

Farm insurance in Poland – results of empirical research

Tomasz Czuba

Abstract

In the highly competitive insurance market in Poland, insurers adopt various solutions that will enable them to gain a lasting competitive advantage on the market. This is true not only of the mass market, but also of other market segments, including the agricultural segment. Competitive advantage may result from many different factors that are widely described in the literature on the subject related to this topic. Among the authors on this topic are, among others M. Porter, J. Rokita, W. Grudzewski and I. Hejduk, K. Oblój, W. Wrzosek and many others.

In the agricultural segment, gaining a sustainable competitive advantage may consist in collecting and using knowledge about the market, market participants and their behaviour. The skillful use of the acquired knowledge can therefore become the basis of a sustainable competitive advantage. This knowledge can be acquired not only through the prism of the analysis of sales data or various own data (internal insurers), but also through systematic market research of buyers on a selected market.

The study presents what a competitive advantage is and what can be its source. The aim of the article is also to present an image of the insurance market in the agricultural segment. The article uses secondary sources illustrating the agricultural market in Poland, as a background for the selection of insurance buyers in the agricultural segment, and the results of direct research carried out in 2020 are also presented. These studies can enrich the knowledge accumulated by the insurer, which are not available as a result of the analysis of own data, e.g. sales data. Observing the market and the changes taking place in it, therefore, contributes to deepening the knowledge that may become a permanent element of the insurer's competitive advantage on the insurance market.

Keywords: farm research, quantitative research, competitive advantage, insurance market in agriculture, insurance in agriculture.

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Introduction

When analysing the insurance market in the agricultural segment, it is worth mentioning the most important facts related to the statistics of the farm market in Poland.

In Poland, 1.4 million farms use 14.7 million ha of land¹. In the structure of farms, over a half (53.5%) are the smallest farms, i.e. up to 5 ha of agricultural land (UAA). The percentage of the largest farms – with an area of 50 ha and more of UAA – is 2.4%. For several years, the average agricultural area on the farm has remained at the level of approx. 10 ha (in 2019 it was 10.4 ha). The total of all agricultural land in Poland is 14 689.5 thousand ha. In Poland, the largest percentage of the area is arable land in the following voivodeships: Mazowieckie (14%), Wielkopolskie (12%) and Lubelskie (10%)².

The total number of farms in Poland is 1,409,379. Farms with an area of up to 1 ha are: 2% of all farms, from 1 ha to 15 ha are: 83% and with an area of more than 15 ha are 15% of all farms³. According to data published by the Rzeczpospolita daily, “only 12 per cent owners of farms in Poland conclude insurance contracts for agricultural crops and livestock. And only 30 per cent are covered by protection cultivation acreage in Poland”⁴. In turn, according to the report of the Supreme Audit Office (NIK), the area of agricultural crops covered by insurance in 2017 and 2018 accounted for 22% of the total area of agricultural land⁵. An in-depth analysis shows that also subsidized crop insurance is not functioning satisfactorily⁶.

The population living in rural areas of Poland is 15.3 million⁷, of which 2.32 million people work in agriculture⁸, which constitutes 14% of all working in Poland. In 2020, the sown area in Poland was 10 898 thousand ha⁹. The largest percentage of crops is in the Wielkopolskie (12%), Mazowieckie (12%) and Lubelskie (10%) provinces. Global agricultural production is PLN 119,652.9 million¹⁰. Compared

1. GUS, *Rocznik Statystyczny Rolnictwa 2020*, Warsaw 2020, p. 68, 89 (as of June 2019).

2. Ibidem, p. 70.

3. Ibidem, p. 89.

4. Rzeczpospolita, 28.06.2019, <https://www.rp.pl/Ubezpieczenia/306279825-Ubezpieczenia-rolnicze-to-fikcja--polise-kupuje-tylko-co-osmy-rolnik.html>, access 12.01.2021.

5. NIK, *Raport NIK*, <https://www.nik.gov.pl/aktualnosci/system-ubezpieczen-rolniczych.html>, access 18.05.2021.

6. M. Janowicz-Lomott, K. Łyskawa, *Funkcjonowanie dotowanych ubezpieczeń upraw w Polsce*, “Wiadomości ubezpieczeniowe” 2016, nr 2, p. 69–92.

7. GUS, op. cit., s. 97.

8. Ibidem, p. 106.

9. Ibidem, p. 144.

10. Ibidem, p. 130.

to the European Union, the share of agriculture, forestry, hunting and fishing in the creation of GDP in Poland is at the level of 2.4%¹¹, and in employment in agriculture, forestry and fishery it accounts for 9.2%¹².

Competitive advantage in the insurance market

The presented market parameters concerning the agricultural segment in Poland in connection with the knowledge of the market behaviour of insurance buyers (in this segment), which may be in the possession of insurers, may constitute the insurer's competitive advantage.

When defining the concept of competitive advantage, it is worth noting that the literature on the subject has many definitions of this concept. Writing about competitive advantage, J. Rokita believes that competitive advantage is the ability to use resources in such a way and conditions to compete on the markets of supply and sale of products that enable the production of greater added value for the company and its actual and potential customers than the added value generated by competitors¹³. Therefore, it can be concluded that what determines the competitive advantage is the high ability to achieve goals in the conditions of increasing competition. The ability to compete in the market is determined by the continuous improvement of the adaptation of the company's resources to new challenges, such as new technologies or products, which we deal with on the insurance market.

W. Grudzewski and I. Hejduk believe that the competitive advantage is created by the added value, which has an impact on the achieved financial results and profit growth. In order to gain an advantage, it is necessary to constantly analyse both economic and technological transformations in the market. An important element is also appropriate responses to changes in customer expectations and improvement of the communication system with the recipient and the supplier¹⁴. These elements can largely be provided by market research.

When describing what a competitive advantage is, one cannot ignore M. Porter, who defines competitive advantage as “the soul of companies' results in competitive

11. GUS, *Information of the Central Statistical Office on the revised estimate of gross domestic product for 2019*, https://stat.gov.pl/download/gfx/portalinformacyjny/pl/defaultaktualnosci/5481/9/6/1/informacja_gus_w_sprawie_skorygowanego_szacunku_pkb_za_2019_r.pdf, access 18.05.2021.

12. GUS, *Rocznik Statystyczny Rolnictwa 2020*, Warszawa 2020, p. 401 (as of June 2019).

13. J. Rokita, *Zarządzanie strategiczne: tworzenie i utrzymywanie przewagi konkurencyjnej*, Warszawa, PWE, 2005, p. 57–61.

14. W.M. Grudzewski, I. K. Hejduk, *Metody projektowania systemów zarządzania*, Warszawa, Centrum Doradztwa i Informacji Difin, 2004, p. 8–9.

markets¹⁵. It introduces the concept of a sustainable competitive advantage, which means a permanent ability to beat competitors.

K. Obłój states that achieving a competitive advantage requires a unique method of operation, ensuring extraordinary results. He believes that a competitive advantage, whether it exists in the long term or in the shorter term, always has a temporal dimension. The duration of its maintenance depends on the behaviour of the competition. In his opinion, the second fundamental element of advantage is locality, interpreted as a market with clearly defined borders. Without their precise definition, it is impossible to precisely define the needs of recipients and the activities of the competition¹⁶. The agricultural market fits very well with this type of definition.

W. Wrzosek states that the company's competitive advantage is related to its more favourable location on the market compared to the location of its competitors. This more favourable location of the enterprise on the market does not yet determine the possibility of achieving a competitive advantage by them. It is only a prerequisite for achieving it. It becomes an advantage only when it becomes a substitute for inputs¹⁷.

One of the key factors, therefore, decisive for a lasting competitive advantage is knowledge. Its optimal use contributes to the creation of added value, which may be the determinant of market success. Effective knowledge management can bring benefits such as: improvement of innovation, proper communication, building co-operation, the ability to apply specialist knowledge and know-how, or improvement both at the level of employees and the entire organization¹⁸. Continuous economic changes are the cause of increasing competition in various dimensions, therefore entities wishing to maintain a competitive position must constantly develop. Effective activities in the field of knowledge should therefore be of a long-term nature, as it is crucial not only to apply knowledge but also to systematically increase¹⁹.

Therefore, as can be seen from the above considerations, an in-depth and systematic knowledge of the insurance market in the agricultural segment may constitute a source of an insurer's lasting competitive advantage. At the same time, it should be remembered that insurers have a very wide range of their own data from existing contracts. Using this results in having accurate information about who the

15. M.E. Porter, *Competitive Advantage. Creating and Sustaining Superior Performance*, New York, The Free Press, 1985, p. 15.

16. K. Obłój, *Pasja i dyscyplina strategii: jak z marzeń i decyzji zbudować sukces firmy*, Warszawa, Poltext, 2016, p. 125–126.

17. W. Wrzosek, *Przewaga konkurencyjna*, "Marketing i Rynek" 1999, nr 7, p. 2.

18. *Podejście innowacyjne w zarządzaniu przedsiębiorstwem*, red. R. Nowacki, M. W. Staniweski, Warszawa, Difin, 2010, p. 115–117.

19. M. Soniewicki, *Zarządzanie wiedzą a przewaga konkurencyjna przedsiębiorstwa międzynarodowego. Ujęcie teoretyczne i praktyczne*, Warszawa, Difin, 2017, p. 43–46.

buyer is, where he is located, how he buys insurance, what form of payment he prefers. The knowledge about the insurance market in the agricultural segment is supplemented by quantitative research on this market. Such research often confirms the information possessed by insurers, and thus may give premises concerning the state of knowledge about the insurance market among buyers. In addition, they provide information that the insurer will not obtain as a result of analysing its own data. This type of information may include selection criteria for the main insurer, spontaneous and assisted brand awareness, expected benefits from the insurance product owned, insurers' image, contact with advertising, remembered advertisements, etc.

Market of insurance services in the agricultural segment (2020)

Research methodology

The presented results of research on the market of insurance services in the agricultural segment were prepared on the basis of an empirical study carried out at the turn of August and September 2020 (August 29 – September 11, 2020) on a representative sample of owners of farms with an area of more than 5 hectares throughout the country²⁰. The survey was carried out using the CATI/CAWI method. The sample size was 500 farms all over Poland. The respondent in the study was the farm owner who decides about the selection/purchase of insurance for his farm. Among the respondents, 95.2% were men and 4.8% women. People aged 41+ constituted the dominant group of respondents in the survey – their share in the survey was 71.2%. People up to 40 years old constituted 28.8% (the average age of the respondent in the study was 49 years, the median age was 50 years). The average number of people in a household in the studied group is 4. The size of the researched farms was as follows: 5–15 ha: 46.6%; 15.1–50 ha: 30.6%; over 50 ha: 22.8%. The researched farms are mainly focused on plant production (48.0%), animal production (22.6%) as well as plant and animal production (29.4%). Most farms were located in the Mazowieckie (14.6%), Wielkopolskie (11.2%) and Lubelskie (10.4%) voivodships. Then there were Podlaskie (8.4%), Łódzkie (8.0%), Kujawsko-Pomorskie (7.8%),

20. The research was carried out as part of the author's own research. In 2020, apart from the insurance services market, it also concerned the banking services market. This type of research was carried out in 2020 for the fourth time.

Warmińsko-Mazurskie (6.4%) and Dolnośląskie (5.6%). The smallest number of researched farms were located in the following voivodships: Śląskie (2.4%), Lubuskie (2.8%), Małopolskie (3.0%), Opolskie (3.2%), Podkarpackie (3.4%), Świętokrzyskie (3.8%), West Pomeranian (4.4%) and Pomeranian (4.6%).

Agricultural segment²¹ in Poland, it has a number of characteristics (mentioned in the introduction) that may affect the characteristics of the sample in the case of direct research carried out in this market segment (agricultural segment). Among these features, one should emphasize the quantitatively dominant share of farms with an area of up to 5 ha in the structure of farms. In the total number of farms (quantitatively), these farms constitute 69% of all farms included in the GUS statistics. The smallest farms (up to 5 ha) usually produce for their own needs and have little impact on the agricultural production market in Poland. Increasingly, there is also the phenomenon of consolidating small areas of land in the hands of one producer (farmer), who thus concentrates in the area of his activity much larger acreage than included in the statistics of the Central Statistical Office. Such a phenomenon makes it difficult to select a representative sample for research carried out in the agricultural segment, based on the structure of the number of farms by area and by voivodeship. According to the Central Statistical Office data, the share of farms with an area of more than 50 hectares in the quantitative structure of farms in Poland is 4%.

Taking into account the calculated difficulties in the correct selection of the sample, in this study it was decided to select a representative sample of farms by area and voivodeship in 3 groups of areas: 5–15 ha, 15.1–50 ha and over 50 ha. As a result, the following numbers of interviews were carried out:

- 233 interviews with owners of farms with an area of 5–15 ha (47% share in the research sample),
- 153 interviews with owners of farms with an area of 15.1–50 ha (31% share in the research sample),
- 114 interviews with owners of farms with an area of more than 50 ha (23% share in the research sample).

In order to present the overall results, weights were constructed for the conducted study, which mean that the share of individual farm areas in the sample corresponds to their actual market share, according to the statistics provided by the Central Statistical Office (GUS). Such data (weighted data) is included in the figures and tables of this report under the term “total”.

21. In the article, the authors use the term agricultural segment, which they mean farms with an area of more than five hectares in Poland.

The aim of the study is to indicate the scope of using insurance by farms and to present the determinants of purchasing these types of insurance. The implementation of the set goal will allow to determine whether insurers can build a competitive advantage on the basis of knowledge derived from market data.

Insurance in agriculture

The insurance market in agriculture includes both non-compulsory and compulsory insurance²², and some crop insurance is subsidized from the state budget. The data quoted at the beginning show that the scope of using insurance in the described agricultural segment is still unsatisfactory. According to various studies, summarized by A. Kurdyś-Kujawska, the barriers in the use of insurance in the agricultural segment include: low insurance awareness of farmers, financial limitations, high insurance costs, the amount and payment of compensation inadequate to the damage, maladjustment of the offer to the needs of farmers, unclearly formulated insurance conditions and complicated procedures and actions of the state in the event of a natural disaster²³. It should be added to this description that in 2019, 1,725,761 compulsory insurance policies for buildings on farms and 1,497,460 compulsory civil liability policies for farmers were issued²⁴.

In studies on farms, it is worth paying attention to the fact that the life (expressed, inter alia, by consumption) of farms is similar to that of households in cities. Changes in the farming family and rural community, greater dependence of the farm on the socio-economic environment and its development, create wider opportunities for obtaining income from outside farming. As a result of these changes, the farming family becomes a household typical of non-agricultural environments²⁵.

22. The Act of May 22, 2003 on compulsory insurance, the Insurance Guarantee Fund and the Polish Office of Motor Insurers, Journal Of Laws of 2003, No. 124, item 1152; Act of 7 July 2005 on insurance of agricultural crops and livestock, Journal Of Laws of 2005, No. 150, item 1249.

23. A. Kurdyś-Kujawska, *Rolnicy w systemie ubezpieczeń rolnych – uwarunkowania braku ochrony ubezpieczeniowej gospodarstw rolnych* [in] S. Wieteska, I.D. Czechowska, *Granice finansów XXI wieku. Bankowość i ubezpieczenia*, Łódź, Wydawnictwo Uniwersytetu Łódzkiego, 2017, p. 170.

24. Polska Izba Ubezpieczeń, *Ubezpieczenia w liczbach 2019. Rynek ubezpieczeń w Polsce*, <https://piu.org.pl/wp-content/uploads/2020/04/ubezpieczenia-w-liczbach-2019.pdf>, access 18.05.2021.

25. M. Leszczyńska, *Specyfika rolniczego gospodarstwa domowego i jego rola społeczno-ekonomiczna*, "Studia Socjologiczne", 2007, nr 1(184), p. 127–145.

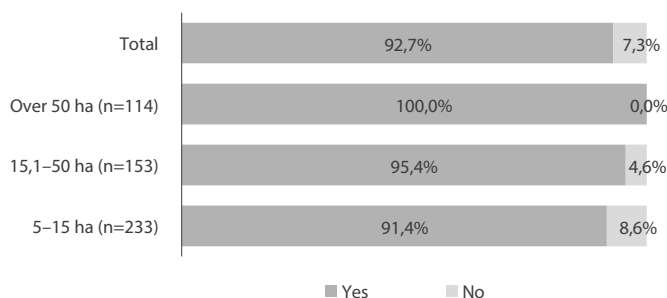
Use of insurance in the agricultural segment

The insurance purchase process is not an independent activity. This activity is influenced by many different factors, among which one can distinguish sources of information on the insurance market, own experience with insurance, activities of various insurance companies in a given industry and criteria for selecting an insurer.

Research carried out in 2016–2020 by the author²⁶ indicate that the surveyed respondents declare 100% use of compulsory agricultural insurance – obligatory third party liability insurance of farmers for holding a farm and compulsory insurance of buildings included in the farm against fire and other events²⁷.

On the other hand, when analysing the scope of using insurance outside the compulsory insurance, this parameter is (the scope of using non-compulsory insurance) 92.7%. Looking at farms separately, depending on the area, it can be seen that the larger the farm, the greater the scope of using insurance (optional). According to the results of the survey, the scope of using insurance among farms with an area of 5–15 ha is 91%, for farms with an area of 15.1–50 ha – 95%, and among farms with an area of more than 50 ha, all of them declare that they use such insurance. However, it should also be remembered that in the agricultural segment, apart from insurance typically addressed to this segment, there are also insurance addressed to the mass client.

Graph 1. Scope of using insurance in the agricultural segment (non-compulsory insurance)



Source: Own elaboration based on empirical research.

26. In the years 2016–2020, three quantitative studies were carried out on similar samples in the agricultural segment.

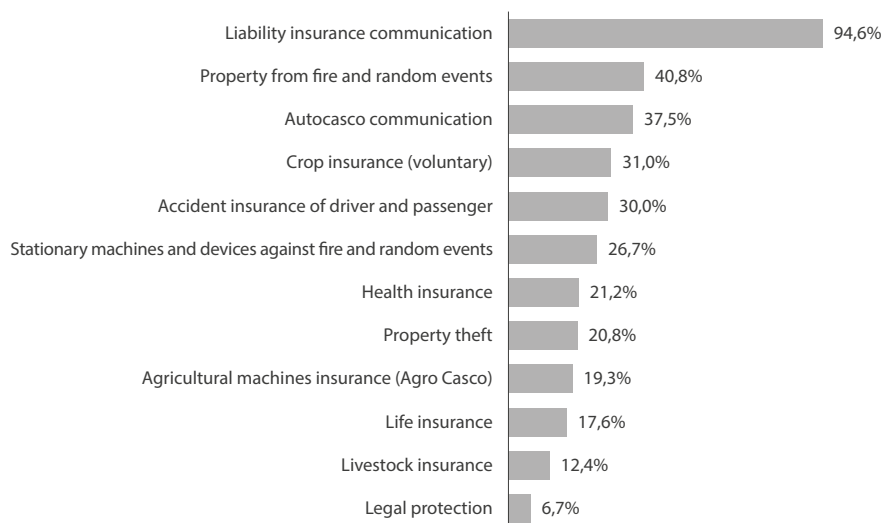
27. Data presented in Table 1.

The popularity of various types of insurance in the agricultural segment

Analysing the number of insurance products used (12 different types of insurance were tested in the study – excluding mandatory ones in agriculture), the average number of insurance products used by farmers is 3.59 (median 3.0). The minimum number of used insurances is 1, the maximum number is 12. The highest average is for farms with an area of more than 50 ha – average 4.21 (median 3.0), then for farms with an area of 15.1–50 ha – average 3.65 (median 3.0), slightly lower for farms with an area of 5–15 ha – average 3.53 (median 3.0).

Among farmers using non-compulsory insurance, the most popular type of insurance is motor third party liability insurance – 95% of farmers use it (95% on farms with an area of 5–15 ha, 92% on farms 15.1–50 ha, and on farms above 50 ha uses 100%). Other popular types of insurance include: property against fire and random events – used by 41% of the surveyed farmers, motor vehicle insurance (38%), voluntary crop insurance (31%) and accident insurance for the driver and passenger (30%). The least popular insurance in the agricultural segment is legal protection, livestock insurance and life insurance.

Graph 2. Popularity of selected types of insurance in the agricultural segment (in total)



Source: Own elaboration based on empirical research.

Comparing the scope of use of selected insurance in the agricultural segment, attention is drawn to the fact that the vast majority of farmers have various types of motor vehicles, and this translates into a high level of use of third party liability insurance for motor vehicle owners – 94.6%. The second most popular insurance used by farmers is the insurance of property against fire and random events (40.8% in total), with the largest use of this insurance by farmers with farms with an area of 5–15 ha (almost 43%). The biggest differences in insurance are in the field of crop insurance – this insurance is used by almost 61% of farms with an area of more than 50 ha and only 25% of farms with an area of 5–15 ha. An interesting comparison is also Table 1 showing the scope of co-use of various insurance products. And so, for example, those who use property insurance against theft and at the same time from fire and random events insurance account for 18.8%. 20.8% of the respondents using only property insurance against theft, and only 40.8% from property insurance against fire and random events. Thus, it seems possible to propose a bundled sale of these insurance products in order to increase the co-use of both of these insurance products simultaneously. Similar observations can also be made in the case of motor or other insurance. This can be a guideline for the development of insurance packages, the structure of which should take into account the insurance selection criteria.

Farm insurance in Poland – results of empirical research

Table 1. Co-use of insurance products (total)

Compulsory liability insurance for farmer	100,0%	94,6%	37,5%	29,9%	40,8%	20,8%	6,7%	31,0%	12,4%	19,3%	26,7%	17,6%	21,1%
Compulsory insurance of agricultural farm buildings	100,0%	94,6%	37,5%	29,9%	40,8%	20,8%	6,7%	31,0%	12,4%	19,3%	26,7%	17,6%	21,1%
Liability insurance communication	94,6%	94,6%	37,5%	29,9%	40,8%	20,8%	6,2%	28,8%	11,2%	18,3%	26,2%	17,1%	20,0%
Autocasco communication	37,5%	37,5%	37,5%	26,8%	24,1%	15,0%	4,4%	15,2%	6,5%	13,3%	16,7%	8,4%	8,7%
Accidents of driver and passenger	29,9%	26,8%	29,9%	29,9%	22,1%	14,6%	4,4%	13,7%	5,7%	12,2%	14,4%	7,6%	7,3%
Property from fire and misfortunes	40,8%	40,8%	24,1%	22,1%	40,8%	18,8%	4,9%	16,7%	6,4%	13,8%	16,6%	10,6%	8,5%
Property theft	20,8%	20,8%	4,4%	14,6%	20,8%	20,8%	4,1%	11,4%	4,6%	9,0%	10,3%	6,0%	6,6%
Legal protection	6,7%	6,2%	4,4%	4,4%	4,9%	4,1%	6,7%	4,4%	2,3%	4,6%	4,4%	2,3%	1,6%
Crop insurance (voluntary)	31,0%	13,7%	31,0%	13,7%	31,0%	11,4%	4,4%	31,0%	7,0%	10,2%	12,3%	8,0%	9,1%
Livestock insurance	12,4%	6,5%	12,4%	5,7%	6,4%	4,6%	2,3%	7,0%	12,4%	5,3%	5,2%	2,8%	3,3%
Agricultural machinery insurance (Agro Casco)	19,3%	13,3%	13,3%	12,2%	13,8%	9,0%	4,6%	10,2%	5,3%	19,3%	10,3%	5,4%	5,1%
Stationary machines and devices against fire and random events	26,7%	16,7%	16,7%	14,4%	16,6%	10,3%	4,4%	12,3%	5,2%	10,3%	26,7%	7,9%	8,9%
Life insurance	17,6%	17,1%	8,4%	7,6%	10,6%	6,0%	2,3%	8,0%	2,8%	5,4%	7,9%	17,6%	9,8%
Health insurance	21,1%	20,0%	8,7%	7,3%	8,5%	6,6%	1,6%	9,1%	3,3%	5,1%	8,9%	9,8%	21,1%

Source: Own elaboration based on empirical research.

Insurers' market position

In the case of compulsory third-party liability insurance of a farmer, the strongest market position²⁸ owns PZU, which supports 66% of farmers in the scope of this insurance. The next places are taken by HDI/Warta (14%), TUW (11%) and Concordia (Generali Group) (8%). Depending on the size of the farm owned, PZU has a higher market position than the total (66%) among farmers with a farm with an area of 5–15 ha. HDI/Warta has a higher position than the average (14%) among farmers with a farm with an area of 15.1–50 ha. This insurance and compulsory insurance for farm buildings are held by all respondents, and at the same time they declare that they have such insurance with the same insurer.

In the case of motor third party liability insurance, PZU has the strongest position, which is serviced by 56% of farmers using this insurance. The next places are taken by HDI/Warta (17%), TUW (10%) and Concordia (6%). Depending on the size of the farm, PZU has a higher market position than the total (56%) among farmers with a farm with an area of 5–15 ha (59%). HDI/Warta has a higher position than the average (17%) among farmers with a farm with an area of 15.1–50 ha (20%). This insurance is used by 94.6% of farmers taking advantage of the insurance.

In the case of motor own damage insurance, PZU has the strongest position, which supports 60% of farmers using this insurance. The next places are taken by HDI/Warta (16%) and Concordia (8%). Depending on the size of the farm, PZU has a market position higher than the total (60%) among farmers with a farm with an area of 5–15 ha. (64%). HDI/Warta has a higher position than the average (16%) among farmers with a farm with an area of 15.1–50 ha (25%). This insurance is used by 37.5% of farmers using voluntary insurance.

In the case of property insurance against fire and random events, PZU has the strongest position, which is serviced by 52% of farmers using this insurance. The next places are occupied by TUW (15.6%) and HDI/Warta (13%). Depending on the size of the farm, PZU has a higher market position than the total (52%) among farmers with a farm with an area of 5–15 ha. (56%). This insurance is used by 40.8% of farmers taking advantage of the insurance.

28. The market position of an insurer is the number of farmers using a given insurer in relation to all farmers benefiting from a given insurance (based on farmers' declarations). The market position does not take into account the amount of the premium paid to the indicated insurer in a given type of insurance.

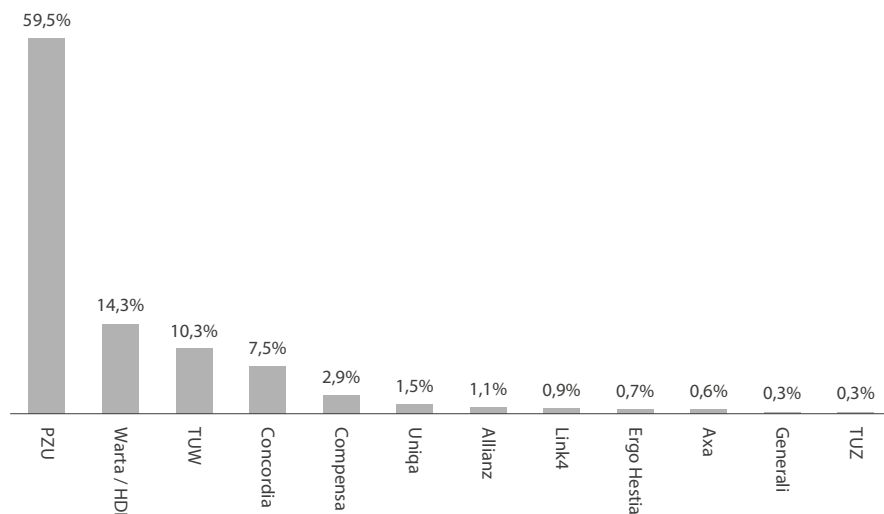
In the case of crop insurance, PZU has the strongest position, which is serviced by 60% of companies using this insurance. The next places are occupied by TUW (17%) and Concordia (15%). This insurance is used by 31% of farmers taking advantage of the insurance. However, it is worth remembering that on the basis of the Act of July 7, 2005 on the insurance of agricultural crops and livestock, the Minister of Agriculture and Rural Development concluded with seven insurance companies agreements on the use of subsidies from the state budget in 2020 to premiums insuring agricultural crops or animals. farms, i.e. from:

- 1) Powszechny Zakład Ubezpieczeń S.A. based in Warsaw,
- 2) Towarzystwo Ubezpieczeń Wzajemnych “TUW” with its seat in Warsaw,
- 3) Concordia Polska Towarzystwo Ubezpieczeń Wzajemnych with its seat in Poznań,
- 4) Pocztowe Towarzystwo Ubezpieczeń Wzajemnych with its seat in Warsaw,
- 5) InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group based in Warsaw,
- 6) TUZ Towarzystwo Ubezpieczeń Wzajemnych with its seat in Warsaw,
- 7) Vereinigte Hagelversicherung VVaG (seat in Gießen), a branch of VH VVaG TUW in Poland with the seat of a branch in Poznań.

The main insurer of farmers

The main insurer in the agricultural segment there is PZU, which supports 60% of farmers who use insurance. Among farmers with a farm with an area of 5–15 ha, PZU is the main insurer for 63% of farmers, among farmers with an area of 15.1–50 ha, this value is 51%, and among farmers with a farm with an area of over 50 ha – 48%. HDI/Warta is the main insurer for 14% of farmers using insurance. The third main insurer among farmers is TUW, which is the main insurer for 10% of farmers using insurance. Concordia (8%) is next.

Graph. 3. Market position – main insurer (total)



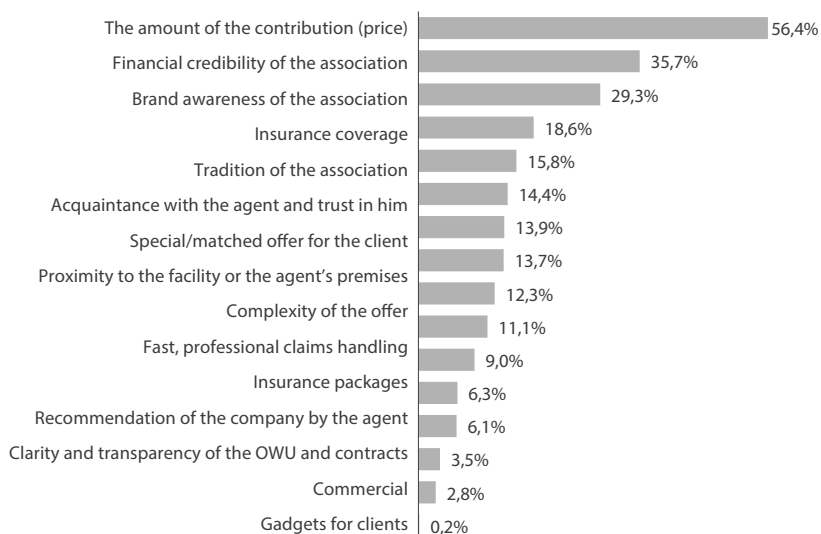
Source: Own elaboration based on empirical research.

By analysing the criteria for selecting an insurer²⁹ among farmers, the respondents could choose up to three criteria out of 17 tested. Among the selection criteria (in general), the most important is the amount of the premium (price). This criterion is important for 56.4% of farmers. The amount of the premium is of the greatest importance for farmers with an agricultural holding of more than 50 ha (71%). The amount of the premium is less important among farmers with a farm with an area of 5–50 ha (56%). The financial credibility of the society is also important – a criterion important for 35.7% of farmers. The least important criteria when choosing an insurer are gadgets for customers (0.2%), advertising (2.8%) and clarity and transparency of the GTC and contracts (3.5%).

29. More on the insurer selection criteria: T. Czuba, A. Oniszczyk-Jastrząbek, *Sposób zakupu ubezpieczeń a kryteria wyboru ubezpieczyciela w segmencie rolnym*, "Ubezpieczenia w Rolnictwie. Materiały i Studia" 2017, nr 62, p. 7–20.

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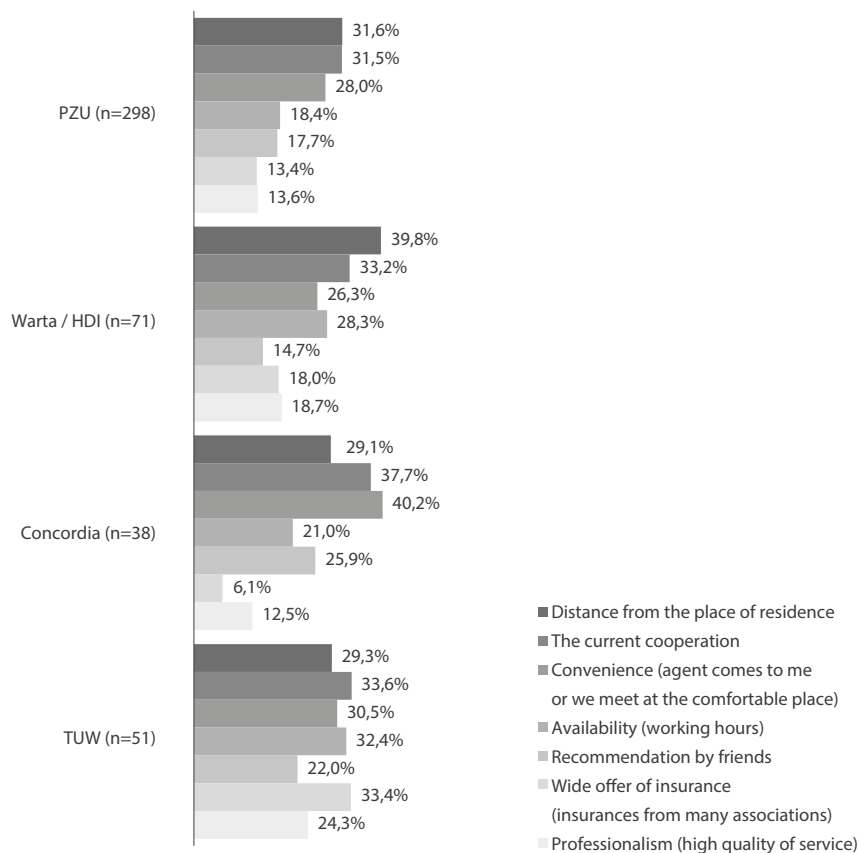
Graph 4. Criteria for selecting an insurer in total and according to the size of a farm



Source: Own elaboration based on empirical research.

The choice of a specific method of concluding insurance is mostly determined by the distance from the place of residence (33%); previous cooperation (32%) and convenience (agent's arrival) – 29%. Of less importance are high quality of service (15%), a wide range of insurance (16%) and recommendation by friends (19%). The choice of a specific method of concluding insurance depending on the insurer, in the case of PZU, the following are important: distance from the place of residence and cooperation (32% each), in the case of HDI/Warta – distance from the place of residence (40%), Concordia – convenience (arrival an agent or a meeting in a convenient place) – 40%, in the case of TUW – cooperation so far (34%).

Graph 5. Factors influencing the way insurance is concluded

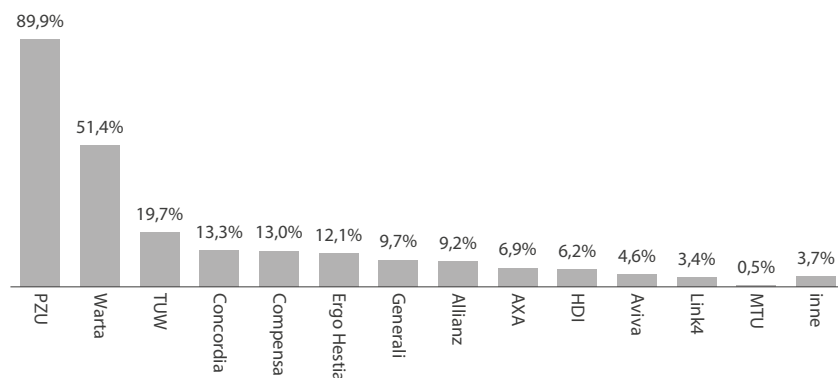


Source: Own elaboration based on empirical research.

In the last 12 months, 5% of insured farmers changed their insurer. Clients of TUV and PZU changed their insurer more often, and less often HDI/Warta. In the case of Concordia, none of the surveyed clients of this company changed their insurer. Over the next 12 months, 4% of farmers insured intend to change their insurer. The intention to change is declared more often by insurance companies at Concordia and HDI/Warta than those insured by TUV and PZU.

The highest index of spontaneous brand awareness in the agricultural segment was noted by PZU indicated by 90% of respondents, the next most known spontaneously TU are Warta (51%) and TUV (20%), the fewest indications were the names MTU, Link4 and Aviva.

Graph 6. Spontaneous awareness of the TU brand in the agricultural segment



Source: Own elaboration based on empirical research.

Changes in insurance in 2016–2020

When comparing the survey in the agricultural segment carried out in 2016 to the survey in 2020, it is worth noting the changes that took place in this period (Table 2). Questions were selected for the compilation, the way of being formulated in the compared periods was similar or the same. These questions include the data presented in the text: the scope of using insurance in the agricultural segment, the insurance products used, the selection criteria of the insurer, the main insurer, spontaneous brand awareness and loyalty to the insurer. Some questions cannot be compared due to their different wording in 2020 and 2016, and some data are provided for comparative purposes only or omitted³⁰ (these data include: the assessment of the image of TU³¹ or contact with representatives of the insurer).

The use of non-compulsory insurance decreased in 2020 by 2.2 percentage points (pp) compared to 2016. According to the respondents' declarations, the use of property insurance against fire and random events (-2.4 pp) and motor own damage insurance (-2.4 pp) also decreased. The highest increase in the scope of use was recorded in third party liability insurance for motor vehicle owners (+8.9 pp).

30. These data will form the basis of a separate article.

31. More on the factors influencing the image of insurers: T. Czuba, A. Oniszczyk-Jastrząbek, *Czynniki wpływające na wizerunek ubezpieczycieli wśród nabywców usług na obszarach wiejskich*, "Ubezpieczenia w Rolnictwie. Materiały i Studia" 2018, nr 65, p. 30–47.

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In the main insurer category, PZU's position strengthened (+5.8 pp), while Concordia saw a decline (-4.8 pp). In the selection criteria of the insurer, the importance of the amount of the premium (-7.6 pp) and the scope of insurance (-10.3 pp) decreased, while the importance of knowing the TU brand (+6.2 pp) increased. In terms of spontaneous brand awareness, the brands TUW (-7.4 pp) or Concordia (-3.1 pp) were mentioned less frequently, and Warta (+4.9 pp) or PZU (+2.0 pp) were mentioned more often.

Table 2. Comparison of selected research results in the agricultural segment in 2016 and 2020

	Research 2020	Research 2016	Change in 2020 until 2016 (percentage points)
Scope of using insurance (optional)	92,7%	94,9%	-2,2 pp
Insurance products used			
Liability insurance communication	94,6%	85,7%	8,9 pp
Property from fire from random events	40,8%	43,2%	-2,4 pp
Autocasco communication	37,5%	39,9%	-2,4 pp
Crop insurance	31,0%	25,9%	5,1 pp
Accident insurance of driver and passenger	30,0%	28,8%	1,2 pp
Stationary machines and devices against fire and random events	26,7%	31,3%	-4,6 pp
Property theft	20,8%	20,3%	0,5 pp
Life insurance	17,6%	23,9%	-6,3 pp
Chief insurer			
PZU	59,5%	53,7%	5,8 pp
HDI/Warta	14,3%	9,5%	4,8 pp
TUW	10,3%	8,3%	2,0 pp
Concordia	7,5%	12,3%	-4,80 pp
Compensa	2,9%	1,4%	1,5 pp
Criteria for selecting the insurer			
Contribution amount (price)	56,4%	64,0%	-7,6 pp
Financial credibility TU	35,7%	32,4%	3,3 pp
Knowledge of the brand TU	29,3%	23,1%	6,2 pp
Insurance coverage	18,6%	28,9%	-10,3 pp

Source: Own elaboration based on empirical research.

Summary

The aim of the article was to present an image of the insurance market in the agricultural segment based on empirical research. The description of this market in connection with empirical research leads to deepening the knowledge about the behaviour of buyers, especially the one that insurers are not able to obtain from their own data collected, for example, on the basis of the sale of individual products. The presented research results may help in the construction of an offer based on the results of the insurer selection criteria or the awareness of a spontaneous brand. The results indicate that in subsequent editions of the survey, the amount of the premium (insurance price) and its scope are of less importance for buyers. Some of the data indicate the importance of the distance from the place of confusion as a factor that may determine the manner of taking out insurance.

Therefore, systematic collection and analysis of the scope of this information, enriched with an analysis of the elements that make up the insurer's image, loyalty to him or the expected benefits from insurance, leads to the development of a unique resource in the form of knowledge. This knowledge can and is at the disposal of the insurer. The study brings to the science of insurance elements (often not very tangible) related to the perception of the market by buyers. These are not hard numbers from database systems. These are data that change over time, which is influenced by the living and working conditions of buyers, the surrounding media, technological progress or macroeconomic conditions. Tracking these changes is often overlooked for various reasons – mainly due to the lack of faith in their significance and the belief that “the price decides anyway”. However, the increasingly competitive market means that information, and thus unique knowledge, more and more often become a resource, the proper use of which can determine market success. Knowledge as a resource allows you to build a competitive advantage on the market. A competitive advantage can be permanent if we understand the importance of data beyond the data from the system, if we are able to update and supplement it on an ongoing basis. In such a situation, no change on the market will come as a surprise, because the knowledge you have will allow you to prepare for it. Understanding this by insurers will allow them to build their lasting competitive advantage.

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