

# **Electronic Risk Manager: Ensuring Consumer Acceptance**

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# **Purpose & Research Questions**

## **Purpose:**

**How insurance companies can promote issues of consumer safety and risk management in electronic environment?**

## **Research Questions:**

- 1. How consumers perceive safety, risk taking and risk management?**
- 2. How electronic environment can serve as a media to diffuse risk information and risk management tool kits?**
- 3. What are the key factors attracting consumers to use electronic risk manager?**

# Data & Methodology

- Qualitative study**
  - two focus groups (15 consumers)
  
- Survey**
  - 770 responses (82 %)
  - preliminary results available

**Consumers were selected from the  
Consumer Panel maintained by NCRC**

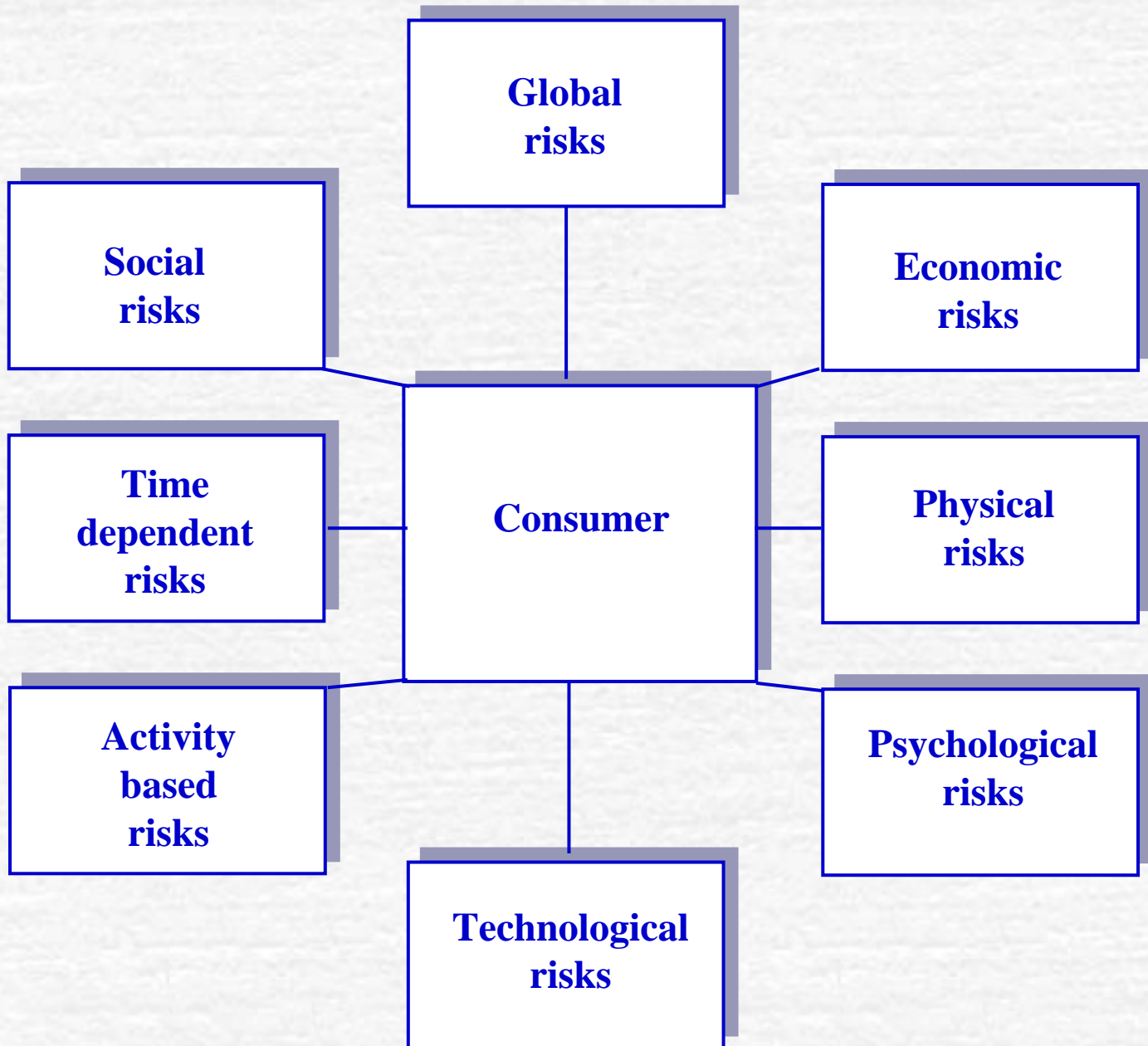
- Part of eInsurance Project**

# Consumers Perceived Risk Factors

- Degree of knowledge and information measuring the extent to which consumers feel informed and knowledgeable about a risk
- Perception of locus of control containing consumers' mental image of controlling things
- Degree of perceived risk
- Expectations of risk dealing with degree of satisfaction or disappointment whether an occurrence meet expectations of risk
- Past experience with particular risks assisting in risk judgement even if consumers lack full knowledge about the risk
- Influence of activists in order to reduce risks by lobbying authorities to make changes
- Outrage attributing to situations where consumers are concerned with possibility of any harm to themselves

(McGregor 2006)

# Framework of Consumer Risk Experience



# Results 1:

## Risk Dimensions in the Framework

- ❑ **Physical risks**
  - traffic accidents
  - violence
- ❑ **Activity based risks**
  - accidents at home: cooking, cleaning etc.
  - do-it-yourself: heating, renovating etc.
- ❑ **Time dependent risks**
  - tired, stressed or hurried
- ❑ **Technological risks**
  - data security
- ❑ **Economic risks**
  - investments
  - illness
  - employment/unemployment
- ❑ **Social risks**
  - personal relationships
- ❑ **Psychological risks**
  - security, trust, personal protection



## **Results 2: Gaps in Consumer Risk Perceptions and Risk Management**

- ❑ Risks and risk management unfamiliar to consumers**
- ❑ Risks at home or surroundings not recognised**
- ❑ Traffic risks and economic risks well identified**
- ❑ Global risks unidentified**
- ❑ Insurance used to protect economic losses, but cover and terms are considered complex and difficult to understand**

# Most Important Insurance and Risk based Activities on the Internet

<b>Activities on the Internet</b>	<b>Amount of respondents, per cent</b>
<b>Comparing insurance and insurance companies</b>	<b>69</b>
<b>Examples of claims covered</b>	<b>66</b>
<b>Premium calculators</b>	<b>63</b>
<b>Electronic claims applications</b>	<b>52</b>
<b>Updating and checking insurance terms and cover</b>	<b>46</b>
<b>Identifying requirements of household insurance cover</b>	<b>44</b>
<b>Clear insurance vocabulary</b>	<b>44</b>
<b>Quick response to questions</b>	<b>32</b>
<b>Insurance purchase</b>	<b>19</b>
<b>Information of accidents, risks, and their prevention</b>	<b>15</b>
<b>Information of safety equipment</b>	<b>14</b>

# Advantages of eRisk Manager

- Assists consumers to identify risks**
  - in various points of their life-cycle
  - in various surroundings
  - in various actions
  
- Provides general preventive information of hazards and accidents**
  
- Provides personal guidance**
  
- Combines personal data of various registers → Tailor-made solutions**

# Successful eRisk Manager is

- visual
- easy to use
- open 24 hours a day
- interactive
- problem solver
- private
- secure
- tailor-made service



# Conclusions & Discussion

## Main Contributions

- Extended consumer risk framework
- New information of consumer risk perception

## eRisk Manager

- Assists consumers to realise the importance of systematic RM and insurance as a part of RM

## Challenge

- "Better risk perception will lead to risk-reducing behaviour"