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**INFLUENCE OF INSURANCE EDUCATION ON THE  
LEVEL OF INSURANCE AWARENESS OF UNIVERSITY  
OF WARMIA AND MAZURY STUDENTS**

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**Key words:** insurance, insurance education, insurance awareness.

**A b s t r a c t**

Insurance education concerning both life and property insurance is very important but the consequences of decisions taken today in that field could be assessed after many years from now only.

Clients must learn the interpretation of insurance regulations, general insurance conditions, the skills of comparing and drawing conclusions from insurance offers. The subject knowledge on insurance and pension funds is required for efficient functioning in the European society.

The Ombudsman of the Insured and the Insurance and Risk Management Chamber of Commerce states that insurance education should be targeted first of all to the youth. The paper presents the results of the study on the level of insurance awareness among the last year students at the University of Warmia and Mazury. The studies showed that more than a half of the respondents assessed the level insurance awareness as low. To improve that situation the educational activities of insurance companies should be expanded.

**WPLYW EDUKACJI NA POZIOM ŚWIADOMOŚCI UBEZPIECZENIOWEJ  
STUDENTÓW UNIwersYTETU WARMIŃSKO-MAZURSKIEGO**

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**Słowa kluczowe:** ubezpieczenia, edukacja ubezpieczeniowa, świadomość ubezpieczeniowa.

**A b s t r a c t**

Edukacja ubezpieczeniowa, zarówno w zakresie ubezpieczeń na życie, jak i majątkowych, jest bardzo ważna, a skutki decyzji podjętych dziś w tym zakresie będzie można ocenić dopiero po wielu latach.

Klienci muszą nauczyć się interpretowania przepisów ubezpieczeniowych, ogólnych warunków ubezpieczenia, umiejętności porównywania i wyciągania wniosków z ofert ubezpieczeniowych. Merytoryczna wiedza z zakresu ubezpieczeń oraz funduszy emerytalnych jest potrzebna do sprawnego funkcjonowania w społeczeństwie europejskim.

Rzecznik Ubezpieczonych oraz Izba Gospodarcza Ubezpieczeń i Obsługi Ryzyka podaje, że edukację ubezpieczeniową należy prowadzić przede wszystkim wśród młodzieży. W artykule zbadano poziom świadomości ubezpieczeniowej studentów ostatniego roku Uniwersytetu Warmińsko-Mazurskiego. Badania wykazały, że ponad połowa ankietowanych oceniła poziom świadomości ubezpieczeniowej jako niski. W celu poprawy tej sytuacji należy zwiększyć działalność edukacyjną zakładów ubezpieczeń.

## **Introduction**

The majority of people deal with insurance. They insure their life, health or property. Some of those insurances are compulsory. An increasing number of insurance contracts, however, are those belonging to the group of voluntary insurances. The insurance practice of Western countries indicates that the majority of citizens possess insurance. With age the number of insurances increases creating the “protective belt” of the client.

With development of market economy in Poland the insurance market also changed. The Act on insurance activity of July 28, 1990 changed the rules of operation for insurance companies. It introduced, among others, demonopolization of the insurance market, divided insurances into two segments – segment I – life insurance and segment II – other personal insurances and property insurances. That Act has been amended on numerous occasions.

During seventeen years the insurance market has also changed as concerns the number of insurance companies in operation (in 1991 – 24 companies, in 2006 – 67 companies) that offer a diversified package of insurance adjusted to the needs of the potential client.

Understanding of basis principles governing insurance will influence satisfaction with services of individual insurance companies. According to Stanisław Nowak, President of the Management Board of the Insurance and Risk Management Chamber of Commerce (IGUiOR), taking efforts aiming at building a coherent insurance education program is necessary.

In Poland we deal with low insurance awareness. That situation, however, is improving. We can see the reasons for that situation in the insufficient level of professional knowledge among employees of insurance companies and agents. The blame can be put on the insurance companies that pay too little attention to training as well as poor quality of insurance service in case of disbursement of damages and benefits.

The report “Knowledge of the Poles on insurance” prepared by the Polish Insurance and Risk Management Chamber of Commerce indicates that 43% of

citizens know very little about insurance. Another 30% declare possessing general knowledge but they would have problems with selecting the offer appropriate for them (BARAŃSKA 2004). Buyers of insurance services consider the insurance agent the main source of information about insurances and rank the insurance company second as the source of information.

According to the participants of the conference "Insurance in the Polish area of the European market" that took place in Warsaw on April 25, 2003, the educational program should be targeted mainly at the youth. A multi-step program should be established in secondary and tertiary schools. Further, the attention should be focused on households.

Insurance education is one of the functions to be carried out by all consumer organizations and the Office of the Ombudsman of the Insured. One of the tasks of the Ombudsman of the Insured (art. 20.6 of the Act) is to initiate and organize educational and information activities in the area of protection of the insurers, insureds and beneficiaries. The Ombudsman shall carry out his tasks through the Office of the Ombudsman (art. 21.1). The Foundation of Insurance Education established on May 18, 1999, and aims at organization and support of activities in increasing the insurance knowledge of the people operates as a partner of the Office of the Ombudsman.

Accession of Poland to the European Union increased competition in the Polish insurance market and is a stimulating factor. The insurance awareness of a Polish consumer is far from that of the citizens of, e.g. Hungary or Czech Republic. Czech not to mention the Germans of the British (POŁCZYŃSKA 1998, pp. 5-7).

Aiming at unification of insurance activities within the entire European Union a number of directives effective in all Member States have been developed. European Community Directive of September 30, 2002, details the minimum requirements in the area of knowledge and professional skills of insurance intermediaries. The consumer of insurance service should be sure that he deals only with intermediaries who are competent and possess appropriate qualifications. The Directive recommends that the intermediary should complete the educational program of minimum 300 hours of education during a period not shorter than 18 months. The program should end with the examination. Aiming at securing appropriate protection of consumer interests it is important that the intermediaries should participate in continuous training. The professional knowledge must be updated continually. In Poland the number of training hours was reduced to 150 on the simultaneously applicable condition that the intermediary should possess minimum three years of professional experience (MINTOF-CZYŻ 2003, pp. 5-7).

The majority of clients complain about too complicated General Insurance Conditions. In view of the above while "designing the general insurance

conditions one should remember that they play an immense educational and informational role for the insurer” (KOWALEWSKI 2004, pp. 24-30) and, as a consequence, they should be written in the easy language understandable for general Polish society. It is possible through avoiding specialist legal terminology in the General Insurance Conditions while attempting at describing the scope of insurance in functional terms. It is necessary to establish insurance databases related to the accession to the EU containing regulations, directives, notions and also language terms.

The basic characteristic on which the insurance activity is based is the trust of insuring person in the insurance company. If the insurance company loses client's trust once, it will have to devote many years to rebuild it. The insured expects that in case of a specific event the insurance company will disburse to him, according to the agreement conditions, the due damages. Honest information is necessary to build the trust.

Another, according to some the most important, issue is that the majority of people has limited funds available and they treat insurance expenditures as secondary expenditures made after satisfying the basic life needs and, eventually, compulsory insurance.

Problems with enforcement of rights from the so-called endowment policies the value of which depreciated immensely, number of resignations from life insurance and bankruptcies of some insurance companies (Westa, Polisa, Hestia of Poznań) have negative influence on decisions concerning insurance.

For people entering an insurance contract the process requires time and attention; for 74% of Poles that act is considered very important while only 18% believe that the insurance procedure should be completed as fast as possible (FIGLARZ-GŁUSZYŃSKA, GŁUSZYŃSKI 2004).

In Poland, during the recent years, sponsoring has become an increasingly frequent tool for communication of companies with the environment. In case of insurance companies sponsoring, in most cases, has the form of cash benefits or providing free insurance coverage service.

The level of sponsoring expenditures in Poland is not known. It is estimated that insurance companies allocate several millions of dollars for that purpose per year (MAŁEK, RODZINKA 2003, pp. 36-39). The largest insurance companies: PZU, Warta, Commercial Union, Amplico Life, Allianz or Ergo Hestia are the most frequent sponsors of different types of activities. They finance, among others, culture and arts 21.1%, material aid for children and children organizations 14%, science and education 12.7%, improvement of public safety 10.4% professional sports 8.7% and health improvement 8.7%. Insurance companies should remember that sponsoring not only builds the image of the company in the market but also translates into financial and marketing results.

Journalists and mass media play an important role in insurance education. On January 26, 2004, a seminar took place on "Safe insured, safe insurers". It was organized for press, radio and television journalists by the Minister of Finance. It was devoted to discussing the new regulations in business insurances (ZIELIŃSKI 2004, pp. 5-8).

Polish market lacks appropriate educational books written in a clear and simple way, combined with questions or games that could provide real education.

Whether the client is satisfied with services or products is the resultant of two forces: the product or service quality level and customer expectations. Insurance companies should opt for more care for the already won clients. The agents, jointly with policyholders, should analyze whether the insurance the client has would fully satisfy the client's needs. Such consultations would also aim at education and increasing the insurance awareness of over 4 million clients that are holders of individual insurance products (WALCERZ 2003, p. 12).

Concluding, educational programs should be delivered by the Foundation of Insurance Education operating in collaboration with the Ombudsman, the Insurance and Risk Management Chamber of Commerce, The Chamber of Insurance Brokers and other associations representing the views of the insurance community.

## **Methodology and results of studies**

This study aimed at investigating the level of insurance awareness among students. The studies were carried out at the turn of 2005 and 2006 on a group of students of the University of Warmia and Mazury in Olsztyn. The research tool was the specifically developed questionnaire consisting of 23 questions – 10 of them open and 13 closed. The respondents were last year students of the University in Olsztyn representing seven faculties: Faculty of Economic Sciences, Faculty of Law and Administration, Faculty of Food Sciences, Faculty of Environment Development and Agriculture, Faculty of Veterinary Medicine, Faculty of Technical Sciences and Faculty of Geodesy and Spatial Management. The selection of faculties was targeted. In total the study covered 472 students of the fourth, fifth and sixth year of full time studies.

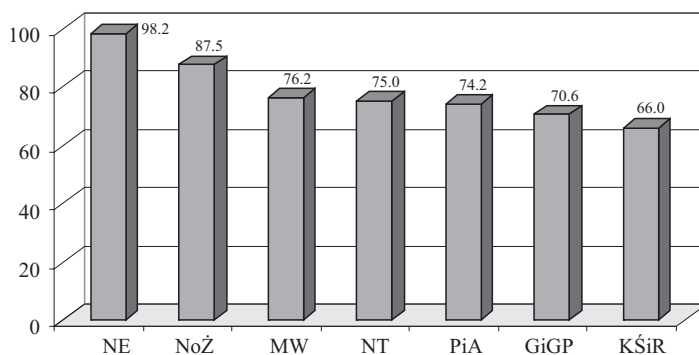
At 14 faculties of the University of Warmia and Mazury there are 2865 full time students of the last year of studies (IV, V or VI). The study involved 111 students of the Faculty of Economic Sciences (NE), 96 of the Faculty of Food Sciences (NoŻ), 66 of the Faculty of Law and Administration (PiA), 56 of the Faculty of Technical Sciences (NT), 51 of the Faculty of Geodesy and Spatial Management (GiGP), 50 of the Faculty of Environment Development

and Agriculture (KŚiR), and 42 of the Faculty of Veterinary Medicine (MW), representing 16.5% of the entire population of last year full time students and 32.7% of students at the seven faculties covered.

Women represented 65.7% of the test population and men 34.3%. Among the respondents people aged 22-23 years dominated – 71.4% followed by those 24-25 years old – 25.2% and 3.4% of the respondents aged over 25 years. The majority of the respondents came from towns of up to 100.000 residents (27.1%), and towns of from 100.000 to 200.000 residents (25.4%). The next group was students living in rural areas 23.7% and the smallest group were residents in cities with more than 200.000 residents (6.6%).

The conducted studies indicated that the notion of insurance was known to 81.6% of students who were able to explain it. The highest knowledge of the definition of insurance (fig. 1) was encountered among students of the Faculty of Economic Sciences (98.2%), and the lowest among the students of the Faculty of Environment Development and Agriculture (66.6%). The definition of insurance given most frequently was that of a means for securing the future – 30.5%, followed by the one that insurance is a contract made between the insurer and the client – 11.9% while 10.6% of the students associate the insurance with a guaranty given by the insurance company in case of accidents' occurrence.

82.2% of all the respondents had an insurance policy. In most cases – 61.0% that insurance was accident insurance, 9.3% – life insurance. 4.4% – civil liability insurance for owners of mechanical vehicles and 2.1% – full coverage



NE – Faculty of Economic Sciences  
 NoŻ – Faculty of Food Sciences  
 MW – Faculty of Veterinary Medicine  
 NT – Faculty of Technical Sciences

PiA – Faculty of Law and Administration  
 GiGP – Faculty of Geodesy and Spatial Management  
 KŚiR – Faculty of Environment Development and Agriculture

Fig. 1. Knowledge of the definition of insurance among students of the University of Warmia and Mazury

Source: Own work based on studies conducted.

motor vehicle owner insurance – autocasco. 61.2% of students were insured with the PZU and for 84.3% the insurance is associated with the PZU. Warta ranks second in that respect – 6%.

Only 6.6% of students in the studied population had families that worked for an insurance company or dealt with insurance. The question “What does your family insure” was answered that motor vehicles, that is the civil liability insurance for owners of mechanical vehicles and full coverage motor vehicle owner insurance – autocasco by 36.9% of students while 34.9% insured apartments, houses and property while 28.2% were active in life insurance.

In the insurance business it is important to differentiate between the notions of the insurer – that is the insurance company, the insuring – that is the person making the insurance contract with the insurance company and taking the responsibility for payment of premiums and the insured – that is the person whose health, life and ability to work are the object of the insurance. 93.6% of students were able to adequately differentiate the above notions.

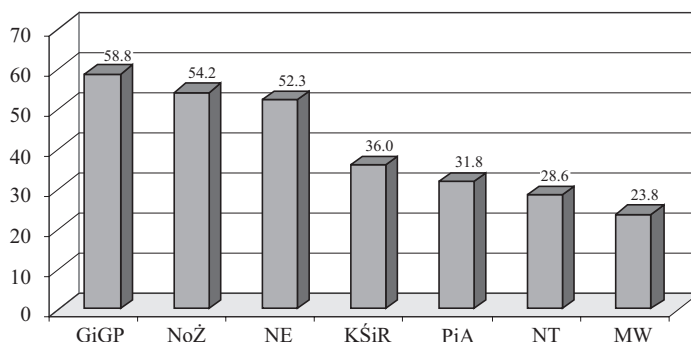
In case of insurance an important role is played by the general insurance conditions (GIC) that govern the entire scope of the insurance agreement, responsibilities and rights of the insurer as well as those of the insuring party. Only 27.8% of the students, however, can properly explain the abbreviation “GIC” – in case of the students of the Faculty of Economic Sciences that term was familiar to 83.3% of the students while none of the students of the Faculty of Technical Sciences, Faculty of Geodesy and Spatial Management and Faculty of Veterinary Medicine knew the notion of the general insurance conditions.

As at the end of 2006, 67 insurance companies operated at the Polish insurance market. 23.3% of the respondents gave the correct number answering the question concerning the number of insurance companies while 11.4% of the respondents did not know the number of companies selling insurance in Poland.

The trust of the clients in the insurance company is of major importance for the company. For 43.4% of the respondent students of the University the insurance companies were trustworthy. The highest level of trust for the insurers was recorded among students of the Faculty of Geodesy and Spatial Management (58.8%) while that trust was the lowest among the respondents from the Faculty of Veterinary Medicine (23.8%).

The respondents obtained their knowledge on the insurances from television programs (26.5%), press (19.1%), friends (17.2%), the Internet (13.2%), the classes at the University (12.9%) and from the insurance companies (11.1%).

More than a half of the respondents ranked the level of insurance awareness in Polish society as low (55.7%) or average (44.3%). As concerns individual Faculties, the largest number of the respondents from the Faculty of Law and Administration ranked the level of insurance awareness in Polish society as low (63.6%) and average (36.4%). The situation was different among the students of



GiGP – Faculty of Geodesy and Spatial Management	PiA – Faculty of Law and Administration
NoŻ – Faculty of Food Sciences	NT – Faculty of Technical Sciences
NE – Faculty of Economic Sciences	MW – Faculty of Veterinary Medicine
KŚiR – Faculty of Environment Development and Agriculture	

Fig. 2. Trust of University of Warmia and Mazury students in insurance companies  
 Source: Own work based on studies conducted.

the Faculty of Environment Development and Agriculture who believed that insurance awareness in Polish society as was average (52.0%) and low (48.0%).

Students believe, that improving the insurance awareness of the Poles would require application of the following instruments: increasing educational activities of the insurance companies – 45.9%, introducing more television programs – 28.0%, introducing dedicated classes at the tertiary schools – 24.4% and publish more books on insurance – 1.7%.

More than a half of the students (55.1%) say that sponsoring activities of insurance companies influence the increase of insurance awareness in the Polish society.

37.1% of the respondents, including: 98.2% of students of the Faculty of Economic Sciences, 63.6% of students of the Faculty of Law and Administration and 24.0% of students of the Faculty of Food Sciences had a subject of insurance during their course of studies while the other Faculties did not offer education on insurance in their curricula. The need for such education was reported by 85.6% of the respondents.

It can be concluded that students of three Faculties that offered the subject on insurance during the course of studies possessed a higher (by 14.7%) insurance awareness than the students of the other four Faculties covered as concerns the knowledge of the definition of insurance. As concerns the knowledge on types of insurance they were awareness was better by 62.4% than students of the other Faculties.



## Conclusion

Attention should be brought to the fact that economic growth in itself, without increase in insurance awareness will not influence an increase in sales of insurance products. The studies showed that students obtain their information on insurance the least frequently from insurance companies (11.1%) and that they point at the necessity of expanding the education activities of insurance companies (45.9%).

The data obtained from the dean's offices of individual Faculties indicated that 92% of students purchased accident insurance but only 61% of the students covered realized possession of that insurance.

Every 8<sup>th</sup> student can boast knowing the types of life and property insurances but only 4 out of 100 respondents were able to identify the compulsory insurance types (other than the compulsory civil liability insurance of motor vehicles' owners).

Following the accession of Poland to the European Union the issue of increasing the knowledge and professional skills of participants in the insurance market, both clients of insurance companies, the youth, the journalists and the media as well as education of insurance intermediaries and staff of insurance companies is very important. The expected economic growth and increase of insurance awareness should lead to achievement of the role of insurance at the level similar to that in the developed countries.

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