



ORIGINAL RESEARCH PAPER

Commerce

DIGITAL DISTRIBUTION IN INSURANCE SECTOR

KEY WORDS:

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Insurers of all shapes and sizes must move faster, more precisely and with greater purpose toward a bolder strategic vision if they are to survive and thrive in the digital era. In fact, every insurer must become a truly digital insurer. Technology is changing the way insurers and consumers interact and giving insurers access to considerable data so they can better understand their customers, says Swiss Re in its latest sigma study. The study, "Digital distribution in insurance: a quiet revolution," is an analysis of research from different countries and discusses how the internet and mobile devices are empowering consumers to search, review and purchase insurance policies without relying solely on the services of intermediaries.

ROLE OF DIGITAL DISTRIBUTION IN INDIA:

- IOT data services: data can have very different latencies and can also include semi and unstructured content; which means some Insurers are struggling to gain value from this capability as they're not equipped for it.
- Broker services: intermediaries often hold the customer relationship and history but, with more connected objects sending data directly to an Insurer, the needs of data sharing are changing.
- Claims automation: incorporating digital data into the claims process, and automating as much as possible, means Insurers can't afford for data to be any form of process bottleneck.
- New data acquisition: for many low touch point products, alternative sources of data are required to help build out a more detailed picture of the customer journey yet finding and incorporating these sources can be challenging.
- Customer Centricity: many Insurers are still on the product-to-customer centricity journey so aligning processes, centered on the customer, can still be challenging.

OBJECTIVES OF DIGITAL DISTRIBUTION IN INSURANCE SECTOR:

- If the compound annual growth rate (CAGR) of 25.36 per cent of the online life insurance market in India shown in a report is anything to go by, it implies that digital has become a new market force that is driving the change in expectations of modern-day consumers. Hence, to avoid the sidelines, insurers need to evolve and respond to the shift to digital. In the light of this, IRDA is reshaping the sector and empowering insurance companies to succeed in future through digitization.
- All of us have seen the positive impact of SEBI's initiative regarding dematerialization of shares and mutual funds over the past two decades. It brought about the ease of stock maintenance to investors who were grappling with the issue. Therefore, in line with the same initiative, the insurance regulatory authority IRDA has taken the essential step. Dematerialization of policies will be beneficial for all stakeholders, especially for the policyholders, and this move made by IRDA will bring greater efficiency, minimize costs, and harmonize and build more transparency in policy maintenance.

THE SIX STEPS TO INSURANCE'S DIGITAL TRANSFORMATION

- It starts with people
- It relies on data
- You need a roadmap
- This requires a digital framework

- Define the digital scope
- Get it right first time

DIGITAL INSURERS CAPITALIZE UPON THE POWER OF TECHNOLOGY TO:

1.Revisit their business models

- Insurers must re-think who they are, what they offer and how they differentiate
- Potential new models: P2P, microinsurance, usage-based products and financial wellbeing
- **2.Acquire customers through new channels**
- Insurers must allow customers to move seamlessly between channels, or even within channels
- Recognize customers and their goals and master context.
- **3.Create essential user experiences**
- Construct consistent, frictionless interactions across all channels
- Empower users with personalization and customization.

EXAMPLES OF DIGITAL DISTRIBUTION/DIGITAL TRANSFORMATION IN INSURANCE SECTOR:

The choice insurers face today is whether to simply invest in digital capabilities or to truly become digital insurers. One thing is for certain, from sensors on cars and trucks to smart systems for homes and factories; data has and will continue to transform the insurance industry. Tellingly, more than 50 percent of insurance budgets in 2017 are dedicated to digital transformation projects, according to insurance industry analysts Novarica

1. Discovery Benefits

The recent AIIM17 conference was a testament to this disruptive transformation. Dean Johnson, On Base manager at Discovery Benefits, joined more than 650 information professionals from around the world to share and gain insights on the best practices and techniques for digitizing, automating and managing information.

In Johnson's session at AIIM, "Getting the Most out of Your Enterprise Solutions," he shared Discovery's experiences leveraging enterprise content management (ECM) to digitally transform its business.

Discovery's leaders talked with the audience about creating an enterprise vision for managing related digital content, where storing content for the sake of storing content is no longer a valid concept. Instead, organizations need to deliberately and intelligently connect and present content in a single, complete view.

"We use On Base as our central nervous system" said John Biwer, president of Discovery Benefits. "It controls nearly every process we have in the company. By leveraging a single enterprise information management platform as the central nervous system of our business operations, Discovery has grown from providing benefits for 1.25 million people to more than 5 million while saving over \$500,000 a year in paper costs alone."

2. FMG Insurance

I also spoke with another On Base insurance customer, FMG Insurance from New Zealand. FMG's goal is to provide easy access to information for employees and customers. Geoff Yates, CIO,

shared with me what FMG needs to meet the service vision it has established for its clients:

- The ability to present information from any place without forcing multiple systems to manage that content.
- A platform to manage information and, in essence, to become the system's lifeblood – like the cardiovascular system of the system, carrying oxygenated blood from the heart throughout the body. Or, in this case, carrying information to all the vital systems.
- The flexibility to put the information platform in the center of every solution design.

"On Base not only manages content," said Yates. "It creates context around that information. Because of this, we can use On Base in a considered manner, to simplify systems and build new solutions. It has become the heart of our enterprise. We put it at the center of everything we think about."

3. North Star Mutual Insurance Company

North Star leaders also talked to us about why they selected On Base to serve as a single enterprise information and document management platform to support digital enterprise strategy.

"Our prior document management solution focused primarily on storing and retrieving documents, but failed to deliver advanced processing, valuable reporting or analytics capabilities," said Jon Brower, senior VP of IT at North Star. "On Base will help us achieve our automation and growth strategies by granting greater insight and visibility into our data and processes, allowing us to work more efficiently."

4. AF Group

AF Group is a premier provider of innovative insurance solutions. The organization manages more than 50,000 workers' compensations claims annually.

"On Base allows us to centrally manage critical claim information while moving work throughout the organization," said AF Group CIO, Said Taiym. "From nurses and doctors to claims handlers, support and legal, everyone is tasked with their respective piece of the puzzle simultaneously, helping us advance the claim faster and provide stronger care. The out-of-the-box functionality of the On Base integration with Guide wire software provides the foundation for us to compile data driven analysis and models which enables us to provide better care to the claimant, allowing them to recover and return to work faster."

CONCLUSION:

Finally, digital transformation is described as "the total and overall societal effect of digitalization". Digitization has enabled the process of digitalization, which resulted in stronger opportunities to transformation, distribution and change in existing business models, socio-economic structures, legal and policy measures, organizational patterns, cultural barriers, etc. Digitization (the conversion), digitalization (the process) and the digital transformation (the effect) therefore accelerate and illuminate the already existing and ongoing horizontal and global processes of change in society.

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