

Research Article

A Study on the Opportunities and Challenges of Digital Insurance Marketing

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Abstract

Insurance is basically a service not a product that is provided to clients for a lifetime experience, but it has to be wonderful experience not a terrible one. Different customers experience different experiences in the services provided by insurance, the difference lies in how the service is advertised and traded to customers Vis a Vis, how it is distributed and implemented when the claims rise. If we look at the advertising strategies there is a range of resources that are easily available for marketing (advertising) like TV set , bill-boards , radio , magazines , prints , publication by industries , leaflets and corporate cards of managers , or any other online platforms like social media . No matter how many resources and strategies are implemented, the necessity of the public to get their house, transport, health and various other assets protected against any risk is unavoidable .The generation of today also referred as Gen-Y, they prefer to get themselves involved with their insurance companies digital platforms or medium like cell phones, e-mail, apps that use internet, or through social media.

Keywords: Advertising, marketing strategies, enterprises, inevitable, assets, coordinated approach.

I. INTRODUCTION

Insurance is basically a service not a product that is provided to clients for a lifetime experience, but it has to be wonderful experience not a terrible one. . Different customers experience different experiences in the services provided by insurance, the difference lies in how the service is advertised and traded to customers Vis a Vis, how it is distributed and implemented when the claims rise. If we look at the advertising strategies there is a range of resources that are easily available for marketing (advertising) like TV set , bill-boards , radio , magazines , prints , publication by industries , leaflets and corporate cards of managers , or any other online platforms like social media [1]. If we look at insurance from the viewpoint of shareholders, the lists starts with the company trading and promoting, then it is followed by the manager or the one who manages the finances this person works as a link between the most chief shareholders that is the insurance buyer. In order to protect the interests of clients and modifying the insurance companies accordingly and with respect to protection from the risk factors, other than the three significant shareholders, the regulators and the re-insurance companies play a vital role in maintaining the necessary service standards.

The major irregularity that arises in insurance market is how the vendors and consumers behave. What the consumers do they do not read the terms and conditions and about the product that they are willing to purchase , whereas vendors know very well what they are selling and they will not give money beyond what they are supposed to pay . There is another issue , the consumer makes the payment to enjoy and get the benefits later , but what these insurance companies do they trap the consumers by saying they have missed out to pay for this and this premium and they that should have read the terms and conditions [2]. Are not these insurance companies performing way too smart to set the suspicions of the clients and move on to a good share of risk of loss of value to them as well?

II. DIGITAL MARKETING

Digital marketing basically means marketing or advertising via using computers to indulge with shareholders; it uses latest applications and mediums like websites, mail and social media websites, apps and platforms.

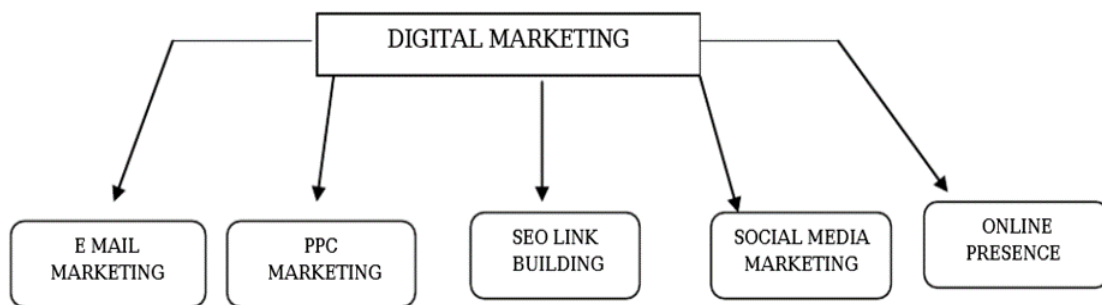


Figure 1: Usage of Digital Marketing

PPC Marketing: Pay per click and other associates

E mail marketing: Newsletter, Advertising, Retaining and promoting.

SEO link building – content and keywords, Agreement, Availability, Technological compliance.

Social media marketing – opportunities by promoting the brand, Online- voice, communication and discussion.

Online marketing – Blogs, News portals, online marketing and advertisement, Website, forums

There are two types of digital marketing

- a) Pull digital marketing – to view the content, the users have to traverse to the through the website, since the customers do not keenly seek out the content of marketing.
- b) Push digital marketing – Without the consent of the heritor, the dealer sends a note like presentation in the form of slides and images on websites and news blogs.
- c)

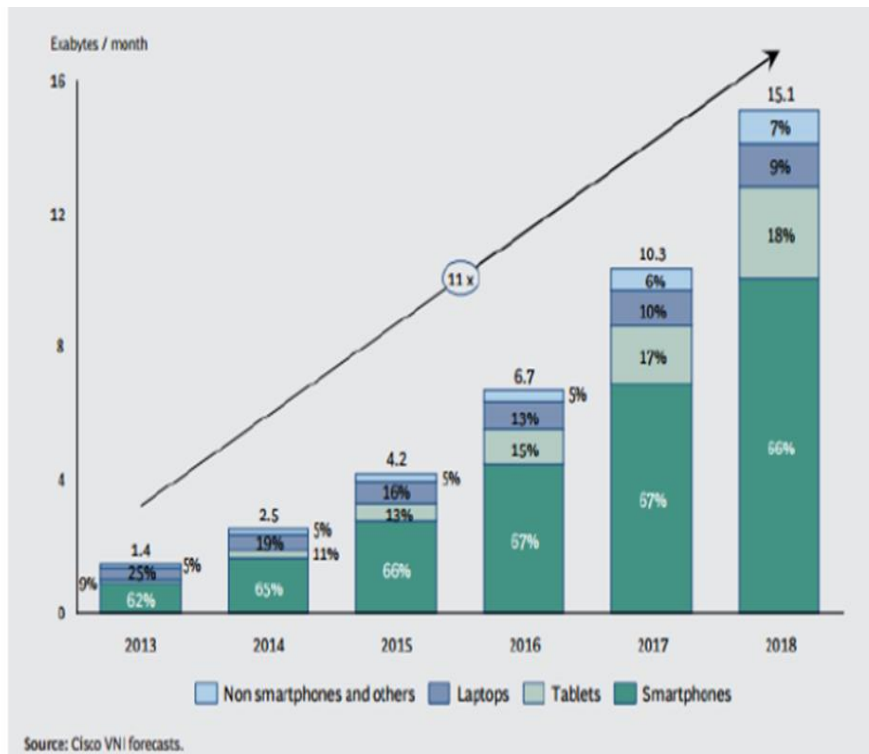


Exhibit: Source Cisco VNI forecasts Mobile Traffic set to grow 11 times by 2018.

Advantages of Digital Marketing

- In a limited time it reaches out to a huge audience and with no topographical boundaries.
- If the strategies are executed properly, it's easy to communicate and reach the forte and potential market.
- With the help of well-furnished digital marketing program it provides real time tracking facility like total visitors on the website, audience reach, communication rates and many other things with just one click. Thus designing an attractive digital portal to attract audience is a must.
- In digital media marketing promotions , use of recent technology leaves a imprint that the marketing enterprise is aware about the latest technological progresses and trusts that the company is willing to accept these new advancements and upgrades itself according to need of time .

Advantages of Online Insurance

The procedure behind meting out an insurance policy has now become simple and effortless over the internet, no more harassment from agents or representatives who force the clients to buy the insurance policies.

Less paper work and no continuous phone calls from agents, representatives, to buy the policies. As these agents force the clients to purchase the policies

A lot of time is saved. Time and money is wasted in traveling to and fro, from insurance office to submit the insurance files for paying remaining premiums. Both the vendor and the consumer save lot of their time and money.

No need of separate medical test. Otherwise the customer and his family has to answer a lot of questions related to health like for hereditary diseases , but still medical examinations are mandatory in the insurance companies even after purchasing from their site .

The customer is solely responsible to take the decision if he wants to buy the insurance or not, he makes the decision based on his research from facts, figures and reviews online rather than from sales agents. Insurance providers believe that if a customer is literate he must have read the terms and conditions before agreeing to buy the policies , thus this involves less risk and they are quite assured that the customer has opted the appropriate premium for themselves [3]. One of the basic factors behind deciding which premium they want to buy is their ability to afford. Thus it lessens lapse of policies in near future.

While opting a term plan, low premium should never be the sole criterion. After undergoing a medical examination the cheap premium paid for online insurance quite often increases to 25%.

If in case the customer wants to decline the policy, after the medical test, the amount costed for the medical examination is deducted, the rest amount is refunded by the insurance company.

In majority of the cases recently, the principal insurance companies are providing online term plans without conducting any sort of medical examination of the client. Amount up to Rs 50 lakhs. But on one condition that the client has to produce his entire history of medical health so that they can use this as proof in case they have to claim [4].

Customer support

For claim settlement the customer has to contact the entitled call-centre when the insurance plan is bought online. In case the plan is bought offline the customer has to contact the advisor / broker. On behalf of the insurance company he works and helps in the process of claim settlement. According to laws of insurance, the agent/broker is the first financier to the client as he is the one who meets the insurance buyer. Insurance thus works as an agreement between the insurance company and the sponsor this works on the Utmost good faith that is “Uberima Fide” [5]. A small mistake like missing out even the slightest of details or data while filling the online form by the proposer can lead to decline of claim proceedings.

Premium Comparison

A lot of confusion arises among the customers because of the different premium term plans that are available online ,these plans vary from company to company thus creates lot of confusion . The premium is structured on basis of rate of mortality, cost behind medical examination and making charges. Though few companies have decreased the costs by providing the insurance plans without the medical examination of the respective client [6]. These plans in most of the cases do not provide offer extra rider In case of death by accident, permanent disability benefit (PDB) rider, and serious illness coverage to the clients.

Disadvantages of Online Insurance

No support from any counselor with respect to guide him in selecting insurance according to his requirements.

Claim Settlement is not easy

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Even for minor modifications in policy like change in address, phone number change), the policy owner has to contact the designated call center of the insurance company, thus it makes the process tedious.

Offers in case of accidental death is not available

The nominee of the dead has to contact the call centre that is designated under the insurance company for claim settlement.

In offline insurance plans the customers get the benefits of counseling service from experts they help the customers in selecting the right insurance as per their requirements, these experts coordinate on behalf of them for medical examination, issue them reminders for timely payment of the remaining amount and they even look after the claim settlement process, in online insurance the above mentioned benefits are not provided.

Increase in number of scammers, customers has to aware of online frauds.

In buying insurance online the safety and security is less. Fraudsters are increasing day by day because it is a profitable business.

No physical contact. All the queries and issues of the customers are answered through online communication, and at times online chat support is provided where a person is assigned to answer all the queries of the customer, payments are done through electronic merchants like Google pay, paytm, net banking etc.

The customer is solely responsible behind taking the decisions , as he does not gets any external support and help and even the websites do not provide enough information that the customers wants and needs to know [7].

The client is completely responsible for taking the decision behind buying an online insurance.

Indian Scenario

Insurance companies like policy bazaar and my insurance have gone beyond the traditional methods and have started selling policies online. They have gone a long way after getting approval from IRDAI; they have received enough growth and recognition after the approval. IRDAI has mentioned certain rules and regulations for online selling.

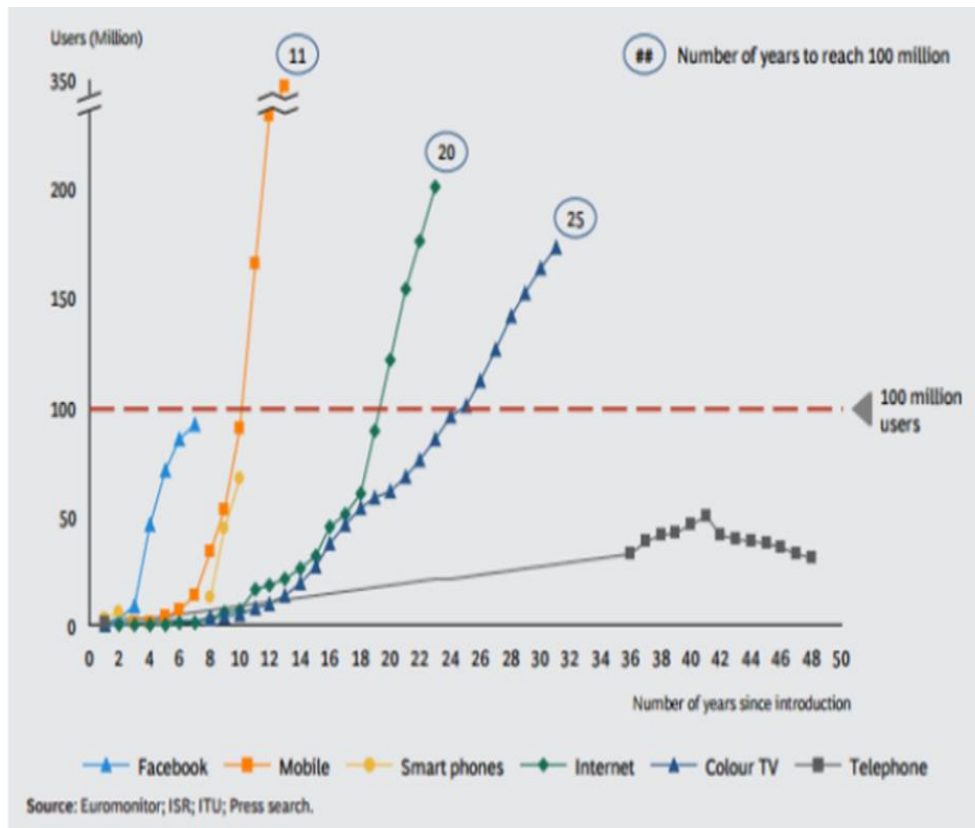


Figure 2: Digital Technology adoption in India Faster (Source: ISR ITU press search)

Through online applications and surveys insurers have a better understanding of the buying behavior of the online clients. And according to that these insurance companies develop, bring about innovative and attractive strategies, which can cater to the needs and requirements of the online clients, requirements like better communication and client engagement model to enhance online marketing, that’s how they can emerge as leading Insurance companies [8].

Challenges

The most difficult task is to gain IRDAI’s agreement as it has various limitations and restrictions.

IRDAI laid down few guidelines in the year 2011, in the month of April for insurance aggregators.

Web aggregators approved under IRDAI can only generate leads related to insurance companies; Web aggregators get approval for a period of 3 years.

During these 3 years the web aggregators should have a minimum total worth of 50 lakhs and not less than that.

Web aggregators are not supposed to take advance payment, the premium sold in the first year should not be sold beyond 25% fee.

Financial terms – Insurer have to agree with the agreement made with the web aggregator approved under IRDAI, this agreement is valid up to a period of 3 years.

E-insurance

To bring into force the latest technologies and processes , they have to invest a lot of capital in building up their online data base, administration, to develop an easy user interface communication process for the clients who are willing to buy online insurance .

By developing an easy user interface the customers can check their own profiles anytime, anywhere anytime, thus this resulted an increase in usage of portal by audience by 60% as compared to the older version.

To provide a tablet to the sales executive this will help them to take record the of the leads, conduction of the analysis and recommending the policies and products to the clients in a better way.

III. DIGITAL TRANSFORMATION

With the advancement In the field of information technology and to pace up with the ongoing competition, digital transformation is must , in insurance industry digital transformation is customer-centric The developments will help to bring new techniques and thus will generate more audience engagement and revenue .

Digital transformation in insurance business will be in regard to developing insurance applications, better customer support and easy claim settlements virtually.

The main focus of the insurance companies should be on developing digital processes like delivering data, customer chat support, better ways of surveying the needs and requirements of the clients by evaluating the old ways and methods.

Processes and strategies to understand review and analyze customer behavior and needs

We can transfer the strategies and plans implemented by other industries in the insurance company, for that we need to identify the basic and main application aspects.

- Performance of the sales and product management
- Of claims and operations management
- Preparing /estimating and journaling

IV. MOBILE TECHNOLOGY FOR THE LIFE INSURANCE

Those who still do not understand the importance of mobile technology revolution may risk their businesses. Shift towards mobile technology is made because increase in client engagement and meet their expectations, burden to convey business more proficiently. The main task behind using mobile technology is to increase productivity by developing friendly customer user interface and to provide more customer-services. With the advancement in mobile technology the main question that arises is where these life-insurance companies will gain any profits from this latest use of technology with which you can now easily build customer relations [9]. The next challenge faced by insurers is to select the technology that is free of fraud and scammers, and safe and secure website or so for their agents, brokers and business.

To sell insurance products, the insurance company focuses on using a comparatively low tech, high touch procedures. Due to internal limitations and not much pressure from external resources Laptop , PCs and internet initially was not accepted that easily and wildly and as of now usage of internet has now become a necessity there was a time when these were scared of using the information technology and the internet because of lack of expertise and scammers . Recent research studies have found that out of 10 new life insurance customers 8 said that they obtained most of the data and information about the company and the policies that they are willing to buy from the company's website.

Clients prefer PCs and internet, but the agents do not; these agents still rely on pen and paper system for demonstrations, graphics and completing the applications and various other formalities. Use of mobile technology by agents leaves an impression on the clients that the company is updated with the latest advancements in technology. To know about an insurance, mobile is now becoming a podium for distribution [10].

Nowadays with the advancement in technology various platforms and hardware devices are being developed and it's increasing with time, so it has become difficult to choose and rely on one which is safe, secure and effective.

Every operational system has to offer a wide variety of cell phones and one tablet to choose from parallel. The very first thing the insurers need to decide is to choose a user friendly safe and secure, effective platform and then making the best use of its capabilities and features that will help them to accomplish their goals.

The biggest concern of the insurers is of safety and security. Black berry is the first preference of many insurers because of its safety and security features, with time various other mobile platforms are stepping out to encounter the challenges regarding establishing themselves as the most secure and safe platform. While selecting the platform the features and factors the insurers basically look into – firstly the efficiency of the platform that will preserve, expand the individual, intimate association between the manager and the client, along with it vindicating the safety and secure consequences and choice is there. It is always better that the insurers before choosing a platform they should create a list of their requirements that they want and then cross check the services provided with the list this way it will be easy for them to select the most appropriate device for the agents. Tablets provide a better selling expertise as compared to mobile phones. In built apps are already present in few mobile phones and these solely enjoy the features and functions of the apps, if mobile web technologies are present these are universal and can be across variety of mobile platforms and websites. Via cross platform interface the insurer may adopt a “bring your own technology” method to check the ability of the management.

There are risks but still the agents can benefit from certain features that are available in their cell phones. Usage of mobile technology increases the opportunity to reach more market targets and customer engagement. Some of the remunerations include – employing and holding fresher's as sales executive, better services to customers, and reduction in errors because of online assessment and data submission, direct access to marketing resources and more collaborative selling and effective selling experience. The insurance companies must look after finding effective and faster techniques that will meet the ever increasing requirements of the governing environment. The effect of digital innovation will lead to new regulations, thus the insurance companies are being pressurized to update themselves with the requirements and choose platforms that work efficiently and effectively.

V. INVESTMENT DECISION OF POLICY MAKER

On basis of Gender, age, income and education investment is made by investors. Before making the investment proper knowledge is must. Explaining the insurance policies in a proper way is easier with the advancement of technology. This data also helps in valuing the policies and also provides the variety of resolutions about the insurance policies. The decision helps in protection from greater loss and risk. Based on the decision taken they face both benefits and obstacles of the environment. Like – time saved in paying for the insurance policy, cost effective as internet charges are comparatively low as compared to traveling charges in moving to and fro and cons are digital platforms are not that secure this way lead to loss and theft of data and personal details.

VI. FACTORS AFFECTING DIGITAL INSURANCE ADOPTION

Various factors affect digital insurance. Digital insurance is chosen by customers based on many factors such as easiness, investment, safety and savings that are linked with different modes of digital insurance. The factors are discoursed below – Influence of Awareness

Though digital transformation has become a necessity these days, but the insurers are still not aware about the adoption of digitalization of insurance. As compared to other countries, India is still not aware about new advanced latest technologies, its aspect of finance and other developments also India is lagging behind.

Trust and security

Success of the adoption of the digital insurance is measured by the number of customers trusting it. Customers want to adapt themselves with the services of digital transformation for their convenience but at the same time trust and security are the main shortcomings of digitalization.

Trialability

Customers want to adopt the new advanced technologies but the technologies are complex and not that user friendly, so it requires extra efforts for the customers to get accustomed to it. So advancements should be made keeping in mind that it should be user friendly and run longer, it should be updated from time to time.

VII. LITERATURE REVIEW

The trust issues that the customers have can be lessened by marketing strategies and better communication between the agents and the clients. The people who play the pivot role behind the marketing and sales procedures are insurance agents, dealers, and professional financial planners they may be individuals or organizations. Promotion via marketing can be easily done through televisions , radio ,bill boards , print magazines , publications by the industry , fliers , business cards of agents , social media platforms . Social media has huge potential so it should not be ignored. Regardless no matter how many apparatuses and methods are implemented, the want of the public to get their house, vehicles, health, and other assets that are protected against risk and loss is unavoidable. Keeping in mind the ever increasing demands of the public, the marketers know that they need to develop new tools and strategies to fulfill the increasing demands of both customers and market needs. Another obstacle is how the Generation X, Y and millennial will prefer to buy Insurance. Moreover they should be aware of the recent developments and increasing demands, and also about the strategies and plans of the present day agents and financial planners, the ways they are planning to reach out to clients. In wealth management procedures wealth managers and financial planners need to implement digital tools.

The requirement and implementation of digital tools is increasing day by day. in the world wealth report of 2014 it has been seen that 64.2% of high net worth intellectuals (HNWI)s they presume that their future relations will be digital whereas in 2016 World Wealth REPORT 65% of all HNWI)s considered refined digital passages to be significantly important . Wealth managers stated that digital tools are useful in assisting few functions.

- Association with clients has increased by (85.9%)
- Capability to influence clients has increased by (82.1%)
- Pen and paper work has reduced by folds thus saving a lot of time (82.1%)

In the World Insurance Report of 2016, it has been found that Generation –Y clients are comfortable in adapting advanced technologies; they prefer to buy insurance from a technology firm. Persons born

after 1983 are taken under Generation –Y, but survey analysis was done between people of age 18-35. This generation has stated that they would prefer to be more involved via social media platforms.

This latest technologies are challenging the traditional insurance models. Technologies that are related to Internet of things (IOT) , which includes smart ecologies , wearable's , driver-less cars , they are estimated to have huge influence on regular client life and in return , insurance service suppliers . Business models that will ensure longevity should be the main focus of insurers. Internationally the client services and experiences has enhanced, customers from Generation-Y has low client involvement. Generation-Y prefers new mobile and social media platforms. They cooperate with the insurers two and half times more than non-Generation-y clients. Their interest across all channels can be observed, the channels are listed below:

- Interaction of Generation-Y clients is more as compared to Non Gen-Y.
- For interacting they use digital channels (37.1%)
- For gaining information and data they prefer social media platforms
- For discussing insurance issues social media works perfectly as a moderator
- Nowadays customers of all ages rely on digital channels now.
- Because of social media it is a great opportunity for insurers for attracting Generation-Y clients.

This concludes that Gen-y clients are not much interested in buying insurance from non-traditional insurers. 25% of the global population by 2020 is estimated to be a major part of labor force in various countries. Customers did not have much positive experience who bought claims for auto and insurance in the years 2015-2016. As the competition is increasing a large number of firms prefer online channels for offering insurance. In the same year 33% of non Gen-Y clients had positive experience while 54% of Generation – Y had positive experience. The new competitors are trying to engage more tech-savvy clients. The existing firms are also trying to match up the raising standards and advancements. InsurBuzz as the new buzz word was introduced by Capgemini, according to World insurance report of 2017. It has been found that Generation-y has the most insurance needs. The studies have found that there has been lot of innovation and advancements in technology enabled insurance services aspect. The traditional insurers are already used to information management; the only arena where they need to reach out is data analytics. All credit goes to digital revolution and Involvement of Generation-Y that artificial intelligence and linked tools are already part of latest advancements. Through Smart phones, wearable devices, Internet of things (IOT) digital interactions because of digital revolutions is increasing. These interactions are of great importance for the insurers and tech savvy clients as they because via online media is easy. Figure 2 depicts the expectations of Generation-Y, tech savvy, non tech-savvy and other customers with respect to the services they want. It has been found that tech savvy and Gen-Y customers are more inclined towards firms that are tech friendly as compared to the ones that are not tech friendly and use traditional ways [11]. The estimated percentage of clients can be found here in the figure below.



Figure 1: level Source: World Wealth Report 2016

Across industries such as travel, tourism, retail online has been a buzzword In India over the last few years, according to Velmurugan (2015). A level of trust is demanded between the service provider and the customer in the latest business models. The latest mediator in this world is “Word of mouth” and the customers are awarded with economical premiums. The research lays primary focus on digital marketing, both advantages and disadvantages of digital insurance, Scenario in Indian Market, duties to the insurers, E-insurance, obstacles dealt by the insurer in implementing digital policies [12].

Prymostka (2018) study focused on to appraise the strategies of internet marketing in the life of insurance companies based at Ukraine [13]. In the era of digitalization the insurance service providers faces issues in implementing online marketing strategies. In one way charges of operation, governing forces, and complex technology structures are increasing and on one hand economic depression restricts the number of insured persons, premiums and revenue growth. Finance sector is categorized by an increase in the neck to neck competition; life insurance is compelled to contest with funds of pensions, banks and various other financial organizations in order to preserve their market share. Marketing strategies of the insurance companies governs how the insurer can best way achieve his objectives and aims, keeping in focus the requirements of existing clients and how to attract the new ones but in a cost –effective way like via using internet. Keeping both the problems and the effective marketing strategies in mind the various factors have been studied.

VIII. CONCLUSION

Change is must and is happening and should happen without obstacles for daily flow of business, the digital marketing of insurance industry has many profits and risks. The digital marketing advancements in the insurance company are on the vital challenges like its implementation and its acceptance by the clients, and this leads to huge opportunities for the industry to grow. Digital marketing will eventually change the business models and importance of insurers. It is suggested that the insurance companies should develop their own strategies in digitization. The digital insurance implementation varies from one company to another. Two pillars of online and digital supply are “Enriching client’s experience “, and “Gaining direct control of the client relationship “. These companies can connect with the customers at every phase from purchasing to post purchase. Transparency is there in terms of sharing personal information and the data are totally safe and secure. The customers from Gen-y have their own set of choices and expectations from their financial advisors and investment planners. In order to engage them it is important for the financial planners to know their requirements. Gen-Y prefers connecting with the insurance companies via digital platforms like cell phones, e-mail, internet based apps, and through social media platforms.

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