ROLE OF INFORMATION TECHNOLOGY & INSURANCE PENETRATION: *A-VIS-A-VIS* STUDY

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ABSTRACT

The developments in IT are the working wonders in all the fields of activity. It has become possible to send and receive information almost instantaneously. If circulars do not reach the agents on time or doubts are not cleared quickly, or the agent does not have details of the new plans announced in the press, the agent may face awkward situation with the prospects. Insurance companies face problems which can be totally ducked with the use of technology. The insurers who are conventionally have been quick to adapt latest developments in the field of IT. The scope of information technology will vary between insures. The IT has constantly played a very imperative role in the operations of every insurance company. The fact is that of all the business establishments in the facility sector, of the life insurance companies were the first to adopt Computerization as an incontrovertible part of their operation all over the world. The swift innovation in the area of information and communication technology has stood with serious challenges for the insurance industry in India. The practice with the application of information technology in comprehensive variety of guarantor's operations has now become strategic in the sense that it has direct impact on the efficiency of resources, and a steepening impact on reducing the case of various activities. With the entrance of private insurance players, the competition has become more powerful and an important role is being played by the insurance sector. The use of information technology is not new to the insurance sector, yet we may find constricted computerization regarding the use of information technology in various departments of the insurance companies including the major players from past several years. The most evident departments are accounting, Legal issue and servicing, claim processing, sales management etc.

IMPACT OF INFORMATION TECHNOLOGY ON INSURANCE SECTOR

The information technology has a huge impact on the insurance industry

Productivity and efficiency:

The productivity all the functional management centres has increased. The sales team has easy access to the company web site, and special software are provided by the companies to calculate premium, show benefits illustrations and know the status of the proposal forms. The operation team has access to data of issued policies/lapsed policies/renewal premium dates. The underwriters have all the data in digital form and can take the prompt decision. A few years back, LIC premium was supposed to be deposited in the same branch where the policy was brought from. It was a troublesome task for people with transferable jobs. But now thanks to computerization, the premium can be deposited with any branch office.

Communication with the policy holders:

Keeping in touch with the customers is an essential part of any business. The cost of using direct mailers is very high. So is the case with print and electronic media. Sending information through emails is probably the cheapest source of communication. The best part is it offers two communications at a very reasonable cost. As per the insurance act, it is the responsibility of the customer to remember the renewal dates and pay the premiums on time to avoid the policies getting lapsed. The insurance companies, to increase renewal sales (also called persistency) send regular mails to customers.

E policies:

Buying policies online has also become a reality. The customers can make informed decisions by comparing various insurance products using comparison websites. Online policies are cheaper as there is no agent involved, and hence the cost of the commission is not there.

Premium payment:

Before computerization, the premiums were deposited by cheque, draft or cash at branch offices only. Now, this can be done by using debit or credit card. ECS and standing instruction facility have increased the use of monthly mode premium, thus making it much easier for the customers to save on monthly basis. Insurance companies have tied up with banks to collect premium where there are no branches.

Income Tax certificate:

Life insurance premiums paid in an assessment year are entitled to an income tax rebate under section 80C. Initially, one had to visit the branch office to collect the same. Now all you have to do is to login to the web portal and take a printout.

Automatic issuance of non-medical policies:

A proposal form is first scrutinised by the underwriters before it can be converted into an enforce contract. Most companies have underwriting guidelines that do not require close underwriting supervision. These proposals are considered as normal risk policies, and the insurance companies do not bother to call for the medical examination of the life assured. Identifying and issuing such policies manually is a time-consuming process. But by using certain filters the software is able such proposals and even sends the command to issue the policy automatically. This has resulted in saving time and money.

In the nutshell, the government, the insurance companies and the customers have benefitted from the use of information technology in the insurance sector.

Some of the fields in insurance industry that make use of information technology.

Generating New Leads

Before targeting the specific customers, first we need to find about them. Now there are many software tools that help agents to generate new leads. Some insurance agents who know more about technology, they create website that contain helpful blogs, tips and advice for the people when they search on the web for the answers. This method serves more helpful for the agents when people arrive at an agents site's. The site can answer their queries and display contact information about the agent. In this way insurance professionals can generate new leads.

Easily Generate Different Policies

Modern insurance professionals work with different companies that provide different policies. For agents it was leading to confusion with the different policies and procedure, at the end they fail to impress the clients. Now with the advanced technology there are many

software tools to search the multiple companies and to find the best deal for the clients based on age, vehicle model and other information.

Research and Training

Anyone who want to become insurance adviser then he/she must understand the policies, laws and other guidelines applicable for this sector. They should also clear the test to become a certified insurance adviser. In order to clear this test they can make use of search engines to look up information when they need to prepare for the test. They can also make use of online and offline training courses to know more about concern laws and policies.

Manage Your Client Information

If clients visit any insurance adviser for generating any new policies then they have to spend time to do a paper work to generate new policies. Instead of doing paper work, computers help adviser to get information from clients, provide estimates and finally to store clients details in a database. This helps whenever any client claims for the insurance amount, the agent can easily access a client's file instantly from the database and update the new information in the database.

Mailing Lists to Target New Clients

Email marketing campaign is not a new concept in this industry. Advisers can make use of **insurance mailing lists** to target customer and to build loyal relationship with them. With the email list, agents can promote their insurance policies and services to their clients. This method will indirectly reflect on Return on Investments.

Social Media and Software Tools

Advisors can make use of social media platforms such has FaceBook, LinkedIn and Twitter to provide customer support and to build loyal relationship with them. There are many software tools that help advisors to find new customer, generate leads and communicate with clients using auto email responders. Also some insurance companies provides online portals for their advisors that helps to do everything from processing insurance renewals to tracking claims.

CONCLUSION

To observe the significant interrelation between the implementation of advance technology namely information technology in LIC and the entry of the private insurance companies in the life insurance market. After the liberalization, at present along with only one public insurance company named LIC there exist a number of private life insurance companies in the insurance market and these private insurance companies adopting several market strategies in order to grow their market share through satisfying the customers. Current market scenario has dramatically changed after the introduction of several advance technologies like information technology. Realizing the alarming situation of the market, LIC decided to implement the most advance information technology not only to regain its lost market share that was declined due to the entry of private insurance companies but also to satisfy its own customers by providing better services through information technology enabled convenient services. There exists huge market competition in Indian life insurance sector. Under the circumstances, information technology may be the key driver for the LIC to compete with the private insurance companies for maintaining its own existence as well as to grow in the future.

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