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Scope of internet advertising as part of ICT in the Insurance Sector (E-insurance).

Management

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ABSTRACT

ICT has an impact on the social life and economic of the nation. The challenge is, to make use of internet and other ICT's, in order to create better economic opportunities and to reduce poverty. ICTs are most likely to improve the living standard of people, by offering various business opportunities, especially the insurance sector and service sectors. Insurance sector plays an important role in GDP of the country. The aim of the present paper is to know the benefits of ICTs application in the insurance sector and the barriers the insurance sector may face in complete ICT application. The paper takes a look at the level of ICT penetration in the insurance industry.

KEYWORDS:

ICT, insurance, service sectors.

Introduction:

E-commerce is use of internet technology focuses on the use of (ICT) to enhance activities and relationships of the business with individuals, groups and other businesses.

"E-business" is defined as the application of ICT in support of all the activities of business. Objectives of e-business are worldwide presence, cost effective marketing and promotions, developing a competitive strategy and better customer Service.

"E-insurance" also called Insurance services, Internet Insurance Services, E-insurance is defined as services that provide online insurance sales, services, and information sites. E-insurance can be broadly defined as the application of internet and related information technologies (IT) to the production and distribution of insurance services. In a narrower sense, it can be defined as the provision of an insurance cover whereby an insurance policy is solicited, offered, negotiated and contracted online.

Insurance is the sharing of risks for a few individuals, among many. This is done when individuals and businesses pay a premium to an insurance company to cover them in case of a catastrophic occurrence. In other words, we all pay premiums in case something happens to one of us. Believe it or not, this simple concept is what drives the existence of all insurance companies.

Literature Review:

According to O'Brien (2002), there are many ways that organizations may view and use information technology depending on their goals, aims and objectives. Organizations may use ICT to strategize; they could as well be content to use ICT to support efficient everyday operation. The process of information technology adoption and use is critical to deriving the benefits of information technology (Karahanna et al, 1999).

Businesses, large or small rely on quality information for just about everything they do (Mescon et al, 1999) and today computers play a central role in communications, especially with business and commercial activities.

According to Steven Alter (2002), without the technical progress, new ways of doing and managing work would not have been feasible.
Poon and Swatman (1997) believe that ICT/E-commerce can help firms introduce new methods of direct and indirect marketing. In addition to introducing new methods of marketing, ICT can improve marketing and marketing techniques.

ICT application can help firms Strengthen their relationships with business partners (Ratnasingam and Pavlou, 2003; Zaheer et al., 1998;Poon and Swatman,1997),improve their trading relationships (Mehrtens et al, 2001);build closer relationships among trading partners (Moodley, 2002), and build better relationships with their actual customers (EBusiness watch Report,2008).

It possible for firms to have: access to market information easy (Khong Sin Tan et.al, 2009), access to knowledge, access to international markets (E-Business watch Report, 2008).Increases the speed of service/goods delivery (E-Business watch Report, 2008;

SIGNIFICANCE OF THE STUDY

The insurance sector is important sector for any economy, as it provides coverage for businesses, investments and individuals through the sale of insurance policies. In India Gross Domestic Product (GDP) growth rate depends on Agriculture, Engineering, Automobile and service industries. Service industries are the major source of economic growth; Insurance has a major contribution to India's GDP. The gross premium as a percentage of the GDP has gone up from 2.8 in the year 2010 to 4.8 in 2014. Together with banking services, it adds about 7% to the country's GDP. However, in India only 18% to 20% of the total population is insured because of lack in awareness. Though LIC is operational in 1956 and private companies started in 2000, the awareness has not increased as expected. In the Indian contest there is usually a single principal earner. If there is a demise of the principal earner, the financial burden comes on the rest of the family members. May be the elder child has to stop his education and earn for the families livelihood. If the family is insured they will have some financial support.

Internet users are doubled every year forecasts predict this growth to quadruple every year. According to e-marketer report on India online, about 33.2 million people in India accessed internet and that's about 2.9% of Indian population. This figure is going to be 71.6 million people, which will be about 6% of population. Considering limited access of human-insurance agents in rural areas, there will be more demand of purchasing insurance online from these areas, followed by semi-urban areas. E-insurance will facilitate speed of awareness of insurance. It provides transparency in comparative study of insurance. It help people in making financial planning. Technological barriers need to consider while implementing ICT, technology up gradation will enhance use of ICT. Therefore, a perspective study to explore the impacts and barriers of ICT application by industry and its customers is severely needed.

Benefits to Insurer By e-insurance:

Benefits of e-insurance to the insurer are classified into six general classifications:

Direct benefits: Those which are quantifiable such as number of new customers.
Indirect benefits: Those which cannot be measured easily, such as increase of customer loyalty and goodwill as a result of online services.
Short term: The benefits that can be realized by companies within months such as improved revenue. Increased sale, revenue, productivity and effective marketing.
Long term: Benefits such as additional customer enquiry and forming new networks, which may be achieved in long term.
Tangible benefits: Such as reduced costs of gathering, storing, retrieving, processing, analyzing and transmitting information reduces the administration and production costs. ICT can improve marketing and quality of information. In addition to introducing new methods of marketing, ICT can improve marketing and marketing techniques.
Intangible benefits: Such as improved relations with business partners, improved internal controls and quality of information.

Other Miscellaneous benefits are: E-commerce applied in insurance sector for information purposes, application submission, proposal preparation and online contract conclusion, notification of claims, probable address changes, access to customer and contract data.ICT will facilitate communications among business partners, controlling access and participation in a communication event and enables communications.ICT will improve & also increase the speed of communications between trade partners which leads to fast delivery of goods and services by suppliers. As an insurer offer services online this can save costs for agents' commissions. The paperwork can also be reduced by processing policy and claims through Internet and the manpower can be reduced by automation of processes. Nearly 12 to 26%, 9 to 15% and 4 to 12% of an insurance company's premium income goes to pay the costs of distribution, administration and claims settlement respectively. These costs can be reduced if an insurer uses new ICT.

Benefits to Insured By e-insurance:
Benefits of e-insurance to the insured are classified into two general classifications:

Informational: Includes improved marketplace information, communication and relationships. For the insurance policies based on market share, providing on-time insurance coverage to customers would be vital for customers, since any minute delay in delivery will hand the market to the competitors.

Operational: Includes transparency, reduced transactional costs and time efficiency. In addition, using the premium calculator, by referring to an insurer's website, a customer can easily calculate his premium, understand conditions of a policy, sign the insurance policy electronically and receive his electronic copy of the insurance policy. This is cost effective element will add into rise in sales volume.

Variation in values	New rules for E insurance sites			
Online Products	Offline Products	Online Premium	Offline Premium	• All aggregator websites to be registered with IRDA.
Aviva Life I life	Life shield plus	4436	9541	• Key policy feature to be displayed on site.
Met Life Met Protector	Met Surasha Plus	5294	8989	• Premium rates to updates regularly.
Kotak lfe E preferred	Prederred term	5487	6563	• Privacy of customer information to follow strictly. • Commission is to be paid only on sales.
ICICI Prue I Protect	Pure Protect Elite	5791	9271	
AEGON religare Life.	Level term plan	5736	9817	

Source: Policy bazaar.com, Yearly premium for the age of 30 non smoker male for Rs 50 lack premium for 20 years policy term

Table 1 – Comparison of online and offline Insurance products

Benefits of E-insurance at Country level:
Benefits of e-insurance at country level are classified into two general classifications:

Economic: Increase GDP, the impact of ICT on the economic growth is an important for the Country. ICT is one of the key drivers of the rapid growth for economies, and the service industry is the main ICT user.
Socio-cultural: develop awareness, Institutional development and improving e-readiness.

Objectives of this study:
Examine the scope of ICT application on insurer and the probable obstacles it may face to have electronic interaction with its customers.

Examine the impacts of ICT application on customers and probable obstacles they may face to have electronic interaction with insurer.

Barriers to the Insurer By e-insurance:
Barriers to the insurer are classified into 4 main categories:

Financial: The adoption of new technologies requires initial investments to purchase software, hardware, equipment, connections and to train staff etc. The financial benefits of ICT investments emerge over long time. Such a time gap is another barrier of ICT application.

Security: The threat of virus by the internet, power loss, unintentional changes or leaks of information, system faults and capacity problems of servers, threat of hackers, masquerading/spoofing.

Technical: Complexity of new technologies requires new skills. Firms may not have the necessary skill and expertise to apply such technologies and they have to either develop new skills inside the firm or outsource part of the task. To acquire new skills in house or out sourcing it would be expensive for firms. In addition to existing information systems of firms may be not proper for future development. Yet another problem exists if firms want to buy new information systems. Firms cannot trust the external IS suppliers.

Managerial: The management of the firm does not spend sufficient time on the matter and plan for that. The reason behind this might be that they are not aware of the importance of ICT adoption and the benefits that might be brought about for the firm.

Barriers to the Insured By e-insurance:
Security: The customers of an insurance company may be subject to certain security barriers like theft of credit card information and payment uncertainties, disclosure of personal data (confidentiality), concerns about fraud and technical fault, quote accuracy, too much data entry.

Technical: Customers do not normally think about buying insurance policies online, they only search for insurance information on the internet. Moreover, some insurance products are complex and require individual negotiations and therefore cannot be purchased online. Customers prefer personal consulting to buy insurance. On event of claims and maturity customer looks for agents support for documentation. Many customers believe that buying an insurance

policy by walking in to an agent's office or through telephone would be easier and faster than doing that through online channels, because getting online quotes usually takes more time than traditional methods.

From Insurance To e-insurance

Insurance sector has the fair picture in e-business rate among other sectors. A typical e-commerce transaction can have five phases: search, valuation, logistics, transaction and after sales services. A customer, who intends to buy an electronic insurance policy, may pass the first five phases. The customer searches different insurance companies online to compare their services. Then he evaluates the products which suit his needs. After that, there would be an electronic correspondence between the customer and the insurance company regarding the terms and conditions (logistics). In the fourth phase, the customer and insurance company agree to go ahead with the transaction. The online claim settlement involves complex interactions between the insurance company and the insured and may entail the involvement of legal and judicial authorities. Therefore, the claim settlement in an insurance company may be difficult to be done online.

Future of e-insurance in India

The Insurance Regulatory and Development Authority (IRDA) have issued guidelines for creating insurance repositories and for the issuance of e-policies in India. These repositories will be licensed by the regulator and be connected to all insurance companies as their service providers. The insurance buyers will soon be able to operate own insurance policy on figure tips 'e-insurance' accounts for their policies in electronic form It will enable company and policy holder to maintain soft copy of policy papers. The insurance repository will give a unique account number to every individual. It will include all types of policies i.e. life, health, motor and group covers. The data maintained by the repository will include history of the claims data of the individual, and also have the names of the beneficiary, assignees and nominees. This is one of the most positive steps which will impart efficiency and better customer service. The benefits in terms of convenience to policyholders will be enormous while insurers will save in costs. Since the repository will consolidate all policies under a single account, the family will immediately come to know of the policies purchased by an individual in an emergency. ICICI Prudential is one of the pioneering Insurers that offers buy Insurance online in India. This development will definitely boost the Web assurance / Internet Insurance market in India. With such infrastructure in place, authentication of the insured and even the insurability can be verified easily by the Insurers, and consumers can have easier and faster process in purchasing the policies online.

RESEARCH METHODOLOGY

Sample size:-Sample size for the present study will be 300 policy holders across Ahmednagar District out of which, 150 policy holders who have availed their policy through e-insurance in six talukas and 150 policy holders who have availed their policy through manual insurance in Ahmednagar city. 200 are managers, agents, and staff of various insurance companies.

Sampling Method:-The researcher will select a sample on the basis of simple random sampling method. The researcher seeks to collect the data through primary as well as secondary sources.

Primary Data: –The population for the study consists of the various policy holders in Ahmednagar district and the staff of various insurance companies. The purposive sampling method will be adopted.

- Questionnaire:-a detailed questionnaire is prepared for the policy holders who have availed their policy either through manual insurance or through on line.

- Interviews & Discussions: - Information will be collected by personal interviews and discussions, so that several other aspects of insurance will also be reflected.

Secondary data:-It will be gathered through the following sources:-

- Use of library - Relevant data will be collected through books, journals, newspapers, magazines etc.

- https://www.irdai.gov.in/ , www.policyholder.gov.in, economictimes.indiatimes.com/topic/IRDA,

- Use of Internet - Internet will be extensively used to seek data from the websites of various Insurance Companies.

- https://www.irda.gov.in/admincms/cms/whatsNew_Layout.aspx?page.

- www.policyholder.gov.in/irda_journal.aspx

- Published/ Unpublished data - Journals regarding Insurance, e-insurance.

Conclusion:

To step in the world of e-insurance, as the first step, it was necessary to know the positive benefits of ICT application on insurer and its customers and the probable barriers they may face to have complete electronic interaction based on ICTs.

Therefore, this study was devoted to take this first step. Using the results of the present study, and bearing in mind the positive benefits of ICTs, the insurer with collaboration of its customers can study the existing obstacles before them to have ICT-enabled interaction in more details and take practical steps to setup an electronic interaction between them.

Doing a comparative study between e-insurance and traditional insurance to see how e-insurance has progressed in interacting electronically with its customers and to know probable shortcomings would be useful and is highly recommended.

The literature reviewed showed that ICT application may have positive impact on a company's supply chain and its relations with business partners, or it may give the possibility of providing new services or create new distribution channel for a company.

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