



THE EFFECT OF THE TECHNICAL FUNCTIONS FOR INSURANCE COMPANY ON THE PERFORMANCE OF SUDAN INSURANCE MARKET-APPLIED RESEARCH

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ABSTRACT

KEYWORDS:
*technical insurance,
insurance coverage,
insurance market*

The research addresses the technical insurance functions and their effects on the performance of the Sudan insurance market. The research will test several hypothesis as follows:

- 1- The marketing functions will affect the Sudan insurance market with statistical considerations.*
- 2- The study and acceptance of risks will have statistical consideration for the Sudan market.*

The field study aimed to test the hypothesis of the research reported by Al- Barakah Insurance Company as a sample for the Sudanese insurance companies in the Sudan insurance market. The analysis of the field study is done by using the statistical model (SPSS) test. Accordingly, the results lead to the importance of the technical insurance function on the Sudan insurance market and how their recommendations will develop Sudan insurance market.

1- INTRODUCTION

People tend to secure themselves from any risk in their lives by selecting to choose savings to use them when there are risks but discovered that was not enough so they came to new idea based on the cooperation of the group to unite together to cover the risks that faces any member of the group and from this action came the concept of insurance coverage. The idea to get ready to face any risk is an old historical idea when human beings as individuals used to protect themselves by the family and the tribe and as such the development of the insurance coverage.

The technical insurance functions play great role for the objectives of the insurance companies and as such for the insurance market. The technical insurance functions address the issue of collection of the premium and also the payment of the compensations according to the terms and conditions of each function.

the paper will try to focus on the effect of the technical functions on the performance of the Sudan insurance market.

2- RESEARCH PROBLEM

The technical functions of insurance play great role in the attainment of the objectives of the insurance market. So of we did not concern ourselves with the functions positively promoted, this will lead to low performance in the insurance market. We will address this problem via these questions:-

- 1.Does the study of marketing function affect with statistical consideration on the performance of Sudan insurance market?
- 2.Does the study of accepting risks affect the statistical consideration on the performance of the Sudan insurance market?
- 3.Does the investment of insurance money affect with statistical consideration on the performance of Sudan insurance market?

3- RESEARCH OBJECTIVES

1. To recognize the concept of insurance and the performance
2. To recognize the technical function of insurance and performance measure ways.
3. To know the development of Sudan insurance market.
4. Make a future vision for the technical insurance functions & their role on Sudan insurance market.

4- RESEARCH IMPORTANCE

The importance of the research comes from the continuous concern of the technical insurance functions and their main role in attainment of the objectives of insurance activities in general and in the Sudan insurance market in particular. The importance of the research will be for the focus on the technical insurance functions as most of the researchers are writing in general sense of insurance market without including the effect of the technical insurance function

and their effects so this will give new addition to this field and will be new addition to the human knowledge in the local level, regional and international level. So the research will be reference to the policy makers scientifically and particularly in this area.

5 -RESEARCH HYPOTHESIS

The research will test the following:

1. Marketing function affect with statistical consideration on the Sudan insurance market.
2. Study & accepting risks affect with statistical considerations on the Sudan insurance market.
3. Investment of insurance money affect with statistical considerations on the Sudan insurance market.

6 -RESEARCH METHODOLOGY

The research will follow the historical method, analytical method and social research method with sample to describe the phenomenon in kind and quality in order to test the hypothesis.

7- RESEARCH SAMPLE

Albaraka insurance co. of Sudan has been selected to represent a sample for the Sudan insurance market.

8- DATA COLLECTION

- Primary sources, include printing materials and photos.
- Secondary sources, include observation, interviews and questionnaire.

9- STATISTICAL DATA PROGRAMS

The research will choose SPSS for data analysis.

10- RESEARCH LIMITATION

- Geographical Limitation:
Sudan Republic
Albaraka Insurance Co. in Sudan
All employees of the co.

11- RESEARCH STRUCTURE

Research consists of 4 main subjects:

1.Methods & previous studies

- Introduction
- Research problems
- Research objectives
- Research hypothesis
- Research methods
- Data collection
- Research limitation
- Research structure

2.The theoretical part

- Insurance concepts & performance
- The technical basics of insurance

3.The analytical part

- The analytical technical function
- Performance measures
- Insurance market analysis

4.The applied part of the research

- The field study of the research
- Albaraka insurance company profile
- Procedure of the data analysis and discussions & testing of the hypothesis

5.Conclusion

- results & recommendation

THE PREVIOUS STUDIES

1. The BPS Ahmed Khalaf Hussain & Ala Abdelkareem: Accounting & Financial Journal No.

22/2013 Bagdad (The effect of electronic marketing on the marketing mix of insurance services. The research addressed:

- 1) There is a relation between the organization challenges and the electronic marketing method in the company
- 2) There is a relation between the chances that are available by electronic marketing in the company.

The main research results are:

- 1) Electronic marketing is a good marketing channel for insurance companies
- 2) The electronic marketing has positive effect on all elements of the marketing mix

The relation of this study with our subject research:

This study agreed with our study that the marketing functions has great impact on the insurance service, but it differs as our studies include other factors & functions that affect the insurance performance

1. The study of the Safia Abubaker: *2n Arabi Con, Qatar, Doha 2003, Marketing in Arab countries: opportunities and challenges.*

GATS : Effect of General Agreement for Trading Service on Arab insurance market.

The study addressed the low capital of the insurance companies and the deficiency of skilled professionals and technical experts, weakness of control bodies in the insurance sector. The main results of this study:

- 1) Arab insurance market contributes 0.03% of the total international premises.

The study proposed the following recommendations:-

- 1) It is very important to develop the Arab insurance market to be capable to address the local demand and to compete with foreign insurance and that necessitates the alliance of local and regional insurance companies.

The relation of this study with our subject research:

- 1) The study agreed with our research that functions of marketing has positive effect on the performance of the insurance market.
- 2) The study agreed with our study in the local market and the difference in regional & international market.

1. The study of Kamal Hamed, Shendy University Journal, issue no. 10 2017.
Title: Marketing and its role in obtaining competitive advantages for insurance corporations in the Sudan. (Applied study on Alsalama Insurance). The study addressed the marketing opportunities for obtaining competitive advantages in the insurance market in the Sudan. The main results of this study is that there is a great role for the marketing and particularly the marketing for obtaining competitive advantages for the insurance corporation in the Sudan.

The relation of this study with our subject research:

The study agreed with our study for the importance of the marketing function on the insurance services and our research concentrate on the functions and its effect on the performance of insurance companies and our study includes also other factors too.

2. Nour Osama: unpublished research Tashneem U. syra: The effect of changing internal climate on the performance of insurance companies. Applied

research on insurance company in Syria. The main findings of this study that working in insurance companies needs lots of different skills, negotiation plus other results.

The relation of this study with our subject research:

The study agreed with our research on the importance of marketing functions on the performance of insurance companies but it differs in the internal climate and the insurance functions.

Insurance concepts:

Insurance is a system that reduces the uncertainty and transfers the risk from the insured to the insurance company that will compensate the insured from certain risks according to the insurance contract agreed upon.

Insurance developments : The idea of protection from risk is very old over history since the exploration of fire and its usage and how to protect himself from the fire individually and the via the family and the tribe and that was the beginning of insurance coverage.

Marine insurance was the oldest kind of insurance in Lombard in 1182 and after that in England and in France 1681 and after that marine insurance company in Europe and later on different kinds of insurances, life insurance to protect the operator of the ships, and the fire insurance coverage and later all types of insurance including the social insurance and work compensation act that cover injuries, work accident, death and ageing.

The concept of performance evaluation : Performance evaluation means how to measure the objectives of the organization and to know how was the deviation from the objectives that has been set during the planning process and the time of getting the job done. Thomas Gilbert stating that when we mean the concept of performance we should not mix between the behavior, the deed and the performance. The behavior is what individuals do in the organization that they are working. The deed is what is the result or effects after the individual stop working.

The performance is the interaction between the behavior and the deed to the aggregate of behaviors and the results attained.

The concept of performance compromises other criteria in addition to effectiveness and efficiency like employees turn over, accidents, absence & lateness to work.

The importance of performance it is very important to note the following:-

1. To know the strong and weak point to measure the progress towards the objectives
2. Measure the best usage of resources.
3. Guide the employees performance
4. Confirm the performance with required quality

TECHNICAL ASPECTS OF INSURANCE

There are several technical bases that are known within insurance sector to ensure the continuation of the company and to ensure the rights of the insured people.

1. Cooperation of the insured people to be covered from the same risks all together and all has to pay from their paid premium.
2. The insurance company will arrange to distribute the risks according to the risk nature, period and the price for each risk according to the law of large quantity in order to cope with all risk in a suitable and fair factor among the insured.

3. The insurance company will work with the statistical data as insurance is based on the law of probability that determines the risk and its kind & the volume of coverage and accordingly the premium and the price will be determined.

4. The insurance company will determine how much will retain form the insurance coverage that will be able to compensate the insured and how much will be given to the insurance company in order to transfer the risk to other reinsurance bodies and will pay the company part of the premium that received from the insured people according to insurance agreement and contracts.

ANALYSIS OF THE TECHNICAL FUNCTIONS OF INSURANCE

The technical insurance functions:-

1. Marketing
2. Study and accepting the risks
3. Pricing
4. Receive allocation
5. Investment.

1. Marketing:

Due to the low awareness of insurance in that part of the world, insurance companies exert great efforts for marketing the insurance services:

- a. Direct sale - (no brokers) HQ.
- b. Branches – several locations
- c. Agency – with individual or small company.

2. Study & accepting risks:

The company will study all operations in order to choose the best coverage after getting all the information needed via the following sources:

1. Insurance application form
2. Medical insurance
3. Building maps (fire insurance)
4. Fire records

3. Pricing:

The pricing in the insurance operation depends on the statistical data and the other insurance & reinsurance company in the area.

- The price should be enough
- The price should be known
- The price should be fair

4. Reserves allocation:

The insurance laws obligate the insurance company to have technical reserves in order to be able to pay the compensation upon arises of the risks, such as:

1. Compensation reserves under process
2. Current risks reserves to cover the expected compensations of previous risk.

5. Investment:

Insurance activities are considered accumulation of fund from the premium and has to be paid for compensation when it happens so the insurance company should invest their fund in order to promote its value and to keep it away from the inflation so there are served principles that governs the investment of insurance fund in a way that serves the economic development.

These principles are:

1. Guarantee (avoid high risk investment)
2. Profitable (get sound profit)
3. Liquidity (to be available when needed for compensation)
4. Diversity (short term) in order to avoid risk.

PERFORMANCE MEASUREMENT

Performance measurement is how to determine that you reached your objectives that has been set ahead of time.

There are different criteria for the measurement of performance, kind, criteria, with its specification time creating, that concern with time limitation and when you will be through with job.

Means of measurement:

1. Performance record – data record, sales, stores, etc.,,
2. Personal observation – to supervise person & work via supervisors.
3. Satisfaction level – feedback from customers, or clients about products & quality.

Measurement of workers performance

1. Comparison of worker performance with model record.
2. Periodical test for the workers basic knowledge for the job. – Very expensive.
3. Efficiency reports – model for each job or post.

DEVELOPMENT OF SUDAN INSURANCE MARKET

Insurance in Sudan started via agencies & branches for European companies (British, France, and Italy). For years the Sudan market has good connection the British market for several reasons:-

1. Low capacity for the local insurance company & small capital
2. Low capacity for reinsurance company, only one reinsurance company.
3. No experts or professionals in insurance function like compensation & appraisals
4. Historical connection between British insurance companies and the Sudan insurance companies.
5. The first national company in the Sudan was the Sudan Insurance company founded in 1951 and it was working for motor insurance. Third party legal liability and that was part of the civil liability insurance in 1961. The general insurance company was established and was considered one of the big insurance companies at that time and followed by:
 - Blue Nile Insurance 1965
 - African Insurance Company 1967
 - Sudan Insurance & Reinsurance 1967
 - United Insurance 1969

In 1972 the National Reinsurance was established. It was a partnership between government of Sudan with 52% and the local insurance cars & banks and some individuals.

In 1976 the insurance union was established that all Sudan insurance companies were members with objectives to develop the insurance industry in the Sudan in & promotion insurance awareness.

In 1978 the Islamic Insurance Company was established by Faisal Islamic Bank according to the concept of cooperative insurance.

In 1982, Alneilain Insurance, Middle East Insurance, Albaraka Insurance and Juba Insurance have established. In 1992 the law of observing the insured was cancelled and new law for 1960 for supervising the insurance was issued by the Sudan government. In 2001 the new cooperation for supervising insurance was established & the previous law was cancelled.

FIELD RESEARCH

Sample research of Albaraka Insurance Company (Sudan).

It is one of Albaraka Group. It has been established in 1985 to perform insurance services with concept of cooperative insurance (Islamic) as the shareholders are the policy holders and according to this concept the policy holders deserve the excess on insurance services (profit). The company is owned by Albaraka bank (Sudan) Islamic Arabic Insurance Company – Jeddah – KSA and Alobeid Company for roads & bridges – Sudan.

FIELD RESEARCH PROCEDURES

Research Method

The research depends on the analytical descriptive method.

The research group is the employees of Albaraka Insurance Company.

A questionnaire has been done and distributed to all the employees. The researchers selected a random sample and examined the answers as the questionnaire could be answered by number of people and this method will save time and efforts and it will be easy to measure and it is a constant measure that is possible to repeat it to other sample (Cronbach Alpha Measure).

The researchers assured the safety and validity of the questionnaire by two ways by consulting the specialized academic arbitrators to check and analyze the content of the questionnaire and its clarity and their observation had been taken in consideration. The researchers used the statistical package for social science (SPSS) for the analysis of the questionnaire according to the nature of data and the kind of research the reliability test had been done via Cronbach's Alpha factor and found sound and suitable.

ANALYSIS OF PERSONAL DATA

The main purpose for the personal data analysis is to see the degree of similarity & difference among the sample and how it represent the research sample, this analysis based on the descriptive statistics using the simple ratios with concentration on sex, age, professional degree & years of experience.

Table 1/1 Distribution according to sex

Sex	Number	Ratio %
Male	28	56%
Female	22	44%
Total	50	100%

Source: Research field data 2017

Table 2/1 Distribution according to age

Age Range	Number	Ratio %
20 - 25	6	12%
26 - 30	6	12%
31 - 35	14	28%
Above 36	24	48%
Total	50	100%

Source: Research field data 2017

Table 3/1 Distribution according to professional degree

Degree	Number	Ratio %
Secondary	11	22%
Diploma	9	18%
Bachelor	19	38%
Masters	7	14%
PHD	4	8%
Total	50	100%

Source: Research field data 2017

Table 4/1 Distribution according to years of experience

Years of Experience	Number	Ratio %
1 - 3	6	12%
4 - 7	20	40%
8 - 10	17	34%
Above 10	7	14%
Total	50	100%

Source: Research field data 2017

Explanation of results

The researchers will address the results from the information of the statistical data based on the general analytical statistics to know the research sample.

Table 5/1

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Ins. service	50%	40%	10%	-----	----
budget	40%	40%	10%	-----	-----
Flex price	40%	30%	20%	-----	-----
Easy distr.	50%	50%	----	-----	-----
Trained staff	30%	50%	20%	-----	-----

According to this table 5/1 the highest NO was 4 on the company branches that are well distributed and easy to find

CONCLUSION

1. Results

There are great concerns for the marketing operation represented by the efficiency of the insurance service. The company allocated good budget for the promotion plan.

The presence of a separate department for risk management assures that the company is concerned with insurance risk. There is good follow up of all rules and regulations

The company observe the main principles of security and investment.

There are special departments for the investment with different types of investments and the company is very concerned with staff training and development.

2. Recommendation

a. It is very important to improve the marketing mix for the insurance services

- b. It is very important to best utilization for the technical insurance functions in studying and accepting risks with the increase of assurance for the staff and the public.
- c. It is very important to put forward training plan that satisfies all the needs of the insurance staff
- d. It is recommended to diversify the insurance investment in order to face the competition and at the same time satisfy the flexibility in the process of insurance services.

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**Addendum 1
Field Research Questionnaire**

To:
Re: Questionnaire to be filled

We are pleased to enclose herewith the questions titles the effect of technical functions on the performance of the Sudan insurance market.
We have chosen the sample of Albaraka insurance company requesting to answer all the questions. We will treat all your answers confidentially and it is going to be used for research purpose only.

Thank you for your cooperation.

Signed:
Dr. Adil Hamid
Dr. Kamal Hamid

1. Personal:

Sex: Male Female
Age:
Degree:
Experience:

2. Customers:

1. The insurance services are better than other companies					
2. Company has plan and budget for promotion					
3. Insurance prices are flexible					
4. Company has well distributed branches					
5. Training helped in marketing and promotion					
6. Company concerned with risk management and has a department for that					
7.					
8. Company study each operation before execution					
9. Company put reasonable insurance means for insurance services					
10. Company has expert for risk evaluation					
11. Company has special department for					
12. The company follow the rules from the insurance controller					
13.					
14. Company has routine auditing for all tools					
15. Company observes the investment principles in investing insurance money					

This committee has checked the questionnaire:

- 1- Dr. Mustafa Hamed Mansour
- 2- Dr. Hassab Elrasol yousif
- 3- Dr. Mohamed Salih Yousif
- 4- Dr. Ahmed Yousif