

# A STUDY ON DIGITALIZATION OF INSURANCE INDUSTRY: CUSTOMER'S OPPORTUNITIES AND CHALLENGES

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## **Abstract**

*In the world people are finding the smell of digitalization in each and every small place apart insurance. In the insurance sector digitalization facing both merits and demerits. In this paper, try to understand the customer's satisfaction, benefits and challenges of digitalization of insurance faced by customers. This new technology is looking forward and create the bright future for customers and insurance industry at the time this technology providing problems of insecurity and data theft and so on. These papers discuss how insurers will use the digitisation chance to deliver greater value to their customers and gain a competitive advantage. Insurers will have interaction a lot of intensely with existing customers and attract newer customers with innovative merchandise, improve each gain and growth.*

**Keywords:** *Customer's satisfaction, Investment, Insecurity, Minimum price, Data theft, Time saving.*

## **INTRODUCTION**

A digitalization is very important technology in the future modern world. In the insurance industry the customers are classified in three class (upper, middle, lower) so their insurance is also in several of purpose. That is the upper-class people think insurance is investment, the middle-class people think insurance is savings but the lower-class people are having insufficient financial position so they are all not the policy makers only two or three persons only think as savings to making the insurance policies.

In this digital insurance having several of technology (Digital Billing, Online Payment, Automated Insurance Claims, High personalised customer data, prevents from loss) is giving more benefits at the same time have some demerits and challenges in the digital insurance. The insurance makers are not only the educated people and also uneducated peoples are making policy in the insurance so the digital insurance is support only the educated people.

But this digitalization is the best and easy way to communicate the customers and the company in the insurance sector. It is the advanced technology of telecommunication in the insurance sector and it is used to expand the business level of stage and also improve the customer level. This is increasing the financial position of the company and customers, it also used to increase the customer satisfaction about the digital insurance. In the earlier period of insurance industry only contact by post cards, personal meet but today the insurance sector introducing new

technology of digitalization for communication and sending information about policies and creating awareness of insurance policies by internet, social media, SMS, mobile, mail and so on.

Today both private and public insurance sector improving their technology for engage more intensely with existing customers and attract the new customers. So, the customer's overall perception about the digital transformation of insurance is both in positive and the negative. So, the digital transformation creates a new environment in the overall world and it's very important to develop the knowledge and skills.

## **OBJECTIVES OF THE STUDY**

To study about the aware of customers on new innovative technologies in the digital insurance in India

To analyse the insurers' benefits and challenges in digital insurance

To analyse the factors of digital transformation of insurance adoption by the insurers.

## **DIGITAL TRANSFORMATION**

□ A digital transformation in the insurance industry refers to an outside-in approach in line with a customer-centric view of the business. Development with new technology helps in bringing innovation and therefore creating new revenue streams.

□ A comprehensive digital transformation in the insurance industry includes a transformation of core insurance applications, customer service as well as claim operations. Insurance companies hold vast data pertaining to business process management, analytics, mobile technologies, and business applications.

□ Insurance companies need to focus on digital methods of garnering, processing and delivering information. This requires a comprehensive evaluation of existing tools used, process of managing documents and channels of communication. In totality, the key element is in transforming analysed behavioural pattern of insurance customers and strategies of business models to digital readiness.

□ If we transfer these experiences of other industries to the insurance industry, we can identify concrete application areas which should be investigated more thoroughly in terms of digitization:

- Sales and product performance management
- Operations and claims management
- Planning/ forecasting and reporting

## **MOBILE TECHNOLOGY FOR THE LIFE INSURANCE**

Those who ignore the mobile technology revolution may place their businesses at disadvantage. Consumer behaviour and expectations, along with pressures to conduct business more efficiently, are making the shift toward mobile platforms more than just a fad. The challenge is how to use mobile technology tools and solutions not only to enhance productivity but also to nurture personal customer interactions and promote customer service.

With the advent of mobile digital technology, the question is whether life insurance companies can benefit from this new high-tech, high-touch approach to sales. The further challenge for insurers is how to choose from among the bevy of technologies, and which approach will be most secure and effective for their business, agents, and brokers.

Over the years, the industry has relied on a fairly low-tech, high-touch process of selling insurance products. Laptop PCs and the Internet initially met with slow acceptance due to a combination of internal resistance and a lack of external pressure. Today the Web has changed from frightening challenge to a necessity, and it has changed the relationship between agents and clients. A recent insurance study found that eight out of every 10 new life insurance clients obtained insurance quotes or information from a company's website, and then contacted an agent to purchase a policy.

Even though today's consumer relies on PCs and the Internet, the same is not true for the agents. Many agents still predominantly rely on paper for presentations, illustrations and completing applications. Mobile technology has the potential for increasing the use of technology by agents and making a lasting impression on the consumer as well. In contrast to the years it took for the Web to catch on in insurance, mobile is relatively quickly becoming an expected platform in distribution.

Today's diversity among mobile platforms and hardware devices brings about challenges in deciding which platform or device to offer to agents. In general, each operating system offers a variety of smartphones and at least one corresponding tablet from which to choose. As the variety and number of mobile platforms proliferate, insurers must decide on the capabilities they want to deliver and then figure out the best way to utilize a platform's unique features and functionality to achieve those goals.

Insurers say that their largest concern is security. For many insurers, the BlackBerry is the only choice because of its security features, but other mobile platforms are stepping up to meet enterprise security concerns. As insurers explore each platform, they must consider the effectiveness of a device in preserving or expanding the personal, intimate connection between agent and customer while mitigating the security implications of their choice. Insurers should develop a list of capabilities they want and then figure out which devices deliver those capabilities as they investigate app development. The tablet provides an agent the ability to have an interactive selling experience, but mobile phones can be successful as well, depending on what functionality is desired.

Even after choosing a platform or device, insurers might decide that cross-platform portability is the better approach to mobile app development. Although native apps are built for one mobile platform and take advantage of the specific features and functions on a specific device, mobile apps that use Mobile Web technologies are often more cost effective and can be reused across mobile platforms and websites. Depending on what kind of app is desired, there are challenges and benefits to both approaches. The cross-platform approach, however, may be very important if an insurer chooses to adopt a "bring your own technology" approach to asset management.

Although there are risks, agents can benefit from having certain functions on their mobile tools. Additionally, mobile apps offer tremendous opportunity to increase market share and customer value. Some benefits include recruiting and retaining younger salespeople, enhanced customer service, error reduction due to electronic data submission, direct access to marketing materials and more interactive comfortable selling.

All insurance companies must address is finding better and faster ways to meet the ever-increasing demands of the regulatory environment. The impact of digital innovation will drive

new regulation, thus additional pressures on insurance organizations to efficiently and effectively meet these regulatory requirements.

## INVESTMENT DECISION OF POLICY MAKER

Mostly the investors are making investment is based on the Gender, Age, Income and the Education but before their decision they should be in aware of the investment. At the time the digitalization should do the major work of explaining the insurance policies in the detailed manner. This information is helped to evaluating the policies and also providing the several of decisions about the insurance policies. This decision is helped to preserving from the big level of loss and risk. On the basis of decision making they will face both benefits and challenges of the investment. They are like saving time for payment of insurance policy, minimum price of the internet while compare to the travelling charges and some disadvantages is insecurity of the data and easy to theft the personal details through digitalisation.

## FACTORS AFFECTING DIGITAL INSURANCE ADOPTION

Digital Insurance is affected by a many of factors. Customers will adopt digital insurance based on various reasons. Some of the reasons due to convenience, investment, security and savings associated with the various modes of digital insurance. The various factors discussed in details below.

### **Influence of Awareness**

In insurance the digital transformation is very important but the insurers do not have any awareness to adopt the digitalization of insurance. This is the main factor in insurance and in India has very low awareness of the new innovative technologies when compare to the other countries then only the India has very poor in finance and the developments.

### **Trust and Security**

The customer trust is very important factor that affects the success of digital insurance services uptake. So, the trust is only finalising the security of digital services, but the more customers should want to adapt the digital transformation of services for their convenience at the same time trust and security is not fare to the customers and it is the main drawbacks in the digitalisation.

### **Trialability**

The innovation is more complex and not user friendly, so the customers needs lot of effort and it discourage the adoption of innovative technologies. So, the innovation is must create comfortable to the customers they will try to use the digital technologies in long time and then they want the updated version in the digitalization.

## CONCLUSION

The digitalization of insurance industry have many of benefits and challenges, where change must happen without interrupting, the flow of daily business. The digital transformation of the insurance industry is one of the key challenges ahead – and certainly a big opportunity for

the industry to renew. Digitization will fundamentally change the business model and the value chain of insurers. Insurance companies should develop their own individual strategy for digitization. The digital insurance is vary from one company to another company.

## **REVIEW OF LITERATURE**

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