THE IMPORTANCE OF INSURANCE AND ROLE OF ADVERTISING IN IT

Shahram Gilaninia
Department of Industrial Management, Islamic Azad University, Rasht Branch, Rasht, Iran
Narges Del Afrooz
Department of Business Management, Islamic Azad University, Rasht Branch, Rasht, Iran
Narges Del Afrooz
Ensieh Vatan Khah
M.A. of Business Management, Islamic Azad University, Rasht Branch, Rasht, Iran
(Corresponding Author)

Abstract

Since creation of human various events such as floods, earthquakes, fires has threatened human. Neantherthals due to their ignorance saw them from God and were resorting to magic. Humans are always looking for long and safe life and result of the accident mend its both physically and material. So began the tendency to insurance industry. Marketing plays an important role in service organizations such insurance. Important tools in insurance organizations for marketing is commercial advertising. Commercial advertising is a process of communication with customers so that relying on the advantages and benefits and positive features of a product to influence in thoughts and mental potential customers or probable. Advertisements tools in terms of tangible or intangible including advertisements direct or anti-advertisements. In this article explains to express of insurance, its concept and history and role of marketing in it as overview.

Introduction

Dangers such as accidents, sickness, disability, old age, death do threatening life, future and welfare of humans. Human always has been search for provided deal with these risks and their harmful consequences. Insurance covered these risks greatly (Anton et al. 2007). So far, nearly 80 years is past the founding of the first insurance companies in Iran. This industry both in the world and in Iran left behind many ups and downs. The Islamic Revolution in Iran was turning point in this industry. In recent years, have witnessed success of private insurance companies in Iran. Context of the current insurance policy, or something very similar to it, has been used for about 50 years. Maybe is also surprising that how over the years has not significant change (Gilaninia 2012).

The Concept of Insurance

Philology argue that root of insurance word in Latin is ***Securus*** means certainty or confidence provide. Insurance roots in Persian have been fear. Because the main reason for insurance contracts is fear and escape from risk.

Definition of Insurance

In terms of commons : The insurance is a company in return received money commitment that compensate unexpected damage due to events. (Tokmana 2007)

In terms of financial nature : Insurance is an economic issue to its help risk and uncertainty is transferred from one person to another person or other persons and consequently will be reduce the risk. (Reichheld & Sasser 1990)

In the article one of insurance legislation approved in 1937 insurance is defined as : Insurance is a contract whereby one party makes commitment in return for payment funds on the other hand, in the event of an accident does compensate Damage inflicted on him, or to pay a specific amount. Committed to is called the insurer and side of commitment is called insured. The money insured pays to insurer is called premiums and something will be insurance is called insurance subject. (Babaei 2007)

History of Marine Insurance

Marine insurance is the oldest type of insurance. It formed in the middle of the medieval. The Chinese were the first nation in maritime transportation do observance risk division principle in three thousand years before Christ. Baran et al. 2008)

History of Fire Insurance

After marine insurance, fire Insurance is the oldest type of insurance. First in today Belgium in the 7th century was created the organization do compensation fire damage. (Hidalgo 2008)

History Entities and Life Insurance

First entities and life insurance was issued at the time of Queen Elizabeth I. As a certain life insurance for one year has been only on the person named Harvard - O – Reyes. (Kim & Yoon 2004)

History of Accident Insurance

Began in the late 19th century in England. (Roos 1999)

History of Insurance in Iran

Insurance activities in Iran began very late. The first institute was the foreign and began in Iran the early twentieth century. Then, in 1314, established first Iranian insurance company with government capital as Iran Insurance Company (Babaei 2007)

Insurance Division and the Principles Governing Them

Compulsory insurance : Their implementation in terms of protect public and community interests by legislator has been mandatory. Such insurance is often provided by government. Social insurance for workers this type of insurance.

Optional insurance : Implementation of this type insurance is optional. Such insurance are involving wide range of personal and property insurance. (Keaveney 1995)

Insurance based on the location of the incident are classified to three categories :

Marine Insurance : Included shipping insurance and marine couriers employed.

Aerial Insurance : Included airplane insurance, airplane passenger, airplane cargo, and airplane liability insurance.

Drought Insurance : Included 2 department of social and private insurances. (Hutzschenreuter 2009)

Insurance based on the quality are classified to three categories :

Trade and commercial insurance : It is made by private persons investments. Sometimes government in formed an business insurance company is beneficiaries. In this type of

insurance the insurance premiums gets received from insured is commensurate with the risk has been the insurance. (Gerrard & Cunningham 2004)

Social insurance : In this type of insurance insurer is government and insured combination government, employers and workers and participate in payment of premiums. (Chandar et al. 2006)

Cooperative Insurance : With the expansion of insurance some of the people the same dangers do threaten them came together and do concentrated premiums in a fund between themselves so that compensate the potential losses incurred its place. In case lack of accidents do divided obtain profit between themselves ratio of pay premiums. Thus the cooperative insurance institutions have formed and in it the role of insurer has been removed in corporate so that each insured certainly is called insurer. (Shin & Kim 2008)

Marketing

Marketing is the science and act of responding to the needs and the needy. Prerequisites of responding is knowledge and recognition of market, behaviors and norms of the day purchasers, and also effective factors on the market system. (Kotler 2004)

Marketing means way to company success should be applied as systematic in order successful. (Kart Right 2004)

Professor Ferrite defines marketing as : Marketing means planning, coordinate and control all activities company targeted in actual and potential markets in order satisfying and the estimated permanent need for customers on the one hand, achievement of company objectives on the other hand. One of the most important marketing in service organization is advertising. (Klemperer 1987)

The Role of Advertising in the Insurance Industry

Advertising is communication and the introduction of non-specific products or services through various carriers in contrast receipt of missionary for profit institutions or non-profit institutions or people who that somehow marked in the message. (Elahi & Heidari 2005)

Commercial Advertising

Commercial advertising is a process of communication with customers so that relying on advantages and benefits and positive features of a product, service or commercial agencies through art and creativity do intrusion in thoughts and mental potential customers or probable and also do encourage them than selection or purchase certain goods or services. (Nili Ahmad Abadi 2004)

Commercial Advertising Purposes

Advertising can will have very different purposes. Acquiring customers' desires in order to own preferred satisfy, convincing the audience, organization benefits provision by influence and infiltration and dominate on audience. Also Some of the main objectives of the advertising are as follows :

1. Increased of consumption type
2. Increased of purchase amount
3. Increased of consumption
4. Increased of consumption frequency
5. Attract of new generation
6. The development of institution name or product name
7. Fight against opinions dissenting

8. Fight against successor
9. Specific activity
10. Serving the People

(Karimi 2005)

Conclusions

Insurance contract that whereby a party does commitment that in return for payment funds on the other side, In case an accident compensate the damages inflicted or does pay a specific amount. Insurance industry, including marine insurance, fire insurance, personal and life insurance, and accident insurance. The insurance industry is divided compulsory insurance and optional insurance. Based on the location of the an accident be divided to third category marine insurance, aerial insurance, drought insurance. Also based on the quality included trade and commercial insurance, social insurance, and cooperative insurance. Marketing is the science and act of responding to the needs and the needy. One of the most important factors of marketing in service organizations is advertising. Commercial advertising is a process of communication creation with customers. So that relying on the advantages and benefits and positive features of a product or service does penetrate in thoughts and mental potential or potential customers.

Reference

1. Anton.C & Camarero.C & Carero.C ,2007 , The Mediating Effect of Satisfaction on Consumers' Switching Intention, Psychology & Marketing, Vol. 24(6): 511–538
2. Babaei, Iraj. 2007. Insurance Law. Sixth Edition. Publication Semat
3. Baran.R.J & Galka.R.J & Strunk.D.P, 2008, Principles of Customer Relationship Management, Thompson South-western pub.
4. Chandar.M. Laha.A & Krishna.P, 2006, modeling churn behavior of bank customers using predictive data mining techniques, In National conference on soft computing techniques for engineering applications, March 24–26.
5. Elahi, Shaban. Heidari, Bahman. 2005. Management Relationship with Customer. First Edition. Publication Nashr.
6. Gerrard.P & Cunningham.B, 2004, Consumer switching behavior in the Asian banking market, Journal of Services Marketing (18), p.p. 215-223
7. Gilaninia, Shahram. 2012. Evaluation of Effective Factors to Improve Productivity Transport System In Domestic Manufacturing Companies. Interdisciplinary Journal of Contemporary Research In Business. Third Years. No. 8. Pages of 472-478
8. Hidalgo, Pedro, Enrique Manzur, Sergio Olavarrieta, and Pablo Farias, 2008, Customer Retention and Price Matching: The AFPs Case, Journal of Business Research, 61 (6), 691-696.
9. Hutzschenreuter.J, 2009, Management Control in Small and Medium- Sized Enterprises: Indirect Control Forms, Control Combinations and Their Effect on Company Performance, Gabler Verlag, pp 112-120
10. Karimi, Ayat. 2005. application of business insurance in the management. First Edition. Parsian Insurance. Tehran

11. Keaveney.S.M, 1995, customer switching behavior in services industries: An Exploratory Study, journal of marketing vol.59(April), 71-82
12. Kart Right, Roger. 2004. Relationship with Customer. First Edition. Publication Termeh
13. Kim,H & Yoon,C, 2004, Determinants of subscriber churn and customer loyalty in the Korean mobile telephony market, Telecommunications Policy (28).p.p. 751–765
14. Klemperer.P, 1987, Markets with consumer switching costs, The Quarterly Journal of Economics, Vol. 102, pp. 376-94.
15. Kotler, Philip. 2004. Business Management. Publication Atropat.
16. Nili Ahmad Abadi, Majid. 2003. Identification and Ranking Effective factors on Customer Loyalty of Refah Bank by Multi-criteria decision-making techniques
17. Reichheld,f.f & Sasser,w.e, 1990, Ziro defections: quality comes to services, Harvard Business School Press, .vol 68 - September-October pp. 105 -111
18. Roos, I. (1999), "Switching processes in customer relationships", Journal of Service Research, Vol. 2 No. 1, pp. 68-85.
19. Shin.D.H & Kim.W.Y, 2008,Forecasting customer switching intention in mobile service: An exploratory study of predictive
20. Tokmana.M & Davis. L. M & Lemon.K.N, 2007, The WOW factor: Creating value through win-back offers to reacquire lost customers, Journal of Retailing, Vol 83, pp 47–64