

# *The Macrotheme Review*

*A multidisciplinary journal of global macro trends*

---

---

## The Application of E-commerce in the Insurance Industry

Rania El Monayery  
*Research Specialist, Egypt*

---

### Abstract

*E-commerce is regarded as one of the features of economy that is based on knowledge. It is yet considered one of the most important and essential applications of information and communication technology that all Arab countries should give more attention to in order to keep pace with modern life and all its developments.*

Keywords: E-commerce, Insurance

### Introduction

Unlike Arab countries that are still lagging behind, developed countries advanced in E-commerce.

It was not till recently that Arab countries started considering the idea and realizing the importance of all the information in that field.

Recently, the whole world started to focus on E-commerce as it is a subsequent effect of all the developments and innovations in the field of communication and information technology.

The Worldwide Web or the internet has played a great role in implementing E-commerce as a mediator in modern commercial transactions.

Trading witnessed a great transformation from its traditional way to E-commerce via the internet which is a noticeable reality nowadays.

Many countries are highly appreciating the role of E-commerce and are promoting it; as they are well aware of the demands of the global changes and the new challenges.

E-commerce is expected to play a great role in the near future as no one can deny its crucial impact on the market and the performance of organizations and their competitive potentials.

Most likely, E-commerce is to be the trading system between organization and individuals throughout the world in this century.

However, many countries pay less importance to the information and E-commerce and that consequently leave the companies and business organizations reluctant to authenticate E-commerce because the majority of people lack the essential basics of how to use such a modern facility.

Moreover, promoting E-commerce needs more planning and scientific organization.

Certainly, this opens the way in front of researches to explore these vital issues and study them thoroughly and explore the challenges and find solutions to all obstacles.

Arab countries have a very good opportunity to use E-commerce and implement it as soon as they have all the basic information.

### **What is meant by E-commerce?**

E-commerce is the fruit of the information revolution that the whole world witnesses nowadays.

It belongs to the digital economy that is based on E-commerce and information technology that explicitly has great impact on all economic activities as it is an investment in mental power and human potentials.

E-commerce is transaction via computer mediated networks as via the internet and bulletin board system (BBS).

The world Trade Organization defines E-commerce transaction as a complete set of processes to sell or purchase and implement economic connections to distribute, promote and sell products online.

It is not yet confined to selling transactions only, but it extends to embody commercial advertisement and digital exchange of information and sale points strategy.

The development of E-commerce is associated with the development of finances and guaranteeing its safety.

E-commerce is also known as "online purchasing" as it is a process done via the internet.

Many researchers have different views regarding the concept of E-commerce.

Some regard it as a transaction process between retailers and customers or between companies through using ICT; information and communication technology.

Others perceive it as using the internet for trading purposes; a means that allows the consumer to run a lot of transactions of purchasing or selling in an easy and convenient way.

On the other hand, other researchers claim that E-commerce is a definition for all the trading services that can be done via the internet like exchanging electronic information and electronic money transfer, exchange of emails and electronic leaflets and other services provided by organizations and companies.

Communication world perceive it as a means of delivering information and services or products using modern technology.

As for businesses, E-commerce is the application of the technology for the sake of facilitating transactions automatically and smoothly.

Thus, E-commerce is a way of trading process that implies the purchase or selling of goods or services; information and experience over computer mediated networks between two specific parties.

Selling and purchasing goods allows support and profit gaining by enhancing demand so E-commerce allows sale support and customer service.

We can compare E-commerce transactions to an automated marketplace where the retailer or mediator gets in touch with the end customer via the internet.

Retailers, customers and mediators who use E-commerce are not only located in different areas but most likely know the goods via the internet.

They do the transactions by describing the goods and services via global network sites.

In the insurance sector, E-commerce has different categories like offering to accept payment via visa card, or through other means, establishing virtual stores or shopping online (via a company's website or via any agent or authorized retailer), supply and distribution activities and commercial agencies via the internet and financial services and online freight services.

### **Types of E-commerce**

E-commerce falls into three types:

- E-commerce between companies and companies
- E-commerce between companies and customers like between online retail companies and customers.
- E-commerce between customers and customers.

The application of E-commerce is also classifies in 3 categories:

- Purchase and selling of products and services which is called electronic market.
- Facilitating exchange of information and communication between different companies or between different departments in the same company.
- Providing customer service.

Usually, E-commerce takes place between 3 parties: individuals, business sector (company or organization) of different activities and sizes and governmental bodies.

Transaction between these parts falls into four main categories as follows:

- E-commerce between companies and individuals
- E-commerce between companies and companies
- E-commerce between government sector and individuals.

- E-commerce between government sector and companies.

Business connections between business sector and individuals and between organizations are the most likely to use in E-commerce.

It is expected that E-commerce will increase between other parties in the future.

Pure commerce and partial commerce can be differentiated depending on the quality of the product, scientific technology and the technology of the mediator or broker.

Each can either be physical or digital and consequently E-commerce can be divided into three sectors:

- Pure traditional trading (actual reality of insurance).
- Pure E-commerce.
- Partial E-commerce.

When the agent, goods and process are all physical the trade is purely traditional.

Whereas, when the agent, goods and process are all digital the trade is purely electronic.

Thus, if any of the 3 factors is digital and the other is physical there will be a combination between traditional electronic trading called E-commerce.

The former is the target of insurance as it is difficult to fully manage without agents and workers in the marketing department all together.

However, a company can choose between either to continue with its recent situation or to gain the authorization of the organization via electronic transaction in some fields rather than others like selling without collection.

E-commerce has many advantages to companies such as:

- **More effective marketing and more profit:**

It is an effective means to reach the global markets at the same time continuously throughout the day and all year round with the least expenses.

- **Reducing the administrative expenses of the companies:**

E-commerce website designing and maintenance is regarded less expensive than managing retail shops or having to pay for managerial and administrative costs and payment for employees in the production or marketing department not to mention the commission of the brokers.

The broker / mediator commission is sometimes paid by the company and the customer while otherwise a company sometimes sets a fixed salary or a percentage of the overall transaction.

Thus, it saves a lot of general expenses and administration.

- **Fulfilling the needs of the customer and saving time and effort:**

Many people like to do their online shopping or E-commerce from home or work.

They prefer self service in any time and from any place and via any communication means without having to line up to purchase a certain product.

They want to save time and effort.

- **Freedom of choice:**

E-commerce gives a great opportunity to visit different company websites and provides the customer with full information about the products without any pressure from sales representatives (whether they are brokers or companies' representatives).

- **Low prices:**

Many online companies sell the products for cheaper prices compared to retail shops or traditional stores because online shopping saves many general and administrative expenses that can reach not less than 80% which is a bonus to the customer.

**The characteristics and features of E-commerce**

First of all, we have to differentiate between E-commerce and E-business.

E-business is more comprehensive and wider than E-commerce.

It depends on automated performance and change of the sequence of work in different administrative, financial and service activities in the establishment.

This concept embodies the electronic factory, electronic bank, electronic insurance company and electronic government.

E-commerce is thus a trading activity where the selling, purchase or exchange of products, services or information, take place via technical means and within a technical environment.

This change in the business of establishment as a natural outcome in the great development in ICT technology was the reason behind the establishment and development of E-commerce.

**The difference between e-commerce billboard site and e-commerce storefront site**

E-commerce billboard site is an online site that offers general information and advertisement about a specific product or service whereas the transaction of selling or purchasing the product is done in a traditional un-electronic way.

The companies seek this solution to reduce the paper printouts and verbal descriptions that accompany the traditional selling of the product.

As for the E-commerce storefront site, it is an actual electronic trading website where the products and services are displayed and promoted electronically and the financial transaction of selling is done.

### **How safe is online cyber flow of funds?**

There are still some obstacles that hinder the spread of E-commerce including the ability to secure money transfer and open webs like the internet.

Many solutions were presented like the encryption of the visa card numbers then the use of electronic money that provides extra protection to online shoppers.

Lately, many security protocols were introduced like Secure Socket Layer (SSL), Secure Electronic Transaction and Secure Hypertext Transfer Protocol (SHTTP).

Experts assert that online financial movement is safe to a great extent as is the case with face to face transactions.

Nevertheless, no establishment or association has so far claimed the development of a completely safe system.

### **Is E-commerce just a new temporary trading practice?**

#### **What is the future of E-commerce?**

Experts see that E-commerce is not just a volatile practice but its influence is strongly witnessed in many commercial, scientific and other fields.

Future visions predict - despite some uncertainties and fluctuations - that more commercial entities will be involved in the fast growing world of E-commerce.

This involvement is backed by the impact of E-commerce on small companies that are given good opportunity to compete with major well-known companies.

However, E-commerce will not replace conventional trade but it will keep pace with the development of the internet and the growing need for commercial websites.

### **How can a customer benefit from E-commerce?**

#### **- It saves time and effort:**

E-stores are open 24/7; customers are spared travelling or queuing to get a certain product.

Customers have the goods delivered to their doorsteps.

It only takes a click on the mouse and entering the required visa card information.

Apart from visa cards, customers have other convenient payment methods like electronic money.

#### **- Freedom of choice:**

E-commerce provides an excellent opportunity to visit various online stores.

It gives the customers full details about the products and details.

The customer is free from any marketing pressure.

- **Lowering prices:**

Many companies sell online products for competitively cheaper prices that are below their counterparts in traditional stores.

Shopping online saves a lot of the hassle of shopping at conventional physical markets; which is a bonus for the customer.

- **Acquiring customer satisfaction:**

Internet offers interactive communication with customers.

Companies in electronic market have instant answers to customers' queries.

This instant response provides better service for the customer which feels satisfied with the service.

**Advantages of E-commerce to traders**

- **More effective marketing and more profit:**

Internet enables companies to display their products and services worldwide continuously and throughout the hours of the day.

This enables the companies to have better profit chances and reach a wider spectrum of customers.

- **Lowering company expenses:**

Designing and maintaining websites for E-commerce is more cost effective than establishing retail shops or maintaining offices.

Companies are also spared the hassle of advertising or installing expensive settings for customer services.

It also reduces the number of employees that do administrative work or merchandise inventory for database does the entire job.

Database keeps online dates of all transactions in the company as well as the names of the customers which make it easy for just one person to review the date of any transaction easily.

- **Effective communication with companies and customers:**

E-commerce crosses the borders and thus information exchange with partners and a good opportunity for companies to benefit from products and services offered by retailers in what is called E-commerce from companies to companies.

E-commerce differs from traditional commerce in the following aspects:

- There is no physical location where the seller meets the buyers as they meet online i.e.; the marketplace or trade centre is not in a building but is a website where transactions take place.

Rarely do both parties know each other.

Transactions are done without any need to meet each other.

Considering insurance, it is slightly different.

Buying an insurance policy requires the signature of both parties (insurance company and the client) on the contract.

Thus, it is important to allow electronic signature as it is the case in stock market provided all due procedures are taken concerning control and supervision that protects the rights of insurance holders together with the company.

- E-commerce exchange process is done with the utmost efficiency and least costs as it depends on electronic exchange of data and documents like sending bank drafts, receipts and other data systems.
- E-commerce facilitates the accomplishment of many transactions and deals efficiently and quickly without asking the seller or buyer to go anywhere to display products or services.
- E-commerce is characterized by an ultimate ability to display its products, goods and services to customers.
- Service is available at any time clockwise daily which contributes to the fulfilment of maximum goal for both producer and consumer.
- E-commerce is a motivational aspect for the companies to develop their commercial services and competition is the main factor.

For as competition grows; global markets vary and companies have to work hard to be up to the expectations in the global market thus competitive potentials flourish.

### **Fundamentals of E-commerce**

There are a number of essential basics of E-commerce that contribute to its success.

One of these basics is the establishment of an appropriate environment that allows the fulfilment of the expected benefits.

They include:

- The existence of an infra structure presented in communication and the wide spread of internet that allows its outreach to the biggest sector of people and in competitive rates.
- Spreading scientific and cultural awareness to delete illiteracy in society.

Thus, appropriate measures and legal legislations should be taken to ensure protection and trust for dealers in this field.



Consequently, the process will be less liable to fraud and theft and individuals will be encouraged to run further transactions.

- Existence of sufficient infrastructure for financial services in banking and non-banking transactions (insurance and other non banking transactions) and this supports E-commerce and the wide spread of electronic payment via visa cards and facilitating safe money transfer online.

### **Insurance industry and E-commerce**

The great development in information technology offers a great opportunity for companies to develop their business efficiently.

Actually, following up with such developments is not optional for companies anymore as the necessity of survival and growth imposes this urgent need.

Success in using information technology motivated others to follow the same steps.

Recently, insurance industry is trying to establish more benefits.

It is expected for such trials to proceed to maintain the increase in the demand for online goods selling which is an indicator that insurance processes will be the next trend on the internet.

Therefore, it is obvious that the insurance industry will witness crucial changes in its performance in many ways whether in the search for information or offering or executing insurance agreement, following the changes after signing contracts or settlements of compensation.

This requires the re-engineering of the process so that it matches the new position the insurance industry seeks to establish.

It seems that establishing insurance activity on the internet is far more complicated than managing bank accounts.

When a client deals with a bank or buys online goods on a daily basis he feels satisfied and gets accustomed to this.

While as the insurance process is done once and for all because the majority of clients buy insurance policies for their cars or houses once and rarely do they raise claims.

Moreover, many insurance companies are unable to run transactions online.

The main criteria for work value as to internet economics face a serious challenge.

Conventional companies in every industry face challenges on all levels of their activities which bears a little resemblance to traditional ways of running a business.

In the insurance sector, companies that use information technology to develop their work can think of alternative approaches to serve their clients in a better way.

Insurance E-commerce embodies four aspects which are: marketing, sales, distribution and collection.

If we assume that the law of monitoring insurance allows any of these fields, we should tackle them as follows:

**Electronic marketing of insurance policies and the challenges that face it**

Survival of establishments and its growth depends on marketing its products.

This reveals the importance of marketing which is now applied in various economic fields.

According to the development in the field of marketing, the issues of marketing services are of a growing importance.

The insurance companies are among the service establishments that adopted the marketing of services.

E-commerce played a great role in the marketing and selling of products and services.

It is one of the applications of such developments regarding the global approach of providing more freedom to practice insurance activities worldwide no matter what the political or economic strategy of these countries is.

This is done through lowering government monitoring and restraints executed by monitoring authority on insurance; in addition to the development of the great improvement of information and communication technology which is expected to result in fundamental changes for basic bodies of different economic sectors.

Insurance industry will not be far from these changes.

If insurance companies in developing countries do not follow up with such developments as far as it should be in addition to setting suitable strategies to face such challenges; they will fail to accomplish any competitive characteristics.

Yet, these companies could more likely lose the ability to compete with other companies and consequently be forced to leave the insurance market altogether or be confined to work as a mere agent for other foreign insurance companies.

Therefore, appropriate strategies should be planned that allow insurance companies to fulfil the utmost benefit from E-commerce to strengthen its competitive potentials.

Studying the true reasons behind why such trade is not popular in the field of marketing insurance services is regarded one of the main factors in building such strategies.

It has to be clearly stated how to monitor the electronic selling of insurance policies whenever legalized by government.

Actually, online selling of services is not a problem in itself for it can be dealt with through the company's commercial advertisement via all media channels.

Marketing process is followed by online selling, distributing and collection processes.

The challenges and difficulties facing the selling process come from the ability of the company to practically apply them.

If legislated by law, such a process allows the company to spare some employees that work as insurance mediators but at the same time lead the companies to seriously consider establishing insurance agencies that are part of it.

On the other hand, when companies chose online marketing, they thus avoid the obstacle of tackling the problems of insurance agents with clients whether the possibility of the misunderstanding of the client to the policy when displayed by the agents or any other problem that may occur between both parties. When working online, companies do not need mediators.

Consequently, the company distributes the document digitally and gives the opportunity to have a hard copy on the clients' demand.

This is to be executed after enabling electronic signature as is the case in stock market under legal supervision which saves time and effort.

The process of electronic collection of instalments comes next.

This necessitates the creation of secure facility and tight supervision to guard the rights of policy holders and insurance companies.

This is done through unifying transactions with banks and fashioning a strict electronic system guaranteed by The Central Bank of Egypt and the authority that controls the insurance.

In Egypt, the required legal amendments include: issuing a law that describes the procedure of selling, distributing and collection of money through which a transaction takes place.

This is important especially after The Egyptian Financial Supervisory Authority issued Decree no. (23) in 2014 that stated the rules governing the insurance brokerage in Egypt.

It embodies the regulations and rules of using insurance agents and electronic media and facilities.

Thus, such regulation is a crucial start for legislation beside the other two commerce processes regarding insurance in Egypt.

The three aspects need dual control from The Central Bank of Egypt and The Egyptian Financial Supervisory Authority which promote the increase of insurance and the awareness of individuals and companies.

Besides, it will decrease the rising cost of insurance due to the commission paid to brokers and due to hiring less employees for marketing in the company thus resulting in lowering the expenses of the companies and transferring this money to electronic commerce.

In this way, awareness will increase at least to the company and its expenses and policies individually beside the situation of other insurance companies and their policies in general.

All what is needed is a strong infrastructure and effective control.

### **The challenges that face the spread of selling insurance services**

The main obstacles that hinder the spread of commerce in the field of insurance services for Egyptian insurance companies can be summarized as follows:

- The density of information in insurance industry.
- Lack of public insurance awareness.
- Increase of risk choices against the interest of insurance company.
- The lack of complete legislation to organize the electronic insurance commerce in Egypt.
- The supreme Authority is not convinced of the efficiency of E-commerce in the insurance field in promoting insurance services.
- The lack of enough security that guarantees the privacy of information and the worries about being subject to hacking and theft.
- Low pattern in many insurance services.
- Modernity of the concept of E-commerce and the lack of internet culture in general regarding marketing and selling especially in Egypt.

Monitoring the factual reality of using the communication technology in the Arab world reveals a digital gap between countries with developed communication skills especially in the Gulf area and others that are still lagging behind. Arab countries are classified into 3 categories:

- A category of fast growing countries like Emirates, Kuwait and Bahrain.
- Growing countries like Egypt, Jordan, Lebanon and Saudi Arabia.
- Countries on their way to development like Morocco, Oman and Syria.

All the aforementioned facts enhance the importance of spreading E-commerce sufficiently to help insurance companies move towards activating electronic insurance in a way that helps the spread of insurance awareness and growing of companies.

Its role should extend to support the macro insurance system even partially through directing mediators / agents towards low income individuals rather than managing without agents completely.

Thus, there should be means to help develop the Arab E-commerce and overcome all the obstacles and fulfil growing success rates.

These requirements embody providing an improved communication environment and good administration together with establishing laws and legislations to provide security, protection and trust to individuals dealing in this activity.

Moreover, learning a foreign language and having good cultural basis, awareness and realizing the importance of this means in addition to the availability of computers and the existence of relatively high income are inevitable as well.

Researches in the Arab world conclude that there is a fluctuating difference in the effort exerted by Arab companies regarding performance, achievement and excellence.

So why don't insurance industry adopt the same endeavours of Arab bank system in expansion via E-commerce?

Hundreds of Arabic websites overcome the language barrier by offering another language and available software and Arabic-oriented solutions.

Such procedures allowed these companies to enter the E-commerce trade world.

Many banks declared that they will start online banking services to facilitate E-commerce.

Nowadays, these banks work in the field of Arab E-commerce.

Many comprehensive website services are available now providing news, commercial advertisement for many goods like magazines, technical products of appliances and software.

E-trade projects in Dubai, Saudi Arabia and Jordan are regarded as the most fulfilling E-commerce projects.

It is expected that the strategies to develop them will achieve great success in the Arab E-commerce.

Great attention is paid now to designing Arab websites for many companies and organizations in the Arab world.

The websites that were already established in the past few years started adding electronic shopping services and other E-commerce services in the Arab world.

Studies reveal the fast growing activity of e-commerce in the Arab world.

Predictions reveal that seven in every ten Arab Companies establish a website and add commercial advertising and service activities that lie within the realm of E-commerce.

### **Major challenges for Arab E-commerce**

There are many reasons behind the low growth of commerce in the Arab world.

Some of these challenges are technical while others are not technical.

These challenges fall into three major categories:

**1<sup>st</sup> category:**

**Infrastructure requirements:**

It is a technical challenge related to the existence of certified and well trained personnel that can deal with information technology and maintain devices and websites.

Then comes the insufficient space for cables and telecommunication in many countries that suffer from poor infrastructure in communications and computer fields and all logistics related to software development, related tools and applications and the data base used.

Related to this category is the failure of some Arab countries to overcome the pricing policy for internet services and servers.

It is an effective factor in the increase of customers and is a crucial basis to promote Arab E-commerce.

**2<sup>nd</sup> category:**

**The existence of regulation and legislations that guarantee protection and gives trust to those involved in E-commerce:**

Arab countries and their legal authorities are entitled to find complete solutions to the fast growing digital world and its impact on the legal system and design clear strategies to tackle such issues.

How can be legalizing E-commerce effective if the legal system does not admit the criminal protection of information against computer and internet crimes, or if it does not accept computerized legal evidence, or does not accept computer documents as an evidence in testimonies?

To sum up many regulations and laws in the Arab world are still not compatible with the requirements of E-commerce.

**3<sup>rd</sup> category:**

**Challenges of distinctiveness, continuity and competitiveness:**

It is related to the concept of developing the business to guarantee continuity and competitiveness and the growth of the Arab E-commerce.

The limited size of business directed to the consumer is considered one of the major challenges that restrict the growth of business on the internet.

The structure of the financial services should be well established as it is one of the major issues in this field specially the use of visa card that is not yet widely spread in the Arab world.

We can say that what is needed is not only the idle existence on the internet because mere existence without the ability to compete and follow up with the rapid growth is equal to non existence.

Yet, the latter is less in costs and saves the trouble of inactive existence on the web.

There are also other challenges that face E-commerce in the Arab world like social and technical challenges.

The Arab world still lacks the awareness of the importance of electronic business and how it can build relations and open wide horizons in front of business organizations and unauthorized organizations.

Language is yet another problem.

Add to this the lack of trust on how to pay online and the inability to change traditional methods and so on.

### **Insurance companies and E-commerce**

Insurance industry is heading towards E-commerce.

Insurance companies, mediators and reinsurance invest in information technology and try to set a good pattern of work to follow.

In order for insurance industry to use electronic commerce it has to offer better solutions than the traditional choices outside the internet.

Nowadays, information technology is widely used to communicate with agents and tackle insurance policies and analyze the market.

This insurance is a condense information project that works well with E-commerce.

Many insurance companies realized that insurance does not only mean active work and distribution of insurance products on the net and opening new channels.

However, it surpasses all these aspects to make crucial changes in its essence and make the already present situation more efficient and profitable.

So the technical acceleration of the internet will change the way of insurance industry.

It is noticeable that not all insurance policies are suitable for distribution on the internet.

Suitability depends on the required guidelines.

The higher the insurance policy and the more complicated; the more we find that the insured needs more instructions which means that is not suitable for online distribution.

As for the insurance products that are suitable for distribution on the internet like medical health insurance and major risks policies are the products that can be described and evaluated financially using minor criteria like cars, housing, households and temporary life insurance.

These types are suitable for online price comparison which makes internet more attractive for potential clients.

E-commerce is suitable for selling and buying some of the insurance products and not all of them.

The reason is because the insurance contract is designed between two parties by one party only.

### **An example of an insurance company**

The British Legal & General Insurance Company is a pioneer in establishing a website that gives all sorts of financial and administrative information.

It has established 'Extranet' computer network to deal with its agents and representative world wide.

This company's client pays the instalments via this website which gives the possibility of talking and discussing between the clients and the company's experts.

More than 750 British insurance company and organization share in electronic information exchange.

The need to apply fast communication system and provide developed services resulted in establishing 'Limnet' network.

It is the biggest web for insurance processes and the reinsurance of commercial insurance.

Another web was established called 'Rinet'.

Rinet is for insurance and reinsurance.

It is used by all dealers in the insurance sector in more than 30 countries and has more than 200 organization and authority.

The number of companies using the internet to display insurance policies like house insurance, house insurance and with big reduction has increased recently.

Many insurance companies and danger crisis risk companies display comprehensive insurance contacts online.

Internet helps in lowering the costs specially the administrative cost by applying a system of instant solving of problems and it reduces the cost of distribution as well.

We conclude from all the above:

- Lack of insurance awareness to individuals and some business and governmental organization.

They underestimate the importance of insurance and its role in protecting society and reducing risks.



Many people reject the idea of insurance under the pretext that it is unlawful religiously or because accidents are destined to happen and there is no need to be insured and this has a negative impact on the size of the activity.

- Insurance sector is still restrained by a lot of regulations and routine procedures not to mention the limited activity of private companies.
- Some companies lack the skilled and professional personnel in number of employees or kind of experienced university graduates regarding computer and insurance fields.

### **A point of View**

According to Sigma 2/2014, a quiet revolution is underway, with technology re-configuring the traditional insurance distribution model. The internet and mobile devices are impacting distribution, but the overall share of e-commerce sales is still low. Nonetheless, new technology is fundamentally changing how consumers and firms interact with insurers. Combined with Big Data these developments are prompting far-reaching changes in insurance. The direction is clear: new technology will eventually enable customers to arrange most of their insurance through remote digital channels. Intermediaries can still play a key role, but will need to adapt to their customers' changing needs and preferences. As competition intensifies, insurers with strong brands and technological know-how will thrive. The road to successful innovation in distribution requires a culture that fosters experimentation and accepts failure during the design process.

Sigma concluded its point of view by mentioning that digital technology is a game changer for insurance distribution. Insurers must keep up with shifting consumer preferences, which can change rapidly. Customer-centric products and services will increasingly become a key competitive advantage. Failure by insurers to upgrade their business models leaves them vulnerable to more agile new entrants.

### **Conclusion**

We conclude that in order to keep pace with the global approach of giving more freedom in the practice of insurance worldwide, no matter what the political or economic stance is, many steps should be taken.

Such measures may include decreasing government control and constraints imposed by supervision bodies.

This decrease in control will release prices and increase the role of private sector whether through privatization or allowing private companies to take part in the insurance markets as well as allowing foreign companies to access national markets paving the way to the complete application of the national agreement to release international commerce in services.

Moreover, there had been a great development in ICT, information and communication technology, and a prominent appearance of E-commerce in selling goods and services online.

This represents one of the applications resulting from developing technology which is expected to bring a fundamental change in the basic bodies of various economic sectors including the insurance sector which will not be far from such developments.

If there was no appropriate response to such developments through designing suitable schemes; insurance companies in developing countries will be in a critical situation incapable of competition.

Such companies are more likely to lose the competition and will be forced out of the insurance market altogether or the worst scenario will be to work as a mediator for foreign insurance companies.

Consequently, the national economy will lose the role of the crucial insurance sector and its implication in financing economic and social development schemes.

With the frailty of the economic entities in developing countries and its shortage in financial and economic technological essentials and human skills in many sectors including insurance when compared to developed countries, we realize the importance of drafting suitable strategies.

These strategies guarantee the utmost benefit insurance companies can get from E-commerce to support its competitive potentials.

One of the basic factors that must to be put into consideration when designing these strategies is studying the real reasons behind the limitedness of E-commerce in insurance services.

Therefore, there is a necessity for the administration of insurance organizations to care about making plans and strategies that guarantee the success of applying the concept of E-commerce of insurance services on the internet.

This will allow the maximum benefit from competitive advantages and consequently insurance companies will be able to complete and survive.

This can be executed as follows:

- Reconstructing all insurance processes to go with the new requirements.
- Setting training and qualifying programs for employees.
- Developing the relation between insurance companies and agents to ensure the continuity of cooperation in this vital sector and reconsidering allowing insurance companies to open agencies.
- Government has a role to issue regulations that can organize E-commerce of insurance in Egypt even if the law focused on one of the four fields of E-commerce and not all of them especially the one related to E-commerce on the internet not only for mediators but for insurance companies as well.
- Academically, there is an urging need to run further studies on E-commerce in insurance companies specially the following points:
  - o The preferences of the Egyptian insured in E-commerce regarding selling of insurance services online

- The expected impact of E-commerce on the marketing combination of insurance companies.
- Automated sales and marketing representatives
- Reconstructing of control and supervision on insurance in relation to E-commerce.
- Managing the risks of E-commerce of insurance services online for insurance companies.

**Finally our recommendations are:**

- Supporting companies in spreading insurance awareness via mainstream media and advertisements, workshops, seminars and conferences.

Companies should also set a budget for financing such important activities.

- Issuing laws and regulations that permit the applications of E-commerce in various sectors especially insurance sector to clarify the rights and commitments of each party and this will ensure trust and security to companies and clients.
- Training employees to follow up with all the regional and international updates in insurance industry.
- Reinforcing human skills in companies through hiring PhD and Masters Holders that are highly qualified in insurance computer and information system.
- Transforming insurance forms from paper form to digital form and uploading them on the company's website so as to increase the public awareness that helps in the growth of company and increase in its clients.
- Activating the use of internet in settlement of paying compensations seeking the aid of experience of other countries to strengthen the bond between the company and its clients and ensuring client satisfaction and quick collection of compensation.