

“Changing Scenario of E-Commerce on Business Value with Special Reference to Insurance Sector”

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ABSTRACT:

The Insurance sector strengthens the risk-taking ability of the country by facilitating long-term funds for infrastructure development. In the years to come Indian insurance sector is assured to mark great progress. With largest number of life insurance policies in force in the world over the past few years, Insurance will be mega opportunity in India because of the business growing at the rate of 15-20 percent annually. In the present study the researcher has highlighted the Ecommerce and its uses in business development of Insurance industry.

Keyword: Business Value, Business Development, Ecommerce

The Indian insurance industry:

Indian insurance industry has shown fast growth in the last decade, many foreign companies have shown their interest in investing in domestic insurance companies despite of Indian Government regulation. The extant FDI policy for insurance sector further liberalized by permitting FDI up to 49% percent from 26% through amendment in the Insurance Laws Bill, which has been passed in Rajya Sabha and approved by Lok Sabha on 4 March 2015. As per industry watchers with this amendment in the Insurance Bill investments may grow upto Rs 60,000 crore (\$10 billion) in life as well as non-life insurance sectors. [1][2]

The development of the insurance industry in India is dependent on the quality and nature regulation. Overall regulatory environment is favorable to insurance players and takes care that players maintain wise underwriting standards, and reserve valuation and investment practices. Main objective of the current regulations is to promote fair practice and stability in the market.[1]

Market development in the Indian insurance industry

For Seamless growth in business some of the factors that need to be considered by the Indian insurance industry.

- **Distribution channels:** The success of insurance players depends on the cost of diverse distribution strategies and effectiveness, particularly in the retail lines of business.
- **Focus on financial inclusion:** Approach should be changed according to changing market. Mission of the insurance sector should be to improve insurance coverage over larger section of population and wider segment of activities.
- **Consumer needs and preferences:** The growth in insurance industry has been increased by vibrant distribution channels, product innovation, using promotional campaigns and targeted publicity by the insurers. Innovation has come in the form of benefits with the products and delivery mechanism through various marketing tie-ups.

All these efforts have brought insurance closer to the customer as well as made it more relevant.[1][3]

Challenges

The major challenge for Indian insurers has been improving operational performance to achieve profitable growth. Many Insurers, in the past, have resorted to techniques like high commission payment to distributors, focusing more on fresh premium rather than renewals, high premium discounting and focusing only on growth rather than focusing on improving operational maturity. Because of which customer acquisition costs is high, channel productivity is low, customer-centric service excellence is low, ability to detect frauds is difficult, acquiring and retaining talent and poor quality of data is challenging.

Therefore to control the operating expenses insurers will need to alter the operating models, channel management, business processes and human resource strategy.

Future of e-insurance in India

Insurance Regulatory and Development Authority (IRDA) have issued guidelines for creating insurance repositories and for the issuance of e-policies in India. These repositories will be licensed by the regulator and be connected to all insurance companies as their service providers. The insurance buyers be able to open demat or 'e-insurance' accounts for their policies in electronic form because of which no need to provide age and address proof every time a policy is bought. The insurance repository will give a unique account number to every individual for all type of policies. The data maintained by the repository will include complete history of the claims by the individual, and also have the names of the beneficiary, nominees etc. This is one of the positive steps to improve efficiency and customer service. By consolidating all policies under single account using repository, in an emergency it will be hassle free to track the policies purchased by an individual. ICICI Prudential is one of the pioneering Insurers that offers buy Insurance online in India, will definitely boost the Web assurance / Internet Insurance market in India. With insurance repositories it will be easy for Insurers to verify authentication and insurability of the insured so that it will be easy and less time consuming for consumers to purchase the policies online.

Objectives

1. To know the impact of E-Commerce on business value and marketing practices.
2. To study the E-Commerce based working Pattern of Insurance company.
3. To identify the applications of e-commerce in the insurance sector.

Scope

As spelled out in the objectives, the study confines only to the performance of the public and private sector insurance players during the post-liberalization regime. It is hoped that a comparison of performance of this kind would help to bring out factors associated with efficient and inefficient functioning of the units. This would also open the way for an elaborate analysis of the functioning of the LIC of India in comparison to the functioning of the private sector life insurance companies. Before one goes for assessment, there is also a need to know the factors that drive the efficiency and effectiveness and to which the insurance players have to pay due attention. Efforts are also made in the study to suggest relevant strategies and solutions for a proper workable and efficient system in future in the backdrop of the problems identified this enable the insurers to improve their performance and profitability.

Many changes may take place continuously and unless we make a constant study of the impact of these changes and their influences, it may not be possible to assess correctly and comprehensively the trends in the performance of different companies. Further, the literature available on life insurance industry is also very limited and hence, the scope of the present study is made narrower.

Significance of the study

Life insurance industry has assumed a pivotal role in the face of the rapid changes such as liberalization, globalization and privatization and also the related technological and market changes. The efforts of the industry are to be distinctly identified and every sphere of activity must be integrated vertically and horizontally to deliver significantly the service of an industry so as to get good business results. Life insurance management, as a distinct discipline, has been playing prominent role and gaining ground slowly and firmly in the present day post liberalization scenario.

Use of e-commerce in insurance companies is generally used for four purposes of the official company website (official website), information about insurance products through the website, online sales of insurance products, and procurement (goods) online. E-commerce cause insurance companies to switch from product-oriented approach to customer-oriented approach. Because search costs would be cheaper for the customer, it will bring more transparency of pricing strategy and quality. This will strengthen market discipline in an increasingly competitive environment, namely by making the customers are not interested to move from his insurance company.

The more transparent insurance rates will further empower consumers and encourage insurance companies to experiment with various alternative methods of price. Although the existence of conventional agents and brokers diminishing role in e-commerce based environment, they will be able to take advantage. Therefore, a perspective study to An Analysis of Impact of E-Commerce on Business Value and Marketing in Insurance Sector is severely needed.

Conclusion:

Because of E-commerce insurers move away from a product-oriented approach to more of a consumer-oriented approach. Because of lower search cost for consumers and more transparency in pricing and service quality. This strengthens market discipline by making consumers less reluctant to switch from their current carrier in a competitive environment. Overall, the Internet will improve the efficiency of insurance markets and institutions and will benefit consumers by lowering information and transaction costs. So that it will make insurance more affordable and the Web will likely allow for more insurance to be purchased.

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