



# Digital Transformation: Customer Perception towards Insurance Industry in Coimbatore District

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## Abstract

Insurance is a risk management tool. Although India is the second most population nation in the world, growth of insurance sector is compromised. Regulatory authority IRDA has introduced digitalization in insurance industry concept where one can store all the insurance policies in dematerialize form. In this world people are finding the smell of digitalization in each and every small place apart insurance. In this 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. These new technologies is looking forward and create the bright future for customers and insurance industry at the time this technology providing problems of security and data theft and so on. This article also analyzes the awareness level of customers towards insurance industry in the study area.

**Keywords:** E-insurance, Digitalization, Awareness, Digital trend

## Introduction

The technology of digitization will be crucial in the current world of the future. Customers are divided into three classes in the insurance market (upper, middle, and lower), which allows for a variety of uses for their insurance. The middle class and higher classes both view insurance as a form of investment, but the lower classes view it as a form of savings. As a result, only two or three members of the lower classes are actually responsible for creating insurance policies. Although having several forms of technology (such as digital billing, online payments, automated insurance claims, highly personalised client data, and loss prevention) increases the benefits of digital insurance, it also has significant drawbacks and difficulties. The providers of insurance are not. The insurance makers are not only the educated people and also illiterate peoples are producing policy in the insurance thus the digital insurance is helping

only the intelligent people. Both the private and public insurance sectors are currently developing their technologies to interact more closely with current clients and draw in new ones. Therefore, the customer's overall opinion of the insurance industry's digital transformation is mixed. This means that as a result of the digital transformation, a new environment has been created globally, and it is crucial to acquire new knowledge and abilities.

### Review of literature

**Parasnis (2020)** concluded that the life insurance companies should not only give due importance to their customers but also for timely fulfilment of services, meeting needs of customers, quality of service offerings and nature of products. Hence, the insurance companies should identify and understand the trends and attempt to reap the benefits of their customers.

**Priyan (2021)** in their article “A comparative study of public and private life insurance companies in India” found that insurance companies are increasingly taping the semi-urban and rural areas to take across the message of protection of life through insurance cover. Higher level of protection implies that customers are more conscious of the need for risk mitigation, greater security, and about the future of their dependents. Insurance sector has been evolving and improving its underwriting and risk management abilities.

### Objectives of the study

1. To know the awareness level of towards digitalization Insurance Services.
2. To study the opportunities and challenges’ of digitalization in insurance industry.

### Research Methodology

The study has been conducted using both primary as well as secondary data. The primary data was obtained from the analysis done through direct questionnaire provided to the respondents. Information regarding the project was obtained from housewives, retired/VRS persons, unemployed youths, teachers, distributors, advisors and unit-managers. The information was obtained through the questionnaire and discussions held.

### Opportunities of E-Insurance

(I) Report of BCG & Google shows following prospects of E-insurance.

- It is expected that by 2020 online life insurance market in India will be approximately Rs. 3500-6000 crores. While non-life insurance market will be Rs. 11,000-15,000 crores.

- Growth in search queries by smart phone in Life, Health, Motor and Travel insurance is 136%, 152%, 182% and 162% respectively from 2008 to 2013.
- In customer sentiment survey in eight countries, barely 30% of insurance owners are relational and value only physical.
- Digitalization and Automation will reduce costs to great extent which will reduce the premium prices which ultimately increases the revenues also number of employees required per processing of policy will lessen.

(II) Swiss Economist Darren Pain said that innovation refers to the introduction of something new that improves on the status quo. Innovation in insurance is possible by capitalizing need of an hour. Non-life insurance sector has little or no innovation at all. In name of innovation, only more rider options are introduced with little differentiation in pricing. To cater the need more new radical policies should be introduced.

(III) Digital becomes main channel instead of alternate channel for customers, distributors and employees. Internet influences people in such a way that people do not engage themselves only in purchasing activity but also in partnering and employment decisions.

(IV) CCCI's study showed that customer with two years online tends to be three to four times as active as customers in their first year on the internet. This study showed that if right initiatives are taken on right time then growth of Industry is inevitable.

(V) As per IAMAI's study, greater than 50% of internet users are now present in towns with less than 5 lakh population. We can interpret that rural area also gets covered in near future. Marketing should be changed from push strategy to pull strategy in E-insurance. New options will be opened for insurers to generate revenues.

(VI) Favourable regulatory changes for insurers like amendments to the insurance laws in India to increase FDI limits to 49% from the existing 26%, Raising capital through IPOs is allowed for life insurance companies who has completed 10 years of operations, EEE method of taxation will boost the insurance market in India.

(VII) Government introduced Pradhan Mantri Suraksha Bima Yojna (PMSBY) and Pradhan Mantri Jivan Jyoti Bima Yojna (PMJBLY) to bring more people under the insurance cover.

## **Challenges for E-Insurance in India**

Insurance sector is already laggard in accepting and implementing E-insurance concept. IRDA may have waited so long as insurance is not an easy product to sale online, because anticipation of policy servicing is also indispensable. It is mediocrity to talk about security issues. If there is any security concern then E-insurance might not be officially declared by IRDA. It is an assumption that people in India are not aware about the usage of technology. Statistics indicate that in terms of internet users, India stands at the second place in the world. Some of the other challenges of E-insurance are listed below:

- (i) Format of E-insurance is also one of the hurdles in its application. The current format do not allow customers to make policy-level changes like nominee addition or change, request option such as fund switch.
- (ii) In India, almost more than 50% of all internet users are accessing internet through mobile (BCG & Google Report, 2014). In 2018, 390.9 million people have used mobile phone to access internet in India and by 2023 this figure is expected to be cross 500 million users and it necessary for insurers to come up with mobile friendly websites and apps. Few companies have their existence on mobile platform.
- (iii) To sale insurance with the help of third parties like policy bazaar it is tough to get IRDA's approval. In 2013, IRDA had laid some tighten guidelines for insurance aggregators.
- (iv) Karthik Ramon, chief marketing officer and Head of products & strategy at IDBI Federal Life insurance, said that there are some instances of frauds where people have purchased high value covers without any intention to pay future premium. They have to build strategy to overcome this kind of instances without affecting their online business.

## **Digital trends transforming the insurance Industry**

Digital world, is new for consumerists, opens a new generation where every commercial employer needs to learn how to cope in order not to disappear. It includes the insurance. Yet, to embark into the digital experience an organization that is closely regulated and historically formatted – like the insurance - is now no longer an accessible task. Stringent compliance, problematic crook requirement and systematic governance do now not assist innovation. Digital requires redefining the traditional methods and open doors to reinvent it. Digital transformation is time duration used so usually and variously that it is commonly misunderstood. The time length is brilliant described as capitalizing on the power of technology

to revisit corporation models, collect customers to new channels and create crucial consumer experiences. Digital transformation in insurance industry requires an innovative commercial enterprise model that is focused on customer needs, greater related merchandise and services, emerging technologies and real-time data. Also customers increasingly more assume a near real-time relationship with the insurer for the submissions and claims and particularly for customer care. The importance of the digital transformation of the insurance plan industry can be:

- Insurance Company's reliance on digital transactions is completed except the need to use paper in the income of files or the number of claims. Contracts can also be stamped with digital signatures. This known as on international corporations to set up a prison framework for e-commerce and to sign and pay electronically.
- As techniques pace up in order to furnish higher and faster provider to customers, it is logical to expect that the number of fraudsters or fraudulent claims that are not discovered by means of claims coping with will also increase. But science additionally helps in this area, generally except aggravating the patron trip.
- The extend in increase prices in the quantity of premiums or investments in the insurance sector, as nicely as the enhancement of the legislative surroundings of this sector leads to an increase in countrywide output.
- As with every other industry, insurance is becoming more technologically advanced (and some may say, disrupted) by the day. Though the transformation is far too slow. There are several reasons for this, but one which will or might not surprise you is that insurers are struggling to draw in and retain top-talent despite insurance being a multi-trillion dollar, high-growth industry.
- In the last three years, insure tech funding has increased by 60% within the US (from US\$1.46 billion to \$2.44 billion consistent with CB Insights), while it's quite tripled in Asia (from \$140 million to \$506 million). This might seem impressive, but it's also necessary.
- Insurance infrastructures are established in developed economies, which may be a double-edged sword. Companies are struggling to modernize complicated legacy systems and develop new ways of working (with a robust specialize in the customer) without sacrificing the old approaches that got them where they are today.

## Data Analysis and Interpretation

**Table 1: Insurance Industry Awareness**

Segment	Yes	No	Total
House wife	19	6	25
Retired/VRS person	24	1	25
Unemployed youth	20	5	25
Others	24	1	25
Total	87	13	100
Percentage	87%	13%	100%

*Source from Primary Data*

**Interpretation:** Table-1 shows that, 87% of the total population is aware about the insurance industry. Only 13% is not aware of the insurance industry.

**Table 2: Importance of Insurance**

Segment	Yes	No	Total
House wife	23	2	25
Retired/VRS person	24	1	25
Unemployed youth	21	4	25
Others	24	1	25
Total	92	8	100
Percentage	92%	8%	100%

*Source from Primary Data*

**Table-2** shows that, even though 92% of the total populating knows the importance of the insurance, 8% don't know the importance.

**Table 3: Source of awareness**

Segment	Television	Newspaper	Magazine	Friends	Total
House wife	8	9	7	1	25
Retired/VRS person	11	9	3	2	25
Unemployed youth	5	16	-	4	25
Others	9	11	2	3	25
Total	33	45	12	10	100
Percentage	33%	45%	12%	10%	100%

*Source from Primary Data*

**Interpretation:** Table - 3 shows that, 33% of the population came to know about insurance television, 45% is aware about the insurance through newspaper, 12% is aware through magazine and only 10% came to know about insurance through friends.

**Null Hypothesis-1:** There is no adequate level of of towards digitalization Insurance Services among the customer in the study area.

**Table 4: one sample T-test for awareness level about the digitalization of Insurance**

**Industry**

Awareness level about the digitalization Insurance	N	Mean	SD	t	P
Features of digitalization Insurance services	283	2.73	1.031	12.42	<0.001**
Reduced Costs	283	4.86	0.885	25.76	<0.001**
Machine learning	283	3.18	0.826	24.13	<0.001**
Identifying risk of fraud	283	3.66	1.104	10.01	<0.001**
Pricing and risk selection	283	3.87	1.004	15.08	<0.001**
Anticipating trends	283	3.24	1.235	12.35	<0.001**
Triaging claims	283	3.92	.985	12.46	<0.001**
Market requirements	283	3.83	.888	15.65	<0.001**

**Table - 4** shows the one-sample t-test for Awareness of towards digitalization of Insurance Services in Coimbatore city. The mean values of awareness about digitalization of insurance products range from 3.66 to 4.36, with a standard deviation ranging from 1.104 to 0.885. The results indicate that the entire statements of awareness of digitalization of insurance products are <0.001. Therefore, the proposed null hypothesis was rejected at a 1% level of significance. Consequently, the study confirmed that the customers are well aware of the digitalization of insurance companies and their products.

## Conclusion

The study focused on assessing the customer awareness level of digitalization of Insurance Services in Coimbatore district. The digitalization of insurance industry has 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. It is observed from the study initiates a significant relationship between awareness about e- insurance products and the level of satisfaction.

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