

A Study on the Impact of Digitalization of Insurance sector-A Special reference to LIC on Coimbatore city

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ABSTRACT

Digitalization has had a significant impact on the insurance sector in India, and LIC has been at the forefront of this transformation. The use of digital technologies has helped LIC to reach a wider audience, reduce costs, and improve customer service. For example, LIC has launched a number of online and mobile-based services, such as e-insurance policies, online premium payments, and claim tracking. These services have made it easier for customers to purchase and manage their insurance policies, and they have also helped LIC to improve its efficiency and reduce its costs. The digitalization of the insurance sector is still in its early stages in India, but it has the potential to revolutionize the way that insurance is delivered. LIC is well-positioned to lead this transformation, and its success will have a major impact on the Indian insurance industry.

Keywords: Digitalization, Insurance sector, Life Insurance Corporation of India (LIC),

I. INTRODUCTION

The term 'digital' holds different interpretations among executives. It is perceived as a novel approach to conducting business that maximizes results while using minimal resources, ultimately focusing on customer experiences and creating value in new frontiers within the

business world. Executives understand digital as a transformative way of conducting business, supported by foundational capabilities.

Life insurance companies have embraced new technology to facilitate the digital sale of life insurance plans, streamlining the policy issuance process. This adoption not only minimizes rework and ensures accurate customer information capture but also reduces expenditures while providing quick access to customers. Companies have already prepared pre-recorded or demo videos containing instructions and guidance for customers, ensuring a seamless form-filling process. Additionally, online payment options are available for premium renewals, and customers can conveniently download receipts. Digitalization further extends to services such as accessing maturity amounts, claim settlements, and policy-related payouts. This shift not only reduces expenses but also enhances service quality, thereby improving the company's market share and overall growth. While there might be some initial challenges with digital technology, companies are progressively overcoming them to ensure a smooth and satisfactory customer experience.

Literature review

Maya Rice-Boshi (2022) As the insurance industry undergoes digital transformation, it is anticipated to witness heightened efficiency, enhanced customer engagement, and potential avenues for generating new revenue streams. Although there are inherent risks associated with digitalization, careful planning and execution can effectively mitigate them. In conclusion, digital transformation offers insurers a significant opportunity to maintain competitiveness and enhance their overall operations.

Tonina-yaneva (2022) The use of information technology in the insurance industry creates competitive advantages by partnering with technology companies and offering a more transparent and personalized insurance experience. This can be done by modifying existing products or developing new ones. The use of digital technologies is changing the way insurers interact with their customers. The focus is now on transparency and trust, and interactions are taking place through digital channels. By implementing innovative technologies, insurers can increase profits by reducing costs and increasing sales. This is done by better understanding customer needs and expectations through big data analysis. This leads to the development of products and services that are more valuable to customers.

Statement of the Problem:

The life insurance industry is facing a number of challenges, including an aging population, transparency in services, and increasing competition. Online technology can help the life insurance industry overcome these challenges by providing a more convenient, affordable, and personalized way for consumers to purchase and manage life insurance policies.

Scope of the study

In India, the digitalization of the insurance sector has been particularly rapid in recent years. This is due in part to the increasing penetration of the internet and smartphones in the country. As more and more Indians become connected online, they are increasingly looking for ways to purchase insurance products online. This has led to the growth of online insurance platforms and the development of new digital-only insurance products. LIC's digital initiatives have helped to make it easier for customers to purchase and manage their insurance policies, and have also helped to improve the customer experience.

Objectives of the study

1. To know the changes brought about by the adoption of digital technologies in the insurance sector.
2. To know the benefits gained by customers on digitalizing life insurance.
3. To identify the challenges faced by customers by adopting digitalization

Limitation of the study

The study is conducted at Coimbatore city only with 120 respondents so opinion cannot be generalized as the sample size is limited.

Research methodology

120 respondents were randomly selected by using convenient sampling method from Coimbatore city. Both primary and secondary source are used for the study. Primary data were collected by using questionnaire through google form. Out of 120 respondents 99 valid responses taken for Analysis. Selected non-probability sampling methods and use analytical method to conduct the study. The collected data is fit for analysis as the reliability test shows more than 0.7 reliability.

Tools and Techniques: Simple percentage analysis, One-Way ANOVA, Weighted average Mean

Table 1 Demographic analysis

	Frequency	Percent
Gender	Male	16
	Female	83
	Total	99
Age	Below 20	4
	21-30	22
	31-40	43
	41-50	30
	Total	99
Occupation	Self Employed	16
	Private Employee	26
	Government Employee	12
	Unemployed	21
	Others	24
	Total	99
Education Qualification	School	6
	College	50
	Professional	37
	Others	6
	Total	99
Marital Status	Married	78
	Unmarried	21
	Total	99
Annual income	Less Than 250000	52
	250000-500000	27
	500000-750000	7
	More Than 750000	13
	Total	99

Interpretation: Most of the respondents (83%) are female, 50% having college level educational qualification and most of them are belongs to 41-50 age category. Out of 99 respondents 78% are married, 26% are private employees and 52% are falls under less than 250000 annual income category.

ANOVA Table2
Level of agreeability on insurance services

H0 - There is no significant relationship between occupation and agreeability on digital insurance

Services	Occupation	Mean	Std. Deviation	F	Sig.
Security in digital payment services	Self Employed	4.62	0.62	2.51	0.047
	Private Employee	4.38	0.5		
	Government Employee	4.41	0.67		
	Unemployed	4.04	0.74		
	Others	4.12	0.68		
	Total	4.29	0.66		
Saves time and hassle for consumers	Self employed	4.8	0.34	5.9	0
	Private employee	4.4	0.5		
	Government employee	4.75	0.45		
	Unemployed	4.04	0.74		
	Others	4.33	0.64		
	Total	4.43	0.63		
Convenience in payment of insurance premium	Self employed	4.5	0.63	0.9	0.416
	Private employee	4.46	0.58		
	Government employee	4.58	0.67		
	Unemployed	4.19	0.75		
	Others	4.29	0.75		
	Total	4.38	0.68		
Selection of best policy within minutes	Self employed	4.1	0.89	0.23	0.917
	Private employee	4.15	0.73		
	Government employee	4.083	0.67		
	Unemployed	3.95	0.74		
	Others	4.04	0.75		
	Total	4.07	0.75		
24*7 service	Self employed	4.5	0.63	1.04	0.387
	Private employee	4.23	0.65		
	Government employee	4.33	0.65		
	Unemployed	4.09	0.83		
	Others	4.2	0.78		
	Total	4.26	0.72		

Interpretation: It is observed that there is no significant relationship between convenience in payment of insurance premium, selection of the best policy within minutes and 24*7 service at 5% significance level. Only the variable security in digital payment services and saves time and hassle for consumers are accepting the alternate hypothesis.

Weighted Average Mean
Table 3
Satisfaction level on digital service

Digital Services	weighted mean
Personalize life insurance products to meet the specific needs	4.16
Speedy clarification about queries	3.92
Affordable service charge	4
Customer interaction	3.92
Product offering	3.96
Operational efficiency	3.94

Interpretation: This table shows that most of the respondents are highly satisfied with the digital services of personalize life insurance products to meet the specific needs and affordable service charge. They are satisfied with speedy clarification about queries, customer interaction, product offering and operational efficiency.

ANOVA
Table 4 Satisfaction level on digital services

Service	Education	Mean	Std. Deviation	F	Sig.
High Bonus	School	2	0.89	1.9	0.11
	College	2.86	1.01		
	Professional	2.7	1		
	Others	3.4	0.55		
	Total	2.8	1		
Timely payment of maturity amount	School	2.5	1.05	2.4	0.072
	College	3.04	1.19		
	Professional	2.75	1.32		
	Others	4.2	0.84		
	Total	2.95	1.25		
Attractive Products	School	2	0.89	3.3	0.02
	College	2.96	1.11		
	Professional	2.8	0.99		
	Others	4	0.71		
	Total	2.92	1.08		
Low Premium	School	2.8	0.75	0.71	0.54
	College	2.98	1.02		
	Professional	2.9	1		
	Others	3.6	0.55		
	Total	2.9	0.98		
Easy Access	School	2.85	1.17	1.02	0.38
	College	3.14	1.25		
	Professional	3.05	1.22		
	Others	4	0.71		
	Total	3.1	1.22		

H0: There is no significant relationship between education and digital insurance service

Interpretation: At 5% significance level respondents are accepting null hypothesis as there is no significant relationship between education and high bonus, timely payment of maturity amount, low premium and easy access. In case of attractive products offered by insurance companies rejected the null hypothesis and accept alternate hypothesis.

Findings

- Most of the respondents are female (83%)
- 78% of respondents are married.
- 52% of respondents belongs to the annual income of 250000-500000
- Most of the respondents are neutral in the services offered by LI
- Lack of digital agility and less transparency in digital services are the main challenges faced by respondents.
- Majority of the respondents are taking only one type of insurance policy.

Suggestions

- The LIC should more concentrate on its online advertisement thereby it can attract more investors.
- Through a creative and attractive advertisement transparency and quality of service will be revealed.
- LIC should familiarize most of its products with its customers. There is number of products which are completely unaware about by respondents.
- The LIC should conduct free seminar, workshop, campaigns etc. for the people to make them as digitally efficient.

II. CONCLUSION

The digitalization of the insurance sector, particularly in LIC's operations in Coimbatore city, has resulted in numerous positive impacts. It has improved customer experience, increased operational efficiency, trying to expanded market reach, enabled data-driven insights, and brought numerous benefits to both the company and its customers. However, LIC must also address security concerns, maintain a human-tech synergy, and comply with regulations to sustain and further enhance the advantages of digitalization in the insurance industry.

III. REFERENCES

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