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## Austrian School of Economics: does it work for life insurance sector in Central Europe?

**Abstract.** Insurance industry is one of the most important elements of modern economies, both as a determinant of development and a source of economic crises. The presence of the latter raises many objections as to the validity of the assumptions adopted by interventionists and economic neo-classicists. Increasing level of debt and the scale of government interventions justify the supposition that most of the existing economic doctrines lost their universal character. More and more popular in the process of seeking solutions for current precarious economic situation is praxeology which stresses the importance of individuals in generating overall economic welfare. The purpose of this paper is a meta-analysis of Central Europe's top life insurance companies researches conducted under AVIVA LTD funding in years 2005-2007 and 2011-2012, aimed at substantiating empirical validity of the Austrian School of Economics approaches in the context of life insurance market, and begin the discussion on the matter of future perspectives of high-contact institutions in the context of competitive advantages achievements. The results prove the Austrian economic concept adequacy in insurance sector which means that agents working on a commission basis are the most effective distributors for life insurance services. Also, we may underline the crucial role of insurance intermediary during the sales process, which is important for human resource department activities driven at recruiting, training and competency management within life insurance organizations, particularly in the context of Internet sales efforts.

**Keywords:** Life Insurance; Austrian Economics; Central Europe; Competency; Effectiveness; Human Performance; Management; Organization

**JEL Classification:** B13; F16; G22

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### Чи працюють підходи австрійської школи економіки для сектору страхування життя в Центральній Європі?

**Анотація.** Страхова індустрія – важлива складова розвитку сучасної економіки. В умовах високих рівнів заборгованості державного та приватного секторів та збільшення масштабів державного втручання в економіку виникає багато запитань щодо дієвості чинних економічних доктрин і механізмів. Нині прагматичні підходи, в яких наголошується на ролі особистості в створенні добробуту, набирають більшої ваги, і, зокрема, концепції австрійської економічної школи. У цьому контексті метою статті є емпіричне обґрунтування адекватності австрійської економічної моделі для ринку страхування життя в країнах Центральної Європи за допомогою мета-аналізу результатів досліджень діяльності провідних страхових компаній регіону, які були нами здійснені в 2005–2007 та 2011–2012 рр. В результаті аналізу можна стверджувати, що персональна зацікавленість страхових агентів (робота за договором комісії) разом із набором моральних і професійних якостей є головними чинниками успішної діяльності компаній зі страхування життя та підтверджують прикладну значимість австрійського економічного підходу для страхового ринку, особливо в умовах формування сегменту Інтернет-продажів.

**Ключові слова:** страхування життя; австрійська економіка; Центральна Європа; компетентність; ефективність; менеджмент; організація.

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### Работают ли подходы австрийской школы экономики для сектора страхования жизни в Центральной Европе?

**Аннотация.** Страховая индустрия – важная составляющая развития современной экономики. В условиях высокого уровня задолженности государственного и частного секторов и увеличения масштабов государственного вмешательства в экономику возникает много вопросов относительно действенности господствующих экономических доктрин и механизмов. Ныне прагматические подходы, в которых делается ударение на роли личности в создании благосостояния, набирают больший вес и, в частности, концепции австрийской экономической школы. В этом контексте целью статьи является эмпирическое обоснование адекватности австрийской экономической модели для рынка страхования жизни в странах Центральной Европы с помощью мета-анализа результатов исследований деятельности ведущих страховых компаний региона, которые были нами осуществлены в 2005–2007 и 2011–2012 гг. В результате проведенного анализа можно утверждать, что персональная заинтересованность страховых агентов (работа по договору комиссии), вместе с набором моральных и профессиональных качеств, являются главными факторами успешной деятельности компаний по страхованию жизни и подтверждают прикладную значимость австрийского экономического подхода для страхового рынка, особенно в условиях формирования сегмента Интернет-продаж.

**Ключевые слова:** страхование жизни; австрийская экономика; Центральная Европа; компетентность; эффективность; менеджмент; организация.

**1. Introduction.** This belief was challenged when it was discovered that market phenomena are connected by necessary dependencies. The surprise of this discovery made the philosophers look at the society from a new perspective. They were astonished to note that human action can be recognized in other categories than good and evil, justice and injustice, honesty and dishonesty (Von Mises, 1998) [1]. It was emphasized

that in the society there are many regularities and phenomena to which man must adapt in order to be successful. This was the approach of a censor who endorses or disapproves them, depending on the extent of their satisfaction of quite arbitrary standards, as well as the extent of correspondence to subjective evaluative judgements. It was only much later that human actions and cooperation between people came to be seen as a

scientific subject to deal with the existing relationships rather than subject of a normative science (Von Mises, 2014) [2]. This was a revolution that has had a tremendous impact on knowledge, philosophy, and social life, although, over a hundred years, the effects of this radical shift in mindset were very limited, because people thought that the new findings applied only to a small scope of issues related to human action, namely market phenomena. In their researches, the classical economists encountered an obstacle, which they could not remove – the apparent antinomy of values. The theory of value used by them contained errors, which determined the delimitation of the economics. Until the late nineteenth century, political economics remained a science dealing with the «economic» aspects of human action, a theory of wealth and selfishness. Human action has been its field of interest only to the extent that it resulted from the profit motive. Economists considered other types of human activity to belong to other disciplines. The shift in mindset introduced by the classical economists was used only by the followers of modern subjective economics, which transform the theory of market prices into general theory of choice (Rothbard, 2006) [3].

It has not been observed for a long time that the abandonment of the classical theory of value in favour of the subjective theory of value is much more important than the replacement of inferior market exchange theory with a superior one. The general theory of choice and preferences goes far beyond the scope of economic issues raised by economists, such as: Cantillon (von Hayek, 1985) [4], Hume (Hume, 1965, p. 469) [5], Smith (Smith, 2003) [6] or Mill (Mill, 1869) [7]. It is much more than just a theory about the «economic side» of human endeavour and effort to acquire goods and improve his financial situation. It is a science of all types of human action. According to it, choice is the basis of all human decisions. When a person makes a choice, he chooses not only between various material goods and services. His choice also applies to all human values. In his mind's eye he sees all the objectives and measures, both material things and matters from the sphere of ideas, as lofty and common, noble and ignoble. Then he estimates and chooses one of them and rejects others. No objective or thing, which a man would like to avoid, is beyond his personal scale of assessment or preferences. The modern theory of value broadens the horizons of science and the field of economic research. The general theory of human action – *praxeology* emerges from the political economics practiced in the classical school. Economic or catallactic issues are set in more general science and cannot be considered in separation from it. Proper recognition of economic problems must therefore begin from the examination of the acts of choice, and the economics becomes part – the most developed so far – of the universal science, namely praxeology, which refrains from evaluative judgements. It is not intended to indicate goals to which people should pursue. It is a science about the measures necessary to achieve declared objectives rather than a method of determining these objectives. Basic decisions, evaluation and choice of objectives fall outside its scope (Rothbard, 2009) [8].

**2. Purpose.** To undertake meta-analysis of Central Europe's top life insurance companies researches conducted under AVIVA LTD funding in years 2005-2007 and 2011-2012, aimed at substantiating empirical validity of the Austrian School of Economics approaches in the context of life insurance market.

**3. Brief literature review.** The problem mentioned above was widely discussed by L. Von Mises, M. Rothbard, F. Von Hayek, H. Hazlitt. Today, in the face of economic crises, it becomes one of the most crucial problems for human resource management departments at life insurance organizations.

Problem of effective action in the context of Austrian school of economics According to the canons of praxeology, human action is a purposeful behaviour, will that was made and converted into action, pursuit of the goal, deliberate response of an individual to external impulses and conditions. It is also a conscious adaptation of man to the state of the universe that determines his life. Conscious or purposeful behaviour is fundamentally different from the unconscious one, which is reflex actions and involuntary reactions of body's cells and nerves to stimuli. Some

argue that the boundaries between conscious behaviour and involuntary reaction of forces acting on the human body are, to some degree, uncertain and, therefore, praxeology does not divide people into «active» and full of energy and «passive» and dependent. An energetic man is wholly dedicated to the improvement of his fate, acts no less and no more than a lethargic person who accepts events with indifference (Colbert, Barrick, Bradley, 2014, pp. 351-387) [9]. Refraining from any activities and remaining passive is also an action, because it affects the course of events. If only there is an opportunity to demonstrate some activity, a man acts, even if he initially refrains from it. The one who accepts the situation that he could change acts to not lesser degree than the one who takes certain decision to change this situation. A man, who declines the opportunity to influence on physiological and instinctive aspects of his functioning, also takes some actions. The action consists not only in doing something, but also refraining from doing what could be done. Thus, in the context of these considerations, it may be argued that the assumptions of praxeology and economics are essential for every human action, regardless of its motives, reasons and purpose. The final value judgements and purposes of human action are the basis of all kinds of scientific researches. In the context of praxeology assumptions, their further analysis is counterproductive, since its object of interest are methods and measures used to implement the ultimate goals (Palm, 1994, pp. 21-42) [10]. In praxeology, the final attributes selected by an active man are treated as boundary conditions. Praxeology is neutral towards them and refrains from value judgements. It only assesses whether the chosen measures are optimal in the context of the effective implementation of the intended goal. If, for eudemonism, this goal is happiness, and, for utilitarianism and economics, usability, then the interpretation of these terms is subjective by giving them the meaning of an active man, because it is according to his criteria that these goals are desirable. Through this formalism, the current understanding of eudemonism, hedonism and utilitarianism is in conflict with former material meanings of these directions, and the modern subjectivist theory of value develops in opposition to the objectivist theory, propagated by the classical political economics. At the same time, paradoxically, that subjectivity constitutes an objective criterion. Thanks to this recognition, value judgements applied in relation to an active man are treated as final and not subject to further analysis. Party disputes and grouping fights are ignored here. It remains indifferent to the conflicts between the various dogmatic theories and schools of ethics. The approach is free from valuations, hidden assumptions and judgements, characterised by universalism, is completely and undeniably human. Therefore, praxeology is the study of activities of individuals. Only at a later stage of the study, it deals with issues related to the cooperation and social action, which constitute a special case of the general category of human action.

The above-described methodological individualism propagated by L. Von Mises faces criticism by various metaphysical schools and is often considered as nominalism error. According to critics, the concept of entity is a pure abstraction. In fact, man is always a member of social organism. It is impossible to even imagine the existence of human, which is isolated from the rest of people and has no contact with the society. As such, man is a product of social evolution. His most notable feature – reason – has emerged through mutual social relations. Thinking is always associated with the concepts and notions expressed in the language, and language is a clearly social phenomenon – an individual is always part of the community. Due to the fact that, according to the theory of system in organisations, a whole precedes its parts or elements, both logical and chronological, the study of an individual takes place after the analysis of the society (Colbert, Kristof-Brown, Bradley, Barrick, 2008, pp. 81-96) [11]. Universalism or collectivism seems to be the only correct method of studying human-related issues. The dispute of whether the whole or the part should be considered as first is here redundant. It is clear from the logical context that the concepts of the whole and the part are interdependent, and both are independent of time. Only because of actions of individuals

it is known that there are nations, states, religions, and that people interact with each other on the principle of division of labour (Stoughton, Zechner, 2011) [12]. So far, no one has managed to know the nation without prior knowing individuals who belong to that nation (Von Mises, 1990) [13]. Social community is created by the actions of its members who, through their actions, constitute a community. This situation is an accurate description of interdependence in sales organization, which are characterised by a high degree of contact with the client. Examples of thereof are the insurance companies.

**4. Research methodology.** The research was conducted on the territory of Poland and Lithuania in the years 2005-2007 and 2011-2012, during the scientific projects: «Identification of talent management dissemination level in life insurance companies», «Identification of competency management dissemination level in life insurance companies», «Identification of efficiency ratios implemented in level in life insurance companies», realized at the Higher School of Personnel Management in Konin. The research sample consisted of 476 insurance agents, 232 life insurance sales managers, and 1214 clients of four biggest (according to market shares) insurance companies (AVIVA, AIG, ING, PZU), operating in Poland and one in Lithuania (AVIVA LTD). Additionally, for comparison, the aim of the meta-analysis was to identify the main factors, which determine purchasing of life insurance policy (Delphi method, questionnaires, storytelling). The results were rated from 1 (the lowest rank) to 5 (the highest rank). To increase research reliability, all the abovementioned participants were asked the same questions. The involved parties also evaluated and ranged the main factors of life insurance sales effectiveness.

**5. Results.** Significant differences between individual insurance companies are also observed in the field of education. In the case of Polish insurance companies, the percentage of agents with secondary education is much higher than in the case of AVIVA Lithuania, which is clearly dominated by agents with higher education (higher education – 63.08%, higher technical education – 26.88%). The lowest percentage of agents with higher education is observed for PZU (higher education – 27.27%, higher technical education – 9.09%), in total, substantially below 50%. It is the only one-of-a-kind insurance company, since in the case of the other companies, the number of agents with higher education is higher than the number of agents with secondary one (Table 1).

The conducted researches show the presence of a statistically significant correlation between the agents' assessment of agent personal traits as a determinant factor in buying life insurance policies with an insurance investment fund, and the life insurance company, which is the confirmation of actuality of Barrick and Mount's works (Barrick, Mount, 2005) [14], as well as the research conducted by Colbert, Judge, Choi and Wang (Colbert, Judge, Choi, Wang, 2012) [15]. Agent's personality traits received the highest rating – 5 points – from exactly one half of PZU agents and nearly one half of the agents of the other insurance companies. This factor was best-rated by the agents of AIG who gave no 0 and 1 ratings, which were present in the opinions of agents from the other insurance companies (Table 2).

The average values of ratings assigned to agent's personality traits as a determinant factor in buying life insurance policies do not statistically significantly differ in the opinion of the agents. This factor was best-rated by the agents of AIG – 4.40. This is a significantly higher rating than in the case of agents of ING – 4.29, PZU – 4.15 and AVIVA – 4.10 (Table 3).

The conducted studies do not show any statistically significant correlation between the managers' assessment of agent's personality traits as determinant factor in buying life insurance policies, and the life insurance company. Agent's personality traits as a determinant factor in buying life insurance policies were most frequently rated 5 and much less often 4 by managers of all surveyed insurance companies (Table 4).

The opinion survey conducted among the managers of different insurance companies shows that the average values of ratings assigned to agent's personality traits as a determinant factor in buying life insurance policies do not statistically significantly

Tab. 1: Agent's education: dependency evaluation

Life insurance company	Agents' education			
	Secondary	Secondary tech.	Higher	Higher tech.
AVIVA	7.36%	32.47%	40.26%	19.91%
AIG	23.81%	14.29%	33.33%	28.57%
ING	10.20%	36.73%	34.69%	18.37%
PZU	20.45%	43.18%	27.27%	9.09%
AVIVA LTD	10.04%	0.00%	63.08%	26.88%
	$\chi^2$	Level P		
$\chi^2$ Pearson	165.7740	0.0000		
$\chi^2$ NW	209.4311	0.0000		
Contingency Coefficient	0.4351			

Source: Own research

Tab. 2: Agent's personality traits: dependency evaluation (agents' rating)

Life insurance company	Agent's personality traits				
	1	2	3	4	5
AVIVA	6.06%	0.00%	14.72%	35.93%	43.29%
AIG	0.00%	0.00%	7.94%	44.44%	47.62%
ING	0.00%	2.04%	12.24%	40.82%	44.90%
PZU	4.55%	3.00%	14.77%	27.27%	50.00%
	$\chi^2$	Level P			
$\chi^2$ Pearson	21.8907	0.0388			
$\chi^2$ NW	26.7853	0.0083			
Contingency Coefficient	0.2199				

Source: Own research

cantly differ. This factor was best-rated by the managers of AIG – 4.67, followed by the managers of AVIVA and PZU – 4.56 and ING – 4.47. The obtained differences between the average values are insignificant (Table 5).

Statistical tests show a statistically significant correlation between the clients' assessment of agent's personality traits as a determinant factor in buying life insurance policies with an insurance investment fund and life insurance company (Table 6).

Tab. 3: Agent's personality traits: variance analysis (agents' rating)

Life insurance company	Agent's personality traits				
	Average	Standard deviation	Q25	Median	Q75
AVIVA	4.10	1.06	4	4	5
AIG	4.40	0.64	4	4	5
ING	4.29	0.76	4	4	5
PZU	4.15	1.09	4	4.5	5
Levene test	0.0300				
Variance analysis	0.1669				

Source: Own research

Tab. 4: Agent's personality traits - dependency analysis (managers' rating)

Life insurance company	Agent's personality traits				
	1	2	3	4	5
AVIVA	1.68%	0.00%	4.47%	28.49%	65.36%
AIG	0.00%	0.00%	0.00%	33.33%	66.67%
ING	3.13%	0.00%	6.25%	28.13%	62.50%
PZU	2.78%	0.00%	0.00%	33.33%	63.89%
	$\chi^2$	Level P			
$\chi^2$ Pearson	3.9809	0.9127			
$\chi^2$ NW	6.1870	0.7211			
Contingency coefficient	0.1217				

Source: Own research

Tab. 5: Agent's personality traits: variance analysis (managers' rating)

Life insurance company	Agent's personality traits				
	Average	Standard deviation	Q25	Median	Q75
AVIVA	4.56	0.73	4	5	5
AIG	4.67	0.49	4	5	5
ING	4.47	0.88	4	5	5
PZU	4.60	0.77	4	5	5
Levene test	0.4567				
Variance analysis	0.8406				

Source: Own research

The average values of ratings assigned to agent's personality traits as a determinant factor in buying life insurance policies differ statistically significantly in the opinion of clients. This factor was best-rated by the clients of AIG – 4.461, which is a clearly higher rating than in the case of clients of ING – 4.42, and a statistically significantly higher rating than in the case of clients of AVIVA – 4.32 and PZU – 4.16 (Table 7).

Agent's general knowledge and its impact on life insurance company effectiveness

The conducted researches show the presence of a statistically significant correlation between the agents' assessment of agent's general knowledge as a determinant factor in buying life insurance policies with an insurance investment fund and the life insurance company. Agent general knowledge received the highest rating – 5 points – from more than a half of PZU agents. This rating also dominated among the agents of the other insurance companies, although not so clearly in the case of AVIVA – 35.50%, AIG – 39.68%, and ING – 38.78% (Table 8).

The average values of ratings assigned to agent's general knowledge as a determinant factor in buying life insurance policies do not statistically significantly differ in the opinion of agents. This factor was best-rated by the agents of PZU – 4.16. This is a slightly higher rating than in the case of agents of AIG – 4.03, ING – 3.92, but a significantly higher rating than in the case of AVIVA – 3.82 (Table 9).

The conducted studies do not show any statistically significant correlation between the managers' assessment of agent's general knowledge as a determinant factor in buying life insurance policies and the life insurance company. Agent's general knowledge as a determinant factor in buying life insurance policies was most frequently rated 4, and less often 3 and 5, by managers of all the surveyed insurance companies (Table 10).

The opinion survey conducted among the managers of different insurance companies shows that the average values of ratings assigned to agent's general knowledge as a determi-

Tab. 9: Agent's general knowledge: variance analysis (agents' rating)

Life insurance company	Agent's general knowledge				
	Average	Standard deviation	Q25	Median	Q75
AVIVA	3.82	1.13	3	4	5
AIG	4.03	1.00	3	4	5
ING	3.92	1.00	3	4	5
PZU	4.16	0.95	3	5	5

Source: Own research

Tab. 10: Agent's general knowledge: dependency evaluation (managers' rating)

Life insurance company	Agent's general knowledge				
	1	2	3	4	5
AVIVA	1.68%	5.59%	28.49%	47.49%	16.76%
AIG	0.00%	5.56%	38.89%	33.33%	22.22%
ING	3.13%	6.25%	21.88%	53.13%	15.63%
PZU	2.78%	5.56%	30.56%	41.67%	19.44%
	$\chi^2$	Level P			
$\chi^2$ Pearson	3.6540	0.9889			
$\chi^2$ NW	3.9550	0.9842			
Contingency coefficient	0.1166				

Source: Own research

nant factor in buying life insurance policies do not statistically significantly differ. This factor was best-rated by the managers of AVIVA, AIG and ING – 3.72, while the managers of PZU voted 3.69 on average. The obtained differences between the average values are insignificant (Table 11).

Statistical tests show a statistically significant correlation between the clients' assessment of agent's general knowledge as a determinant factor in buying life insurance policies with an insurance investment fund and the life insurance company. General knowledge was most frequently rated 4 by the clients of various insurance companies. However, the clients of AVIVA, AIG and ING voted with the rating 4 more frequently than the clients of PZU, who usually were voting with lower ratings (Table 12).

The average values of ratings assigned to agent's general knowledge as a determinant factor in buying life insurance policies differ statistically significantly in the opinion of clients. This factor was best-rated by the clients of AIG – 4.06, which is a slightly higher rating than in the case of clients of AVIVA – 4.05 and ING – 4.02. All of these ratings are statistically significantly higher than in the case of clients of PZU – 3.68 (Table 13).

Competencies of life insurance agents and competitive advantage

A detailed analysis of the assessment of the impact of competence profile shows that in the opinion of AVIVA agents their competence profiles are a key determinant of sales success. During the research, 25.97% of them awarded from 61 to 80 points to this factor, and 4.76% – from 81 to 100 points. In other insurance companies, this factor was less often seen as important, since, for instance, in the group of agents of PZU and AVIVA LTD, about 30% of agents awarded it only from 1 to 20 points. On the other hand, in the opinion of managers of all the surveyed insurance companies, competence profile is an important factor, because about 25% of them awarded it from 61 to 80 points, and about 60% – from 41 to 80 points, regardless of the insurance company (Table 14).

Additionally, none of the surveyed managers did award less than 20 points to competence. Such an assessment is an outstanding example of the reversal of importance of these factors in relation to the points awarded based on the average number of all the surveyed representatives of the insurance companies. However, both groups of insurance company employees recognize competence and personal traits as the most important determinants of buying insurance policies. Recognition of the above as the main determinants of the effectiveness and efficiency of insurance companies' operational activity requires a comparative analysis with the assessment made by the clients of these companies. Similarly to the assessment of the insurance company representatives, the assessment made by the clients also does not have a uniform character (Table 15).

The differentiation is observed both in relation to the majority of ratings awarded by the company representatives, and the

Tab. 6: Agent's personality traits: dependency evaluation (clients' rating)

Life insurance company	Agent's personality traits				
	1	2	3	4	5
AVIVA	0.00%	3.86%	10.29%	35.69%	50.16%
AIG	0.00%	0.00%	3.23%	32.26%	64.52%
ING	0.00%	0.00%	4.17%	50.00%	45.83%
PZU	0.00%	3.58%	14.70%	43.73%	37.99%
	$\chi^2$	Level P			
$\chi^2$ Pearson	37.6687	0.0000			
$\chi^2$ NW	44.7398	0.0000			
Contingency coefficient	0.2126				

Source: Own research

Tab. 7: Agent's personality traits: variance analysis (clients' rating)

Life insurance company	Agent's personality traits				
	Average	Standard deviation	Q25	Median	Q75
AVIVA	4.32	0.81	4	5	5
AIG	4.61	0.55	4	5	5
ING	4.42	0.57	4	4	5
PZU	4.16	0.80	4	4	5
Levene test	0.0004				
Variance analysis	0.0000				

Source: Own research

Tab. 8: Agent's general knowledge: dependency evaluation (agents' rating)

Life insurance company	Agent's general knowledge				
	1	2	3	4	5
AVIVA	3.03%	11.26%	22.08%	28.14%	35.50%
AIG	3.17%	1.59%	23.81%	31.75%	39.68%
ING	0.00%	6.12%	34.69%	20.41%	38.78%
PZU	0.00%	2.27%	30.68%	15.91%	51.14%
	$\chi^2$	Level P			
$\chi^2$ Pearson	27.8357	0.0059			
$\chi^2$ NW	32.4897	0.0012			
Contingency coefficient	0.2463				

Source: Own research

**Tab. 11: Agent's general knowledge: variance analysis (managers' rating)**

Life insurance company	Agent's general knowledge				
	Average	Standard deviation	Q25	Median	Q75
AVIVA	3.72	0.87	3	4	4
AIG	3.72	0.89	3	4	4
ING	3.72	0.92	3	4	4
PZU	3.69	0.95	3	4	4
Levene test	0.8858				
Variance analysis	0.9988				

Source: Own research

**Tab. 12: Agent's general knowledge: dependency evaluation (clients' rating)**

Life insurance company	Agent's general knowledge				
	1	2	3	4	5
AVIVA	1.29%	3.86%	16.08%	46.62%	32.15%
AIG	0.00%	6.45%	9.68%	54.84%	29.03%
ING	2.08%	2.08%	20.83%	41.67%	33.33%
PZU	2.87%	12.19%	26.88%	30.11%	27.96%
	$\chi^2$	Level P			
$\chi^2$ Pearson	51.1810	0.0000			
$\chi^2$ NW	52.7745	0.0000			
Contingency coefficient	0.2458				

Source: Own research

**Tab. 13: Agent's general knowledge: variance analysis (clients' rating)**

Life insurance company	Agent's general knowledge				
	Average	Standard deviation	Q25	Median	Q75
AVIVA	4.05	0.87	4	4	5
AIG	4.06	0.81	4	4	5
ING	4.02	0.90	3.5	4	5
PZU	3.68	1.09	3	4	5
Levene test	0.0000				
Variance analysis	0.0000				

Source: Own research

results of classification of determinant significance made by the clients of individual insurance companies. Similarly to the representatives of insurance companies, the clients, who bought life insurance policies in these companies, recognized agent competence and personal traits as the main factors having an effect on their decisions to purchase insurance policy, and awarded them 4.42 and 4.378 points respectively. There is a major compliance ( $r=0.95$ ) between the agents' and managers' assessment of determinant factors in buying life insurance policies with an insurance investment fund. In contrast, the assessments of these factors made by clients and agents show an average compliance ( $r=0.55$ ). The average compliance ( $r=0.59$ ) is also observed between the assessments made by clients and managers. Each of the study groups: agents, managers, clients recognized competence, and then, agent's personality traits, as determinant factors in buying life insurance policies with an insurance investment fund.

**6. Conclusions.** In the context of research results, it seems authorized to assume that the approach in L. Von Mises theory is adequate in the insurance sector. Agents working on a commission basis, acting as entrepreneurs, are the most effective distribution channel for life insurance companies. Nevertheless, it is important to mention in this respect the research conducted by Kurland (Kurland, 1991) [16], who already in 1991 noted that this method of remuneration might cast some doubts on the ethical side of sales. The author's conclusions were also confirmed in 2005 by Pesendorfer (2005) [17], Carson (2007) [18] and also Zechner (2010) [19]. However, they do not correlate with the libertarian theory on centralized position of the individual – entrepreneur – in the creation of welfare of organization and, consequently, of entire economies. Consistent opinions of clients and managers of insurance companies on the main determinant factors in buying life insurance policies with an insurance investment fund reduce a number of elements associated with the sale of life insurance policies to the competence of agents, including knowledge and personal traits as competence components. Therefore, individualized product, «tailored» to customer needs, is based on «industrial» sales through the

**Tab. 14: Competency profile - dependency evaluation (rating of agents and managers)**

Life insurance company	Agents' competencies					
	0	1-20	21-40	41-60	61-80	81-100
AVIVA agents	0.43%	2.16%	20.78%	45.89%	25.97%	4.76%
AVIVA managers	0.0%	0.0%	15.08%	59.22%	25.7%	0.0%
AIG agents	0.0%	0.0%	28.57%	53.97%	14.29%	3.17%
AIG managers	0.0%	0.0%	16.67%	61.11%	22.22%	0.0%
ING agents	2.04%	14.29%	24.49%	36.73%	22.45%	0.0%
ING managers	0.0%	0.0%	21.88%	46.88%	31.25%	0.0%
PZU agents	0.0%	27.27%	28.41%	38.64%	5.68%	0.0%
PZU managers	0.0%	0.0%	16.67%	61.11%	22.22%	0.0%
AVIVA LTD agents	0.0%	30.82%	42.65%	20.07%	4.3%	2.15%

Source: Own research

**Tab. 15: Factors determining sales efficiency according to opinions of life insurance company clients' rating**

Life insurance company	Factors determining sales efficiency				
	Market share	Insurance company brand	Agents' competencies	Agents' personality traits	Agent's general knowledge
AVIVA	4.01	3.90	4.50	4.32	4.05
AIG	4.13	4.29	4.52	4.61	4.06
ING	4.33	4.25	4.54	4.42	4.02
PZU	4.16	3.82	4.12	4.16	3.68
Average	4.1575	4.065	4.42	4.3775	3.9525
Rank	III	IV	I	II	V

Source: Own research

Internet, since the main attributes of insurance services belong strictly to the individuals involved in its sale. On the basis of the study, one may faultlessly venture to say that the major factor behind successful sales within insurance companies begins and ends in the recruitment process. Selection of agents with an appropriate personal profile, and then management of their competence profile (creating individuals with a maximum desired level of competence), will undoubtedly constitute for competitive advantage of insurance company is characterized by a high degree of contact with the client. Taking into consideration the abovementioned circumstances, it seems authorized to claim that theoretical foundations of the Austrian School are the appropriate model to implement in the life insurance sector.

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