

SOME PROBLEMS OF INSURANCE MARKETING

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Years fly and humanity, based on new geographical discoveries, the establishment of more and more commercial, economic and cultural relations between countries and peoples, is becoming more enlightened, religiously tolerant and civilized. This process, coupled with the development of science, technology and technology at the intersection of mathematics, physics of chemistry, biology, information technology and other fundamental and humanitarian disciplines that we really encounter in modern times, whether we like it or not, cultivate appearance, psychology, everyday life and the culture of us and the younger generation. In these historical conditions, people give a special place and preference to the logic of risk management in all their manifestations: in everyday life, technology, economics, in business, etc. Therefore, it was no coincidence that they came up with such relatively new sciences as marketing and management, and before them an insurance system.

Keywords: *Insurance marketing, insurance market, insurance company, insurance business.*

JEL Codes: *G20, G22, G28*

The Law of the Republic of Azerbaijan on insurance states: “Insurance is a relationship to protect the property and property interests of the insured or other persons in whose favor an insurance contract has been concluded by compensating for the damage caused” [<http://www.zewo.ru/laws/0436.html>].

The development of the insurance system in the former post-Soviet space can be divided into three stages: before the establishment of Soviet power in 160

them, during its entry into the structure and after the collapse of this system. During the period of Azerbaijan's entry into the Russian Empire, representative offices of insurance companies and partnerships of Russia, Germany, England and other states worked very successfully on its territory attracting oil (<https://azersigorta.az/ru/page/sirketin-tarixi>).

However, due to the expiration of many years and the repeated change of generations of the population, as well as the collapse of previous socioeconomic systems, the experience of organizing insurance business not only in Azerbaijan, but throughout the post-Soviet space, was mostly lost. In the new economic and political conditions, these countries, voluntarily or involuntarily involved in the system of market relations, cannot adapt to the new realities of life. For this reason, they who, as best they can, often using the methods of thieves and cowboy management and management systems, solve their own socio-economic and financial problems. Note that insurance problems are perhaps the most significant problems that are part of the latest ones (http://www.azerbaijans.com/content_739_ru.html).

Based on an analysis of the state of the economy and market infrastructure, which also includes a system of insurance for economic, economic and commercial risks, one can judge not only the level of economic development, but also the state of solution of socio-economic and other problems of the population in each country. According to the same indicators, as it seems to us, in spite of the efforts being made, not a single country in the former post-Soviet space has much to be proud of... Insurance marketing assumes the existence of an insurance market, where both insureds and insurers, and other subjects of market relations face an incredible amount of uncertainties in the environment, as well as fierce competition and contention (Arkhipov 2017). [In our countries **AGL** such as Azerbaijan, Armenia, Georgia, and others, the insurance market is small, which is territorial, i.e. spatially limited, but also somewhat inferior due to the presence of many political, economic, social and other objective and subjective problems. For example, according to the latest official data in the Republic of Azerbaijan at the beginning of 2018, 24 insurance organizations were functioning (See Table). Only the most prestigious of these was the one that, based on illegal support of high-ranking circles, enjoyed the priority right to collect compulsory insurance contributions. A similar situation is observed in almost the entire post-Soviet space, despite the fact that the modern concept of social and ethical marketing of the market requires the creation of equal opportunities for all policyholders and insurers in the insurance market.

In a market economy, capital tends to be distributed and redistributed between sectors of the national economy and spheres of human activity based

on demand, supply and prices on a particular market. Such a system forms the mechanism of action of the global market, which distributes invested capital in areas that ensure business participation in obtaining a certain share of redistributed profit. Such a healthy and effective mechanism should be extended to the insurance market [Crevens 2008. 193-296].

The number of insurance organizations of the Republic of Azerbaijan on 01.01.2018

Table 1.

Existing insurance organizations, units	24
Including:	
life insurance	3
out of life insurance	20
reinsurance	1
Brokerage offices	13

Azerbaijan Statistics Indicators

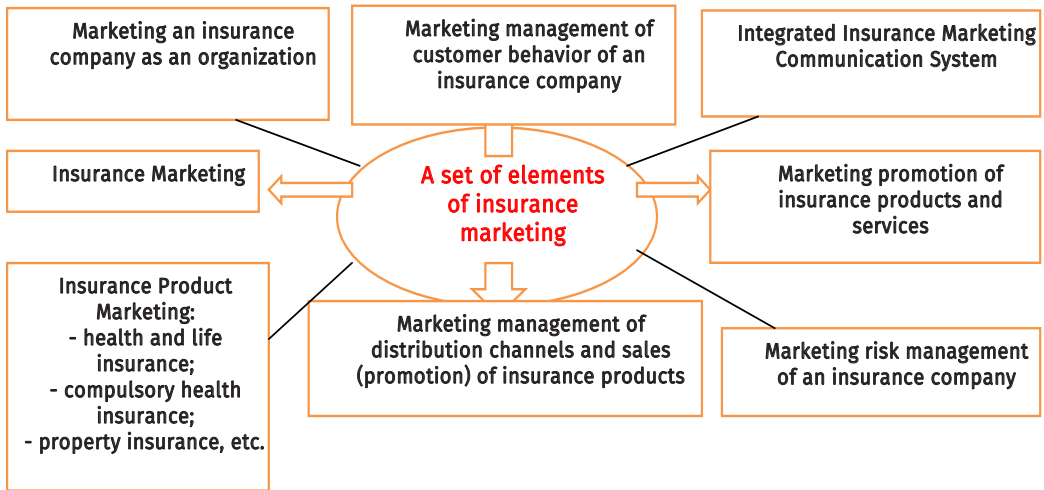
To ensure this condition, many legislative acts should be revised, the vicious practice of the executive and controlling structures should be changed, as M.N. Saakashvili, the former president of the Georgian Republic, was able to do.

Insurance marketing is not only the practice of managing the capital of an insurance company and insurers, but also a system for the efficient organization and management of economic, financial, and property risks of market entities and the public. Therefore, insurance marketing covers the marketing of the insurance company itself, the marketing of insurance products and services in general terms, as well as their individual names and varieties. The first of these includes marketing research on the context and capacity of the insurance market, including competition and competition in this market. Further, marketing research of the political system, economic conditions, demographics, geographical factors, legislation, and many other factors on which the activity of the insurance company depends and does not depend (including fully and partially controlled factors) [Nikulina 2016].

The overall security of each country, consisting of military - strategic, financial, economic, food, environmental and other security, largely depends on the effective organization of the insurance system. The insurance marketing complex itself consists of several basic elements (Fig. 1).

Components of insurance marketing.

Figure 1



As can be seen from the above figure, the entire scientific apparatus and complex of marketing science extends to insurance marketing. Naturally, blindly extending the scientific and methodological foundations of marketing science to the insurance industry and its other applied facilities cannot give the expected results. Therefore, it is necessary to notice features of insurance products and services, market and market demand, offers and prices in the insurance market, the level of profitability and profitability of investments in this area, as well as many other aspects and problems. In particular, it is very important to know that the goals of insurance companies and their insurers usually do not match. For example, the goals of an insurance company coincide with the goals of marketing science, which is to maintain the volume of demand, supply and prices at a level that ensures a steady increase in profits. At the same time, the task of insurers is the effective management of risks in the process of their production, marketing and other activities. Consequently, insurers, on the one hand, following the principles of market relations, seek to stabilize and increase profitability in case of compensation for possible losses as a result of force majeure circumstances and other circumstances with policyholders.

It should not be forgotten that shareholders and other investors of companies consider the insurance system as an object for the effective investment of their capital and the receipt of appropriate profits. Therefore, it is very important who creates an insurance company: the union of insurers, the

state or individual business people and circles who want to get superprofits.

Insurance marketing requires an impartial, comprehensive environmental study. It is believed that, first of all, it is necessary to study the factors and conditions on which the insurance company depends, and on which it is not able to influence. This includes politics, economics, demography, legislation, executive and regulatory structures, competitors, competition, etc. If the above factors and conditions turn out to be acceptable, then insurance marketing suggests moving on to researching those that can be studied at least somehow and that will become possible to influence to one degree or another. The latter components usually include demand, supply, promotion channels, communication systems..

If the results of the research are compatible with the development concept of the insurance company, marketing can begin further research on internal factors and conditions for their compliance with the requirements of previous studies and, if necessary, ensure their compliance with market demand.

In the civilized countries of the world, the insurance system is formed on the basis of legislative acts adopted by their parliaments and relevant orders and decrees of senior leaders of states.

The creation of the necessary laws and procedures, as well as an effective insurance system in Azerbaijan is one of the main requirements of insurance marketing. The Law of the Republic of Azerbaijan on insurance was adopted on November 5, 1993 (No. 436). Amendments to this law were made on November 5, 1996 (No. 188 - I State Duma) and December 11, 1998 (No. 588 - I State Duma) .

Modern insurance practice allows for certain market uncertainties, a volatile competitive environment, and the adoption of new laws governing the insurance market. At the same time, the principles of political and economic stability, designed to ensure the sustainability of each national economy and the above conditions do not fit into the same framework and poorly perceive the hops and uncertainties associated with the cowboy management of certain activities of production and other enterprises. Therefore, to change this situation, it is necessary to develop a long-term state economic policy. In addition, the public administration system, as well as existing laws and regulations, should be subject to expert reviews at regular intervals to review and bring them in line with changes in the external marketing environment, suppress corruption in executive structures and increase the efficiency of the state apparatus.

Insurance marketing, as it does not sound messy, requires insurance against the risks of the insurance company itself, as well as its individual office and other facilities, types of insurance activities in general and in the areas of insurance services provided. Marketing science, however, sets a goal that can be realized in two directions:

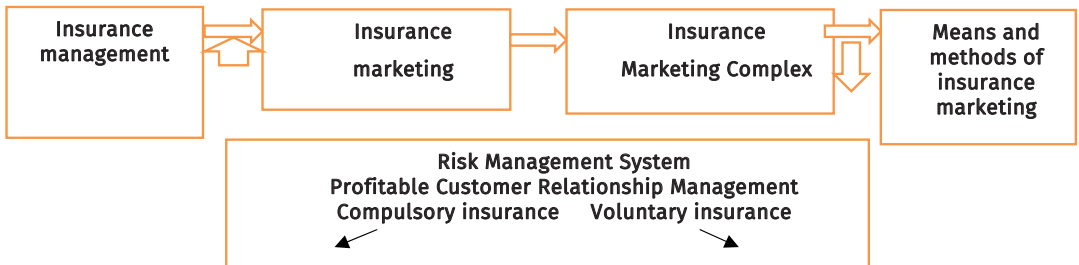
Firstly, to steadily expand the activities of a particular insurance company by increasing its share in the insurance market to the maximum possible level established by the antitrust law of the country where the company operates.

Secondly, as the condition of marketing management says to increase the degree of risk management efficiency, it is necessary to diversify the activities of the insurance company by expanding insurance facilities and finding new customers - insurers, as well as increasing the number and types of insurance services, finding new insurance markets in the regions and beyond outside the country. That is what will correspond to risk management based on the principles and conditions of modern management, calling on all businessmen “not to keep testicles in one basket.”

Note that the rate of profitability in the sectors of national economies and spheres of human activity, as the theory of economics says, tends to decrease [6]. Given this, insurance marketing calls for managing risk situations in insurance companies in such a way that they do not get out of control and are within reason. Therefore, we recommend that marketers and managers of insurance companies in their daily work adhere to a certain model (Fig. 2).

The model of insurance marketing - management in the system of risk and profitable customer relationship management

Figure 2



Yes, business is after high profitability. However, in order to regulate inflation and price spikes on goods and services in the consumer market, the practice of using state restrictive instruments and incentive levers is very important. In particular, it would be advisable to establish the highest possible levels of profitability for insurance companies, as well as some types of insurance. In accordance with the current law of the Azerbaijan Republic, insurance companies cannot engage in banking activities. This means that the monetary resources accumulated in insurance companies cannot be used as investment capital and,

in addition to this, they cannot be given to anyone for use at interest [<http://www.zewo.ru/laws/0436.html>].

The above position is considered controversial, because according to the conditions of the capitalist economic system, money must work: turn around and make a profit. If this provision is ignored by our and other laws, then insurance companies should be created in the form of a community of insurers, like joint-stock companies and commodity exchanges that do not pursue profit-making. Otherwise, the state should regulate the activities of insurance companies so that after a certain time, they could not assign all the remaining insurance premiums as profits or corresponding bonuses. In addition, insurance companies may need to be created, as noted above, based on the principles of commodity exchanges. The latter, in accordance with their charters, are formed in the form of structures that do not pursue commercial goals, i.e. Receiving a profit. If insurance companies were created and functioned like commodity exchanges, then democratic rights and interests of insurers and the state would be much better taken into account.

Analyzing the financial and economic state of insurance companies, it is possible to present schedules for collecting insurance payments before and after marketing events (advertising, various presentations, events, etc.). Based on the information collected in this way, it will be relatively easier to calculate the communicative and economic effectiveness of advertising and other events.

In practice, insurance premiums are ahead of insurance claims over time. In order to effectively manage these processes, marketing offers to study the dynamics of last year's financial and economic conditions of both individual and all insurance companies. Insurance companies, exploring their own risks, should study the experience of past years and the activities of competing insurance companies [Akhvlediani, 2016].

For timely and correct risk assessment of insurance companies, marketing recommends that each of them create an effective marketing information system (MIS). This system should include the formation of management and marketing services, as well as statistics, accounting, the organization of analytical work, strategic and current control, i.e. all that is necessary for the fruitful activity of the insurance company. With all this, all created structural units must comply with the principles of science, systematicity, efficiency, comprehensiveness, objectivity, identification of leading links, market adequacy, corporate commitment, social orientation, taking into account the religious values and postulates of the countries where the activities of insurance companies are deployed.

In order to implement the above principles and conditions related to the organization of management of insurance companies, it is necessary to observe the justified hard work of individual structural units. Therefore, in order to achieve the desired success, these and other employees of insurance companies

must take special training and retraining courses not only in the countries where they work, but also in foreign universities and insurance companies, for example, in England, where the world-famous insurance market “Lloyd” and corporation operate. [https://ru.wikipedia.org/wiki/Lloyd%E2%80%99s_of_London]

Organization of managing insurance companies can also help to study the experience of commodity and other exchanges. This applies both to the experience of conducting operational statistics and accounting based on the results of exchange trading, as well as the organization of exchange research and its scientific apparatus, in particular, fundamental and technical analyzes that allow studying the state of exchange markets and making any forecasts about their dynamics . Such accounting and analytical work poses the problem of developing certain tables, matrices, graphs and charts. For example, if you present a graphic image of insurance revenues and expenses in one figure, then shifting the top of the graph from the bottom, or rather, as if superimposing them on top of each other, you can get a clear picture of the relationship between income and expenses of the insurance company.

In general, over a certain period of time, say, one year, the total amount of proceeds from each type of insurance should be greater than or equal to the amount of insurance payments for the same types of insurance, i.e.

$$(2) \quad \sum_1^n a_n \geq \sum_1^m b_m \quad \text{where:}$$

n – the number of policyholders for a particular type of insurance for one year;

a – the amount of the insurance premium of each insured for a particular type of insurance for the same period;

m – the number of insurance payments in one year;

b – *the amount of insurance payments for each officially registered insured event.*

At the same time, the total insurance income for certain types of insurance must also be greater than or equal to all the total insurance payments and expenses of the insurance company, i.e.:

$$(3) \quad \sum_1^c x_c \geq \sum_1^d y_d, \quad \text{where:}$$

c – the total number of customers who paid insurance premiums for the entire insurance company within one year for all types of insurance;

x – separate insurance premiums from all types of insurance for one year;

d – the number of insurers who received insurance amounts for all types of insurance *within one year*;

y – *separate insurance payments and expenses of the insurance company for the same period.*

From the above formulas, it follows that the amount of insurance payments should be calculated with such a probability that the insurance company not only does not encounter problems of insolvency and bankruptcy, but can, covering all expenses, accumulate some funds at a level not lower than the average annual inflation level. For example, if inflation expectation for the coming year is 5%, then the income of the insurance company in the worst case should also increase to a level that can cover all losses from this destructive process of depreciation of funds.

Clarifying the aforementioned, we emphasize that each insurance company has its authorized capital and funds necessary to ensure current activities. Inflation also devalues some of these funds. Then, how should the insurance company recover its losses? If you adhere to the Insurance Law, the above and other losses of the insurance company, in particular, from inflation, must be compensated either by state subsidies or by pursuing an appropriate pricing policy for the provided insurance services

$$(1) R = (s + \sum x + \sum b) \times p + \sum z, \text{ where}$$

R – expenses and losses of the insurance company as a result of insured events, inflation and other events during the study year (thousand man.);

s – the amount of the authorized capital of the insurance company, which inflation could not pass (thousand man.);

$\sum x$ – total insurance premiums from all types of insurance for one year, subjected to inflation (thousand man.);

$\sum b$ – current working capital (thousand man.);

p – inflation rate (%);

$\sum z$ – other expenses of the insurance company in the course of its current activities during the study period (thousand man.).

Thus, in the course of its annual activity, the insurance company must adhere to such marketing strategy and tactics that it can earn money at least at the level of the calculated indicator *R*, in order to cover its losses due to inflation and other events during the studied annual period. Although, in order to ensure the further development and prosperity of the insurance company, its profit should not only exceed the current inflation rate, but should reach the average annual level of profitability in this field of activity.

For the timely and effective resolution of these and other problems, employees of insurance companies should, as noted earlier, take special courses in insurance marketing, management, statistics, accounting, analysis of economic and economic activity, audit, organization of staff work, management of potential customers' behavior, etc. .

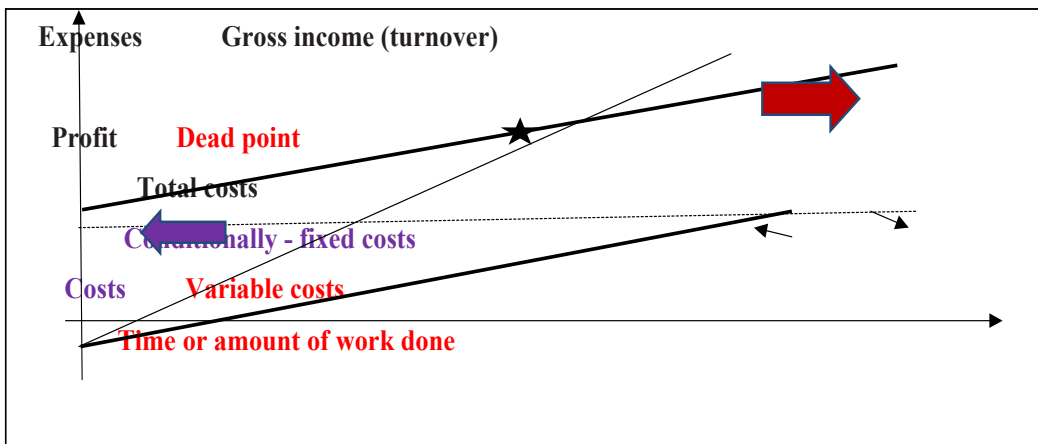
In their practical activities, each insurance company is faced with the problems of managing a variety of risks. One of these risks and, possibly, the

most relevant is the management of profitable customer relations. The latter requires a careful study of psychology and consumer insurance behavior of various population groups, as well as conducting targeted marketing activities around them, designed to form a changings in the established negative attitudes towards risk management and insurance in general, resulting in a positive attitude towards insurance companies and a common long-term insurance culture. The implementation of such a consistent marketing strategic policy will enable insurance companies to ensure sustainable profitability of their activities.

Profit planning in insurance marketing, as in other areas of activity, requires certain calculations, and, if necessary, the construction of an appropriate graphic image that characterizes the location of a “dead point”, which is often called the “profit point”, possibly the “profit point” or “break-even point”(Fig. 3).

Break-even point or dead center

Figure 3



The “dead center” is at the junction of lilies intersecting gross receipts of insurance premiums from policyholders and total costs, including operating expenses of the insurance company for the maintenance of the management apparatus, office expenses, relevant state taxes, insurance claims payments, losses associated with inflationary processes, etc. d. As follows from their presented Figure 3, to the “breakeven point” all the insurance company’s profits go to meet the expenses. Therefore, the insurance company should as soon as possible, within a short time, cover all these monthly and annual expenses and losses, and in the remaining time, i.e. Before the expiration of the planned planning period, work exclusively on increasing profits.

The minimum turnover of each insurance company (S) that provides coverage of all costs and losses can be calculated by the formula:

$$(1) S = \frac{F_n}{N-R}, \text{ where}$$

F - general conditionally - fixed costs of the insurance company (thousand man.);

N - total insurance premiums from all types of insurance for one year (thousand man.);

R - expenses and losses of the insurance company as a result of insured events, inflation and other events during the study year (thousand man.).

$$\text{Recall that, } N = \sum_1^n a_n, \text{ a } R = \sum_1^d y_d = (s + \sum x + \sum b) \times p + \sum z$$

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სადაზღვევო მარკეტინგის ზოგიერთი პრობლემა

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ასოციირებული პოლიციის

აზერბაიჯანის სახელმწიფო ეკონომიკური უნივერსიტეტი

ყოფილ პოსტსაბჭოთა სივრცეში დაზღვევის სისტემის განვითარება შეიძლება დაიყოს სამ ეტაპად: საბჭოთა ხელისუფლების დამყარებამდე, სტრუქტურულ შეცვლის და ამ სისტემის დაშლის შემდეგ. აზერბაიჯანის ხუსეთის იმპერიის შეცვლის პერიოდში, სადაზღვევო კომპანიების წახმომადგენლობები და ხუსეთის, გეიმანის, ინგლისისა და სხვა სახელმწიფოების პატივითები დიდი წახმატებით მუშაობდნენ აზერბაიჯანის ტერიტორიაზე ნავთობის მოსაპოვებლად. თუმცა, მხავადი წლის გასვლისა და მოსახლეობის თაობათა ცვლილების, აგრეთვე წინა სოციალურ-ეკონომიკური სისტემების ნგევის გამო, სადაზღვევო ბიზნესის ორგანიზების გამოცდილება ახამხორდ აზერბაიჯანში, ახამედ მთედ პოსტ-საბჭოთა სივრცეში, ძიითადად დაიკავა. ახად ეკონომიკური და პოლიტიკური პირობებში, ეს ქვეყნები, ნებაყოფლობით თუ უნებლიეთ, მონაწილეობენ საბაზო ურთიერთობების სისტემაში, თუმცა, ვეი ეგუებიან ცხოვრების ახად ხეადობებს. ამ მიზეზით, ისინი, შედებისდაგვად, ხშიად იყენებენ ქუხების და კოვობის მენეჯმენტისა და მათვის სისტემების „მეთოდებს“, წყვეტენ საკუთარ სოციალურ-ეკონომიკური და ფინანსური პირობებებს. შესაბამისად, უდავოდ გასათვარისწინებელია, რომ ეფექტიანი დაზღვევის სისტემის ფორმირება დღესათვის, ადბათ, უმნიშვნელოვანესი და უახდესი პირობებია.

სადაზღვევო მაჩვენებლი გულისხმობს სადაზღვევო ბაზისს ახსებობას, სადაც, ხოგოხც სადაზღვევო შესატანის გადამხდელი პილი, ასევე სადაზღვევო კომპანიები და საბაზო ურთიერთობების სხვა სუბიექტები წახმოუდგენლად განიცდიან გახემოში გაუკვევლობებს, ასევე მწვავე კონკუტენციასა და ხშირად უსაგნო კამათს. ფაქტია, რომ აზერბაიჯანში, სომხეთში, საქართველოსა და სხვა ზოგიერთ ქვეყნებში სადაზღვევო ბაზაი მცირეა, ხომელიც ახის ტერიტორიულად, ანუ სივრცით შეზღუდული გახკვეუდწილად დაბალი მნიშვნელობის მხავადი პოლიტიკური, ეკონომიკური, სოციალური და სხვა ობიექტური და სუბიექტური პირობებების ახსებობის გამო. მაგალითად, აზერბაიჯანის ხესპუბლიკაში, ბორღ ოფიციალური მონაცემების თანახმად, 2018 წლის დასაწყისში 24 სადაზღვევო ორგანიზაცია ფუნქციონირებდა. მათგან მხოლოდ ყველაზე პი-

სტიჟური იყო ის, რომელიც მაღალი წიხეების ახასამათდიანი მხადაჭეხით, მათ შოხის – სავადღებულ სადაზღვევო შენატანების პიოოხიტეტი უფლებით სახგებდობდა. მსგავსი ვითალება შეიმჩნევა თითქმის მთედ პოსტსაბჭოთა სივხციეში, მიუხედავად იმისა, რომ თანამედხოვე სოციაღუხი კონციეცია სოციაღუხი და ეთიკუხი მაკეტინგისთვის მოითხოვს სადაზღვევო ბაზაზე ყვედა დამზღვევისა და სადაზღვევო კომპანიისათვის, მეტ-ნაკდებად თანაბაი შესადღებდობების შექმნას.

საკვანძო სიცივები: სადაზღვევო მაკეტინგი, სადაზღვევო ბაზაი, სადაზღვევო კომპანია, სადაზღვევო ბიზნესი.

JEL Codes: G20, G22, G28