



A Study On Customer's Opinion About Digitalisation of Insurance Sector (E-Insurance)"

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ABSTRACT

While other industries within the financial sector have strongly embraced the Internet to obtain sustainable competitive advantage, the insurance industry has been slow to fully adopt e-commerce. This paper examines the impact as well as the importance of e-insurance on customers mind. It has presented the views and demand amongst the customers towards digital insurance.

KEYWORDS : E-insurance, IT, Internet, Digitalisation, customer's opinion.

Introduction:

The Insurance industry is a significant player in the global economy. In 2007, 19 insurance companies ranked among *Fortune* magazine's 500 largest corporations. It is a key influencer and employs millions of people and touches many more as policyholders. As it has considerable exposure to social, political, and economic dynamics that will shape the next 10 years to 15 years. Competition is emerging from new players with new business models. Across the globe, insurance sector is exploring new ways to convert their business into digital model. So far the changes have not been too disruptive for insurance companies. Besides gradually reducing paper-based interactions, the primary focus has been on enhancing the product suite with value-added services and achieving integrated channel experience. Recent developments in information technology (IT) and web-enabled systems have made it easier for insurers to run global operations in a way that would not have been possible even two years ago. Insurers are already reaping advantages from IT improvements in internal efficiencies in areas as diverse as underwriting, claims, policy administration, financial reporting and human resources. But efficiencies go beyond these internal ones. In the coming years, the internet will have at least two major effects on the insurance industry: cost efficiencies and broader distribution. These efficiencies will come as insurers experience a greater availability of data from the internet and the transfer of business processes from manual insurance to e-insurance systems.

Objectives of the Study:-

1. To understand the importance of e-insurance.
2. To study the demand for digital insurance amongst customers.
3. To analyse the impact of digital insurance on consumers.

Review of literature:-

Supriya G., Sangita P., Madhuri G. (March 2014), "Impacts of ICT Application on the Insurance Sector (E-Insurance)", they have analysed that to step in the world of e-insurance, as the first step, it is 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. Also comparative study of benefits to consumers from commerce (manual insurance) and e-commerce (e-insurance) will help to improve the shortcomings.

Dr.S.Hariharaputhiran (March 2012,) "Challenges and Opportunities of E-Commerce" revealed the opportunities and weakness of e-commerce. He has suggested that in order to increase consumer adoption of e-services, the sources of consumer confusion, apprehension and risk need to be identified, understood and alleviated. E-commerce provides tremendous opportunities in different areas but it requires careful application for consumer protection issues. Lastly, the paper was concluded with, while many companies, organizations, and communities in India are beginning to take advantage of the potential of e-commerce, critical challenges remain to be overcome before e-commerce would become an asset for common people.

What is E-insurance?

- 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.
- E-Insurance through Insurance Repository is a facility to help policy holders buy and keep insurance policies in electronic form, rather than as a paper document. Some of the benefits are: Safety (you don't have to preserve the physical document for life), Convenience (you can transact online), Single Point of Service (for all your insurance policies) and Single KYC.
- An Insurance Repository is a facility to help policy holders buy and keep insurance policies in electronic form, rather than as a paper document. Insurance Repositories, like Share Depositories or Mutual Fund Transfer Agencies, will hold electronic records of insurance policies issued to individuals and such policies are called "electronic policies" or "e Policies".

IRDA guidelines for e-insurance policies:

The IRDA has stated that the main aim to initiate the insurance repository is to help the policyholders revise, modify, or change their plans in a correct and quick manner. According to the guidelines, the providers of e-insurance policies will need to avail the services of authentic repositories and the e-policies will also be regarded as legitimate contracts.

For an insurance repository to be regarded as certified, it should have a minimum net worth of INR 25crores sans any investment from outside India. Also no single insurance company should own more than 10 percent of its stakes or enjoy a managerial position in an insurance repository. The IRDA has also made it mandatory for the insurance repositories to take steps that will make sure that all crucial information will be adequately safeguarded and there will be effective systems that will prevent any misappropriation of deals and records. The guidelines also state that insurers can make deals with more than one insurance repository to make sure that e-insurance policies are properly maintained.

Digitalisation in Insurance Sector and its importance:

Modern Technological innovations have set a global platform for everything to be easily understood and acquired. Gone are the days when knowledge had to be experienced and then passed on to others through word of mouth. Modern times demand easy and quick access to information. Internet plays a major role in providing such expertise to people. A click can reach out to million books of knowledge and information. Internet not only provides a knowledge domain to people but also acts as a huge cost effective marketing platform for marketers.

An ancient Indian proverb states that "We can't change the direction of the wind, but we can adjust the sails". As such, the Indian insurance sector has been doing just that: innovating and changing to remain both competitive and compliant. The growth of the insurance sector in India has been phenomenal. It has undergone a massive change over the last few years. It has reached to its all time high because of internet collaborations. India is going digital in a massive way. Recently Prime Minister Narendra Modi launched the 'Digital India' campaign. Insurance industry in India will not be an exception.

The Information Age, The Digital Age, The Computer Age, The Technology Age whichever name we use. Digitisation is increasingly integrating aspects of our everyday lives with a connected world, and the insurance sector also stands to reap the benefits. E-insurance is a new revolutionized concept which is used by [insurance providers](#) to reach out to target audience. Since most of the potential customers are tech savvy and use modern technology to underline most of their prioritized purchases.

Articles, blogs, social media marketing, websites, comparing sites etc, all these collectively add to the domain of E-Insurance. Rather than waiting for your insurance agent to come over and taking you through the terms of the policy, a browsing hour will let you go through all the terms of the policy along with the platforms to [compare best plan](#) as per your need and preferences. Insurance giants provide an online platform for their customers to to [buy insurance](#) in less than 5 minutes. It's for all of us to be a part of Modern times, it's time to be a part of digital generation.

When it comes to the Internet, Google is one of the most convincing forces. Recently, this search engine giant conducted a study to analyse consumer trends over online platforms and found that since 2008, a number of people have been searching for life and health insurance policy comparison and related information online. This trend has grown by 450 per cent. The general insurance industry rather witnessed a cumulative growth rate of 600 per cent in the past five years. These numbers reflect the magnitude of digital insurance in India and act as a testimony to the success of online channels.

Research Methodology:

Sample size:- Sample size for this study was 50 policy holders of Mumbai city.

Data collection Methods:- Data was collected from both primary and secondary sources:-

Primary data is collected through questionnaire method:- Detailed questionnaire was prepared for the policyholders who have availed their policy either through manual insurance or through online.

Secondary data is collected through following sources:-

1. Use of Internet - Internet was extensively used to seek data from the websites of various Insurance Companies.
2. Published/ Unpublished Data - Journals regarding Insurance, e-insurance.

Data Analysis and Interpretation:-

Customer's opinion on buying online helps in comparison:-

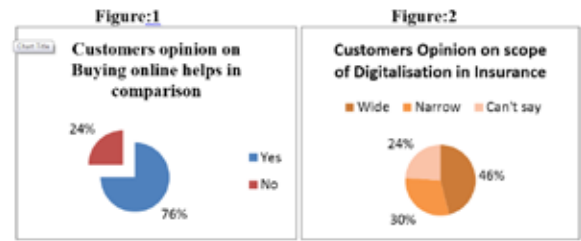
76% of the respondent said that various IRDA websites helps in comparison of policies and 24% said that they never buy policies online because of lack of trust and dependency on agents.

(Graphical presentation is shown in figure 1)

Total Customers	50	100%
YES	38	76%
NO	12	24%

Customer's opinion on scope of Digital insurance:- Out of total respondents 46% said that it has a wide scope in future as there is increase in use of technology like computers & mobile phones. 30% said narrow because they don't trust the authentication of information provided online and 24% were unable to give any opinion. (Graphical presentation is shown in figure 2)

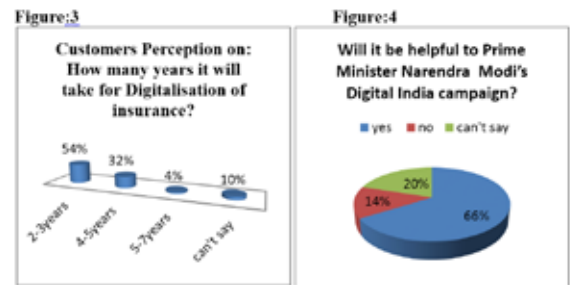
Total Customers	50	100%
Wide	23	46%
Narrow	15	30%
Can't Say	12	24%



Majority of the respondents i.e. 54% said that it will take around 2-3years for complete digitalisation of insurance sector and hence it will be helpful to achieve our Prime Minister Narendra Modi's Digital India Campaign said by 66% of the respondents. (Graphical presentation is shown in figure 3 & 4)

Total Customers	50	100%
2-3Years	27	54%
4-5Years	16	32%
5-7Years	2	4%
Can't Say	5	10%

Total Customers	50	100%
Yes	33	66%
No	7	14%
Can't Say	10	20%



Findings:

The study showed that the customers who are well educated as well as tech savvy do comparison of various policies available online. There are few websites which are approved by IRDA for doing comparison of policies before buying (like policyX.com). This helps to increase the customer's satisfaction level and thereby the scope of e-insurance becomes wide. It has also showed that 76% of customers prefer comparison of plans online before buying any policy. More than 60% were strongly agree with the Prime Minister Narendra Modi's Digital India Campaign as 50% of the respondents perception is that it will take 2-3years for complete digitalisation of insurance sector.

Conclusion:-

As per analysis, it is said that in the 2-3 years, three out of every four insurance purchase decisions will be influenced by digital channels of sales and marketing. That's a surprising number. It simply demonstrates the power of digital media and its growing role in the insurance sector in India. More and more people are coming under the scope of e-insurance and this trend will continue moving upwards. With the government of India itself supporting digitisation, the level of trust will go up. So, there is no looking back for a sunshine industry like insurance, which is already experiencing an unusual growth.

Scope for Future Research:-

Further, the researcher can compare the customer's opinion about digitalisation of insurance sector of different age groups, qualification and income level of population.

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