

Slovenia

Insurances usage in Slovenia in 2007

In recent years it has been possible to identify a trend of decrease in the interest in saving in banks but in 2007 the proportion of Slovenes who put their savings in the bank stabilized at 39%. On the other hand, we have noted an increased interest in life insurance again, after a trend of decreasing interest in saving the money in that form. A quarter of the Slovene population preferred this kind of savings in the year 2001 whilst in 2006 this share dropped to 16%. However the share increased by more than 13 percentage points this year so that the share of people with life insurances now accounts for about one third of the population.

The results described in this article represent conclusions drawn from GfK's Saving Mood Barometer 2007 survey and IMDS 2007, both of which are part of the "Financial Omnibus". The latter is a continuous research tool which has combined several studies of the financial markets in Slovenia since 2001.

As has been mentioned in the introduction, increased interest in and, as a consequence, increased uptake of life insurance savings has been noticed since 2006. Furthermore, the proportion of investment insurance has also increased. This type of insurance is mainly chosen by men, people with higher education and people with a higher level of household income. (The positive trend in this personal insurance started in 2005). According to the data from the GfK Saving Mood Barometer, a majority of the population has investment insurance with the biggest insurance company in Slovenia – Zavarovalnica Triglav. On the other hand, the share of classical life insurance users decreased in 2007 and is currently at a similar level to that seen in 2005, when around 45% of the population had this type of personal insurance.

The trends differ for other forms of life insurance but, in general, it can be concluded that the shares of these personal insurances are mostly decreasing (the shares for 5 out of 9 personal insurances have decreased and the share of those who do not have any form of personal insurance' has increased). It is a well-known stereotype for Slovenes that we tend to "stick" to property insurance, so that any decrease in these insurances is more the exception than the rule. This is also confirmed by our research findings, as the percentage of users increased for the majority of 16 stated options.

Cooperation with insurance companies

Which insurance companies do Slovenes perceive to be their main insurance companies: i.e. with which insurance companies do Slovenes have a majority of their insurance policies or have the most valuable insurance policies?

'Top 10' insurance companies in Slovenia were ranked the same as in 2006. Zavarovalnica Triglav is still in the leading position, followed by Zavarovalnica Maribor and Adriatic Slovenica. It's interesting that none of these insurance companies noticed any decrease of interest in life insurances, rather the opposite. Also a share of customers who claimed one of the foreign insurance companies to be their main insurer increased too – insurer Grawe was "leading" here and this company almost doubled its share in 2007, compared to the year 2006 (from 0,7% to 1,9%); Grawe is followed by Generali that came close to one tenth of the customers who claimed it was their main insurer, and insurance company Merkur.

Preference for insurance companies

In terms of shares of clients, all the leading insurance companies also figure as the most preferred ones but with a slightly different ranking. The leading insurance company is Zavarovalnica Triglav, followed by Adriatic Slovenica, Zavarovalnica Maribor and Generali. The characteristic of "likeability" improved in 2007 for all the insurance companies named. In general, there has been a trend among Slovenes for increased "likeability" with regard to foreign insurance companies. There is a consequent influence on the share of users and market competitiveness.

Factors that influence cooperation and decision making when choosing an insurance company

Approximately one fifth of the respondents have initiated a new contract with an insurance company in the last year whilst almost 13% of respondents discontinued or substantially reduced their involvement with their chosen insurance company. Overall, the most common reason given for a new cooperation was 'the most favourable offer / because of its advantages' (42% of respondents gave this reason). The most common reason for stopping or substantially reducing cooperation was 'expensive prices' or 'cheaper products at other insurance companies' (cited by 22% of respondents).

The reasons for starting, stopping or reducing a cooperation quoted above do, to some extent, already provide an outline of the choice process when looking for an insurance company. However, the decision making process is also influenced by other factors. The primary question is: which are the influential reasons and to what degree do they influence the decision-making process?

Amongst other factors, it is the type of insurance required which plays the crucial role in the process of choosing an insurance company. The important factors influencing the choice of property insurance are different from those which influence the choice of life insurance. Below, we will consider these factors as a whole.

The largest share of respondents (just over 60%) cited 'is quick in case of damages' as the most important reason for considering a new insurance policy or insurance company (traditionally ranked first). Half of the respondents (this share increases year on year) also consider the ratio between price and service quality as being an important factor in the decision, followed by the economic stability (the importance of this factor gained the most compared to previous years), safety, reliability and trustworthiness of the insurance company. Relatively less important factors (shares for these are between 2% and 5%) are: 'easily reachable due to wide net of insurance agents' and 'insurance agent recommendation'. That the company is of Slovene origin is becoming relatively less important to Slovenes as a reason for choosing an insurance company - this share decreased for more than 4% in comparison to 2006.

Sources of information concerning insurance services and insurance business arrangement

Where do respondents obtain information about insurance? Most of them see the information on television or get it directly from insurance agents. Other important sources of information mentioned by respondents included newspapers, employees in insurance companies and family, friends and acquaintances.

To conclude ...

The conclusion we can come to is that, in 2007, the events on the Slovene insurance market were similar to those in the banking market. Almost all the results from our research have indicated intensive activity on the part of both domestic and foreign insurance companies. Again, we have to emphasize that Slovenes have more insurance policies for their cars and property than for themselves. This is reflected in the increase of property insurance users and decrease of personal insurance users. We have already mentioned two exceptions with regard to the latter: investment insurance and supplementary health insurance.

This is the current situation based on the data from 2007. What is now required is that a look should be cast at the future and clients' wishes should be acknowledged and considered: what types of insurance, sources of information, and ways of doing business are desired. A future article will consider this topic in more detail.

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