

Digital Transformation of Life Insurance Sector : An Appraisal

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Abstract

In the present scenario, our country has accepted the concept of Digitalization in service and non-service sectors through online banking transactions, online booking of reservation tickets, virtual classrooms, online trading of goods and services etc. Similarly the Life Insurance sector started adopting the online sale of insurance products to increase the sales and market share. There are 24 Life Insurance Companies in the market including one public sector company that is Life Insurance of India which has the major position towards the contribution of GDP of our country and remaining 23 are the private life insurance companies. Majority of these companies have started providing online services to their customers but due to lack of knowledge about internet and advanced technologies, majority of people refrain to use such facilities. Service Provider creating awareness to people about the digitalization, providing the assurance of security of personal information, online payment facilities of premium and claim settlement, sending alert messages on due dates of premium payment and maturity date of policies. In this research paper, a study has been made on the benefits of digital life insurance for service provider and the awareness among the consumers about the digital life insurance in the market. The survey has been conducted to collect primary data from service providers by telephonic interview. Structured Questionnaire with yes or no type responses were asked to the respondents of service provider. Secondary data collected from IRDA reports, books, conference proceedings and magazines.

Keywords: Digital, companies, consumers, life insurance

Paper Type: Survey

Introduction

A change is necessary in all the sectors of our country in order to compete with external world, hence Government has accepted the concept of Digitalization. Digitalization has made tremendous changes in all the sectors of an organization. People find it convenient, easier, secure to utilize online services. But many who are educated and uneducated refrain to accept this change in our country, hence, creating awareness among them is necessary.

Advanced Technology has helped to increase the productivity of all the organizations. Artificial Intelligence is implemented in few organizations in order to provide quality service to consumers through automatic vending machines and robots. This has also led to creating job opportunities for young Indians

as MNC's set up their branches in India.

Service sector which is the fastest growing sector in our country should accept the change by adapting new technologies. Installing and implementing advanced technologies are costly but it will help to hike the GDP of India by providing quality services to consumers. Same way it will be of help for the service provider of Life Insurance Sector as it made a record of a new premium income of Rs 1.38 trillion (US \$ 20.54 billion), indicating a growth rate of 22.5% in the period between April 2015- March 2016. India's life insurance sector is the largest in the world about 360 million policies which are expected to increase at a Compound Annual Growth Rate (CAGR) of 12-15 percent over the next five years. The insurance industry plans to hike penetration levels to 5% by 2020 as reported by IRDA.

Implementation of sale of online policies by life insurance sector has enabled the consumers to get the information related to various policies available in market. There are 24 Life Insurance Companies, of which majority of the Life Insurers are providing online service to consumers which help to boost their sales. Due to lack of knowledge and trust in online medium, people refrain themselves from buying online and still prefer traditional ways of buying insurance, hence the usage of digital mode is limited. Another reason could be lack of security while doing the transactions online.

Online Insurance not only saves energy and time but it can also help to control the expenses of insurance provider and simultaneously increase the returns of policyholders, provided, the service provider should increase the quality of service by creating awareness among the people, transparency should be maintained while selling the products online, assurance of secured online transactions, providing offers and discounts to the consumers, less delay in claim settlement, online payment of premium alerts should be provided to increase the brand image, customer loyalty and retention of existing consumers. This research paper covers all these factors which help the service provider to increase the sales.

Review of Literature

Praveen, Gaurav, Vijay (2009): Authors focused on the factors underlying customers' perception towards the investment in the Life Insurance Services and compare the male and female differences in perception towards investment in life insurance policies. This research identified that loyalty, ease of procedures, satisfaction level, company image and company-client relationship factors to be developed by insurance provider in order to increase the market share and further development of Life Insurance Industry.

Shamsher, Naveen, Kumkum (2014): Authors identified the service quality gap in the life insurance sector in order to reduce it, factors such as responsiveness and assurance, convenience, tangible and empathy should be developed in this sector to improve sales. Researchers also found that the age of respondents significantly determines the customer's perception towards service quality of life insurance companies and promotions.

Sandeep Bakhshi (2017): Author found that there is need of creating awareness among consumers by the life insurers to get the dual benefit of savings and protection. He also highlighted that by adapting the online technology, it will help in boosting the service quality and will increase the sales of life insurance, further the popularity of self service in this sector will improve.

Objectives of Study

- Benefits of Digital life insurance for the service provider.
- Awareness of Digital life insurance among customers.

Hypothesis

H0: Digital life insurance will boost the business of the service provider.

H1: Digital life insurance will not boost the business of the service provider.

H0: Awareness of Digital Life Insurance Products not among consumers.

H1: Awareness of Digital Life Insurance Products among consumers.

Research Methodology

Descriptive type of research method has been used in this paper.

- Primary data collected by questionnaire survey method based on the pilot study.
- Secondary data collected from conference proceedings and books.

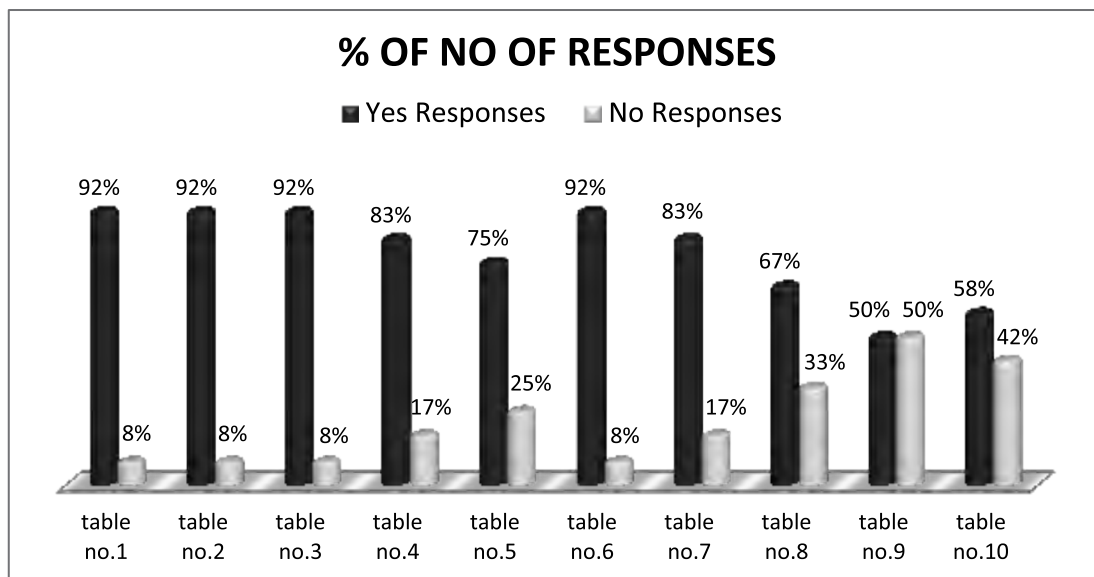
Description of Sample

- Primary data collected from the various respondents who are employees of life insurance companies by telephonic interview.
- Sample size is 12
- Dichotomous Questionnaire was asked to respondents.

Data Analysis

The following are the responses of the 12 respondents where structured questions were asked to collect the data from them.

TABLE NUMBERS	YES	NO
Table No 1: Do you think we should promote digital life insurance to customers which will reduce mislead sales through agents?	11	1
Table No 2: Will Digital Insurance be convenient to customers?	11	1
Table No 3: Do you think digital insurance will minimize expenses paid to agents?	11	1
Table No 4: Do you think we can utilize the above amount to increase the returns of policyholders?	10	2
Table No 5: Do you think digital life insurance will attract the younger generation to invest in this sector?	9	3
Table No 6: Do you think digital life insurance is beneficial over offline/agent sales for company's growth?	11	1
Table No 7: Do you think the reach of digital insurance is limited in comparison to offline/agent sales?	10	2
Table No 8: Do you have digital insurance claim settlement process in your company?	8	4
Table No 9: Do you think digital insurance leads to more fraudulent activity?	6	6
Table No 10: Do you think customers adapting to digital insurance face more service issues due to lack of direct contact with company representatives?	7	5



Source: Compiled by Researcher

Interpretation of Data

The survey has been conducted on the service provider of Life Insurance Companies; it includes private and public life insurance companies. There are 24 Life Insurance Companies in the market but only 22 companies promote online services and out of it 12 service providers responded to this survey. From the following 12 companies data is collected, such as Max Life Insurance, HDFC Life, Reliance Life Insurance, Life Insurance Corporation of India, Kotak Life Insurance, ICICI Prudential Life Insurance, India First Life Insurance, PNB Metlife, SBI Life, Birla SunLife, Bharti AXA and Bajaj Allianz.

From the Table No. 1, it has been observed that majority of the service providers gave positive responses for the sale of digital life insurance products to protect from mis-selling of policies by agents as they work on high commissions and incentives.

In the Table No. 2, it has been observed that the customers found digital insurance to be convenient to use at anytime and anywhere round the clock to get information on the various products of life insurance. They can compare it easily with their competitors, hence majority of the service provider gave positive response towards it.

From Table No. 3, it has been observed that online services will reduce the expenses of the service provider by eliminating the payment of commission to agents, thereby reducing the premium of customers.

From Table No. 4, it has been observed that by reducing agent sales and elimination of commission to agents, it will help the service provider to give more returns to policyholders.

From Table No. 5, in current scenario younger generations are more interested for online services, hence they are happy to accept it; at one click they will get all information related to life insurance products and services.

From Table No. 6, 92% of the respondents gave positive response to digitalization, as it is widely spread in all sectors of the organization hence accepting the digital life insurance and increasing the authenticity of online services naturally boost the sales of insurance products as compared to offline sales.

From Table No. 7, majority of the respondents gave positive response as maximum people in our country don't know to use internet services and they fear misuse or hacking of their personal information, hence there is a need of spreading the awareness of digital life insurance and its features.

From Table No. 8, only 67% of the companies provide online claim settlement facilities which need to be sped up as delay in claim payment affect the life of family members of policyholder.

From Table No. 9, it has been observed that 50% of the respondents agree that fraudulent activity can also be found while using online services such as hacking of credit card or debit card information and misusing the personal information of the clients. Hence the need arises to provide more security to online services. Companies/IRDA should provide assurance of giving security to the policyholders.

From Table No. 10, it has been observed that most of the people prefer to be in touch with company representatives when in query or to seek support, with the increase in digital insurance the company should focus on improving the services by regularly being in touch with their customers either through dedicated customer services or by appointing relationship managers to bridge this gap.

Conclusion

From the above data analysis and interpretation it has been observed that the majority of the respondents gave positive responses. This shows that the Digital Life Insurance will boost the sales of service provider and awareness among the consumers is limited. Hence Null Hypothesis is accepted and the Alternate Hypothesis is rejected.

The service providers have the interest towards online services as it will provide more transparency to the policyholders and increase the brand image by retaining them and providing attractive offers, discounts to the customers. They should improve services like online claim settlement, provide loans to policyholders at reasonable rate of interest, Regulatory Body should provide some relaxation on rules and regulations of Life Insurance Service Provider. Company should be loyal towards their customers through transparency and by providing loans to the policyholders at reasonable rate of interest. They should retain the employees of their organization by providing them with additional training and incentives which helps them to control the expenditure on hiring new employees. Government should make the efforts of spreading the awareness and make it necessary for all individuals. Therefore the above steps would help to transform the insurance sector by controlling the expenses and simultaneously increase the profits, which will increase the National Income.

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