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Professor Nebojša Š. Žarković, PhD¹

MARKETING OF INSURANCE BROKERAGE AND AGENCY

ORIGINAL SCIENTIFIC PAPER

Abstract

The subject of research in this paper is the marketing of insurance brokerage and agency as an area that has long been neglected in developed countries. Until recently, almost no one in our country dealt with these issues. The paper presents the concept and importance of marketing of insurance brokerage and agency, as well as the basic starting points for its implementation - market situation, changes in the behaviour of insured persons, the effect of technological progress, and the attitudes of brokers and agents towards marketing. The necessity of connection with the marketing of an insurance company was especially emphasized, since brokers and agents, on one hand, and insurers, on the other, have the same job. Finally, the features of independent marketing of insurance brokerage and agency are highlighted. In order to survive on the market and improve business operations, every broker and agent must necessarily use marketing, to the extent and in a manner appropriate to their work.

Key words: *insurance marketing, insurance brokerage, insurance agency.*

I. Introduction

As a research field, the marketing of insurance brokerage and agency appeared quite late. We can state the example of a famous German practitioner and theoretician Karl-Heinz Puschmann, who in the second edition of the book *Insurance Marketing* from 2003 stated that only in the meantime the marketing of brokerage and agency was appreciated and that only then could he refer to applicable sources from this research field. Namely, when the first edition of the book appeared, in 1986, he was not able to do that.²

Insurance marketing in Serbia is hardly studied on a scientific basis, not to mention the separate marketing of brokerage and agency, which until recently was not even the subject of research.

¹ University Professor at the Faculty of Social Sciences in Belgrade

E-mail: nebojsa.zarkovic@fdn.edu.rs

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² Karl-Heinz Puschmann, *Praxis des Versicherungsmarketings* (2, vollständig überarbeitete und erweiterte Auflage), Karlsruhe, 2003, S. 304.

A single understanding that would include all types and tasks of marketing of insurance brokerage and agency cannot be given because these operations, forms and carriers of their implementation are too diverse. Undoubtedly, there is a number of differences in insurance brokerage and agency:

- focus on specific target groups of clients or insurance lines or work with anyone to whom a policy of any insurance line can be sold;
- size of a company - from an independent individual operating in a specific area to a large company with its own network of offices around the world;
- type of business - salesmen, companies with offices in the headquarters and in the field, pyramid-type business, i.e. network of personal sales with a branched organization;
- form of acquisition - working mainly with the existing set of insurance lines or focusing on new acquisition;
- legal status – an agent employed by an insurer, an independent agent of only one insurer, an independent agent of several insurers, an independent insurance broker, in some countries both an agent and a broker;
- importance of business - main job (insurance brokerage, insurance agency, agent entrepreneur) or additional job (banks, travel agencies, rental companies, motor vehicle testing centres).

Nevertheless, a sufficient number of common features justify the study of marketing of brokerage and agency as a separate research field. Common features are, above all, the following:

- brokers and agents are third parties on the insurance market, between insurance companies and clients of their services;
- the objective is set, acquiring new clients and nurturing relations with existing clients, including a support service;
- great market significance, especially in countries with far more developed insurance and more advanced technology than in Serbia. For example, in Germany, about 90% of property insurance and accident insurance policies, or over 95% of life and voluntary health insurance policies are concluded through various types of insurance brokers and agents. Contrary to that, in our country, sales outside insurance companies account for only 37% of non-life insurance premiums and 38% of life insurance premiums.³

II. Concept and Meaning of Marketing of Insurance Brokerage and Agency

There is a number of sociological, psychological and economic approaches to the possibilities of selling insurance, i.e. mediation in sales. However, marketing, due to a comprehensive connection of several scientific branches, is adequately

³ Matthias Beenken, „Persönlichkeit gewinnt“, *Versicherungswirtschaft*, October 2018, S. 24; National Bank of Serbia, Insurance Sector in the Republic of Serbia, Report for 2018, Belgrade, 2019, https://www.nbs.rs/internet/latinica/60/60_6/izvestaji/izv_IV_2018.pdf, accessed on: 23. 3. 2020, pp. 16

adapted to approach clients from the point of view of feelings, to convince them of the necessity of buying a policy and to maintain their readiness to buy in future. Today's increased market competition and insureds' requests force even those insurers who once refused to use marketing to accept it. However, marketing is not used only from the point of view of an insurance company management, but above all, with regard to clients' needs and desires.

This is how we come to marketing of insurance brokerage and agency. Compared to insurance company marketing, marketing of brokerage and agency, due to the proximity of clients, makes more sense and offers more effective possibilities. Marketing of brokerage and agency should certainly be included in an insurance company marketing. This implies the need for their harmonization, which encourages the favourable effects of the connection, and eliminates the unfavourable ones.

Interpretation of marketing of insurance brokerage and agency could begin with the number of parties involved in these business operations. There are thousands of active authorized insurance brokers and agents in our country. Each of their views would have its foundation. However, one can single out the provision of one theorist according to which the marketing of insurance brokerage and agency represents all actions of brokers and agents to find and tie insureds with their own personalities.⁴ This interpretation starts from the broker's or agent's personality and his/her characteristics. He/she stands at the centre of marketing activities as the main character on the scene. Accordingly, he/she often emphasizes that the clients are insured with him and not with an insurance company.

However, from the scientific point of view of running a company, marketing of insurance brokerage and agency encompasses far more than just a successful independent performance. A broker or an agent should also take care of their environment:⁵

- competition, especially between other brokers and agents from the place or area in which they operate. In addition, in developed countries, there is an increasing pressure from internet companies that manage sites for comparisons of insurance services and are not connected to any area of the country, but have a much wider scope;
- insurers as a procurement market. Major changes in business policy of insurance companies may force brokers and agents to reconsider cooperation and look for new business partners;
- clients and their advisors as a sales market. Here a broker or an agent must establish which relations in his/her network between sellers and buyers may be useful, which may be dangerous, which new market opportunities open up;
- providers of ancillary services - who are they and what business policy is implemented: manufacturers of applied computer programs, companies for provision of other services in insurance, companies for data handling and others;

⁴ Volker Eickenberg, *Marketing für Versicherungsvermittler* (3. Auflage), Karlsruhe, 2013, S. 1.

⁵ Matthias Beenken, *Versicherungsvertrieb*, Karlsruhe, 2017, S. 404

- other environmental factors that affect business to a greater or lesser extent, such as supervisory authorities, the media, money market valuation companies, consumer associations and politics.

Reasons for using marketing of insurance brokerage and agency are essentially the same as in case of an insurance company:⁶

- increased rival pressure, marked by a measure of insurance cover as an indicator of the number of the existing persons or goods endangered by a risk in an area are provided with insurance protection.⁷ In the light of easing of restrictions on the European Union market, which is partly occurring in our country, this pressure causes the emergence of even more market participants and reduction of supervision over many insurance lines;

- strong efforts by competitors to better preserve the existing insurance portfolios;

- further strengthening of a so-called soft market that exists in conditions of oversupply and fierce competition, which leads to lower premium rates and more favourable conditions under which insureds enter into insurance contracts;⁸

- increased transparency due to increased possibilities for easy and fast comparisons of prices of policies, fees and other conditions in the media, mainly on the internet and due to a growing activity of, although not always well-intentioned, consumer protection associations.

In addition, there is an increased pressure on the established brokers and agents from two directions. The first is direct sales from the headquarters of insurance companies (primarily by computer and telephone). The second is the proportional involvement in insurance operations of new sellers such as banks, shops, rental companies, the post office and others.

Marketing goals of brokers and agents largely coincide with the marketing goals of insurance companies, which are:

- greater market penetration and
- maintenance of acquired market share.

In that sense, there are excellent marketing options for brokerage and agency. No one can assess directly and originally the preferences and needs of clients as a broker or an agent. He/she knows local circumstances the best - economic conditions, important events that can create the need for insurance (such as incorporation of a company) or encourage the need for insurance (e.g. damage caused in the area).

A conclusion would be that a broker or an agent in terms of marketing should be determined in two ways:

- he/she has an essential role in the overall marketing of an insurance company;

- at the same time, possibilities and necessities of conducting an independent, additional marketing arise for him/her.

⁶ K.-H. Puschmann, S. 305.

⁷ Nebojša Žarković, *Glossary of Insurance Terms*, Skonto, Novi Sad, 2013, pp. 224

⁸ N. Žarković, pp. 155

III. Starting Points for Implementation

For a successful marketing of brokerage and agency in insurance, it is important to choose valid starting points in a timely manner, which means facing several challenges in insurance, such as: the situation on an insurance market, changed behaviour of insureds, the impact of technological progress and views of brokers and agents towards marketing.

1. Situation on Insurance Market

When it comes to Serbia, the situation on the insurance market can be observed before and after the entry into force of the Insurance Law in 2004. From the point of view of brokerage and agency, the Law regulates conditions for performing these business operations in accordance with the requirements stipulated by the European Union guidelines. They introduced an insurance brokerage, an insurance agency and an agent-entrepreneur, with prescribed conditions for incorporation and business operations.⁹

Current Insurance Law from 2014 brought significant innovations in the field of brokerage and agency. First, the Law determined that banks, rental companies and the post office could engage in insurance brokerage as an additional activity. In addition, based on the Insurance Law, two decisions were adopted that regulate the insurance broker and agent certification and further professional education.¹⁰ According to these decisions, the preparation and taking of exams for becoming a certified broker and agent began in a new way in the second half of 2015, and the following year permanent professional education of brokers and agents was initiated.

Today in Serbia in the field of brokerage and agency operate 94 legal entities (insurance brokerage and insurance agency), 81 insurance agents (natural person - entrepreneur) and 4,585 active authorized persons dealing with brokerage and agency activities. The Post of Serbia, 16 banks and seven rental companies deal with insurance agency activities. They work for or with 16 insurance companies, four reinsurance companies and for numerous insureds or with them.¹¹ In addition, in our country there is one association of brokers, two associations of agents and two mixed brokerage-agency associations.¹²

In Serbia, there are several open issues in insurance brokerage and agency. Due to the importance of motor third party liability insurance, we are starting with a disorder occurred in 2018, when the fees for the sale of this insurance line at

⁹ Nebojša Žarković, „Osiguranje u Srbiji 2004–2006“, *Pregled*, 2, 2006, pp. 88

¹⁰ Decision on Insurance Broker and Agent Certification and Further Professional Education, *the Official Gazette of RS*, 38, 2015; Decision on Changes and Amendments to the Decision on Insurance Broker and Agent Certification and Further Professional Education, *the Official Gazette of RS*, 11, 2017

¹¹ National Bank of Serbia, Insurance Sector in the Republic of Serbia, Third Quarter Report 2019, Belgrade, 2020, https://www.nbs.rs/internet/latinica/60/60_6/izvestaji/izv_III_2019.pdf, accessed on: 23. 3. 2020, pp. 4–5

¹² Sava Mihajlović, „Edukacija ključ za prodaju više polisa“, *Svet osiguranja*, 11, 2018, pp. 48

motor vehicle testing centres in accordance with the Law on Compulsory Traffic Insurance, were reduced to five percent of the total premium. The reduction was favourable for insurance companies because they saved on costs. The supervisory body, the National Bank of Serbia, was also satisfied with consistent compliance with the Law. Motor vehicle testing centres made up for lost revenue by increasing the price of their basic service. The only losers were the drivers.¹³

However, it is worth knowing that the market of motor third party liability insurance in Serbia has been unregulated for years and continuously burdened with unresolved issues. In 1993, during a hyperinflation period, insurance policies sold were only valid for motor vehicle registration, and the Ministry of the Interior regularly accepted them. This meant that in case of damage caused to third parties, the insurance policy was invalid and its owner, as a tortfeasor, was obliged to pay the entire compensation. It was from 1993 onwards that unfair competition with non-economic prices in this insurance line became more and more pronounced, which narrowed the space for expanding the portfolio to companies that complied with insurance and technical requirements.¹⁴

In order to bring order, the authorities passed the Regulation on premium rates in motor third party liability insurance in 1997.¹⁵ The overhead allowance used to cover the underwriting costs for that insurance line was set up to 30% of the technical premium. It was also envisaged that the fee for brokerage and agency activities would be paid upon a concluded insurance up to a maximum of 50% of the overhead allowance. From the above stated, it is easy to calculate that the overhead allowance could amount to slightly less than 23% of the total premium. One half of that, or 11.45%, could be a sales commission, while the remaining half could cover the costs of claim settlement and various general costs.

However, the 1998 report by the Association of Insurance Companies of Yugoslavia stated that certain insurers did not act in accordance with legal regulations, i.e. the Regulation on premium rates in motor third party liability insurance adopted in 1997, and the established pricelist of premiums. The Federal Ministry of Finance sent a notice to even 26 insurance companies instructing them to harmonize their business operations with the Law on Insurance of Property and Persons and the Regulation in the part referring to more calculated overhead allowance, and to compensate inappropriately allocated technical premiums by the end of the year.¹⁶ What was going on? The portion for the agent's fee was regularly exceeded, so it was twice as much paid, even above that, which was covered by payments for the alleged lease of premises, marketing costs and other.

The new millennium did not bring any improvements. From the materials of one insurance company from the beginning of 2000, we learned that many

¹³ Jovana Smolić, „Rešenje još nije na vidiku“, *Svet osiguranja*, 5, 2019, pp. 28

¹⁴ DDOR „Novi Sad“, *Elaborat o ekonomskoj opravdanosti osnivanja filijale za osiguranje motornih vozila* (interni materijal), Novi Sad, 1998, pp. 4

¹⁵ Uredba o premijskim stopama u osiguranju od auto-odgovornosti, *the Official Gazzete of SRJ*, 20, 1997

¹⁶ Udruženje osiguravajućih organizacija Jugoslavije, *Rezultati poslovanja organizacija za osiguranje i reosiguranje u 1998. godini* (I deo), Beograd, 1999, pp. 7–8

insurers did not choose the way to take over as many motor vehicles as possible, so large sums of money continued to flow out of motor third party liability insurance on a non-market basis. Almost all insurers gave insureds free motor vehicle testing, excessive discounts on premiums, free policies, motor oil, and brokers were paid fees highly above the stipulated amounts.¹⁷

In the continuation, I will address the current state and new solutions for open issues regarding motor third party liability insurance in near future. At the end of 2018, a working group was formed to draft a new law on compulsory traffic insurance, which would satisfy the interests of interested parties while fulfilling two conditions - ensuring the protection of the rights and interests of insurance users and ensuring market stability. We expect the law to be passed as soon as possible.

In addition to the salesforce mentioned so far, policies in our country are sold by travel agencies, schools, agricultural cooperatives, various associations, professional chambers, and through combined housing payments and other. With the exception of travel agencies, none of them had any restrictions regarding insurance contracting and the amount of premium. The question is to what extent are these sellers, to whom the sale of insurance policies is an additional job, professional and to what extent is their work harmonized with the legislation.¹⁸

In the field of brokerage, the essential controversial issue is the payment, i.e. non-payment of brokerage fee when users of budget funds conclude insurance contracts according to the provisions of the Law on Public Procurement. Namely, some insurers pay such brokerage fees and others do not. It would certainly be good to have uniformity here.

2. Changed Behaviour of Insureds

The behaviour of clients on the market as a whole has changed significantly in recent decades, which is also true for our country, where changes occurred particularly since the early nineties. Today, a client knows the market much better and does not want to wait long. Needs for information must be met immediately. A client determines when to ask a question and when to expect an answer. Client orientation and paying attention to his/her understanding in today's age, which some call the "clients' revolution", is the key to success of all who want to sell a product or a service.¹⁹

In many European countries, including Serbia, there is a noticeable deviation from the former values such as discipline, obedience, diligence or modesty. The change of attitudes is reflected in many issues:²⁰

- desire for adventure (e.g. extreme sports);

¹⁷ DDOR, „Novi Sad“, *Projekat 400.000 osiguranih vozila* (interni materijal), Novi Sad, 2002, pp. 4

¹⁸ Milan Zorić, „Prava kupaca su neprikosnovena“, *Svet osiguranja*, 7–8, 2019, str. 56–57; Milan Zorić, „Prodaja u službi klijenta“, *Svet osiguranja*, 11, 2019, pp. 60–61

¹⁹ David Gorr, „Festhalten, hochziehen, weitermachen“, *Versicherungswirtschaft*, Oktober 2018, S. 15.

²⁰ Lorenz Fischer, Günter Wiswede, *Grundlagen der Sozialpsychologie* (3. Auflage), München, 2009, S. 83–84; Helmut Seidel, *Wertewandel bei Arbeitern in Arbeit und Freizeit*, Konstanz, 1992, S. 9.

- focus exclusively on personal rights (e.g. expectation of a premium refund when there is no damage);
- entertainment (e.g. emotional needs should be relieved right now);
- independence (e.g. desire to work from home, not in the office);
- planning in accordance with free time (e.g. pursuing a hobby and cultivating friendly relationships on a working day after working hours);
- emphasizing personality (let's say, striving for separation from an impersonal mass);
- creativity (e.g. not only to limit oneself from others, but also to stand out creatively);
- selfishness (e.g. striving for self-realization, i.e. personal development);
- sensationalism (e.g. turning to sensations encouraged by the media);
- tension (e.g. at work, in traffic);
- independence (e.g. abandonment of established values such as patience and kinship);

The shift from old to new values is generally referred to as a change in the understanding of moral values. Change is present in all areas of human life and is found in both business and personal life, both among self-employed and those employed by employers, and exists with clients in all types of business operations, including insurance.

When demand is lower than supply and the number of regulations is reduced, primarily in the European internal insurance market, insureds gained the opportunity to present more requirements to insurance brokers and agents. Compared to earlier times, clients today are more enlightened, price-focused and conscientious, more critical and less loyal to an insurer.

Such behaviour is encouraged by consumer organisations, but also by the media, which inform and refer insureds to insurance services, thus influencing their decisions. Whether and to what extent, for example, the printed media seriously communicate and spread announcements is another issue. In some cases, the media show a greater degree of trust in brokers and agents than insurers, assigning them a role of a "consumer's lawyer".

The behaviour of insureds is perhaps most altered by a rapid development and spread of internet, computers, tablets, mobile phones and other electronic devices. Increasing number of people first get information on the intended purchase of goods or services via internet. This is even truer as the product is more complex, and insurance is such a service. A research conducted in Switzerland showed that eight out of ten clients, before buying a policy, first searched for coverage data on internet. The number of those who are exclusively informed offline decreases every year.²¹

Starting from this development of events, we could conclude that the new, insurance-technological companies, which effortlessly master and service digital sales channels, represent a great danger for brokers. According to some people,

²¹ VW-Redaktion, Prössel: „Mensch ist im Versicherungsvertrieb zentral“, 2017, <http://versicherungswirtschaft-heute.de/schlaglicht/prossel-mensch-ist-im-versicherungsvertrieb-zentral/>, accessed: 25. 3. 2020.

these companies will harder become new insurance brokers, and in some countries they have already achieved that.²² However, new players on the market would have to face one extremely important reason that speaks in favour of existing brokers. Namely, in the mentioned Swiss research, it was demonstrated that three fifths of those searching insurance products online buy policies in a regular way, offline. When it comes to old-age care services, this indicator exceeds three quarters.

That is a well-known phenomenon in professional marketing circles called “Explore online, buy offline”. A client searches for goods or services on internet, compares prices, reads consumer ratings. After the basic information is obtained, the purchase is made on the spot, in a branch office. From the above stated, we conclude that the role of a salesperson, even when data is collected from the global network, i.e. from an advisor, remains crucial, which also applies to the sale of insurance.²³

Today, clients are burdened with data and sometimes face a difficult problem of decision-making, which results in their insecure behaviour. The right choice is difficult, because data is extensive, and their processing is more complex and slower. The more complex the insurance line, the more pronounced the open issue becomes.

In such circumstances, an insured faces a number of dilemmas such as how to choose the right data from the mass of data. Does the value of insurance lines and insurers really reflect reality? Are there any hidden costs or unfavourable conditions behind a favourable price? Can you trust recommendations made by unknown people on the internet? Therefore, insureds still rely greatly on experience and advice of other, familiar people, primarily brokers and agents, who can assess their situation and needs.

3. Influence of Technological Progress

The subject of numerous debates is not only how much the internet, social networks and messages on mobile phones have changed the values and behaviour of insureds, but also how much results of progress can be applied in sales. Online sales of policies targets a group whose members want to get in touch with an insurer at a time when it suits them - undisturbed and unnoticed.

There are several reasons for clients to use internet:²⁴

- information (an insured wants to be informed first, not to buy immediately);
- time and silence (a client needs time and peace to choose an insurance service. A broker and an agent cannot always provide it);
- fear (a client is afraid that a salesperson will persuade him/her to buy);

²² Jürg Freiherr Frank von Fürstenwerth, Alfons Weiß, Werner Consten, Peter Präve, *VersicherungsAlphabet (VA)* (11., völlig neu bearbeitete Auflage), Karlsruhe, 2019, S. 859.

²³ IONOS Digitalguide, Brick-and-mortar shopping vs. e-commerce: what's the ROPO effect?, 2020, <https://www.ionos.com/digitalguide/online-marketing/online-sales/what-is-the-ropo-effect/>, accessed: 25. 3. 2020.

²⁴ V. Eickenberg, S. 10.

- trust (an insured trusts the written word on the screen more than the verbal promise of a broker or an agent because he/she assumes that the latter could significantly influence him/her);
- technology (by applying new technology clients can comprehensively and quickly meet the needs for a variety of information);
- education (explanation and interpretation of new insurance services is available).

Due to modern technological solutions, an insured has less and less reasons to host a salesperson in own apartment or go to their office, at least not in the beginning. The connection is often made by an email, mobile phone message or a direct call. After choosing an offer, a salesperson is facing an informed client. However, insurance is often so complex that internet data or data from offers are superficially read and misunderstood, i.e. gaps in acquired knowledge arise. Therefore, many brokers and agents first struggle with semi-knowledge before they can truly enter into a sales or an advisory conversation.

Expectations of an insured are related to the new technical possibilities and in the sense that the sale of insurance will also use modern ways. Brokers and agents need to adapt and see these changes as their opportunity. It would be necessary to take into account at the same time both an independent clients' search on the internet who are capable of making their own decisions and expert advice from experienced salesforce online. Anyone who manages to notice a client on the global network will be able to approach him/her. Therefore, today there is more and more talk about a mixed broker or an agent, who combines the technical progress with a personal sales conversation.²⁵

4. Attitudes of Brokers and Agents toward Marketing

The biggest challenges for the use of marketing of insurance brokerage and agency do not come from the market. They come from brokers and agents themselves, who often do not use marketing at all, that is, they do it wrongly or to a limited extent. A more detailed research showed that the reasons for such an approach could be less measured by impartial measures. It is more about personal beliefs expressed in wrong attitudes towards marketing. What are those attitudes?²⁶

"Marketing costs are too high." Costs of marketing of brokerage and agency should not be compared to the corresponding expenses of insurance companies. This is not about the costs of television advertising and marketing budgets in tens and hundreds of millions of dinars. Marketing of brokerage and agency is, of course, much cheaper. It can be contained in one smile or cost only a few hundred dinars. In any case, it is considered that marketing costs from this point of view should not exceed over 10% of the annual turnover. Any amount exceeding that is not the crucial amount, but the goal.

²⁵ M. Beenken (2018), S. 26.

²⁶ V. Eickenberg, S. 12–15.

"Marketing is for an insurance company management." Many insurance companies regularly advertised in the mass media, until at one point everyone learned that they existed and that something big was hiding behind their big name. Therefore, there are no objections even when brokers and agents use marketing. It is even wise for them to adapt to the marketing of a company they are working with. When a salesperson uses marketing in the area where he/she operates, he/she can be noticed. Citizens perceive not only the name and sign of an insurer but also the name and premises of brokers and agents. With his/her marketing appearance, a salesperson breathes life into an insurance company because he/she is a specific person, with a name and a surname.

"Marketing does not bring business." It is about which marketing tool is used. If personal sales and sales promotion are not taken into account, marketing does not support fast, but medium-term business. It becomes effective when continuous and consistent work is present and when insureds notice it. Marketing is the most effective when it seems good to clients. A client will make sure to start talking about it. Even if it is not talked about, public relations are available as a marketing tool.

"So far, I've only had bad experience with advertising." Perhaps that could be accepted at first. However, it is worth considering - marketing does not just consist of advertising. There is a number of other, successful marketing tools, such as product policy, prices, ancillary services, media relations, sales policy. In advertising, when competing with market rivals, one should have patience. Perhaps advertising was not the right marketing tool at the time. What is, in fact, wrong with that bad experience: the type of advertising, the target group, the chosen moment, the duration? There are always clients who get interested, as well as clients who do not get interested. If there are more of the latter, there is a number of other options available to get closer to a client.

"My friend is against marketing." Do we know the reasons? Is not his/her opinion opposed to opinions of most other brokers and agents? Does he/she find marketing equal to advertising? Is he/she an opponent of any form of advertising in other industries? A business partner has a powerful impact on the overall success of a business venture. If he/she understands marketing poorly or not at all, he/she needs help with that. He/she may be afraid that using marketing would lead to some reckless moves. Namely, if the influence of marketing on a client is abused, it is only then and never again. That is something no serious and sales-oriented salesperson can afford today.

"My colleagues don't use marketing either." This already sounds strange. Or rather, it seems that colleagues are not telling the truth. They may fear that rival marketing will be more successful. It would be worth looking at how colleagues equipped their office or how they are dressed in meetings with clients, because, as has long been proven, a suit in the client's subconscious makes a salesperson reliable and professional.²⁷ In addition, that is already marketing. If the opinions of

²⁷ Ralf-Peter Prack, Andre Czerwionka, *Verkauf von Versicherungen und Finanzdienstleistungen ist (k)eine Magie* (2. Auflage), Wiesbaden, 2015, p. 13.

colleagues are taken, then their marketing should also be taken, although they do not call it that and other brokers or agents do not recognize it immediately.

"I have already tried everything, nothing helped." You do not have to try everything at all. It would be quite enough to rely on a long-term and consistent marketing tool (for example, advertising, sales promotion, personal sales conversation, targeting new media and social networks) and wait for its effect and success to manifest itself over time.

"I do not have time for marketing." *"I do not have time"* are the words of clients, not of insurance brokers and agents. One just need to keep talking to an insured, invest additional five minutes, confirm to him/her how he/she made the right choice, how one appreciates his/her trust, ask if anything has changed in the meantime.

"Marketing is for marketing companies." Of course, a salesperson can go to a marketing professional. However, marketing is not just for marketing companies. Who knows a client? Who shows creativity in sales by continuously introducing something new? Of course, these are insurance brokers and agents. There are countless reasons to contact an insured independently. Why should others think about word games or expressions that will adorn likable images on ads prepared by marketing companies? Everything can be offered in a simple and understandable manner, in own words, while emphasizing the benefits for clients. In time and with practice, everyone can build a style in which he/she will incorporate his/her own personality.

"Marketing is nonsense, I sell policies anyway." This immediately raises questions whether policies are sold on their own and how sales actually began. Business must be carried out and in order for it to be continuous, it is necessary to boost it from time to time. A small marketing "stimulus" can bring a great success. Namely, the policies are sold as much as clients trust a salesperson and as much as that trust is later justified. By working on marketing, the attention and interest of clients is continuously maintained.

IV. Connection to Marketing of an Insurance Company

From the point of view of an insurance company, a broker or an agent is crucial for sales and marketing as a whole. An insurer tries to influence a broker or an agent so that they support insurer's own marketing. This is a so-called "vertical marketing", for which examples can be given: a) an exclusive broker for his newly opened office receives a luminous advertisement with an insurer's sign. In addition, an insurer supports an agent in terms of equipping the shop window with advertising materials that also draw the attention to an insurer; b) an insurance broker receives free advisory computer programs, as well as an insurer's prospects. Thus indirectly advertises an insurance company.²⁸

Depending on the marketing tool used, brokers and agents take on different roles in the overall marketing of an insurance company. It is up to them to make the

²⁸ M. Beenken (2017), S. 403.

best use of this opportunity - to influence marketing measures themselves, to use them to mutual benefit, and to enrich them with a personal stamp.

Regarding marketing research and storage of data on insureds, brokers and agents are assigned the role of informants. Marketing research is a starting point, while simultaneously giving feedback to other used marketing tools. At this point, it is necessary to include local market circumstances here. It is true that nothing can replace a professional and extensive marketing research that covers the entire market, but even the best research cannot bypass the experience and knowledge of a field salesperson in terms of consumer behaviour and competition. In addition, an insurance company's marketing data storage is comprehensive and includes a variety of data for the entire country (or beyond), but it is also based on fieldwork and collection where brokers and agents are indispensable.

Regarding marketing tools for shaping of services and related pricing, the experience of brokers and agents on sales opportunities and methods must be taken into account, which means that the role of advisor and a levelling point is attributed to them here. A salesperson is the best one for performing the final control and can help avoid failures. After all, his/her key task is to prepare an offer in accordance with the relations prevailing in the local market and the needs of local clients.

In terms of shaping sales, client support, and possibly measures of tying clients, brokers and agents are given the role of carriers, and an insurance company receives irreplaceable help when their abilities are taken into account from the very beginning of business. On the other hand, it is up to brokers and agents to adjust the measures and tools determined by an insurer as appropriately as possible to the local circumstances.

Similar is applied to marketing tools such as sales promotion and sales training, where a salesperson is a recipient and carrier of measures that depend on his/her needs, desires and possibilities. As in the previous paragraph, it is up to a broker and an agent to evaluate the offered tools in the best possible way, both for own work and for the benefit of clients. When it comes to communication means to others - advertising and public relations - it would certainly be helpful to take into account the opinions and incentives coming from brokers and agents as partners.

Due to the usual size and specificity of an insurance company dealing with a large number of insurance lines, it is in principle not possible to include the opinions of all brokers and agents in the design of marketing tools. Formation of a marketing board as an advisory body in an insurance company, which would have the task of taking responsibility in planning and implementing marketing projects, would be of invaluable help here. The board would consist of sales associates (both those employed with insurers and independent ones), insurance technology experts, persons from the company's management, associates outside the company (including scientists and research institutes), as well as clients, i.e. the most important insureds. If necessary, they would all be involved in certain issues.²⁹

²⁹ K.-H. Puschmann, S. 298–300.

When researching the relation between the total marketing of an insurance company and the independent marketing of brokers and agents, it is important to get acquainted with the relation between insurance marketing and insurance sale in an insurance company, both from the point of view of science and practice.

From a scientific point of view, insurance marketing and insurance sale are clearly differentiated. Marketing regulates and combines several marketing tools into a specific marketing mix. Insurance sale is just one of the marketing tools. In this way, it is in principle possible to coordinate every marketing tool to serve a common goal.³⁰

In reality, however, it is different. Marketing often has a subordinate role compared to sales. In many insurance companies marketing is still equated with advertising and sales promotion, thus subordinating to sales. Of course, there are companies where its importance is better understood, so, in special marketing departments, at least, market research, advertising, sales promotion and marketing of certain insurance lines are combined. Marketing department is then either directly linked to the company's management, or merged with the sales department. In the latter case, it is quite often called "sales and marketing", i.e. "marketing and sales".³¹

V. Independent Marketing of Insurance Brokerage and Agency

From the point of view of brokers and agents, marketing is an independent function. Independent marketing of brokerage and agency must ultimately bring about the best possible relation between the revenue and expenditure. Independent does not mean completely separate, because due to a feedback from an insurance company, marketing is getting stronger and a multiplied effect is created. Therefore, the selection of marketing tools that will be used in brokerage and agency is not simply about the most appropriate combination, but also about connecting with the measures of an insurance company. There may be contradictions between these two participants, which, however, are mostly minor.

It is advisable to keep in mind that a broker or an agent usually has a slight influence on insurer's marketing and the policy of making insurance services available. He/she is dependent on market-oriented pricing and services policy (at least a broker has in principle free choice, so he/she can indirectly exert pressure on an insurer to develop more appropriate services for the market).

Contrary to that, a broker and an agent usually pursue an independent communication with clients, especially in advertising and public relations. However, this freedom is narrowed in case of an exclusive agent, in which case an insurer seeks to enforce uniformity in terms of advertising its brand and advertising messages. For example, an insurer will not accept that an exclusive agent uses a colour mark other than the official one, just because to an agent it seems more appropriate for his/her own market performance.³²

³⁰ Thomas Köhne, *Versicherungsmarketing*, Karlsruhe, 2016, S. 12–13.

³¹ T. Köhne, S. 20.

³² M. Beenken (2017), S. 403–404.

Independent marketing of insurance brokerage and agency is a special topic to which a lot of space could be dedicated. In short, within its framework, after possible differences and disagreements in interests with an insurance company are settled, a marketing plan should be adopted. After reviewing the market and analysing the portfolio of clients, the plan is to determine marketing goals, with the design or transformation of the business, and the use of marketing tools and marketing strategy to achieve the goals.³³

VI. Conclusion

Marketing of insurance brokerage and agency is a relatively new area of research. Generally speaking, it means finding new and binding existing insureds. If we start from the nature of brokerage and agency activities, we can clearly see a strong connection with the marketing of an insurance company. Independent marketing of insurance brokerage and agency is used continuously keeping in mind this connection. In order to be successful on the market, every broker or agent would have to use the marketing of insurance brokerage and agency, of course, in a way that suits his/her business.

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³³ V. Eickenberg, S. 69.

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