

Online Life Insurance Emergence and Development

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Abstract

Over the last few years, online has become a buzzword in industries such as travel, retail, and tourism in India. In insurance, this is also a good sign from the customers. Customers now have multiple channels of service delivery thanks to the proliferation of the internet and its use in services. Online insurance refers to the sale of insurance products over the internet, and it is rapidly gaining traction as an alternative delivery channel around the world. Online insurance services, in particular, and online shopping in general, are still gaining traction in India. However, due to low IT penetration and awareness in India, a large portion of the population remains skeptical of online insurance. Insurance companies have joined the bandwagon of changing their service delivery channels in order to facilitate faster and easier transactions. The study seeks to ascertain Indian customers' attitudes toward online insurance services offered by Indian life insurance companies.

Economic reforms in the Indian insurance sector, combined with the passage of the Information Technology Act in 2000, have created enormous opportunities for insurers to sell policies online. The current paper investigates the perceptions of life insurance purchasers in India's post-liberalized insurance sector in relation to the internet. The Indian life insurance sector's future prospects appear bright. This sector was very strong in 2014, with a market capitalization of US\$ 72 billion. The favorable regulatory environment in India is primarily driving this expansion. The IRDA has always ensured stability and fairness in this sector. Insurance companies' vivacious publicity and promotional campaigns, as well as innovative product lines and dynamic distribution channels, have all contributed to the sector's growth. The rise of online insurance, which began in 2005, has had a significant impact on the insurance industry's growth in recent years. The purpose of this paper is to look into India's online life insurance industry's emergence and growth and the challenges that consumers will face in the near future.

Keywords: - Life Insurance, Online Insurance, Buyer's attitude, Internet, Indian Insurance sector

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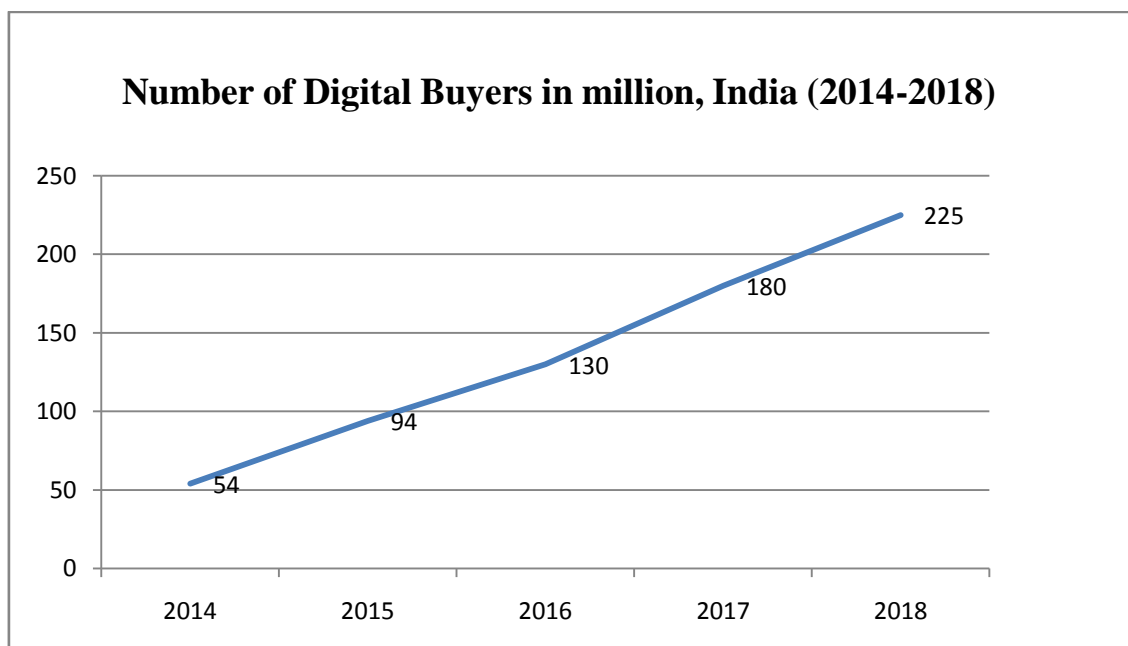
1. Introduction:-

According to reports, technology has revolutionized the service sector and broadened its reach to include a wider range of customer segments. Customers can use the service whenever and however they want without having to interact with customer service representatives. The financial sector in India has made significant investments in technological infrastructure in order to provide customers with efficient services and compete with multinational insurance companies. Consumers and their families rely on life insurance to fulfill two primary goals. Consumers are responding positively to life insurance, as online insurance policy purchases are becoming more common. Consumers are now purchasing different policies online due to increased transparency, ease, and the benefit of saving money. Consumers are now purchasing different policies online due to increased transparency, ease, and the benefit of saving money. The goal of this paper is to shed light on the origins and growth trajectory of the online insurance phenomenon, how consumers interact with and adopt online life insurance, as well as the challenges and future prospects.

Insurance companies have fueled the growth of the insurance sector by introducing new insurance products, particularly for online buyers. The new IRDA capabilities, which provide unbiased information and cost-effective comparisons between insurance products as a result of rising competition, have become a major concern for web aggregators. Over the last few years, “India's online insurance market has grown at an exponential rate, with a CAGR of 88.3% from FY 2009 to FY 2014. The online direct written premium grew from INR – Million in FY 2009 to INR – Million in FY 2014”. There are 53 insurance companies in India, 24 of which are life insurers and 29 of which are non-life insurers. The only public company among life insurers is the Life Insurance Corporation (LIC). According to a survey, “online sales in the insurance industry are expected to increase by 20 times to Rs. 15,000 crore by 2020”.

“The Insurance Regulatory and Development Authority of India regulates the insurance industry in India (IRDAI)”. Since October 2016, the IRDAI has made it mandatory to issue insurance policies in electronic format.

“Digitalization influence is quite high in the country with the internet access is growing at a phenomenal pace and rising smart phone penetration”.



Indian Online Insurance Market

1.1 Life Insurance in India:-

India is ranked 10th out of 88 countries in the life insurance industry. The share of life insurance premiums in total premiums was 54.32 percent worldwide. However, life insurance accounted for 74.73 percent of India's insurance business, while non-life insurance accounted for 25.27 percent (Swiss Re, Sigma various issues).

In the fiscal year 2018-19, life insurance companies saw no increase in policy sales. According to data released by the IRDAI of India, new business income increased 10.73 percent from the previous year to Rs 2.1 lakh crore in the year ended March 31, 2019. Premiums at Life Insurance Corporation increased by 5.68 percent, while those of its private peers increased by 22 percent.

Life insurance is expected to grow at a rate of 12-15 percent per year for the next three to five years in the United States. Various demographic factors, such as the growing middle class, increased awareness of the need for protection, a young insurable population, and retirement planning, will all contribute to the growth of Indian life insurance.

1.2 Emergence of Online Life Insurance in India:-

The internet is now available to over 165 million Indians. Indians now spend more time online than watching television, as well as they are also the 3rd-largest users of social media sites such as Facebook, with the majority of Indians using net banking. Insurance companies are rapidly moving to sell products online, following in the footsteps of the banking industry, which began with online transaction services for existing customers. Financial services and insurance are a category that over 45 percent of internet users search for. In 2005, insurance aggregation became popular, with companies such as Apnainurance and Bimadeal entering the market. Around 20 other companies have launched their own aggregation websites, including Policybazaar, Zibika, Fintact, Myinsuranceclub, and Insuring India. Following the aggregation model's success, startups began selling leads to insurance companies in exchange for a commission for each lead conversion. Now that they have received the necessary approvals, Policybazaar and Myinsuranceclub in India have moved away from the aggregation model and are now selling policies online. The IRDA approval was a significant step forward for both companies because they now have a growth channel that has been identified and approved by the regulator. Despite the fact that the overall growth of aggregation startups is not encouraging, Policybazaar has grown by 200 percent in the last two years. Policybazaar currently accounts for 70% of all online insurance sales. Policybazaar is also the market leader in the online lead generation segment, where insurance aggregators sell leads to insurers, accounting for four out of every five leads sold .

1.3 Online Insurance Regulation:-

In April 2011, India's Insurance Regulatory and Development Authority (IRDA) issued guidelines on insurance product distance marketing, which covered all non-face-to-face insurance product distribution methods such as telemarketing and the Internet. Insurance companies can now issue policies sold via distance marketing without having to have a physical application on hand, thanks to new guidelines. These policies must be accompanied by a verbatim transcript or an electronic record of the customer's questions and responses. Most life insurers, on the other hand, still require their online customers to print, sign, and submit their applications for processing.

1.4 India's Online Life Insurance Market: Expansion:-

Despite the fact that the overall growth rate of the aggregation model is not encouraging, Policybazaar has grown 200 percent in the last two years. Policybazaar is currently responsible for 70% of all online insurance sales. Policybazaar also has a stronghold in the online lead generation market, where insurance aggregators sell leads to insurers, accounting for four out of every five online leads.

1.5 Market Distribution:-

According to the Asia Insurance Review, every 18 minutes in urban India, an online term-insurance plan is purchased. Cost and convenience aid online sales: premiums are 40% to 60% less expensive, and the average transaction takes 15 to 20 minutes.

Online distribution is attracting an increasing number of private life insurers. With the launch of an online-only term product, LIC has recently joined the list. According to reports, the total insurance cover provided by the seven life insurers currently active in this area through online term insurance policies totaled US\$1.77 billion in the first six months of fiscal year 2011–2012, nearly equaling the total cover provided across all life insurance policies sold by the five newest private life insurers in the Indian market. At first, only term insurance policies were available online, but Indian consumers now have access to a wide range of protection options, including health insurance.

In order to meet their online customers' dual investment and security needs, some businesses have introduced unit-linked products.

1.6 By 2020, India's online life insurance market is expected to surpass Rs 20 billion:-

According to a recent report by Google India and Boston Consultancy Group (BCG), India's online insurance market will grow to 20 times its current size by 2020, surpassing Rs 20,000 crore. A report called "Digital@Insurance- 20X by 2020" was released in Mumbai. The online insurance market in India is currently valued at Rs 700 crore, with Rs 300 crore in Life Insurance transactions. Online life insurance transactions and activations will be 20 times their current value in the next six years.

According to the report, the online life insurance industry will grow at a compound annual rate of 3-5 percent until 2020, generating revenues of Rs 3500-Rs 6000 crore. The online non-life insurance market, on the other hand, is expected to grow at a rate of 15-20% per year until 2020, bringing the total market size to between Rs 11,500 and Rs 15,000 crore. Overall, the digital insurance industry is expected to grow from Rs 15,000 crore to Rs 20,000 crore in volume, a 20-fold increase in market value.

1.7 India's Challenges with Online Life Insurance:-

While appealing and rewarding, the online sales channel presents its own set of difficulties. It's difficult to sway a customer's purchase decision online. That is most likely why, according to several industry surveys, Indian life insurers' online user experience is poor. Years of effort by India's insurance regulator, IRDA, to ensure that insurance companies make their products simple for customers to understand have not yielded the desired results in the field of life insurance. The majority of online insurers failed to make an impact due to issues such as lack of information transparency, lack of standardization, and arrangement of key terms. In today's world, online insurance is merely a transactional process that looks inward. It's all about gathering prospect data, setting up a backend to handle it, and scaling up in the hopes of achieving greater business success. Because this is a highly regulated industry, the most difficult challenge in aggregating and selling insurance policies through third-party platforms (such as Policybazaar and Myinsuranceclub) has been obtaining IRDA approval. The IRDA issued guidelines for insurance aggregators in April 2011, making it difficult for startups to succeed in the ecosystem. Some of the rules are as follows:

- **Net worth minimum:** During any of the previous three years. The web aggregator's net worth must be at least Rs 50 lakh.
- **Terms of payment:** Insurance companies are unable to pay web aggregators in advance. Payments to web aggregators are made only when a lead converts to a policy sale. The lead fee can't be more than 25% of the commission on the first year premium sold. Insurance companies are not allowed to pay any renewal or service fees.
- **Financial terms:** Insurance companies are unable to pay web aggregators in advance. Payments to web aggregators are made only when a lead converts to a policy sale. The lead fee can't be more than 25% of the commission on the first year premium sold.

1.8 How different companies promote insurance:-

Bajaj Allianz Life Insurance organized a road show called 'Jan Jagruti' to raise insurance awareness in rural areas of Maharashtra, Goa, and Gujarat, with plans to expand the road show to other parts of India. PNB MetLife Insurance has contacted schools and colleges to organize insurance awareness sessions for students. The programme teaches the importance of financial planning to the younger generation by teaching them the fundamentals of money management. ICICI Lombard General Insurance conducts insurance familiarization workshops across the country, including in rural areas, to help consumers understand and appreciate the importance and need for insurance in the health, travel, motor, and home segments. Since smart phones have made internet access more convenient, and in many rural areas, introduction to the internet is usually via the phone, social media plays an important role in raising awareness. HDFC ERGO General Insurance takes advantage of the macro potential of social media platforms such as Twitter, Facebook, and LinkedIn to reach out to the digitally savvy people who make up a large portion of the younger generation and can be educated about the importance and benefits of insurance, thereby ensuring future generations and providing them with financial protection. The Common Service Centre (CSC) programme helps the rural population understand the importance and benefits of insurance by organizing micro-campaigns such as road shows, seminars, and other events across villages, as well as through village level entrepreneurs.

On Google+, Bajaj Allianz General Insurance hosts regular sessions aimed at demystifying insurance. These hangouts had the goal of raising insurance awareness and promoting healthy discussions between

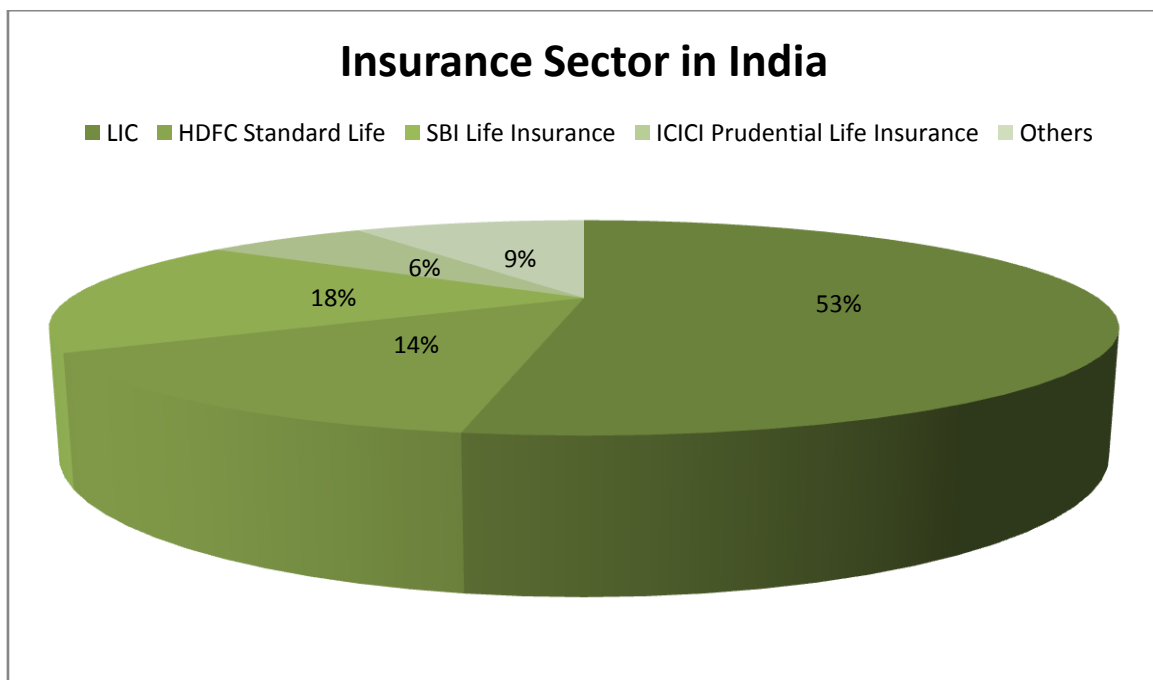
customers/audience and Bajaj Allianz's top management. Through various social media handles such as Twitter, Facebook, and YouTube, the company also runs contests and campaigns to educate customers about insurance products such as travel, home, health, and auto insurance. In addition, the company has released a series of one-minute films aimed at raising public awareness about insurance.

1.9 India's top five life insurance companies:-

The top players in the life insurance market are listed below. The list was created using the previous year's (CSR) claim settlement ratio (source: IRDAI).

- Life Insurance Corporation of India (LIC)
- ICICI Prudential Life Insurance
- SBI Life Insurance
- HDFC Standard Life Insurance
- Max Life Insurance

Some of the largest Web Aggregators that market and sell insurance policies online are PolicyBazaar.com, MyInsuranceClub.com, and InsuringIndia.com. These web aggregators provide a profile of various insurance products offered by major corporations that can be easily compared and purchased online. Easypolicy.com, Policymantra.com, and BuySmartpolicy.com are just a few of the websites that can help you with your insurance needs. Other Web Aggregators involved in selling online insurance include SastaPolicy.com and PolicyX.com (market research report by Ken research).



2. Need and Objective:-

Technology will have an impact on every aspect of life in the near future. Technological advances and data-driven insights are transforming the insurance industry while also assisting in the provision of effective insurance solutions. Insurers are also using social media to engage with customers, allowing for direct communication between them and their providers.

Consumer behavior and preferences have shifted as a result of digitization, and buyer profiles are radically shifting as a result of new lifestyle and social arrangements. A digitally connected customer is more aware of insurance, and this is where traditional marketing tools must be combined with newer ones. For the insurance industry, digital disruption is not just a possibility, but a certainty. As a result, businesses must rethink their strategies and business models in order to align with customer needs and expectations. Because it is unavoidable that e-insurance will gain traction and become a significant option for the insurance industry, more research into the concept is required.

The objective of this study is:-

- To investigate the factors that influence people's trustworthiness when they use online insurance services.

- To analyze customer's intention to use online insurance services.
- To identify the buying behaviour of online life insurance

3. Literature Review:-

- 3.1 Mazhar (2015)**, Urban customers' demographic factors heavily influence the stimuli that encourage them to purchase an e-insurance product. The study found that gender, income and occupation, as well as educational qualification, have an impact on reasons for purchasing insurance products online, such as saving, tax benefits, investment, risk protection, retirement benefits, and children's education and marriage.
- 3.2 Karthi (2002)**, The researcher discovered that insurance companies provide value to customers through online marketing in this paper. Customers are encouraged to create needs and recognise those needs, search for alternative information about the insurance industry, evaluate those alternatives using digital information provided on insurance websites, make purchase decisions, and receive post-purchase support. Through effective communication, businesses should educate customers about the advantages of online insurance. Finally, selling insurance online opens up a new avenue for businesses to tap into the market's potential and generate higher profits.
- 3.3 Subashini & Velmurugan (2015)**, "Enriching the customer experience" and "Taking direct control of the customer relationship" are the two pillars of online and digital distribution. Customers can be contacted at any point during the product purchase and afterward. As a result, insurers will be able to share information more easily and transparently, and customers will have a more reliable source of information. To capitalise on the market potential, insurers must also adopt new digital technologies and update their market strategy.
- 3.4 Panchanatham (2017)**, In India, the paper emphasises the importance of the Internet, smart phones, computers, and their users, as well as web aggregation and social media networks. The focus is on the importance of online technology and its impact on India's life insurance industry. The penetration of information technology has made incredible changes in the life insurance industry, as it has in many other industries, over the last decade. The changes in the life insurance industry are primarily for the benefit of policyholders and the advancement of the industry as a whole.
- 3.5 Aparicio (2017)**, This study found that a customer's expectations have a significant impact on whether or not they will recommend the use of a website's private area for clients to other customers for the processing of insurance claims. Customers are still hesitant to use the private area of a website for their transactions with the insurance company, despite the high rate of Internet use and various omnichannel market strategies in the market. Instead, because of the personalised nature of the service and the potential for risk, they prefer to conduct transactions through traditional offline channels.
- 3.6 Shrivastava (2017)**, Demographic variables have a significant impact on consumer purchasing behaviour, so it's critical to understand them in order to develop effective marketing strategies and product development in the life insurance industry.
- 3.7 Nurfatiasari (2017)**, One of the factors that supports the adoption level of mobile grocery service is to reduce the disturbance feeling when using the service by providing more interactivity dimensions. The paper studied the acceptance of new technology for a service, its benefits and challenges.
- 3.8 Bhat & Dar (2017)**, For life insurance customers, empathy was the most important factor, as they required special attention even after investing their money in a policy.
The importance of tangibles was given the lowest priority. Customer satisfaction with Life Insurance Company services is related to the service's performance. Furthermore, customers who are accustomed to receiving interpersonal services through traditional channels may find it difficult to be satisfied by purely technological-based services.
- 3.9 Guru and Umamaheswari (2018)**, According to their findings, among other things, the quality of the service provided, the client-company relationship, and the company's reputation are the major variables that positively influence consumers' perceptions of life insurance policies. Given India's fast-growing insurance industry, it's more important than ever for insurers to identify and understand the factors that influence consumers' perceptions, so they can use that information to develop new and innovative products that meet their needs.

3.10 Ravi Kumar and Ernest Beryl (2018), The focus of the research is on the factors that influence investment decisions, as well as how life insurance companies have impacted Indian society today. They also recommended that the majority of investors view insurance as a risk management tool and a multi-faceted investment option, rather than just a tax-saving tool.

3.11 Rajeswari (2018), from 2006-07 to 2011-12, the macroeconomic growth of India's life insurance companies was studied. It has been discovered that the demand for life insurance and various macroeconomic variables have a significant relationship. High GDP growth has an economic effect by increasing per-capita and disposable income as well as savings, resulting in a favourable market demand for life insurance.

3.12 Guru and Umamaheswari (2019), Price, product uniqueness, accessibility, and promotions all have a significant and positive impact on consumers' purchase decisions on various private life insurance policies, according to their research in Thanjavur District. The agents are expected to provide better and more accurate services, as well as quickly and accurately settle claims. Consumers' financial needs must be understood precisely by private life insurance companies, and their terms and conditions for purchasing life insurance policies must be simple and straightforward.

3.13 Islam (2019), Life insurance companies had a market share of 73.5 percent, while non-life insurance companies had a market share of 26.5 percent, including Micro-insurance and Islamic Insurance. The private sector's operation is responsible for the industry's impressive growth over the last 18 years. The Insurance Development and Regulatory Authority (IDRA), which has been in operation since 2011, regulate the country's insurance sector.

3.14 Aprajita Sharma (2021), Many changing trends have been observed during the Covid-19 period, including people becoming more aware of the importance of a life insurance plan, significant growth in the demand for health and pure life insurance, and increased business of online insurance.

4. Research Methodology:-

This research paper on A Study on Consumer Interaction and Adoption of Online Life Insurance in Delhi-NCR is based on a literature review and a fact study that have been made available to the public all over the world. We have gathered associated relevant information that supports or contradicts the factors mentioned in the Introduction Section of this paper and then made our analysis based on the background study. The following study areas make up our research:

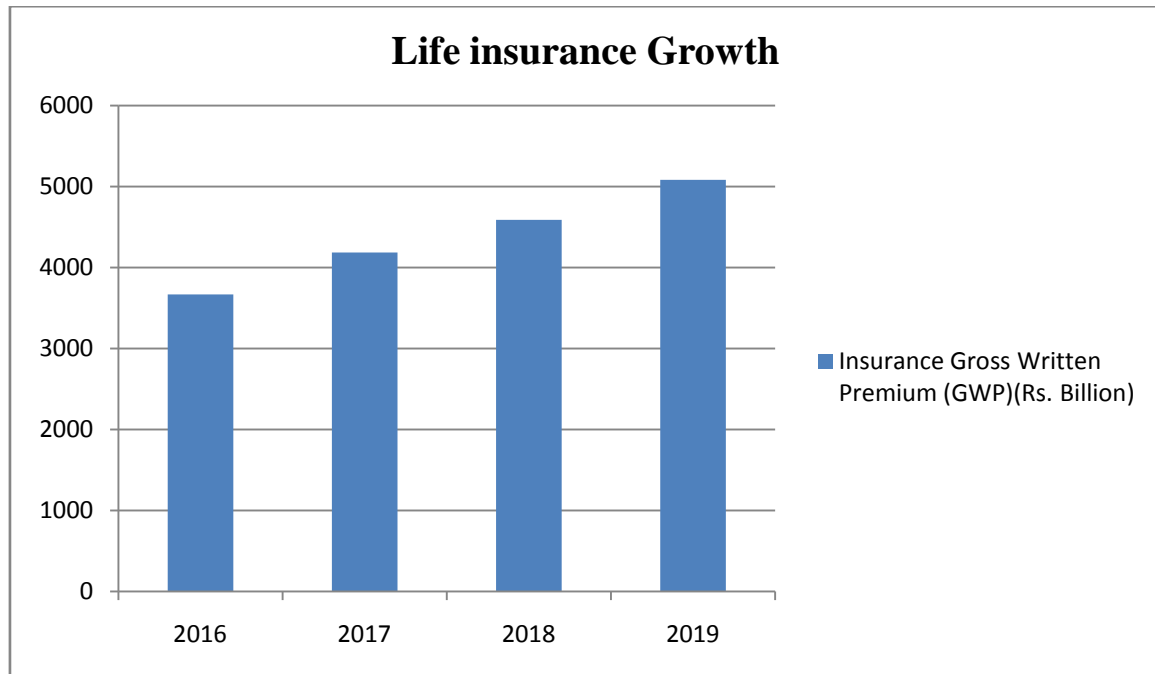
- Online Life Insurance in India.
- Consumer behaviour towards adoption of Online Life insurance.
- Market Growth in India

Our conclusions are based on the aforementioned analytical observations, which allow for future extensions/predictions based on the consequences or requirements related to the subject of our study.

5. Discussion:-

Agents are the mainstay of the insurance sale process in the Indian life insurance sector, but life insurers in India also offer customers the option of buying insurance online. In 2010-2011, IRDA granted insurers permission to sell life insurance policies online, and most existing insurers began doing so in that year. There are currently 57 insurance companies offering over 1000 products online, with 33 non-life and 24 life insurers. Because the online distribution channel is less expensive, products sold online will be less expensive than products sold offline. Some studies shows that Consumers in Delhi are more willing to buy insurance than those in Chennai, Mumbai, and other parts of India. Despite the fact that a study by the Internet and Online Association of India (2005) found Maharashtra, Tamil Nadu, and Delhi to have the highest number of e-shoppers.

Consumers who have purchased a life insurance policy from any source, whether offline or online, will help to achieve the goal of learning why they want to use online insurance services. Customers who have purchased a life insurance policy online, on the other hand, will be preferred.



6. Conclusion:-

This study shows that customers' preferences for interacting with insurers are changing. The internet is changing the way companies interact with their customers in other retail industries. In almost every consumer sector, there is now far more information available to allow customers to compare products and prices, as well as obtain third-party opinions, before making a purchase. Insurers that create innovative, appealing, and simple products that cater to specific customer needs, as well as a strong communication and customer engagement model to support their online marketing strategy, will be future market leaders in India's online insurance distribution. Traditional life insurance and face-to-face sales will always be in demand, but the demand for online insurance is rapidly shifting. In the way people buy life insurance, we're about to enter a new era. Both consumers and agents will benefit from this.

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