

Anastasia M. Yermoshenko¹, Victor V. Trynchuk²

APPROACHES TO EVALUATING THE QUALITY OF VOLUNTARY MEDICAL INSURANCE SERVICES IN UKRAINE

The article evaluates the voluntary medical insurance services quality in Ukraine. The conceptual category "quality" is discussed in terms of its economic and philosophic interpretation. Definitions of the notions "insurance service" and "quality of insurance service" are presented. Trends of the insurance market development and of its segment – voluntary health insurance are identified. Comparative analysis of prices for voluntary health insurance programs of different Ukrainian insurance companies is carried out.

Keywords: quality of service; insurance service; voluntary medical insurance.

Анастасія М. Єрмошенко, Віктор В. Тринчук

ПІДХОДИ ДО ОЦІНЮВАННЯ ЯКОСТІ ПОСЛУГ

З ДОБРОВІЛЬНОГО МЕДИЧНОГО СТРАХУВАННЯ В УКРАЇНІ

У статті оцінено якість послуг з добровільного медичного страхування в Україні. Розкрито зміст категорії «якість» з точки зору філософського та економічного тлумачення. Наведено визначення поняття «страхова послуга» та «якість страхової послуги». Окреслено тенденції розвитку страхового ринку та його сегмента – добровільного медичного страхування. Здійснено порівняльний аналіз вартості програм страхових компаній з добровільного медичного страхування в Україні.

Ключові слова: якість послуги; страхова послуга; добровільне медичне страхування.

Рис. 2. Літ. 12.

Анастасия Н. Ермошенко, Виктор В. Тринчук

ПОДХОДЫ К ОЦЕНКЕ КАЧЕСТВА УСЛУГ ПО ДОБРОВОЛЬНОМУ МЕДИЦИНСКОМУ СТРАХОВАНИЮ В УКРАИНЕ

В статье оценено качество услуг по добровольному медицинскому страхованию в Украине. Раскрыто содержание категории «качество» с точки зрения её философского и экономического толкования. Представлены определения понятий «страховая услуга» и «качество страховой услуги». Описаны тенденции развития страхового рынка и его сегмента – добровольного медицинского страхования. Проведен сравнительный анализ стоимости программ страховых компаний по добровольному медицинскому страхованию в Украине.

Ключевые слова: качество услуги; страховая услуга; добровольное медицинское страхование.

Introduction. Insurance market in Ukraine is at the stage of important transformations. Willingness of market participants to adequately and promptly respond to changes and manage them will define the future of domestic insurance business. The current situation requires introduction of new scientific and methodological approaches to understanding the functions of insurance company as a provider of high quality and competitive insurance services.

Among the causes of consumers' distrust in insurance services the following are worth noting: insufficient quality of insurance services, risk of unreasonable refusal to pay insurance claim, decreasing demand for insurance products as a consequence of real incomes decline due to economic and political risks.

¹ Kyiv National University of Trade and Economics, Ukraine.

² Kyiv National University of Trade and Economics, Ukraine.

Latest research and publications analysis. We support the position of V. Maltseva (2013) and in this analysis we find it appropriate to, first of all, provide a clear definition of the term "quality".

First, quality is a philosophical category expressing a set of essential features, characteristics and properties that distinguish one object or phenomenon from the others and therefore define it (Ovsiankova and Leonova, 2011). Quality of an object or phenomenon is usually not limited by its certain properties. It is associated with the object as a whole, covering it completely. Quality is inseparable from the object. Therefore, the concept of quality is associated with the existence of object as such. The object cannot lose its quality and still remain itself. For example, there is a concept of transition into a new quality.

Secondly, quality is an economic category, equivalent to a customer value, the ability of insurance service to meet the specific requirements of customers and, accordingly, to be exchanged for other benefits. Quality is also the measure of consumer utility, the extent to which insurance services meet the expectations of consumers regarding their needs in insurance coverage.

Today the most common is the definition set out in ISO standard: "Quality is a set of properties and characteristics of a product or service that gives them the ability to meet the caused or alleged needs of the customer" (DSTU ISO 9000-2001, 2001). We believe that the definition of quality given in ISO standards does not contradict with the philosophical definition of quality. Contradictions would exist if the definition was not of a product or service, intended for sale within the market system, but of any object in everyday life. The object or a sequence of actions (service) become commodity only when they are able to meet certain needs and are specially designed for exchange (formation of reserves by insurance companies), and not for personal consumption (formation of funds for self-insurance).

From the managerial standpoint, as M.H. Siddiqui and T.G. Sharma (2010) point out, the better is the perceived service quality in insurance, the higher would be the satisfaction with agents, functional services and company and therefore the overall satisfaction. For that reason service quality variables used in our research and 3 customer satisfaction measures should be constantly controlled in their performance and improved. Competitive strategies based on vital aspects of service quality as obtained in the research would prevent stretching of resources, and assist in creating satisfaction so desired by consumers.

Morover, service improvement is supporting a strong trend in which many insurance companies are adopting a customer focus vs. a product focus. As a result, insurers are investing heavily in CRM and customer interaction software (Ahmad and Sungip, 2008).

Additionally, assurance is another focus area for insurance companies, so that customers can be made satisfied (Gautam, 2001).

Insurance service by its economic nature is a commodity at the consumer market. Quality of insurance service should be considered in two aspects: as an instrument to satisfy the needs of consumers in high-quality insurance coverage; and compliance of a service with legal requirements, which is especially important for compulsory insurance, regulated by the state applying special legislation and through special institutions.

The research objective is evaluation of voluntary medical insurance services quality in Ukraine.

The goal of the article is to present the approaches to evaluating the quality of voluntary medical insurance services in Ukraine.

Key research findings. The analysis of insurance services components demonstrates that insurance product as such is an important element of insurance service, but at the same time it is not identical from the standpoint of consumer perception and marketing evaluation.

Insurance service is a process involving a sequence of typical operations to service from the moment of conclusion of an insurance contract till its expiry (including settlement of insurance claims) or its renewal. The key feature of insurance service is the probabilistic nature of its provision.

Quality of an insurance service is a combination of consumer features, which are able to meet the caused or alleged needs of persons enjoying the insurance coverage of property interests according to the events covered by a contract.

Therefore, insurance service, in a broad sense, is similar to a particular process aimed at satisfaction of insurance company's customers needs, which are largely individualized – depending on which service a client is provided with and under which specific circumstances it is provided (time of provision, place, specific employee of insurance company, who organizes the process or involved in it etc.).

In 2009–2014 negative trends dominated at the classic insurance market of Ukraine: declining of real incomes of population (Index of revenues of Ukrainian middle class from 2008 to 2012, inclusively, grew by 8%, 2012), low level of confidence in insurance by the Ukrainians and bankruptcy of a number of Ukrainian insurers (Strakhovi tradytsii, Lafort etc.) and the "wave" of claim refusals, all led to low demand for insurance services. Bank credits, which were the driver of growth for many types of insurance, no longer provide sufficient inflow of customers to insurers in the post-crisis period. Therefore, classical Ukrainian insurers are increasingly focused on retention of the existing customers, offering them renewal of the existing contracts and new types of insurance coverage.

Today Ukrainian insurance market operates under difficult conditions with some serious risks: revolutionary change of government, occupation of territories in the east, where it is impossible to conduct insurance operations as such (about 25% of insurance business in the country), reduced profitability, withdrawal of about 30% of retail deposits from banks, recognition of a number of banks as insolvent and introduction of temporary administration in them, devaluation of hryvnia (by over 300%), inflation (over 25%), currency restrictions by the NBU and limited access to soft reinsurance markets also reduced insurers' capabilities of redistributing risks, leading to general deterioration of business activity, limited access to reinsurance markets, and increasing requirements regarding the quality of insurance coverage.

External crisis conditions, as A. Zaletov (2015) states, significantly strengthened the internal imbalance of the insurance market, which was contributed by the limitations for external financial markets to work with Ukraine, which restricts the relations with reinsurers from developed countries with such risky territories as Ukraine, and due to sanctions against Russia.

In 2015 the growth of insurance premium, collected under the top 10 types of insurance services for population, was observed in compulsory motor third party liability insurance, property insurance and life insurance (The results of activity..., 2015).

The growth of insurance premiums collected from population is observed in some segments and is associated with price dumping, rising cost of insurance coverage due to increased rates, exchange rate fluctuations and higher prices for medicines.

It should be noted that in recent years some insurers implemented tools for operational assessment of their services quality to get proper feedback from their customers by means of online technologies. On their web-sites they have a separate section or a page concerning quality of insurance services. These companies are mostly the subsidiaries of international insurance giants such as "AXA Ukraine", "Kniazha" and also known and recognized in Eastern Europe concerns like "PZU Ukraine", "Alfa Insurance" and one national player ASKA, the first private insurance company of Ukraine. Only "AXA Ukraine", "PZU Ukraine" and ASKA use online questionnaire on their corporate websites to evaluate the services quality. These questionnaires are quite similar: they rate the insurance services, which coincide with the parameters of typical SERVQUAL model, widely used to assess the quality of insurance services at foreign markets.

Given that the voluntary health insurance (VHI) of employees of domestic companies at present is, maybe, the single sector of Ukrainian insurance market, that fully belongs to the so-called "classical" insurance, fulfils important social function and demonstrates steady, though slow development even in extremely challenging political and economic conditions, further development of marketing tools to assess the quality of VHI services is the most important scientific and practical task for the domestic insurance market.

For marketing evaluation of corporate VHI product the following evaluation instruments were used: comparative charts to analyze the network of partner health facilities of an insurance company and its competitors (Figure 1), and proposals provided for strengthening the partnership network in some regions, the map of price positioning of insurers under VHI services (Figure 2), analysis of which showed that the studied company actually has positioned its services in the middle and lower price range, as compared to the competitors.

Each of the studied companies introduced the product line for potential customers for review by the industry experts, without any restrictions on price range and number of programs for review. As a result, 8 studied insurance companies sent 27 programs with different contents and price levels. Within the legend all the insurers have been notified that the customer company is present both in the regions of Ukraine, and in Kyiv. But only Allianz Ukraine offered two price options to consider under the same program – for Kyiv and for regions. All other players sent a single price quote within each specific program.

The initial quotes from the insurers allowed dividing the received offers into 5 conditional classes: "budget", "below average," "average," "above average" and "expensive". Marking by price is used not to mix them with the titles of the programs of insurers. The boundaries of division are conditional. In the class of expensive pro-

grams the quotes of "AXA Insurance" and "PZU Ukraine" stand out among others with the price exceeding 11,000 UAH.

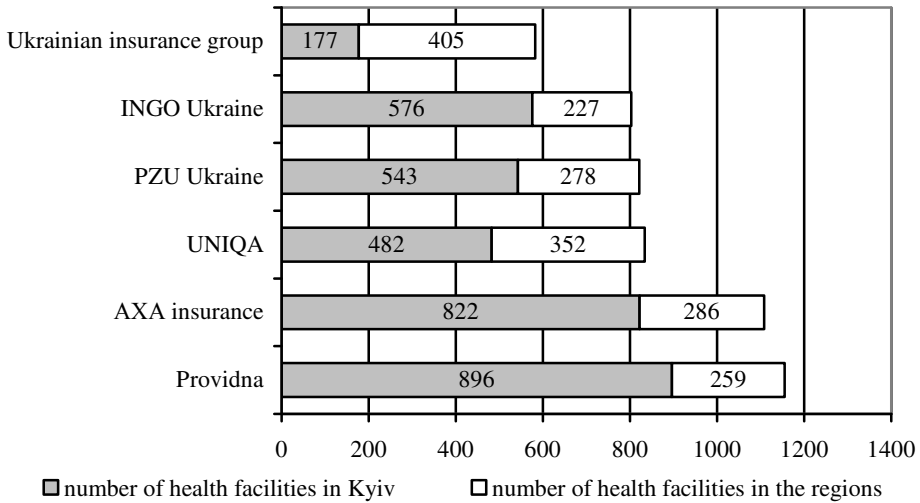


Figure 1. The network of partner health facilities of the studied insurance companies, June 2014 (Maltseva, 2015)

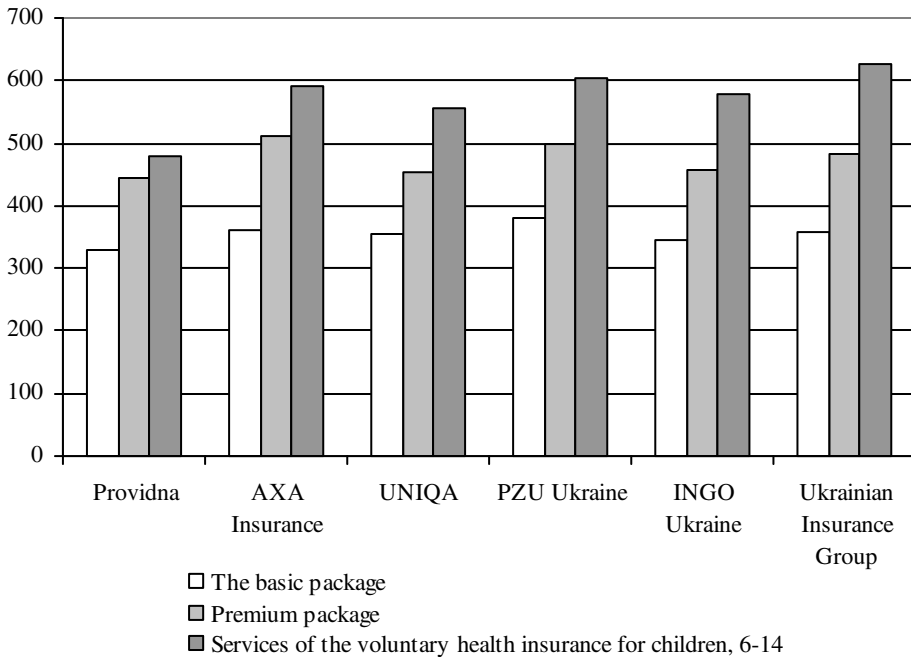


Figure 2. The cost of insurance program for a year, USD (iMARK, 2015)

As it turned out, the actual price positioning does not match the desired positioning of "UNIQA IC" at the market and allows it review its product and pricing

strategy in the VHI sector (developing and offering more expensive and high-quality packages of health services).

Within the programs in the "average" price group the insurers use different approaches to covering critical illnesses. "Ukrainian Insurance Group" and "INGO Ukraine" provide the coverage of such illnesses as an individual option, without any surcharges. The same approach is used by "Allianz Ukraine", introducing additional limitations only for tuberculosis.

"Providna" and "UNIQA" insurance companies offer critical illness coverage within the overall corporate limit. "UNIQA" uses the same limit to treat common benign diseases. "Providna" provides the option of treatment of benign diseases under a separate corporate limit (exclusion from insurance program) amounting to only 5,000 UAH for all employees collectively. This limit is clearly undervalued.

Offers from "UNIQA" and "Providna" have limited planned in-patient treatment – no more than once a year. Such limitations are not included in the programs of other insurers. The course of treatment under exacerbations of chronic diseases is limited by "UNIQA", "Ingo Ukraine", and "Allianz Ukraine" – 2 times a year.

The quote of "Alfa Insurance" was not included in the average price group with the price of 3,980 UAH (only 20 UAH below the price range). This is due to the fact that the price was calculated for quarterly payment in instalments, and in case of a single payment it is reduced by 6%. The quote of "Alfa Insurance" has a number of unnecessary options and rejection of them will reduce the cost of the program for another 5–10%.

Programs of the middle price range are the basis for selection and subsequent modification by customers. They form a product and pricing niche with maximum competition among strong and well-known market players. The principal differences of the programs are not obvious, but there are some:

- "Allianz Ukraine" in this and other classes has a significant advantage – they cover treatment of benign tumours, if they are not included in the list of exclusions. This applies to benign tumours in gynaecology, including the consequences and manifestations of hormonal disorders that require surgery (cysts etc.). Critical illness coverage, comprehensive list of medicines, opportunity to purchase an option for treatment of chronic disease in remission and the high grade of basic health facilities for outpatient treatment make the program one of the best in this price group;

- "Providna" – the quote loses consumer appeal due to the list of exclusions and limitations: ranging from research to non-invasive surgery techniques;

- "Ukrainian Insurance Group" – the quote loses appeal as the company presents the same program as in the segment "above average", but with a lower sum insured and other class of health facilities: only cheap commercial health facilities for consultations, only state and departmental health facilities for hospital treatment;

- "UNIQA" offers an attractive program for consumers due to coverage of expensive health facilities and specific medicines, but limitations on inpatient care – not monetary deductible once a year, as well as for outpatient treatment (2 times a year in aggregate) and lack of options to cover critical illnesses significantly reduce the quality of insurance service at the stage of preliminary assessment;

- "INGO Ukraine": despite high-quality coverage of health facilities, the program has no distinct advantages in its class, except for treatment of critical illnesses.

Exclusions regarding medicines and surcharge for dentistry negate the advantages of the program.

Thus, the offer of "Allianz Ukraine" can be considered as the highest quality product in VHI according to the results of marketing assessment in the competitive field. The main areas for improvement of the product offers for "UNIQA" are: waiver of non-monetary limits under the program and bringing it in line with the standards in its price class.

The method of loss optimization for the program, that will not affect consumer evaluation of quality in its price class, can be the downgrading health facilities, coverage of which is provided under the program (waiver to cover the services of the most expensive commercial health facilities). Under the decision of the company, conducting a marketing assessment using the proposed tools will be integrated into the business process of annual review and optimization of the product portfolio of "UNIQA" insurance company.

Conducting market assessment by the representatives of corporate clients under VHI programs is carried out by the experts who make decisions on the insurer choice.

This type of assessment was implemented for "Illichivske Insurance Company" through a series of expert interviews under the scenario proposed in this paper.

There is a trend at Ukrainian market of corporate VHI to increase the period between the tenders to 2 years instead of annual assessment and review of cooperation terms. Therefore, marketing strategies of customer retention and reaching those employers who are dissatisfied with their insurance partner are the key strategies of work with clients in the VHI sector in 2016.

Thus, from the results of theoretical generalization and systematization of the current approaches to evaluating the quality of insurance services, we came to the following conclusions.

Lack of terminological differentiation between the concepts "insurance product" and "insurance service" complicates the process of marketing evaluation of insurance services quality. Insurance product is a component of insurance service, which determines its technical quality (what the insured will receive under the formal terms of insurance contract, what insurance coverage options are provided by contract).

Insurance service by its economic nature is a commodity, at consumer market. When assessing the quality of insurance service, two important features are identified: compliance of service with legal requirements and its ability to satisfy consumer needs. The latter is directly related to marketing or consumer evaluation of the insurance service quality and is the basis for determining current competitiveness of the insurer and developing effective measures to create and meet the demand for insurance services.

Today the reduction of capacity in the key sectors of voluntary insurance market in Ukraine still continues, as buying of the most insurance services is carried under the leftover principle: in case if a potential insured has available funds and sufficient confidence in the insurer, as well as satisfaction with the quality of its services. For domestic insurance market the matter of development of scientifically based and suitable for practical application methods of quality evaluation of the most common retail insurance services remains unresolved. The first attempts are already made to

obtain such assessment for the sectors of motor own damage and compulsory motor third party liability insurance. But the issue still remains open for the VHI sector.

Conclusions. There is no single and universal method of evaluating the quality of insurance services. Choosing the best method and evaluation tools depends largely on the purpose of such evaluation, development stage of a particular insurance market (national, regional etc.), and in the first place – on the expertise and financial literacy of consumers, their experience the insurance services.

The basis for the formation of insurance service quality management system is its correct marketing assessment, based on the integrated use and systematization of consumer assessments of potential and actual customers of the insurer. Unfortunately, insurers that operate in the classical sectors of Ukrainian insurance market yet have no scientifically sound methodological base and advanced research or analytical tools for such assessment.

Justification of scientific and methodological approaches to consumer evaluation of the services quality in the corporate and retail insurance sectors is an important step towards building a mechanism for systematic quality management of insurance company services.

We hope that the spread of practical application of the proposed scientific and methodological approaches to marketing evaluation of insurance services quality will allow domestic insurance companies move to the new principles of market development and use effective model of non-price competition at the VHI market and this will be the driver for effective growth of the insurance industry as such.

Improving the services quality in the VHI sector is relevant to: the macrolevel – while compulsory health insurance is not introduced in Ukraine and healthcare industry is not reformed, the mesolevel – the industry needs the standards for VHI services provision, understandable to service users and potential customers – employees, creating conditions to prevent dumping by some insurers who discredit the industry and reduce the level of confidence in insurance as such, microlevel – the level of specific companies competing in quality of VHI services, not price.

References:

ДСТУ ИСО 9000 – 2001. Системи управління якістю. Основні положення та словник. Чинний від 10.01.2001. – К.: Держстандарт України, 2001. – 36 с.

DSTU YSO 9000 – 2001. Systemy upravlinnia yakistiu. Osnovni polozhennia ta slovnyk. Chynnyi vid 10.01.2001. – К.: Derzhstandart Ukrainy, 2001. – 36 s.

Залетов А. Страховая политика и стратегия ее реформирования в условиях «идеального шторма» // Insurance TOP.– 2015.– №1. – С. 2–5.

Zaletov A. Strakhovaia politika i strategiiia ee reformirovaniia v usloviakh «idealnogo shtorma» // Insurance TOP.– 2015.– №1. – С. 2–5.

Индекс доходов украинского среднего класса с 2008 по 2012 год включительно вырос всего на 8% // bin.ua.

Indeks dokhodov ukrainskogo srednego klassa s 2008 po 2012 god vkluchitelno vyros vsego na 8% // bin.ua.

Insurance TOP презентовав ітоги страхового ринка України за 2014 год // forinsurer.com.

Insurance TOP prezentoval itogi strakhovogo rynka Ukrainy za 2014 god // forinsurer.com.

Мальцева В.В. Якість страхових послуг в системі маркетингового оцінювання: дисертація кандидата економічних наук: 08.00.08 / Львів. держ. фінанс. акад. – Львів, 2015. – 156 с.

Maltseva V.V. Yakist strakhovykh posluh v systemi marketynhovoho otsiniuvannia: dysertatsiia kandydata ekonomichnykh nauk: 08.00.08 / Lviv. derzh. finans. akad. – Lviv, 2015. – 156 s.

Овсянкова Е.А., Леонова Т.И. Качество и эффективность как перспективы развития страхового рынка в России // Современная экономика: проблемы и решения.– 2011.– №12. – С. 24–31.

- Ovsiankova E.A., Leonova T.I.* Kachestvo i effektivnost kak perspektivy razvitiia strakhovogo rynka v Rossii // *Sovremennaia ekonomika: problemy i resheniia.*— 2011.— №12. — S. 24–31.
- Ahmad, A., Sungip, Z.* (2008). An Assessment on Service Quality in Malaysia Insurance Industry. *Communications of the IBIMA*, 1: 13–26.
- Gautam, V.* (2001). Service Quality Perceptions of Customers About Insurance Companies: An Empirical Study. *Indian Journal of Marketing*, 41(3): 8–20.
- iMARK (2015). Market Research of voluntary health insurance. iMark. 38 p.
- Maltseva, V.* (2013). Ocena jakosci uslug ubezpieczeniowych: praktyka ukraïnskikh ubezpieczycieli. *Rynek ubezpieczen. Wspolczesne problem* (pp. 399–405). Warszawa: Difin.
- Siddiqui, M.H, Sharma, T.G.* (2010). Analyzing customer satisfaction with service quality in life insurance services. *Journal of Targeting, Measurement and Analysis for Marketing*, 18: 221–238.
- The results of activity Insurance Companies for 2015 // forinsurer.com.

Стаття надійшла до редакції 2.06.2016.