),
– customers value (current and future),
– the ability of the insurance company to reproduce and to increase this value in subsequent cycles of the sale of insurance products.

In his book entitled Marketing Management: *Analysis, Planning, Implementation, and Control*, Philip Kotler wrote, "Appreciating and satisfying customer needs are key to success. Focusing on customers and creating loyal relationships are very important in a world characterized not by a shortage of goods but by a shortage of customers."[1]

1. The Unique Qualities of an Insurance Undertaking as a Financial Intermediary

Insurers (insurance undertakings) are active financial intermediaries that develop proprietary products in the form of insurance services.[2] The operations of insurers as institutions of public trust are subject to special legal regulations and financial supervision. In Poland, the insurance sector is supervised by a state regulatory institution called the Polish Financial Supervision Authority. Its primary purpose is to enhance the safety of the operation of insurance undertakings.[3] Insurers offering commercial lines, that is institutions offering life, property and casualty insurance[4], are the subject of interest in this paper.

Commercial lines consist of, above all, non-compulsory insurance with respect to which the customer as the policyholder unilaterally determines what insurance needs they have. Compulsory insurance also exists. In this case, there is a legal requirement to take out insurance. This applies to business's liability or property insurance.

Insurance is a financial instrument whose purchase, involving the execution of a contract and the remittance of a premium, provides the insured with insurance coverage. The insurance undertaking assumes the policyholder's risk of incurring adverse economic effects of specific acts of God. An insurance policy facilitates risk transfer to an insurer. Insurers provide insurance services solely by entering into insurance contracts. Insurance products are sold directly by an insurance undertaking's employees or indirectly through other channels of distribution. Insurance agents and brokers are conventional sales intermediaries. Non-conventional channels of distribution include the sales of insurance through banks, travel agencies, car dealers, etc. Insurance is frequently offered in direct form via phone or the web, which enhances availability while attenuating the costs of distribution.

To afford financial protection to customers of insurance undertakings, there is a statutory division of insurance into life insurance (section I) and personal and casualty insurance (non-life insurance [section II]). Insurers cannot concurrently offer insurance products in both areas, as life and non-life must be separate from one another[5]. In the context of this paper, this division is of great significance as there are material differences between the customer life cycles in these two areas of insurance. In life insurance, contracts are most frequently executed for longer periods, whereby customers are attached to insurers for the long-term. At the same time, prematurely terminating these insurance contracts is

1. P. Kotler, "Marketing Management: Analysis, Planning, Implementation, and Control," 7th Edition (Engelwood Cliffs, NJ: Prentice-Hall Inc., 1991).
2. Z. Polański, "Wprowadzenie, System finansowy we współczesnej gospodarce rynkowej," in vol. 1 of *System finansowy w Polsce*, ed. B. Pietrzak, Z. Polański and B. Woźniak (Warszawa: PWN, 2008), 32. The author classifies banks, insurance companies and mutual funds as active financial institutions and brokerage houses, factoring companies and money exchange counters as passive financial institutions.
3. The operations of insurers are licensed. In the EU, the single-licence principle is in force.
4. We divide insurance into social (public) and commercial (private). Social insurance is always compulsory and personal and constitutes an instrument of the state's social policy.
5. The Insurance Activity Act of 22 May 2003, Journal of Laws No. 134, item 1151, as amended, divides insurance into two sections: life insurance (Section I) and property and casualty insurance (Section II).

very unfavourable to customers. The exit barriers and costs borne by customers are therefore higher, for instance in unit-linked life insurance. In turn, in non-life insurance, annual contracts prevail. That is why, the customer turnover rate is higher as customers may switch to the competition, or switch products or even abandon some products (temporarily or permanently). To prevent this, insurers utilize financial incentive systems. Even so, the turnover risk contributes to a lower customer value. This compels insurers to compute their retention rates for specific customer segments and groups.

The retention rate enables insurers to estimate the duration of customer loyalty. This is the ratio stated as a percentage of the number of customers at the end of a given period, for example a year, to the number of customers at the beginning of the period. On the basis of this rate one may deduce how many customers have switched to the competition. In turn, it indirectly enables one to assess the number of customers who have remained after having accepted the conditions of cooperation with a given insurer.

Despite the fierce competition on the Polish insurance market and the extensive availability of products offered by a host of insurers, the transparency of the insurance market is deteriorating from the vantage point of the consumers and customers of insurance undertakings. This is primarily the case on account of the advent of a growing number of new and difficult to comprehend insurance products covering new types of risks or a different way of insuring conventional risks.

2. The interaction between customer value, value of a customer and an insurer's value

Different valuation methods may be applied to an insurer as an insurance franchise. Choosing the valuation method depends on the purpose of the valuation, the type of franchise, the individual nature of the industry and the information available. The following valuation methods have been distinguished: asset-based, income-based, mixed and comparative valuations. Asset-based methods are amongst the oldest, which include, for example, book value. The widely used income-based methods may prove to be unreliable during an economic crisis when the income generated by a franchise falls. Corporate valuation of an insurer or a bank rendering financial services is of importance, especially in the following circumstances: prior to an IPO, during a corporate sale, merger or acquisition, when investing funds in a given company, or during privatization. Using a conventional approach to valuation may prove to be insufficient. Increasingly more often, the value of a franchise is thought to be largely driven by factors such as market position, reputation, and the capability to generate positive cash flow on customer relations. It is, therefore, important to identify the factors affecting an insurer's value as a financial intermediary and then to manage this value.[6]

The strategies pursued by insurance undertakings, just as the ones pursued by other financial institutions operating in a competitive market, must be customer-focused to meet customer needs and preferences and the conditions in which insurers operate.[7] Insurance products must be aligned to the needs of the particular customer groups. At the same time, channels of distribution

6. P. Masiukiewicz and E. Wierzbicka, "Specifics of customer value models in financial institutions," in *Customer Value Creation, theory and practice*, ed. B. Dobiegała- Korona and P. Masiukiewicz, (Warszawa: Warsaw School of Economics Press, 2012), 141.
7. A. Szablewski, "Klient jako najważniejsze aktywo przedsiębiorstwa," *CEO: Magazyn Top menedżerów*, accessed April 3, 2011, http://eco.cxo.pl/artykuly/druk/52077/klient.jako.najwazniejsze.aktywo.przedsiębiorstw...

suited to the customer's convenience must be used. Multi-channel distribution produces robust results as it combines conventional sales channels with channels using a variety of intermediaries. Both areas of distribution are supported by ever more sophisticated electronic platforms through which they can communicate with customers and offer insurance products. One way of deriving a competitive edge is for an insurer to form a durable bond with its customers.[8] Focusing on long-term customer relations, however, entails not just market segmentation and targeting customer groups, but also increasingly customization.

Customer preferences change over time as the level of income, family status, place of work, age and job vary. A financial intermediary should be able to survey customer needs precisely in order to be able to prepare a product offer fitted to the customer's life cycle. Intermediaries are more frequently acting as tutors and advisors in the selection of investment and protection strategies for their customers. To achieve a competitive edge over other insurance undertakings, therefore, requires continuous quality control and adjusting services to customers' changing financial needs and capabilities, which makes it possible to achieve customer satisfaction. At the same time, every change of product, change of customer contact method, etc., generates costs for insurance undertakings.

According to Ph. Kotler, total customer value consists not just of product value but also of the value of the company's image, staff and service.[9]

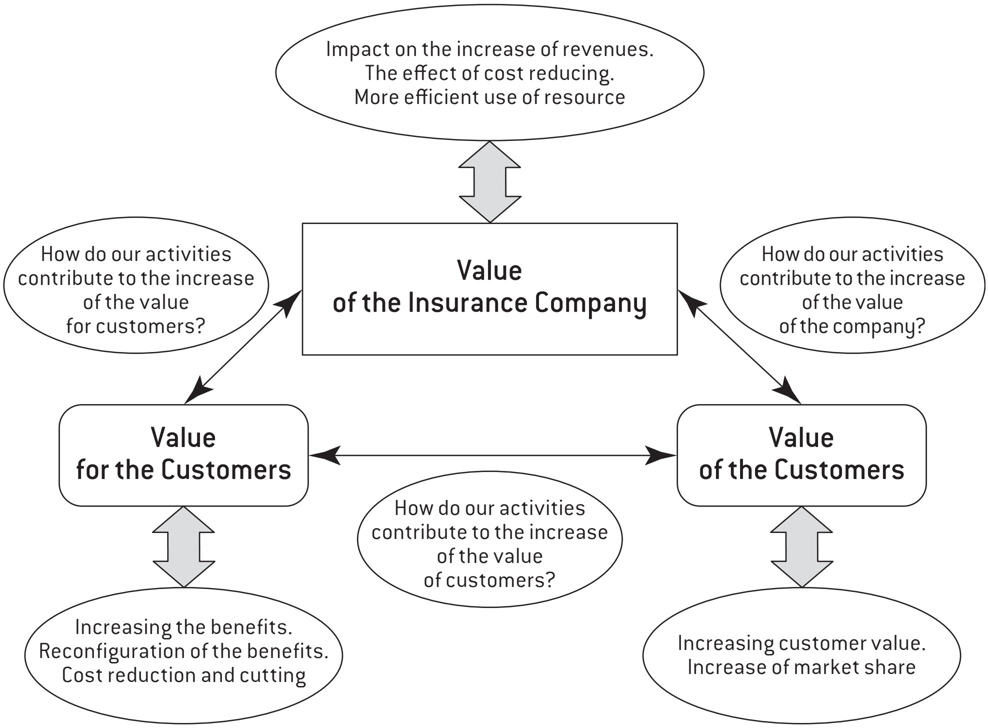
The value a customer derives is the difference between the value a product provides to a customer and the cost he or she must incur to acquire a given product. The cost incurred by a customer consists of the price, the cost of the time spent, the cost of energy consumed and the cost of mental commitment. That is why customer value should be measured by the ratio of benefits stemmed from needs satisfaction to the costs.[10] The fundamental cost customers of an insurance undertaking incur is the premium, which represents the policyholder's share in covering future payments of claims and benefits.

According to Maja Szymura-Tyc, the final test which must be administered to a company's resources and competencies is the company's capability of generating "customer value – the excess benefits a customer obtains as a result of buying a product or service on top of the costs he or she must incur to acquire a given product."[11] In the opinion of Barbara Dobiegała-Korona, "Customer value means all the benefits a customer may capture by accepting an offer or entering into a relationship with a company."[12] To establish long-term customer relationships, insurance undertakings should enrich the range of services provided, introduce innovations and adjust them to changing customer needs, enhance product quality and the quality of service from the time of sale to claims handling or adjustment (which should proceed swiftly and seamlessly), including after-sales service. They may also incentivize customers to buy their products by employing lower prices than the competition has, including various types of relief and discounts, or they may attract customers by improving the quality of service and adjusting it to meet customer expectations for a given type of insurance service.

8. M. Mazurek-Łopucińska, "Orientacja na klienta w przedsiębiorstwie," (Warszawa: PWE, 2002), 16.
9. P. Kotler, "Marketing," (Warszawa: Rebis sp z o.o., 2005), 60.
10. B. Dobiegała-Korona, "Wartość dla klienta a pozycja konkurencyjna przedsiębiorstwa," in *Zarządzanie wartością klienta, pomiar i strategie*, ed. B. Dobiegała-Korona and T. Doligalski, (Warszawa: Poltext, 2010), 234.
11. M. Szymura-Tyc, "Zarządzanie przez wartość dla klienta – budowa wartości firmy," *Instytut ZTI*, accessed March 10, 2013, http://www.zti.com.pl/instytut/pp/referaty/ref4_full.html.
12. B. Dobiegała-Korona, "Budowa kapitału klienta," in *Value Based Management, koncepcja, narzędzia, przykłady*, ed. A. Szablewski, K. Pniewski and B. Bartoszewicz, (Warszawa: Poltext, 2008), 239.

Figure 1 depicts the value spiral, including the value a company offers to its customers, the value customers generate for a company and the value of the company itself, which is driven by the value of the customers.

Figure 1. The complementary nature of value in terms of finance and marketing



Source: author's own figure inspired by: A. Adamska and T. Dąbrowski, "Marketing i finanse w przedsiębiorstwie," (Warszawa: C.H. Beck, 2007), 203.

Contemporary theories of management and marketing treat customers as a special type of capital and emphasize that the value customers provide to a company affects corporate value for all stakeholders, including owners, managers and employees.

3. The Impact Exerted by Customer Value on an Insurance Undertaking's Value

An insurer is a producer and provider of insurance services. The policy of shaping an insurer's value as a financial intermediary institution demands that the methods for valuing such an insurance franchise are properly selected. One of the contemporary methods used is to assess an insurer's value based on customer value.[13] Customer value or Consumer Lifetime Value, CLV, signifies a customer's value over time, that is the sum total of the discounted net cash flow associated

13. I. Jędrzejczyk., "Kształtowanie wartości zakładu ubezpieczeń," in *Finansowe narzędzia zarządzania zakładem ubezpieczeń*, ed. T. Sangowski, (Warszawa: Poltext, 2005), 254.

with a given customer. By focusing on effective long-term relationships with its insured customers, an insurance franchise grows its corporate value. In insurance one may also apply the term Policyholder Lifetime Value or PLV.[14]

Customer value is the sum total of the discounted revenues generated by customers, adjusted by the costs an insurer incurs to acquire and retain customers. It is relatively easy to compute customer-generated revenues, especially when a firm such as an insurer has a system to track all customer transactions.[15] Insurance activity expenses entail customer acquisition costs related to executing and renewing insurance contracts also including commissions for insurance intermediaries and the costs of advertising and promoting insurance products plus administrative expenses.[16] To operate effectively insurers must forecast the costs of future claims and benefit payments and control and manage risk (risk management), set premiums and provisions suitable to the level of risk taken, transfer risk by insuring a larger number of customers with similar parameters. The areas of costs that have the greatest impact on an insurance undertaking's value are operating activity, distribution, tariff policy, underwriting, claims handling and investment policy.[17]

The objectives of insurance companies' marketing efforts are focused on identifying customer needs and expectations pertaining to insured risks, and developing new products addressed to prospective and previously-acquired customers to procure their fidelity and loyalty. It is usually more expensive for a company to acquire a new customer than it is to retain a current customer. This is why insurers craft loyalty programs to solidify long-term customer bonds and to procure customer satisfaction. An insurer may communicate with its customers through advertising, personal promotions, sales promotions, public relations, direct promotions, and enhancing the skills of its employees charged with customer contact.[18] The skills that employees of insurance undertakings and other insurance intermediaries, such as agents and brokers, have are important. Likewise, providing information with integrity about the rights and duties of the parties to an insurance contract is of importance, as are the courtesy and respect paid to customers. The objective of a customer-focused strategy is to build long-term relationships with the most profitable customers and customer segments. An important channel of communication with customers involves using specialized intermediaries, such as insurance agents. An insurer's value is built in this manner on the basis of customer value growth.

Customer lifetime value (LTV) is a method of measurement or a measure according to which one may anticipate the actions and future results of customer groups based on their current and

14. Ibidem, 255.

15. T. Doligalski, "Wartość portfela klienta," in *Współczesne źródła wartości przedsiębiorstwa*, ed. B. Dobiegała-Korona and A. Herman, (Warszawa: Difin, 2007), 434.

16. The commissions that are charged by reinsurers and thus reduce revenues (net earned premium) affect the revenues forming the basis for the current and future valuation of customers. Conversely, reinsurance as a way of diversifying risk reduces the risk of generating a loss on a customer. Effective reinsurance programs contribute to the value of an insurance franchise.

17. M. Chmielowiec-Lewczuk, "Zarządzanie kosztami a zarządzanie wartością zakładu ubezpieczeń," in *Inwestycje finansowe i ubezpieczenia – tendencje światowe a polski rynek*, ed. K. Jajuga and W. Ronka Chmielowiec, (Wrocław: Wyd. Uniwersytetu Ekonomicznego we Wrocławiu, 2009), 55.

18. H. Mruk, "Sposoby skutecznego komunikowania się zakładu ubezpieczeń z rynkiem," *Zeszyty Naukowe, Uniwersytet Ekonomiczny w Poznaniu* 127 (2009): 668.

future purchasing behaviour. LTV is the product of a customer's average spend and the number of periods in which a given person continues to be a customer of the company.[19]

To compute an insurance undertaking's customer value, one may apply a simple method of measurement proposed by P. Doyle, who defines customer value during the period of service as the sum total of net discounted cash flow during the entire period of an insurance undertaking's relationship with a customer.[20] Both the period over which an insurer shares relations with a customer and the cost a firm must incur to acquire and retain a customer are important. Most of them present a sum total of discounted flow. Nonetheless, additional parameters are frequently added to define the type of cash flow with great precision. The formula used by Bauer and Hammerschmidt may be used by insurers as it illustrates the various types of figures that affect customer value.[21]

The value of a customer in an insurance institution may be computed using the formula below

$$CLV_i = -AC_i + \sum_t^r \left(r_{ti} \times \frac{(AR_{ti} + UR_{ti} + CR_{ti} + RV_{ti}) - (SC_{ti} + MC_{ti})}{(1+d)^t} - r_{ti}^{t-1} \times (1 - r_{ti}) \times \frac{TC_i}{(1+d)^t} + r_{ti}^t \times \left\{ \frac{InfoV_{ti} + CoopV_{ti} + InnoV_{ti}}{(1+d)^t} \right\} \right)$$

where:

CLV – value of insurer's customer i (net current value of future earnings generated by that customer), AC – insurer's cost to acquire customer i, r – retention rate of customer i in period t, AR – basic revenue generated by customer i in period t, UR – up-selling revenue generated by customer i in period t, CR – insurer's cross-selling revenue generated by customer i in period t, RV – referral value produced by customer i in period t, MC – insurer's marketing costs to retain customer i in period t, SC – costs of sales of products and of service provided to customer i in period t, TC – costs of terminating an insurer's co-operation with customer i in period t, InfoV – value of information an insurer receives from customer i in period t, CoopV – value of an insurer's cooperation with customer i in period t, InnoV – value of innovations proposed by customer i in period t, d – discount rate, T – number of periods considered (years).

The economic results and organisation of the insurance company will be reflected in:

- the value of the market segments in which the insurance company operates,
- the value of customers and the ability of the insurer to keep and increase this value,
- customer loyalty and acceptance for sale and cross-selling, which increases the competitiveness of each insurance company.

Insurance companies survey the market. To articulate their marketing strategies they monitor customer behaviour, they develop customer profiles and they properly diversify their insurance portfolio with regard for a number of criteria.[22] One criterion for inclusion in various customer groups involves claims frequency and claims value versus the average. Customer data analysis, including historical behaviour, income levels, the number, value and frequency of transactions, and the costs of customer service all have a role to play in assessing total customer value. These data may be

19. A. M. Hughes, "How Lifetime Value is Used to Evaluate Customer Relationship Management," Database Marketing Institute, http://www.dbmarketing.com/ as cited in J. Rodzinka, "Korzyści rynkowe ubezpieczycieli wynikające z posiadania grupy lojalnych klientów," *Zeszyty Naukowe, Uniwersytet Ekonomiczny w Poznaniu* 127 (2009): 137.
20. P. Doyle, *Value-Based Marketing* (John Wiley & Sons, Ltd., 2000) as cited in B. Dobiegała-Korona, "Istota i pomiar wartości klienta," ed. Dobiegała-Korona and Doligalski, "Zarządzanie wartością," 29.
21. H. H. Bauer, M. Hammerschmit and M. Brauchler, "The Customer Lifetime Value Concept and Its Contribution to Corporate Valuation," in *Yearbook of Marketing and Consumer Research*, (2003). B. Dobiegała-Korona, "Istota i pomiar wartości klienta," ed. Dobiegała-Korona and Doligalski "Zarządzanie wartością", 36.
22. J. Jędrzejczyk, "Kształtowanie wartości," 263.

used to eliminate customers whose retention would outstrip the profits generated by an insurer and to create a database of highly profitable customers. Customer segmentation may be effected, for instance, by the costs of customer service, the margin earned on various customer groups and the added value of customers for an insurance undertaking.[23]

Table 1. Customers Generating High and Low Costs of Administration

Customers Generating High Costs of Administration	Customers Generating Low Costs of Administration
Purchase customized products	Purchase standard products
Buy a limited number of products	Buy a large number of products
The timing of purchases is unpredictable	The timing of purchases is predictable
Largely unaware of their insurance needs	Highly aware of their insurance needs
Require extensive sales support (marketing resources, financial incentives)	No or limited pre-sales support
Extensive after-sales support (claims handling costs)	No after-sales support
Late payments occur	Remit premiums regularly and on a timely basis

Source: E. Nowak, "Zarządzanie rentownością klienta," in *Systemy zarządzania kosztami i wynikami, Prace Naukowe*, E. Nowak, 58 (Wrocław: Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu, 2009), 340.

When offering their services insurance undertakings should focus their efforts on creating value for individual customer groups while continuously analysing the feedback they generate to enhance the value the company derives from various customer groups. The interactions between an insurance undertaking and its customers are particularly valuable provided that they generate a profit for the insurer while producing customer satisfaction. Insurance franchises secure a competitive edge insofar as they are capable of delivering high quality service with integrity to their loyal customers and manage to build long-term positive relations with them. In turn, one may take the requisite efforts to reduce the costs of catering to groups of customers generating a high level of administrative costs. If they are unsuccessful, one can cease to cater to these customers.

4. The Significance of an Insurance Undertaking's Customer Loyalty

Insurers have been using an incentive system in the form of discounted premiums for continuing insurance, premium relief, price abatement, rebates and discounts, as well as reductions for customers purchasing bundled insurance, for instance comprehensive insurance for small and medium-sized enterprises.[24] By selling bundles of insurance products customers are able to optimize their premiums and spread their risk.[25]

23. E. Nowak, "Zarządzanie rentownością klientów," in *Systemy zarządzania kosztami i wynikami, Prace Naukowe*, ed. E. Nowak, 58 (Wrocław: Wydawnictwo Uniwersytetu we Wrocławiu, 2009), 339.
24. Put differently, bonuses are premium discounts linked to a lower risk while loadings are surcharges increasing the premium to reflect above average risk.
25. Customers who buy comprehensive motor insurance including motor TPL, motor own damage and accidental insurance also receive a 24/7 assistance product. [proponuję zmianę na: "including motor TPL and cover against accidental or malicious damage also receive a 24/7 roadside assistance product"]

Loyalty programs in cooperation with specialized third parties such as banks, petrol stations, car dealers and travel agencies are being offered with increasing frequency. For instance, Link4 has several loyalty programs with Statoil (for Premium Club members), Ikea and Alior Bank.[26] Loyalty programs make it possible to better appreciate customer needs and income. Customers may receive more than discounts for their loyalty. For example, they may get vouchers or cash coupons for soliciting more customers for a given company. Individuals who join the Bonus Club in UNIQA receive cash coupons depending on the number of policies they have. One outcome of a loyal customer's cooperation with an insurer that poses difficulties in measurement consists of referrals of prospects.

Łukasz Skowron defines a loyal customer by citing Jill Griffin as a person who:[27]

1) makes regular recurring purchases to a given company,
2) constantly uses the services (or products) offered by that company based on subjective feelings,
3) disseminates positive information about the company and recommends it to others,
4) is resistant to the competition's promotional activities.

For customers to be loyal to an insurance undertaking, its insurance service must accrue value to its customers stemming from the attributes of that product or a group of insurance products. For instance, this may be associated with a growing awareness of risk, with insurance coverage satisfying a specific customer need where customers accept the amount of the insurance premium in question. In addition to the service itself, customers value convenience and their own time. For this reason, insurance undertakings should employ a variety of convenient channels of distribution. The trust placed in a company's brand is also of importance to customers. A loyal customer is not always a satisfied customer. The specific nature of a product may compel customers to maintain long-term relations with their insurer. One example would be the buyers of unit-linked life insurance with respect to which lapses, especially in the first several years, entail bearing a high surrender fee.

According to Jacek Rodzinka, whose conclusions have been confirmed by empirical research, loyalty may also stem from the high costs of changing service providers. Customers may experience discomfort when mastering the rules of operation or other attributes of the competition's products. Customer loyalty may be achieved through an incentive system (discounts, presents, rebates).[28] In turn, maintaining long-term cooperation with customers cannot be solely predicated on permanent promotions. That is why it is indispensable to investigate the factors instilling feelings of loyalty among customers and to create databases entailing the attributes of various discrete customer segments, so as to develop new or modified products tailor-made to the changing needs in the life cycles of consumers of insurance services.

Some consumers of insurance services do not display an inclination to be loyal to their insurers. The major causes of this include their growing awareness of insurance, their ever greater requirements, their rejection of inadequate quality of service, the insufficiency of knowledge among insurance intermediaries, the length and burdensome nature of the claims handling process and the lack of any differentiating product attributes compared to less expensive products offered by the competition. Customers compare their expectations with the results and experiences they have

26. "Program lojalnościowy sposobem na zatrzymanie klienta," Dziennik Ubezpieczeniowy 2009/09/17.
27. Ł. Skowron, "Satysfakcja i lojalność klienta – modele i wyniki badań," ed. Dobiegała-Korona and Doligalski "Zarządzanie wartością," 184.
28. J. Rodzinka, "Analiza cech determinujących lojalność klientów zakładów ubezpieczeń Działu II w województwie podkarpackim," *Wiadomości Ubezpieczeniowe* 4 (2010) 32.

during purchases and in the course of using an insurance service.[29] They may be disappointed by a promotion or the conditions of distribution, mistakes in the training of staff or insurance intermediaries offering insurance or a low standard of service offered by claims handlers or adjusters.

5. Customer Relationship Management

Consumers of insurance services, namely customers as policyholders or those insured, choose insurance products and insurers depending on their needs, preferences, customs and likes, among other factors. Numerous conditions affect customer decisions such as the marketing strategies pursued by insurance undertakings and banks that offer bancassurance. Insurers and banks make marketing, product and price-related decisions having in mind customer value. This signifies the need to conduct more precise research into the level of customer satisfaction and the benefits offered by the insurance acquired. The gross written premium collected by banks in Poland in selling insurance and bancassurance is growing from year to year. In conjunction with the expansion of the bancassurance market, the number of complaints filed by customers with the Insurance Ombudsman is on the rise. Most complaints pertain to mis-selling concerning policy conditions and solicitation errors, whereby consumer claims are denied and insurance fails to provide real coverage. Most conflicts pertain to mortgage insurance in the form of bridge insurance.

Conclusions

Managing customer value is becoming an important area of corporate activity, also for insurance undertakings operating on a competitive market. Growing customer value translates into growing an insurance undertaking's value for its owners and other stakeholders.

The value of an insurance company is affected by:

– customer value and customer loyalty, determined by their level of satisfaction and the skillful, effective management of maintaining relationships with them,
– position in the segments of the insurance market of increasing value. Value market segments are determined by the value of current and future customers, and consequently influence the future premiums and profits of the insurer.

The issue is whether by analysing customer satisfaction an insurance undertaking is able to conduct effective marketing efforts capable of turning a prospective buyer into a loyal long-term customer buying its products. "A financial firm cannot offer products to a customer if it does not have the information needed to estimate its suitability to a customer's needs."[30] Increasingly, more complicated hybrid bancassurance products are being offered to customers. For instance, structured products that are essentially not very transparent, and the possibility of generating profit is predicated on a mathematically complicated index, which is not readily comprehensible to customers.

29. Z. Waśkowski, "Problemy kształtowania lojalności nabywców," *Świat Marketingu, Internet magazine*, February (2002). Ł. Świerżewski, "Edukacja jako wartość dla klienta," *Kwartalnik Nauk o Przedsiębiorstwie* 2 (2010) 77.
30. K. Jajuga, "Współczesny kryzys finansowy: źródła i skutki," *Zeszyty Naukowe Uniwersytetu Ekonomicznego w Poznaniu* 127 (2009): 748.

A customer-focused marketing strategy coupled with delivering value to customers is applicable not just to developing and selling products aligned to customer needs and expectations but also to the quality of service expected by customers.

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Znaczenia wartości klienta dla zakładu ubezpieczeń

Celem niniejszego artykułu jest pokazanie znaczenia wypływu wartości klienta na wartości ubezpieczyciela (zakładu ubezpieczeń). Klienci generują przepływy pieniężne i w dużej mierze determinują rentowności zakładu ubezpieczeń. W związku z tym niezbędna jest identyfikacja i kwantyfikacja potrzeb klientów zakładu ubezpieczeń oraz poziomu zadowolenia z jakości produktów i usług. Wartość klienta dla ubezpieczyciela należy mierzyć i maksymalizować, na przykład poprzez dostosowywanie produktów do zmieniających się potrzeb w cyklu życia klienta. Lojalny i zadowolony klient tworzy wartość dla ubezpieczeń.

Słowa kluczowe: wartość klienta, ubezpieczyciel, lojalność, zarządzanie relacjami z klientem, wartość życiowa klienta.

EWA WIERZBICKA, Ph.D. – academic lecturer and tutor at the Institute of Corporate Finance and Investment, Warsaw School of Economics (SGH).