

# Online Technology - A Faithful Friend for the Life Insurance Industry

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## Abstract

Life insurance policies insure lives of people and financially support their kin after their demise. Life insurance industry gives direct and indirect job opportunities to many people. The contribution of life insurance business to GDP increases year by year. Life insurance industry in India has faced lot of changes from its inception. In the last one decade, as like other industries, the penetration of information technology has made incredible changes in the life insurance sector. The changes that occurred in life insurance industry are mainly for the benefits of policyholders and development of entire industry. The present paper aims to highlight the importance of Internet, smartphones, computers, its users, web aggregation, and social media network in India. The article also focuses on the prominence of online technology and its effect on the life insurance sector in India. This article attempts to disseminate the level of benefits gained by customers and companies due to the influence of online technology.

**Keyword:** Digital Insurance, Web Aggregator,

## Introduction to Life Insurance Sector in India

Insurance is the financial risk shield instrument for a human being. Adverse event may occur to anyone anytime. It cannot be predicted earlier by an individual. It leads to the need of life insurance. Life insurance concept was introduced in India a century back. More than 100 life insurance companies have existed in India since long. Policyholders and agents faced much complications and

hurdles during the claims and surrendering the policy. As the number of issues increased day by day, Government of India prohibited the life insurers from doing insurance business in our country. For giving full protection to the customers, Life Insurance Corporation (LIC) Act was passed in the parliament. LIC started its operation from September 1956. LIC performed well by producing various insurance schemes and customer friendly service. In order to reach all parts of the country, there was a need for more number of life insurance players in India. So, IRDA Act was enacted in 1999. It was established as a statutory body during 2000. It frames rules & regulations and guidelines for the insurance company and insurance distribution. It has given permission to do life insurance business for 24 organisations till date. These young generation insurance companies are aggressive in developing business. These life insurers launch innovative life insurance products like health insurance plans, exclusive online term plans, online savings plans, online wealth creation plans etc. and implement customer-friendly and agent-friendly strategies to record their brand image in the hearts of policyholders and intermediaries, because customers have to deal with the life insurer for long period, few may deal for decades.

Online technology has changed a lot the administration of business in India. Initially, online technology was not completely accepted by the industrialists. After understanding its benefit to the company, industrialists gradually changed their mind to digitalisation in various places of their organisation. This digital technology is adopted by sectors such as automobile, aviation, education and training, healthcare, media and entertainment, consumer goods, infrastructure etc. In line with this, insurance sector has also started adopting the digital technology at various levels. The use of digital technology in providing assistance for the growth of the insurance industry is fast changing the way insurance was practiced

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in the country (Goel, 2015). Insurance industry does not refuse to implement the new developments of digitisation that prevail in the market when and where.

### Methodology

The vital reason to undertake the study is to know the extent of penetration of online technology in the life insurance sector. This research work also determines the influence of important digital gadgets used by the customers in dealing with the insurers for various purposes such as making enquiry, online purchase, after sales service, claims settlement. Secondary data have been used by the researchers to perform the research. The secondary data were gathered from books, websites and journals. Inputs given by the few employees of insurance companies are added wherever possible.

### Variety of Intermediaries

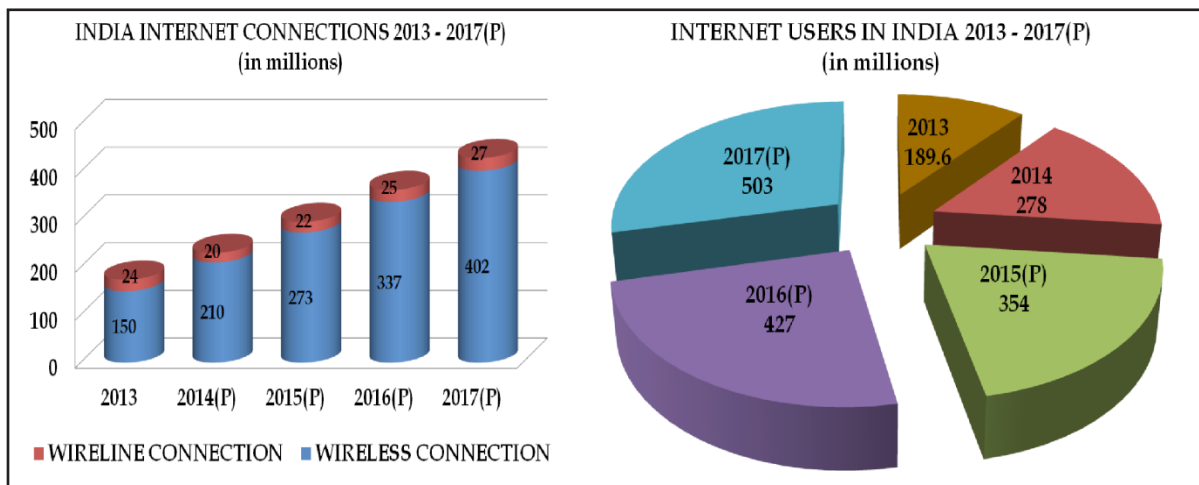
To face the competition and to tap the untapped market, new intermediaries are introduced by insurers. To reach the customers throughout the urban, semi urban, rural areas of India, life insurers need plenty of well-trained

and loyal intermediaries. They take the insurance plan to the prospective customers and serve them better. The success of the life insurance company mainly relies on the efficiency of its intermediaries. LIC has been developed to this epitome only by their committed, dedicated agents. After the entry of private life insurer in the market, there has been lot of changes in the distribution. List of distribution channels that exist in the present market are

<u>Agent</u>	<u>Brokers</u>
Corporate Agents	Bancassurance
Mallassurance	Direct sales
Online	Company owned call centres

Life insurers use the above distribution channels either individual or combination of them, which are suitable to market, to reach more people conveniently, quickly. In the modern days Indians give more importance for education. They are ready to spend huge amount for the child’s education. Parents are ready to sacrifice anything for their kids’ education. They feel education gives bright future. These highly educated young Indians migrate from their native place to metros, tier-I, tier-II cities to get apt job. India has younger, energetic people over its counter parts. These young Indians use Internet for various purpose.

**Table 1: Internet Connection and Internet users Details in India**



Source: IAMMAI Internet in India, Industry Discussions, KPMG FICCI Industry

According to KPMG- FICCI industry report, in 2013 nearly 150 million wireline Internet connections and 24 million wireless Internet connections were given. This study indicates that 210 million wireless connections

and 20 million wire line Internet connection were given in 2014 (Projected), 402 million wireless Internet connections and 27 million wireline connections will be offered in India by the year 2017. It indicates there has

been sharp increase and demand for Internet connections in India. In continuation of this, there were 189.6 million people used Internet in 2013, 278 million people were anticipated to use Internet and 503 million people are expected to use Internet in 2017.

People's online purchase of policies has increased from 2% to 200% in just two years. The number of Internet users in India increases steeply every year. Internet connection is easily available in metros, tier-I, tier-II cities and other important towns of India. Internet consumption cost is also affordable to ordinary customers. Plenty of information, activities can be done with it. Internet user can use it 24\*7 days in a week throughout the year.

### **Delighted Digital Insurance**

By visiting the insurers website, a customer knows the product features, the product which is fit to him, live chat, tax savings by insurance, calculation of insurance premium, child education planning, child marriage planning, and the future expense planning. All these details can be collected throughout the day when the user wants easily.

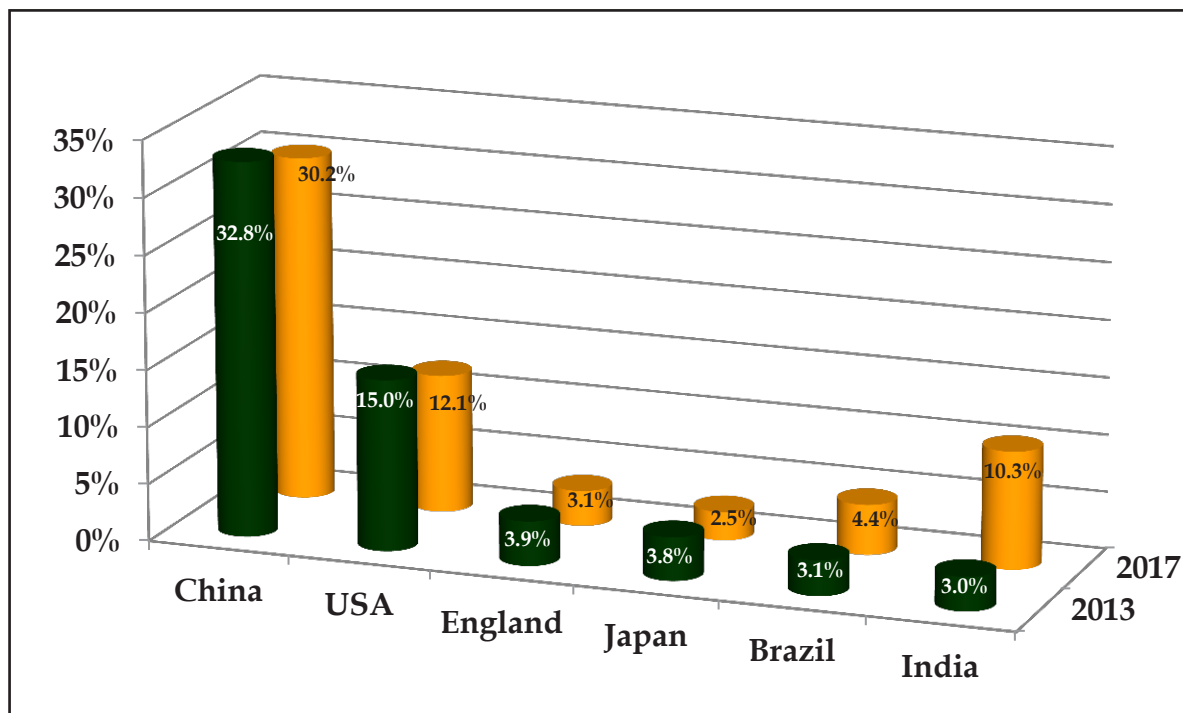
An ULIP customer can track NAV, present value of total investment, of the policy. A new life policy can be bought online and payment can be transferred online. Customer, who has purchased through offline, can also make payment through online for the further premium dues. Lapsed policy can be renewed online after sending required documents without going to branch office. Claim procedure has been given neatly, it makes the claimant to take the correct action regarding claim. Claimant can track the claim amount status through online. All these facilities are offered to customers to make them satisfied. To get few selected services customers can send SMS using mobile phone, then life insurance company respond immediately.

### **Web Aggregation - A One Stop Shop**

Web aggregators are the new channel members of insurers. The web aggregators have business association with various insurers. Web aggregator is an organisation, authorised by IRDA. They collect life insurance policy

details from various insurers, then compile and display the real updated data in the neat format on their own website. Karthi (2015) referred that aggregators have own sites that helps to know the variations between the policies. The web aggregator has to get the license from the IRDA for distributing life insurance product of life insurer. Policybazaar.com, easypolicy.com, apnainsurance.com, myinsuranceclub.com and insuringindia.com are potentially sound web aggregators in India. By visiting the web aggregators' web sites, customers can compare different life insurance companies' various schemes. Customers analyse the features of various scheme at a time. Then customer chooses the best insurance policy that suits his needs. Web aggregators are permitted to deal with insurance business alone. They should not sell any other financial product. A web aggregator should not display advertisement about any insurance schemes and sponsored content of any company. They get decent commission from the insurer based on their performance. Web aggregators are unbiased companies; a lot of people trust it. Ken Research (2015) survey indicated that India online Insurance market will grow at an impressive CAGR rate thus exceeding INR 88 billion by 2019 due to increasing number of web aggregators, variety of insurance products and demand for better policies.

Today's young generation individuals get decent salary and are highly educated. They want to communicate with the people who have same culture, civilisation and habits. Mobile phone, tablets help them in this connection. According to a report of KPMG, India is the 5th biggest country in the world in terms of mobile phone penetration. New model smartphones with novel features are accepted and bought by people. Smartphone users want to replace the existing old phone with the new one. People feel that possessing new model smartphones increases the image of young people. These domestic commitments are fulfilled by Smartphone easily without hurdles. Smartphone users utilise the phone for SMS, social networking, shopping, mobile banking, Apps etc. As new models of smartphones are launched predominantly in the market at affordable price, its sale increases years by year. 55% of the smartphone users are educated, affluent, and living in urban areas of India.

**Table 2: Smartphone Markets in the World**

Source: IDC

From the graph, it is known that smartphone shipment to china was 32.8% in 2013 and 30.2% expected in 2017%; in USA Smartphone shipment was 15% in 2013% and 12.1% expected in 2017; and in India it was 3% in 2013; expected value in 2017 is 10.3%. India is the 3<sup>rd</sup> largest country in the shipment of smartphone.

Through the mobile app, the customers can determine premium, sum assured value and maturity value instantly. Customers pay their renewal life insurance premium for their existing policy on the go. Customers get important features of the product, save payment receipts, claim status on the move. By providing mobile apps to agents and the sales team, insurers can reach out to new target markets faster, which can help grow their business (Vaitheeswaran, Sri Lalitha, & Reni, 2011). It allows the policyholder to send and receive vital documents related to life insurance.

### New Path New Hope

Life insurance policy costs Rs 250 approximately to prepare. As this legal document, which contains terms and conditions between the insurance company and the policyholder, the paperless policy document is transacted

through online to the customer now. It drastically reduces the expenses to the insurer. This benefit is passed on to the customer who buys life insurance online. So, a customer has a chance to buy the policy at somewhat lesser price. Social media usages, digital advertisements observation, recent online purchase of the some other product use to understand the behaviour of customer and are helpful to innovate insurance product (Accenture, 2015). Life insurance companies strongly believe on designing, launching and marketing of policy that suits the target customers need. Even though digital insurance has developed more in India few prospective customer administer research about insurance plans in the website of life insurer, web aggregator, broker, community forums, business news then prospect approach agent or branch office for purchasing insurance policy. So, the life insurer has to focus distribution channel based on their importance. To provide continuous service to customers and to identify new leads, few life insurance companies provide tablets to dedicated, outstanding sales managers, highly performing agents. During the meeting the agents show the product details, premium, and sum assured value. If the target customer is willing, through the tablet life insurance purchase order is made immediately. Customer

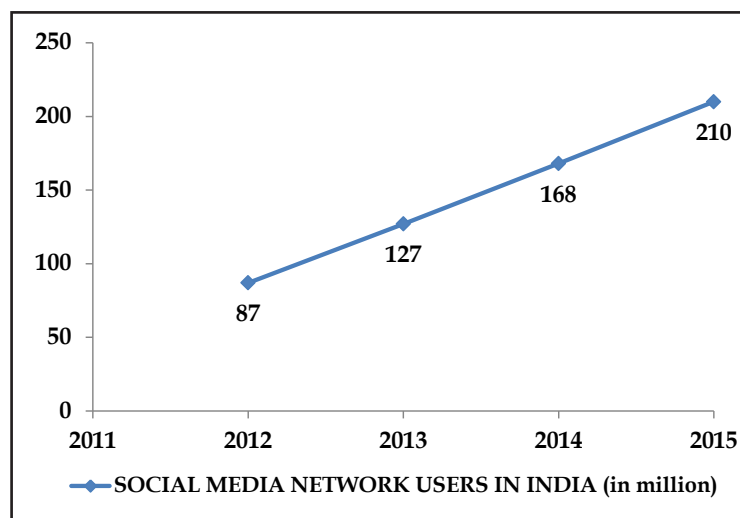
experiences the sales conversion process pleasantly. If these digital devices are offered to deserving agents they gain 25% more business (Dreischmeier, Niddam, Gard, & Shah, 2014).

## Social Media - Unanticipated Innovation; Unanticipated Growth

Assessing social media network is a prestige symbol to youth in this digital age. Not only in the metros, urban

areas, and semi-urban areas but also in villages, youngsters have started using social media. Users can chat with the peers, relatives, friends online. User send, receive video, audio files. Social media network growth increases year by year in India. World's leading social media – Facebook has 1.23 billion users, Twitter has 255 million users. India stands second in terms of Facebook, Twitter usage in the globe. YouTube stands 3<sup>rd</sup> in terms of numbers of viewers in India.

**Table 3: Social Media Sites Users in India**



Source: Digitally Poised India

Table 3 indicates that there has been steep growth in the number of social media network users in India. Life insurers observe the behaviour, demographic profile, preference of the users by which insurers directly approach those people. Life insurers such as Aviva India, ICICI Prudential, HDFC Life, LIC, Kotak Life target those users by advertisement contents. By a single click, it will be directed to company's website. Finally social media users buy the life insurance through online and their queries are solved through it. Social media users' feedback is also considered for identifying and rectifying the errors. Employees are the pillars of insurance company. Employees attend training organised by the company and perform the duty assigned to them. In spite of various issues faced by them in the company, if they are motivated and directed correctly by the managers, supervisors, they fulfil their target. Hence, it is not wrong to say that the employees are assets for the life insurer. They help in expanding their company to

new heights and new dimensions. Earlier, such employees were selected by the life insurer through newspapers, government employment exchanges. In the recent decade, employees are being selected through private employment consultancies spread over various parts of India. According to Balachandar and Panchanatham (2013), recruitment and selection of employees for various departments, levels are done through social media. Even though this seems to be an illusion, this is true at present. Plenty social media users are in the age category of 20-40 in India. When they want to open account with social media sites, users have to register their personal, educational profile with the sites. Here, HR team of life insurer or their authorised companies observe silently the users of social media and their usage details. Then they collect the profile of their preferred user. If they feel any user's profile matches with their need, skillset and talent, the particular user will be called for interview by

the company. HR team of insurers also believes that they can select good quality employees through social media and these candidates retain with the job for long period. Time required to select employees through social media is less when comparing with other recruitment methods. So different business plans, policies are implemented and executed by these employees for development of company. By this it is understood that social media helps the life insurance industry in various ways.

## Findings

The main findings of the study are given below:

Authorised telecommunication service providers give Internet facility to the needy people immediately at the time of their need. Hence, telecommunication service providers enhance the level of infrastructure, human resource. Broadband net facility is given not only to metros but also to remote rural area of India. Wi-Fi facility is offered to students by the educational institutions. Wi-Fi hotspot facility is also offered at free of cost in few locations by government. Due to these reasons number of Internet users increase day by day in India.

New model gadgets like computer, laptop, smartphone, tablets are produced and marketed continuously by the manufacturers. With the strong association of dealer network throughout India, gadgets are sold at best price to the customers,

Life insurers also understand the power of online technology in their business activities. It has been implemented with full force to attract the new customers and to retain the existing customers for long period. Due to the availability of online technology customers can contact the insurer conveniently.

## Conclusion

India is the second most populated country in the globe and has the most Internet connections and Internet users in the globe. Indians spend more time in using gadgets through Internet. There has been rapid change occurring in the online technology. In India Internet, social media, smartphones, tablets penetrate deeply in different parts. Life insurers approach the customers through online for their convenience. People look for information related to insurance in electronic gadgets at their free time. It

influences the life insurance companies to spend huge money, energy for updating the digital technology. It makes the prospect to approach life insurer, web aggregator, conveniently at any time without any hurdles. Prospects research, analyse, difference insurance policies, collect the view of existing policyholder from various forums, with the help of which they choose most suitable policy. Even after the purchase, policyholders communicate with their insurer for any future help through online. Query of policyholder is resolved by the insurer through online shortly. As the requirements are fulfilled, served better by the life insurer thorough online, policyholder need not enter into insurance company office or agent's office. It saves more time, energy, money of the policyholder. Moreover, investment in life insurance through online is safe, convenient, comfort and fast to the policyholder. Similarly, insurer is able to sell more policies, and serve perfectly enormous number of policyholder in short period of time with lesser expenses. That is what this digital insurance channel creates revolution in the Indian life insurance sector. Hence, it is not wrong say that online technology is a faithful friend to life insurance industry.

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